No. 8201

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
NIGERIA

Development Credit Agreement—*Northern Road Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and Northern Nigeria). Signed at Washington, on 1 March 1965

Official text: English.

Registered by the International Development Association on 26 May 1966.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
NIGÉRIA

Contrat de crédit de développement — *Projet relatif à la construction de routes dans le Nigéria du Nord* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et le Nigéria du Nord). Signé à Washington, le 1er mars 1965

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 26 mai 1966.

No. 8201. DEVELOPMENT CREDIT AGREEMENT[1] (*NORTHERN ROAD PROJECT*) BETWEEN THE FEDERAL REPUBLIC OF NIGERIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 1 MARCH 1965

AGREEMENT, dated March 1, 1965, between FEDERAL REPUBLIC OF NIGERIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS

Section 1.01. The parties hereto accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,[2] subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. For the purposes of this Agreement the provisions of Development Credit Regulations No. 1 of the Association, dated June 1, 1961, shall be deemed to be modified as follows :

(*a*) By deletion of Section 3.01 and by substituting the following new section therefor :

"SECTION 3.01. *Currencies in which Cost of Good is to be Paid and Proceeds of the Credit are to be Withdrawn.* (*a*) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

"(*b*) The proceeds of the Credit shall be withdrawn from the Credit Account :

"(i) on account of expenditures for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select ;

[1] Came into force on 31 August 1965, upon notification by the Association to the Government of Nigeria.

[2] See p. 20 of this volume.

"(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

"(*c*) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made."

(*b*) By inserting a new Section 3.04 after Section 3.03 as follows :

"SECTION 3.04. *Purchase of Currency of Withdrawal With Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03."

(*c*) By renumbering Section 3.04 as Section 3.05.

(*d*) By inserting the words "or the Project Agreement" after the words "the Development Credit Agreement" in Section 6.02.

Section 1.03. Whenever used in the Development Credit Agreement :

(*a*) The term the "Region" means Northern Nigeria ;

(*b*) The term "Project Agreement" means the agreement of even date herewith[1] between the Region and the Association, as the same may be amended from time to time by agreement between the Region and the Association.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a credit in an amount in various currencies equivalent to fifteen million five hundred thousand dollars ($15,500,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.

Section 2.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account :

(*a*) such amounts as shall have been expended (other than for expenditures in respect of goods required for carrying out subparagraph 1 of the Schedule to this

[1] See p. 20 of this volume.

Development Credit Agreement) for the reasonable cost of goods imported into the territories of the Borrower to be financed out of the proceeds of the Credit ;

(*b*) such amounts as shall be the equivalent of 65 per cent (or such other percentage as may from time to time be established by agreement between the Borrower and the Association) of such amounts as shall have been expended for the reasonable cost of goods required for carrying out subparagraph 1 of the Schedule to this Development Credit Agreement, such percentage representing no more than the external component of such cost ; and

(*c*) if the Association shall so agree, such amounts as shall be required to meet payments under (*a*) and (*b*) hereof ; provided, however, that no withdrawals shall be made on account of expenditures prior to December 1, 1964.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (¾ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.05. Service charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each February 15 and August 15 commencing February 15, 1975 and ending August 15, 2014, each instalment to and including the instalment payable on August 15, 1984, to be one-half of one per cent (½ of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent (1½%) of such principal amount.

Article III

USE OF PROCEEDS OF CREDIT

Section 3.01. The Borrower shall exercise every right and recourse available to it to cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall exercise every right and recourse available to it to cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (*a*) The Borrower shall exercise every right and recourse available to it to cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(*b*) The Borrower shall exercise every right and recourse available to it to cause all the covenants, agreements and obligations of the Region set forth in the Project Agreement to be performed and shall take or cause to be taken all action necessary or appropriate to enable the Region to perform such covenants, agreements and obligations and shall not take any action that would hinder or prevent the performance of such obligations by the Region.

(*c*) The Borrower shall exercise its rights under the agreement referred to in Section 4.02 (*a*) of this Agreement so as to protect the interests of the Borrower and the Association and shall not, without the consent of the Association, amend, assign, abrogate or waive any material provision of such agreement.

Section 4.02. (*a*) The Borrower shall relend the proceeds of the Credit or the equivalent thereof to the Region on the basis of an agreement made between the Borrower and the Region satisfactory to the Association.

(*b*) Without limitation or restriction upon any of the other covenants on its part in the Development Credit Agreement contained, the Borrower shall, whenever there is reasonable cause to believe that the funds available to the Region will be inadequate to meet the estimated expenditures required for carrying out the Project, make arrangements, satisfactory to the Association, promptly to provide the Region or cause the Region to be provided with such funds as are needed to meet such expenditures.

Section 4.03. (*a*) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as either shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(*b*) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.