

No. 8297

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
NIGERIA

Development Credit Agreement — *Education Project*
(with related letter, annexed Development Credit
Regulations No. 1 and Project Agreements between
the Association and the Regions of Northern
Nigeria, Eastern Nigeria, Western Nigeria and
Mid-Western Nigeria, respectively). Signed at
Washington, on 1 March 1965

Official text : English.

Registered by the International Development Association on 16 August 1966.

ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
NIGÉRIA

Contrat de crédit de développement — *Projet relatif
à l'enseignement* (avec lettre y relative et, en annexe,
le Règlement n° 1 sur les crédits de développement
et les Contrats relatifs au Projet entre l'Association,
d'une part, et les régions septentrionale, orientale,
occidentale et du centre-ouest du Nigéria, d'autre
part). Signé à Washington, le 1^{er} mars 1965

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 16 août 1966.

No. 8297. DEVELOPMENT CREDIT AGREEMENT¹ (*EDUCATION 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).

WHEREAS the Borrower has requested the Association to assist in the financing of a project for the expansion, construction and equipment of certain secondary, technical, craft and teacher training schools in the four Regions, namely, Northern Nigeria, Eastern Nigeria, Western Nigeria and Mid-Western Nigeria (such Regions hereinafter called the Regions) and in the Federal territory (hereinafter called the Federal territory) ;

WHEREAS each Region will carry out or cause to be carried out that part of the project which relates to schools in the territory of such Region (as such project is hereinafter defined) ;

WHEREAS the Borrower will relend to the Region the proceeds of the Credit provided for herein applicable to such part of the project ; and

WHEREAS the Borrower will itself carry out or cause to be carried out that part of the project which relates to schools in the Federal territory ;

NOW THEREFORE the parties hereto hereby agree as follows:

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

¹ Came into force on 10 May 1966, upon notification by the Association to the Government of Nigeria.

² See p. 26, of this volume.

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 Goods 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 ;

“ (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 any Project Agreement ” after the words “ the Development Credit Agreement ” in Section 6.02.

Section 1.03. Whenever used in the Development Credit Agreement :

The terms “ Project Agreements ” and “ Project Agreement ” mean the agreements of even date herewith¹ between each Region and the Association, as the same may be amended from time to time by

¹ See p. 26 of this volume.

agreement between the Region and the Association, providing for the carrying out by the Region of the part of the Project to be carried out by such Region.

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 twenty million dollars (\$20,000,000).

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 ; provided, however, that no withdrawals may be made for Part A, B, C or D of the Project until the requirements of Section 2.04 of this Agreement with respect to such Part shall have been carried out.

Section 2.03. Except as the Borrower and the Association shall otherwise agree, and subject to the provisions of Section 2.04, 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 be the equivalent of 66 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 the Project ; and
- (b) if the Association shall so agree, such amounts as shall be required to meet payments under (a) hereof ;

provided, however, that no withdrawals shall be made on account of expenditures prior to June 1, 1964.

Section 2.04. The Borrower shall not be entitled to make withdrawals from the Credit Account in respect of Part A, B, C or D of the Project until the following conditions shall have been carried out with respect to such Part to the satisfaction of the Association :

(a) In accordance with the provisions of Section 4.02 (a) (i) of this Agreement, the Borrower and the particular Region concerned shall have entered into an agreement for the purpose of effecting the relending to that Region of the appropriate portion of the proceeds of the Credit ;

(b) The execution and delivery of the Project Agreement applicable to such Part shall have been duly authorized or ratified by all necessary governmental action ;

(c) There shall have been furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association that (i) the said agreement referred to in paragraph (a) of this Section has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and constitutes a valid and binding obligation of the said parties in accordance with its terms ; and (ii) the said Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Region party thereto and constitutes a valid and binding obligation of the said Region in accordance with its terms.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.07. 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 ($\frac{1}{2}$ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) 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 the 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.