

No. 11438

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
NIGERIA**

**Loan Agreement—*Rehabilitation Program* (with annexed  
General Conditions Applicable to Loan and Guarantee Agree-  
ments). Signed at Washington on 23 April 1971**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development on  
16 December 1971.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
NIGÉRIA**

**Contrat d'emprunt — *Programme de redressement* (avec, en  
annexe, les Conditions générales applicables aux contrats  
d'emprunt et de garantie). Signé à Washington le 23 avril 1971**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 16 décembre 1971.*

## LOAN AGREEMENT<sup>1</sup>

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AGREEMENT, dated April 23, 1971, between FEDERAL REPUBLIC OF NIGERIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) The Borrower has undertaken a national development plan for the economic and social development of Nigeria;

(B) The Borrower has requested the Bank to assist in the financing of the foreign exchange cost of part of the import program under the Plan as hereinafter defined; and

(C) The Bank has agreed, on the basis *inter alia* of the foregoing, to make the Loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,<sup>2</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 4 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings :

(a) "Project" means that part of the Borrower's rehabilitation and development program described in Schedule 2 to this Agreement, as such Schedule shall be amended from time to time by agreement between the Borrower and the Bank.

(b) "Plan" means the Second National Development Plan 1970-74 of the Borrower.

(c) "SITC" means the United Nations Standard International Trade

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<sup>1</sup> Came into force on 21 June 1971, upon notification by the Bank to the Government of Nigeria.

<sup>2</sup> See p. 366 of this volume.

Classification, 1960 Revision, published in the *Standard International Trade Classification*, Revised, Statistical Papers, Series M No. 34 (ST/STAT/Ser. M/34) (1961).

(d) "CSTB" means Corporations Standing Tenders Board established pursuant to Decree No. 54 of 1968 of the Borrower.

(e) "Procedure for the Award of Contracts" means the Procedure for the Award of Contracts by the Corporations Standing Tenders Board, the Corporations and State-Owned Companies, approved by the CSTB on June 4, 1969 and contained in Headquarters Circular No. 27/69 of June 23, 1969.

## Article II

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to eighty million dollars (\$80,000,000).

*Section 2.02.* The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time by agreement between the Borrower and the Bank, for expenditures made in respect of the reasonable cost of goods included in such Schedule and to be financed under the Loan Agreement; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in such territories.

*Section 2.03.* (a) Except as the Bank shall otherwise agree, goods imported by the public sector under the Project and to be financed out of the proceeds of the Loan shall (i) cost not less than \$14,000 equivalent under any single contract and shall be procured through the CSTB in accordance with its procedures and practices set forth in the Procedure for the Award of Contracts, or (ii) be procured through purchasing agents acceptable to the Borrower and the Bank, on a competitive basis in accordance with the normal procedures and practices of the purchasing agents applicable for similar purchases.

(b) Nothing contained in the foregoing provisions of this Section shall apply to goods imported by the private sector and to be financed out of the proceeds of the Loan.

*Section 2.04.* The Closing Date shall be December 31, 1972 or such other date as shall be agreed between the Borrower and the Bank.

*Section 2.05.* The Borrower shall pay to the Bank a commitment charge

at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.06.* The Borrower shall pay interest at the rate of seven and one-quarter per cent ( $7\frac{1}{4}\%$ ) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

*Section 2.08.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

*Section 2.09.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

*Section 2.10.* The Federal Commissioner for Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

### *Article III*

#### EXECUTION OF THE PROJECT

*Section 3.01.* The Borrower shall carry out the Project, or cause it to be carried out, with due diligence and efficiency.

*Section 3.02.* Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Borrower and to be used as provided under the Project.

*Section 3.03.* (a) Upon request from time to time by the Bank, the Borrower shall promptly furnish to the Bank any modifications of the Plan or additions thereto which shall materially affect the Project, in such detail as the Bank shall reasonably request.

(b) The Borrower shall (i) furnish to the Bank all such information as the Bank shall reasonably request relating to the Project and the end-use of goods imported by the public sector under the Project, and (ii) afford all reasonable opportunity to the Bank to inspect such goods.

*Section 3.04.* The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures in respect of the Project.

#### Article IV

##### OTHER COVENANTS

*Section 4.01.* (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Borrower (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt except as otherwise disclosed in writing by the Borrower to the Bank; (ii) undertakes that if any such lien shall be created on any assets of the Borrower or of any agency of the Borrower (including assets of the Central Bank of Nigeria, or of any other institution performing the functions of a central bank for the Borrower) as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; and (iii) further undertakes that the Borrower will, within the limits of its constitutional powers, make the foregoing undertaking effective with respect to liens or assets of any of the Borrower's political subdivisions or of any agency of any such political subdivisions, and to the extent that the Borrower is unable within the limits of its constitutional powers to make such undertaking effective, the Borrower will give to the Bank an equivalent lien satisfactory to the Bank.

(c) The foregoing representation and undertaking shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section, the term "governmental assets" means assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Central Bank of Nigeria or any institution performing the functions of a central bank for the Borrower.

#### Article V

##### CONSULTATION, INFORMATION AND INSPECTION

*Section 5.01.* The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank shall from time to time, at the request of either party :

(a) exchange views through their representatives with regard to the performance of their respective obligations under the Loan Agreement and other matters relating to the purposes of the Loan; and

- (b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to the Plan and the implementation thereof, the financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

*Section 5.02.* The Borrower and the Bank shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by either of them of its obligations under the Loan Agreement.

*Section 5.03.* The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

## *Article VI*

### TAXES AND RESTRICTIONS

*Section 6.01.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the foregoing shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 6.02.* The Loan Agreement, any instrument made pursuant to Section 4.01 of this Agreement and the Bonds shall be free from any taxes on or in connection with the execution, issue, delivery or registration thereof imposed under the laws of the Borrower or laws in effect in its territories and the Borrower shall pay all such taxes, if any, imposed under the laws of any other country or countries.

*Section 6.03.* The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

*Article VII*

## REMEDIES OF THE BANK

*Section 7.01.* If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

*Article VIII*

## TERMINATION

*Section 8.01.* The date June 22, 1971 is hereby specified for the purposes of Section 11.04 of the General Conditions.

*Article IX*

## REPRESENTATIVE OF THE BORROWER; ADDRESSES

*Section 9.01.* The Federal Commissioner for Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

*Section 9.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Borrower :

The Permanent Secretary  
Federal Ministry of Finance  
Mosaic House, Tinubu Square  
Lagos

Cable address :

Permfin  
Lagos

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address :

Intbafrad  
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Federal Republic of Nigeria :

By J. T. F. IYALLA

Authorized Representative

International Bank for Reconstruction and Development :

By J. BURKE KNAPP

Vice President

### SCHEDULE 1

#### WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the goods to be financed out of the proceeds of the Loan :

<i>Serial Number</i>	<i>SITC Divisions, Groups, Subgroups or Items</i>	<i>SITC Title</i>	<i>Amount of the Loan (Expressed in Dollar Equivalent)</i>
I.	Group 271	Fertilizers, crude	
II.	Group 561	Fertilizers manufactured	
III.	Subgroup 599.2	Insecticides, fungicides, disinfectants (including sheep and cattle dressing) and similar preparations	
IV.	Group 661	Lime, cement and fabri- cated building materials, except glass and clay materials	
V.	Group 662	Clay construction materials and refractory construc- tion materials	
VI.	Division 67	Iron and steel	
VII.	Division 68 (excluding Groups 681, 688 and 689)	Non-ferrous metals	
VIII.	Division 69 (excluding Groups 696, 697 and 698)	Manufacturers of metal, n.e.s.	
IX.	Group 711 (excluding Subgroups 711.4 and 711.7)	Power generating machinery, other than electric	



<i>Serial Number</i>	<i>SITC Divisions, Groups, Subgroups or Items</i>	<i>SITC Title</i>	<i>Amount of the Loan (Expressed in Dollar Equivalent)</i>
X.	Group 712	Agricultural machinery and implements	
XI.	Group 715	Metalworking machinery	
XII.	Group 717	Textile and leather machinery	
XIII.	Group 718	Machines for special industries	
XIV.	Group 719 (excluding Subgroup 719.4 and Item 719.6 (5))	Machinery and appliances (other than electrical) and machine parts, n.e.s.	
XV.	Group 722	Electric power machinery and switchgear	
XVI.	Group 723	Equipment for distributing electricity	
XVII.	Group 729 (excluding Subgroups 729.1 through .4)	Other electrical machinery and apparatus	
XVIII.	Group 731	Railway vehicles	
XIX.	Group 732 (excluding Subgroups 732.1, 732.2, 732.6 and 732.9)	Road motor vehicles	
XX.	Subgroup 735.3	Ships and boats, other than warships (also excluding passenger ships and pleasure crafts)	
TOTAL			<u>80,000,000</u>

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of :

- (a) expenditures in the currency of the Borrower, or for goods produced in (including services supplied from) the territories of the Borrower;
- (b) expenditures prior to the date of this Agreement;
- (c) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof;

- (d) expenditures for goods the Bank may refuse or may have refused to finance under any other loan agreement between the Borrower and the Bank or any loan agreement with the guarantee of the Borrower or expenditures for goods the Association may refuse or may have refused to finance under any development credit agreement with the Borrower;
- (e) expenditures for goods to be supplied under a contract which any official bilateral lender or any international development finance institution shall have agreed to finance;
- (f) payments for goods procured by the private sector costing less than \$5,000 equivalent; and
- (g) payments for goods imported prior to the date of this Agreement and which are overdue at such date in accordance with the terms and conditions under which the goods were sold and supplied.

## SCHEDULE 2

### DESCRIPTION OF THE PROJECT

The Project forms part of the Borrower's program of priority rehabilitation and development of productive facilities and resources included in the first two years of the Plan. The Project consists of (i) the imports of capital and intermediate goods by the Borrower, its political subdivisions or any agency of the Borrower or its political subdivisions and (ii) the provision by the Borrower of foreign exchange for such imports by the private sector, all under the Plan (excluding Chapter 11 thereof).

## SCHEDULE 3

### AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
August 15, 1976 . . . . .	1,520,000	February 15, 1984 . . . . .	2,590,000
February 15, 1977 . . . . .	1,575,000	August 15, 1984 . . . . .	2,685,000
August 15, 1977 . . . . .	1,630,000	February 15, 1985 . . . . .	2,780,000
February 15, 1978 . . . . .	1,690,000	August 15, 1985 . . . . .	2,880,000
August 15, 1978 . . . . .	1,750,000	February 15, 1986 . . . . .	2,985,000
February 15, 1979 . . . . .	1,815,000	August 15, 1986 . . . . .	3,095,000
August 15, 1979 . . . . .	1,880,000	February 15, 1987 . . . . .	3,205,000
February 15, 1980 . . . . .	1,950,000	August 15, 1987 . . . . .	3,325,000
August 15, 1980 . . . . .	2,020,000	February 15, 1988 . . . . .	3,445,000
February 15, 1981 . . . . .	2,090,000	August 15, 1988 . . . . .	3,570,000
August 15, 1981 . . . . .	2,165,000	February 15, 1989 . . . . .	3,700,000
February 15, 1982 . . . . .	2,245,000	August 15, 1989 . . . . .	3,830,000
August 15, 1982 . . . . .	2,325,000	February 15, 1990 . . . . .	3,970,000
February 15, 1983 . . . . .	2,410,000	August 15, 1990 . . . . .	4,115,000
August 15, 1983 . . . . .	2,500,000	February 15, 1991 . . . . .	4,260,000

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity . . . . .	1½%
More than three years but not more than six years before maturity . . . . .	2 %
More than six years but not more than eleven years before maturity . . . . .	3½%
More than eleven years but not more than sixteen years before maturity . . . . .	5½%
More than sixteen years but not more than eighteen years before maturity . . . . .	6½%
More than eighteen years before maturity . . . . .	7½%

## SCHEDULE 4

## MODIFICATIONS OF GENERAL CONDITIONS

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows :

(a) Paragraph 12 of Section 2.01 is deleted.

(b) The following new paragraph is added after paragraph 11 of Section 2.01 :

“ 12. The term ‘ goods ’ means equipment, materials and supplies which are required for the Project. Unless the context shall otherwise require, wherever reference is made to any goods, such reference shall be deemed to include the cost of importing such goods into the territories of the Borrower.”

(c) The last sentence of Section 3.02 is deleted.

(d) Section 4.01 is amended by deleting that part of the second sentence commencing with “ except ” and ending with “ reasonably select ”.

(e) Section 4.04 is amended to read as follows :

“ SECTION 4.04. *Currency in which Commitment Charge is Payable.* The commitment charge shall be payable in dollars.”

(f) Sections 5.01 and 5.02 are deleted.

(g) Section 5.03 is amended to read as follows :

“ SECTION 5.03. *Applications for Withdrawal.* When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. The Bank shall be entitled, but shall not be required, to rely upon any statement or certification made in or in support of any withdrawal application and shall be fully protected in so doing. Applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall be made promptly in relation to expenditures for the Project.”

(h) Section 6.01 is amended to read as follows :

“SECTION 6.01. *Cancellation by the Borrower.* The Borrower may by notice to the Bank cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice.”

(g) Section 6.02 (i) is amended to read as follows :

“(i) Any event specified in paragraphs (e) or (f) of Section 7.01 shall have occurred.”

(h) Section 6.04 is deleted.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]