No. 8296

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and NIGERIA

Loan Agreement—*Western Road Project* (with related letter, annexed Loan Regulations No. 3 and Project Agreement between the Bank and Western Nigeria). Signed at Washington, on 26 September 1965

Official text: English.

Registered by the International Bank for Reconstruction and Development on 16 August 1966.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et NIGÉRIA

Contrat d'emprunt — *Projet relatif au réseau routier du Nigéria occidental* (avec lettre y relative et, en annexe, le Règlement n° 3 sur les emprunts et le Contrat relatif au Projet entre la Banque et le Nigéria occidental). Signé à Washington, le 26 septembre 1965

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 16 août 1966.

No. 8296. LOAN AGREEMENT[1] (*WESTERN ROAD PROJECT*) BETWEEN THE FEDERAL REPUBLIC OF NIGERIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 SEPTEMBER 1965

AGREEMENT, dated September 26, 1965, between FEDERAL REPUBLIC OF NIGERIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to the Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,[2] subject, however, to the modifications thereof set forth in Section 1.02 of the Loan Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. For the purposes of the Loan Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows :

(*a*) Section 4.01 is deleted.

(*b*) Section 6.17 is amended by inserting the words " or the Project Agreement " after the words " the Loan Agreement ".

(*c*) Section 7.02 is amended by inserting the words " or the Project Agreement " after the words " the Loan Agreement ".

(*d*) Section 9.04 is deleted.

Section 1.03. Unless the context otherwise requires, the following terms wherever used in the Loan Agreement or in the Loan Regulations shall have the following meanings :

(*a*) The term " Region " means Western Nigeria;

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[1] Came into force on 29 March 1966, upon notification by the Bank to the Government of Nigeria.

[2] See p. 254 of this volume.

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

(*c*) The term " consultants " includes a firm or firms of consultants as well as individual experts.

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 fourteen million five hundred thousand dollars ($14,500,000).

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

Section 2.03. (*a*) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled to withdraw from the Loan Account (i) the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out part A of the Project, such percentage to represent the foreign exchange component of such cost; (ii) such amounts as shall have otherwise been expended (other than for goods produced in, including services supplied from, the territories of the Borrower or for expenditures in the currency of the Borrower) for the reasonable cost of goods required for carrying out the Project and not included in the foregoing; and (iii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

(*b*) Withdrawals from the Loan Account on account of expenditures specified in sub-paragraph (*a*) (i) of this Section shall be in such freely convertible currency or currencies, other than the currency of the Borrower, as the Bank shall from time to time reasonably elect.

(*c*) Notwithstanding the foregoing provisions of this Section, no withdrawals shall be made on account of expenditures made (i) prior to July 1, 1965, or (ii) in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

[1] See p. 254 of this volume.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time from the Loan Account.

Section 2.05. The Borrower shall pay interest at the rate of five and one-half per cent ($5^1/_2$%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.06. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($^1/_2$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on January 15 and July 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 1 to this Agreement.

Article III

Use of Proceeds of Loan

Section 3.01. The Borrower shall exercise every right and recourse available to it to cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank 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 Loan to be used exclusively in the carrying out of the Project.

Article IV

Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Finance and the Accountant General of the Borrower and such person or persons as they shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (*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; the Borrower shall take or cause to be taken such action as may be 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 5.02 (*a*) of this Agreement so as to protect the interests of the Borrower and the Bank and shall not, without the consent of the Bank, amend, assign, abrogate or waive any material provision of such agreement.

Section 5.02. (*a*) The Borrower shall relend the proceeds of the Loan or the equivalent thereof to the Region on the basis of an agreement made between the Borrower and the Region satisfactory to the Bank.

(*b*) Without limitation or restriction upon any of the other covenants on its part in the Loan 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 to enable the Region to carry out its obligations under the Project Agreement, make arrangements, satisfactory to the Bank, promptly to provide the Region, or cause the Region to be provided with such funds as are needed to meet such expenditures.

Section 5.03. (*a*) The Borrower and the Bank shall cooperate fully with each other to assure that the purposes of the Loan 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 Loan. 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 Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.