
LOAN NUMBER 383 UNI

Loan Agreement

(Kainji Project)

BETWEEN

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

AND

NIGER DAMS AUTHORITY

DATED JULY 7, 1964

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AGREEMENT, dated July 7, 1964, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NIGER DAMS AUTHORITY (hereinafter called the Borrower).

ARTICLE I

Loan Regulations; Definition

SECTION 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 (said Loan Regulations No. 4 being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

SECTION 1.02. Whenever used in this Loan Agreement, the term "Kainji Development" means the Project plus eight additional generating units with their necessary auxiliaries and a second single-circuit 330 kilovolt transmission line from Kainji to Jebba and Oshogbo.

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-two million dollars (\$82,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension as set forth in, the Loan Agreement.

SECTION 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

SECTION 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

SECTION 2.05. 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 ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

SECTION 2.06. Interest and other charges shall be payable semiannually on February 15 and August 15 in each year.

SECTION 2.07. 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; Withdrawals

SECTION 3.01. The Borrower shall apply the proceeds of the Loan 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 Bank and the Borrower, subject to modification by further agreement between them.

SECTION 3.02. Except as the Bank and the Borrower 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 Guarantor and there to be used exclusively in the carrying out of the Project.

SECTION 3.03. Pursuant to Section 4.01 of the Loan Regulations, withdrawals from the Loan Account may be made on account of expenditures made before the Effective Date but subsequent to March 31, 1963.

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 Chairman of the Borrower and such person or persons as the Borrower shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12(a) of the Loan Regulations.

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 engineering, financial and business practices.

(b) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications and the construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(c) The Borrower shall: (i) maintain records adequate to identify the goods 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 to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; and (ii) enable the Bank's representatives to inspect its properties and operations, including the sites, works and construction included in the Project, the goods and any relevant records and documents.

(d) In connection with the Project, the Borrower shall employ engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Bank and the Borrower.

SECTION 5.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods, the Project, and the administration, operations and financial condition of the Borrower.

(c) 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 maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

SECTION 5.03. 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 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.

SECTION 5.04. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxes on 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 Guarantor.

SECTION 5.05. The Borrower shall pay or cause to be paid all 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 on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

SECTION 5.06. The Borrower shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful for its operations.

SECTION 5.07. (a) The Borrower shall operate and maintain its plants, equipment and other property and from

time to time make all necessary renewals and repairs thereof and shall at all times carry on its operations in an efficient manner under capable management and with competent staff and maintain its financial position, all in accordance with sound business, engineering and public utility practices.

(b) The Borrower shall from time to time take all steps necessary to obtain revenues from its operations sufficient to provide a return of at least 8% (or such other percentage as may from time to time be agreed between the Bank and the Borrower) on its average net fixed assets in operation. For the purposes of this paragraph (b):

- (i) The term "average net fixed assets in operation" means the average of the net fixed assets in operation at the beginning and end of each year valued at original cost, after deducting the total depreciation reserve computed in accordance with the straight-line method at annual rates of depreciation to be agreed from time to time between the Borrower and the Bank.
- (ii) The term "return" means the net amount of income after deducting from gross operating revenue all expenses of operation, including adequate maintenance and depreciation, administration and general expenses and taxes, if any, but excluding interest and other charges on debt.

SECTION 5.08. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not: (i) incur any debt prior to January 1, 1969; and (ii) thereafter incur any debt unless its net revenue for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall be not less than 1.5 times the maximum debt service requirement for any succeeding fiscal year on all debt, including the debt to be incurred. For the purposes of this Section:

- (a) the term "debt" shall include the assumption and

guarantee of debt and shall mean all indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred, provided that for the purposes of (ii) of this Section debt shall not include loans from the Guarantor;

(b) debt shall be deemed to be incurred on the date of execution and delivery of a contract or loan agreement providing for such debt;

(c) the term "net revenue" shall mean gross revenue from all sources, adjusted to take account of power rates in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenue relates, less all operating and administrative expenses and provision for taxes, if any, but before provision covering depreciation, interest and other charges on debt;

(d) the term "debt service" shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt; and

(e) debt service payable in a currency other than currency of the Guarantor shall be valued at the rate of exchange at which such other currency is obtainable, on the date the additional debt is incurred, or, if such currency is not so obtainable, at the rate of exchange as reasonably determined by the Bank.

SECTION 5.09. The Borrower shall engage or appoint as auditor one or more independent public accountants satisfactory to the Bank, and the accounts of the Borrower shall be audited by such accountant or accountants as at the end of each fiscal year.

SECTION 5.10. (a) Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured the goods financed out of the proceeds of the Loan against risks incident to their purchase and transportation to the site of the Project. Such

insurance shall be consistent with sound commercial practice and shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in any other currency which the Borrower can convert into such currency.

(b) The Borrower shall take out and maintain with good and reputable insurance companies insurance against such risks and in such amounts as shall be consistent with sound public utility and business practices.

SECTION 5.11. Prior to the completion of the Kainji Development, the Borrower shall not construct any new facilities for the generation or transmission of electric power (other than those included in the Kainji Development) without obtaining the agreement of the Bank.

ARTICLE VI

Remedies of Bank

SECTION 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations or if any event specified in paragraph (a) of Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or if any event specified in paragraph (c) of Section 6.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

SECTION 6.02. The following additional events are specified for the purposes of Section 5.02 of the Loan Regulations:

(a) An event shall have occurred which shall have caused any creditor to demand, in accordance with the terms of any loan having an original maturity of one year or more, repayment of any part of such loan prior to the agreed maturity thereof.

(b) Any event shall have occurred which shall have operated to suspend the right of the Borrower to withdraw amounts under any loan agreement with any other creditor.

(c) The Niger Dams Act, 1962, shall have been suspended, terminated or repealed or amended so as to affect adversely the ability of the Borrower to carry out the covenants and agreements set forth in the Loan Agreement.

ARTICLE VII

Effective Date; Termination

SECTION 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01(b) of the Loan Regulations:

That the Borrower shall have entered into agreements, acceptable to the Bank, for foreign loans (other than the Loan) amounting in the aggregate to not less than the equivalent of forty-five million dollars to be used for financing the costs of the Project. For the purposes of this Section, the term "foreign loan" means a loan from an entity outside the territories of the Guarantor and from an entity within the territories of the Guarantor when the proceeds of any such loan are derived from an entity outside the territories of the Guarantor.

SECTION 7.02. The following is specified as an additional matter, within the meaning of Section 9.02(c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank:

That the Borrower has full power and authority to construct and operate the Project and that all acts, consents, sanctions and approvals necessary therefor have been fully and validly performed or given.

SECTION 7.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VIII

Miscellaneous

SECTION 8.01. The Closing Date shall be March 31, 1969 or such other date as shall be agreed from time to time by the Bank and the Borrower.

SECTION 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Borrower:

Secretary
Niger Dams Authority
Independence House
P.M.B. 12605
Lagos, Nigeria

Alternative address for cables and radiograms:

Nigerdams
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 and radiograms:

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be executed in their respec-

tive names, and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

by s/ GEORGE D. WOODS
President

NIGER DAMS AUTHORITY

by s/ JASPER H. INGS
Authorized Representative

The Seal of the Niger Dams
Authority was affixed in the presence of

s/ YAHAYA DIKKO
Secretary

and authenticated by

s/ JASPER H. INGS
Member



SCHEDULE 1**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, 1969	530,000	February 15, 1985	1,235,000
February 15, 1970	545,000	August 15, 1985	1,270,000
August 15, 1970	565,000	February 15, 1986	1,305,000
February 15, 1971	580,000	August 15, 1986	1,340,000
August 15, 1971	595,000	February 15, 1987	1,380,000
February 15, 1972	610,000	August 15, 1987	1,415,000
August 15, 1972	625,000	February 15, 1988	1,450,000
February 15, 1973	645,000	August 15, 1988	1,490,000
August 15, 1973	660,000	February 15, 1989	1,535,000
February 15, 1974	680,000	August 15, 1989	1,580,000
August 15, 1974	700,000	February 15, 1990	1,620,000
February 15, 1975	720,000	August 15, 1990	1,665,000
August 15, 1975	740,000	February 15, 1991	1,710,000
February 15, 1976	760,000	August 15, 1991	1,760,000
August 15, 1976	780,000	February 15, 1992	1,805,000
February 15, 1977	800,000	August 15, 1992	1,855,000
August 15, 1977	820,000	February 15, 1993	1,905,000
February 15, 1978	845,000	August 15, 1993	1,960,000
August 15, 1978	870,000	February 15, 1994	2,010,000
February 15, 1979	890,000	August 15, 1994	2,070,000
August 15, 1979	915,000	February 15, 1995	2,125,000
February 15, 1980	940,000	August 15, 1995	2,185,000
August 15, 1980	970,000	February 15, 1996	2,245,000
February 15, 1981	995,000	August 15, 1996	2,305,000
August 15, 1981	1,020,000	February 15, 1997	2,370,000
February 15, 1982	1,050,000	August 15, 1997	2,435,000
August 15, 1982	1,085,000	February 15, 1998	2,500,000
February 15, 1983	1,110,000	August 15, 1998	2,570,000
August 15, 1983	1,140,000	February 15, 1999	2,640,000
February 15, 1984	1,170,000	August 15, 1999	2,710,000
August 15, 1984	1,200,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 part of the principal amount of the Loan pursuant to Section 2.05(b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than four years before maturity	1/2%
More than four years but not more than eight years before maturity	1%
More than eight years but not more than sixteen years before maturity	1 1/2%
More than sixteen years but not more than twenty-four years before maturity	2 1/2%
More than twenty-four years but not more than thirty-one years before maturity . .	3 1/2%
More than thirty-one years but not more than thirty-three years before maturity .	4 1/2%
More than thirty-three years before maturity	5 1/2%

SCHEDULE 2**Description of Project**

The Project consists of: (1) a dam, hydroelectric plant and navigation works on the Niger River about 260 airline miles north of Lagos and about 65 miles upstream from the town of Jebba; (2) a switchyard at the damsite and transmission lines to connect with Oshogbo and Kaduna; and (3) the permanent township of New Bussa for the displaced residents of submerged Bussa to be built in conjunction with a construction camp.

1. The principal works to be constructed are:
 - (a) Access roads to the site and temporary and permanent bridges over both channels of the Niger River.
 - (b) The main dam with a height of about 215 feet above the foundation level and an overall crest length of about 14,000 feet composed of: (i) a concrete gravity type center section 1,800 feet long across Kainji Island with intake gates and penstocks for twelve generating units; (ii) a concrete ogee spillway controlled by four radial gates which discharges into the left channel; (iii) a rock and earthfill embankment across the right channel and connected to the right abutment of the concrete center section; and (iv) a rock and earthfill embankment on the left abutment connected to the spillway.
 - (c) Two navigation locks with a connecting canal on the left bank. The upper level lock with a width of 40 feet and a length of 650 feet will be constructed through the fill embankment. The lower level lock of the same size will be located below the tip of Kainji Island. The combined maximum lift of the locks will be 135 feet. At Awuru 11

miles downstream of the dam a canal and navigation lock will be constructed to bypass a series of rapids and at Kpatachi four miles below Kainji the river channel will be deepened.

- (d) An earth and rockfill saddle dam across a valley on the left bank about 14,500 feet long with a maximum height of about 50 feet. The extreme left end of the embankment will contain an emergency fuse plug spillway.
- (e) The power station immediately downstream of the dam with four generating units of about 80 megawatts each operating under a maximum gross head of 135 feet, complete with all necessary auxiliaries. The station will be constructed so as to provide for the subsequent installation of eight additional units.
- (f) A switchyard complete with all necessary switchgear and ancillary equipment on Kainji Island immediately downstream of the power station.
- (g) A 330 kilovolt single-circuit transmission line about 60 miles long connecting the power station with a switching station at Jebba; a 330 kilovolt single-circuit transmission line about 100 miles long from Jebba to Oshogbo; a 330 kilovolt single-circuit transmission line about 230 miles long from Jebba to Kaduna; substations at Jebba, Oshogbo, Lagos, Benin, Onitsha, Ibadan, Aba and Kaduna; and a load dispatching station.
- (h) The township of New Bussa which will contain a hospital, school, post office, fire and police stations, a water supply system, a sewage treatment system, an electrical distribution system, an airstrip, and various permanent and temporary residential buildings.

2. The Project also includes the training of competent staff adequate to operate the power and navigation facilities when they come into operation.

* * * * *

The Project is scheduled for completion by the end of 1968.