

No. 10672

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

**Loan Agreement—*Highway Rehabilitation Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 6 November 1969**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 18 August 1970.*

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

**Contrat d'emprunt — *Projet relatif à la réfection du réseau routier* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 6 novembre 1969**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 18 août 1970.*

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

AGREEMENT, dated November 6, 1969 between FEDERAL REPUBLIC OF NIGERIA (hereafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Loan 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 (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

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

### *Article II*

#### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to ten million six hundred thousand dollars (\$10,600,000).

*Section 2.02.* (a) 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.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

<sup>1</sup> Came into force on 31 July 1970, upon notification by the Bank to the Government of Nigeria.

<sup>2</sup> See p. 194 of this volume.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Loan Agreement:

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for the services included in Category I of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement; and
- (ii) the equivalent of sixty per cent (60%) of such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for goods or services included in Category II of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement, which percentage represents the estimated foreign exchange component of the cost of such goods or services;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in Category II, the Bank may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Loan then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

*Section 2.04.* It is hereby agreed, pursuant to Section 5.01 of the General Conditions:

- (i) that withdrawals from the Loan Account under Category II of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; and
- (ii) that withdrawals from the Loan Account under Category I of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments made prior to the date of this Agreement but after April 1, 1969 and in an amount not exceeding \$40,000 equivalent.

*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 per cent (7%) 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 June 15 and December 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 2 to this Agreement.

### Article III

#### USE OF PROCEEDS OF LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Loan Agreement to expenditures on the Project, described in Schedule 3 to this Agreement.

*Section 3.02.* Except as the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

*Section 3.03.* Except as the Bank may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

### Article IV

#### BONDS

*Section 4.01.* 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 4.02.* The Federal Commissioner of 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 V*

## PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) In the carrying out of the Project, the Borrower shall employ consultants acceptable to, and upon terms and conditions satisfactory to, the Bank for the following purposes:

- (i) advising and assisting the Borrower in the preparation of specifications, tender documents and contract forms with respect to contracts for the works included in the Project, and the evaluation of bids and recommendation of the award of such contracts;
- (ii) assisting the Borrower in the supervision of the construction work included in the Project (a resident engineering consultant to be assigned to each road section in the Project);
- (iii) carrying out the detailed engineering referred to in Part 2 of the Project; and
- (iv) carrying out the feasibility study and the preliminary study referred to in Part 3 of the Project.

(c) The general design standards which shall be used for the road sections included in the Project are set forth in Schedule 5 to this Agreement.

(d) The road sections included in the Project shall be constructed by contractors acceptable to the Bank, employed upon such terms and conditions as shall have been approved by the Bank.

(e) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

*Section 5.02.* The Borrower shall, in consultation with the Bank and in the light of the Trunk Road Study presented to it by consultants in 1968, reclassify the trunk highways of the Borrower and assign responsibility for the operation of such highways to appropriate agencies of the Borrower as soon as practicable.

*Section 5.03.* The Borrower shall collect and record in accordance with appropriate statistical methods and procedures such technical, economic and financial information, including particularly traffic counts and data on vehicle registration, as shall be reasonably required for proper planning of maintenance, improvements and extensions of its Federal highway system. Such information shall be sought especially with respect to the development of traffic on the Lagos - Ibadan Road.

*Section 5.04.* The Borrower shall arrange for the rehabilitation of the Ilorin - Jebba section of the A1 Road, to be completed no later than the Lagos - Ilorin section included in the Project and in conformity with the general design standards set forth in Schedule 5 to this Agreement.

*Section 5.05. (a)* The Borrower shall maintain and repair its Federal highway system in accordance with sound engineering and financial practices, and shall provide, as needed, the funds, equipment, workshop facilities, labor and other resources required for this purpose.

*(b)* The Borrower shall take such steps as shall be reasonably required to ensure that the dimensions and axle-loads of vehicles using its Federal highway system, and especially the road sections included in the Project, are consistent with the structural and geometric design standards of the roads used and that the legal limits imposed on such dimensions and axle-loads in accordance with such standards are duly observed.

*Section 5.06.* The Borrower (i) shall maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and the expenditure of the proceeds of the Loan and to reflect in accordance with consistently maintained sound accounting practices the operations, in respect of the Project, of the departments or agencies of the Borrower responsible for the carrying out of any part of the Project; (ii) shall enable accredited representatives of the Bank to inspect the Project and the roads included therein, such goods and services, and any relevant records and documents; and (iii) shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, such goods and services, the Project and the administration and operations, in respect of the Project, of the departments or agencies of the Borrower responsible for the carrying out of any part of the Project.

*Section 5.07.* (a) The Borrower and the Bank shall cooperate fully to ensure 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, exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof, and each of them shall 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 financial and economic conditions in the territories of the Borrower and the balance of payments position of the Borrower.

(b) 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, the carrying out of the Project or the maintenance of the service of the Loan.

(c) 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.

*Section 5.08.* (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of 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; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(b) The term “assets of the Borrower” as used in this Section includes 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 and any other institution performing the functions of a central bank.

*Section 5.09.* 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, and free from all restrictions, imposed under the laws of the

Borrower or laws in effect in its territories; provided, however, that the provisions of this Section 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 5.10.* The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.11.* The Borrower undertakes to insure, or make arrangements satisfactory to the Bank to insure, the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

#### *Article VI*

#### REMEDIES OF THE BANK

*Section 6.01.* 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 this Loan Agreement or in the Bonds notwithstanding.

#### *Article VII*

#### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 1972, or such other date as shall be agreed between the Borrower and the Bank.



*Section 7.02.* The date of March 1, 1970 is hereby specified for the purposes of Section 11.03 of the General Conditions.

*Section 7.03.* 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 7.04.* 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,  
P.M.B. 2591, Lagos  
Nigeria

Alternative address for cables:

Permfin  
Lagos

For the Bank:

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

Alternative address for cables:

Intbafrad  
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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 JOE IYALLA  
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP  
Vice President

## SCHEDULE 1

## ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Consultants' services for engineering, for supervision of construction and for feasibility and other studies .....	1,900,000
II. Civil Works .....	6,800,000
III Unallocated .....	<u>1,900,000</u>
	<b>TOTAL <u>10,600,000</u></b>

## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in Category I or Category II shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category I or II, as the case may be, will be reallocated by the Bank to Category III.

2. If the estimate of the cost of the items included in Category I or Category II shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan in the case of Category I, and in the case of Category II, an amount equal to 60% of such increase, will be allocated by the Bank, at the request of the Borrower, to such Category from Category III, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Category.

## SCHEDULE 2

## 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>
December 15, 1972 .....	270,000	June 15, 1979 .....	425,000
June 15, 1973 .....	280,000	December 15, 1979 .....	440,000
December 15, 1973 .....	290,000	June 15, 1980 .....	455,000
June 15, 1974 .....	300,000	December 15, 1980 .....	470,000
December 15, 1974 .....	310,000	June 15, 1981 .....	490,000
June 15, 1975 .....	325,000	December 15, 1981 .....	505,000
December 15, 1975 .....	335,000	June 15, 1982 .....	525,000
June 15, 1976 .....	345,000	December 15, 1982 .....	540,000
December 15, 1976 .....	360,000	June 15, 1983 .....	560,000
June 15, 1977 .....	370,000	December 15, 1983 .....	580,000
December 15, 1977 .....	385,000	June 15, 1984 .....	600,000
June 15, 1978 .....	395,000	December 15, 1984 .....	635,000
December 15, 1978 .....	410,000		

\* 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 .....	1 1/4%
More than three years but not more than six years before maturity .....	2 1/2%
More than six years but not more than eleven years before maturity .....	4%
More than eleven years but not more than thirteen years before maturity .....	5 3/4%
More than thirteen years before maturity .....	7%

## SCHEDULE 3

## DESCRIPTION OF THE PROJECT

The Project consists of:

1. the reconstruction of the Lagos - Ilorin section of the A1 Federal trunk road (approximately 175 miles) and of the Lagos - Ewekoro section of the A9 Federal trunk road (approximately 29 miles);
2. the detailed engineering of a new Lagos - Ibadan road (approximately 70 miles); and
3. the carrying out of:
  - (a) a feasibility study, including preliminary engineering, of an improved road connection between Ibadan and the Niger Border near Daura, including the crossing of the Niger River; and
  - (b) a preliminary study of the improvement of crossings of the Benue River at Numan and Yola.

Part 1 of the Project is expected to be completed by May 31, 1971, and parts 2 and 3 by October 31, 1971.

## SCHEDULE 4

## PROCUREMENT

*Contracts for Civil Works*

1. Non-Nigerian contractors will not be required to register in Nigeria as a condition of bidding for a contract. In the event that registration shall be necessary after a non-Nigerian contractor has been awarded the contract, the registration procedure will be facilitated.

2. For the purposes of bidding on the Project, roads will be divided into a number of bidding sections. Contracts will be awarded on the basis of the lowest evaluated bid for one or more sections. The bidding sections will be as follows:

<i>Bidding Sections</i>	<i>Approximate Length (miles)</i>
Lagos - Ewekoro (A9) .....	29
Lagos - Ilorin (A1)	
Lagos - Ibadan .....	79
Ibadan - Oyo .....	31
Oyo - Ilorin .....	65

3. A period of at least 45 days will be allowed for submission of proposals from bidders.

4. The successful bidder will be allowed the option of furnishing a guarantee by an acceptable financial institution in the amount of not less than 10% of the contract value or a performance bond in an amount of 100% of the contract price, such guarantee or bond to remain in effect until twelve months after completion of road work. In addition, the contract will provide for retention of 10% of the value of the works on monthly invoices. The contractor will remain liable for defective work for a period of twelve months after final completion of road work. A non-Nigerian contractor will be entitled to convert into foreign exchange a reasonable portion of the contract payments.

5. The following documents will be submitted to the Bank for approval:

- (a) at the time of distribution, the bidding advertisement and list of addresses;
- (b) before calling for bids, the proposed procedures for post-qualification of bidders, and a copy of the tender documents excluding drawings; and
- (c) before any award is made, an official record of the opening of bids, the Borrowers' detailed evaluation of the bids and proposals of award of contracts based on the consultants' evaluation and recommendations.

6. As soon as a contract has been executed a signed copy will be sent to the Bank.

## SCHEDULE 5

### DESIGN STANDARDS

#### 1. *Rehabilitation: Lagos - Ilorin (A1) and Lagos - Ewekoro (A9)*

- (a) Geometric Design: No significant changes except in exceptional cases.

- (b) Width of Surfacing: 24 ft. with 2 x 5 ft. shoulders.
- (c) Base: Crushed stone or natural granular material.
- (d) Surfacing: Bituminous, macadam or multiple surface dressing.
- (e) Bridges: AASHO loading.
2. *Detailed engineering: Lagos - Ibadan (New Road)*
- (a) Design Speed: 70 mph
- (b) Maximum Gradient: 3%
- (c) Over-all Design: Dual 24 ft. carriageways with 10 ft. shoulders and variable median width. The whole scheme to be designed so that full control of access can ultimately be applied
- (d) Contract documents for early phases of Project: Single 24 ft. carriageway
- (i) Ikeja to Ode - Remo and, in addition, the link with Shagamu
- (ii) Odo - Ona to Ibadan and in addition the link with the Ijebu - Ode Road
- (iii) Ode - Remo to Odo - Ona
- (e) Contract drawings and Bill of Quantities for later phases of Project: Second 24 ft. carriageway
- (i) Ikeja to Araromi
- (ii) Odo - Ona to Ibadan
- (iii) Araromi to Odo - Ona
- (f) Bridges: AASHO loading

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.*]