



Treaty Series No. 55 (1987)

# Exchange of Notes

between the Government of the  
United Kingdom of Great Britain and Northern Ireland  
and the Government of the Federal Republic of Nigeria

constituting the United Kingdom/Nigeria  
Debt Agreement No. 1 (1986)

Lagos, 18 May 1987

[The Agreement entered into force on 18 May 1987]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
December 1987*

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## ANNEX

### SECTION 1

#### Definitions and Interpretation

- (1) In this Annex, unless the contrary intention appears:
- (a) "Agreed Minute" means the Agreed Minute on the Consolidation of the Debt of the Federal Republic of Nigeria which was signed at the Conference held in Paris on 16 December 1986;
  - (b) "the Consolidation Period" means the period from 1 October 1986 to 31 December 1987 inclusive;
  - (c) "Contract" means a contract or any agreement supplemental thereto, the parties to which include a Private Sector Debtor or a Public Sector Debtor and a Creditor and which is either for the sale of goods and/or services from outside Nigeria to a buyer in Nigeria or is in respect of the financing of such sale;
  - (d) "Creditor" means a person or body of persons or corporation resident or carrying on business in the United Kingdom which is party to a Debt or any successor in title thereto;
  - (e) "Currency of the Debt" means the currency specified in the relevant Contract as being the currency in which that Debt is to be paid;
  - (f) "Debt" means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
  - (g) "the Department" means the Secretary of State of the Government of the United Kingdom acting through the Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which that Government may subsequently nominate for the purposes hereof;
  - (h) "the Government of Nigeria" means the Government of the Federal Republic of Nigeria;
  - (i) "the Government of the United Kingdom" means the Government of the United Kingdom of Great Britain and Northern Ireland;
  - (j) "the Loan Agreements" means the agreements to be entered into between the parties to the Loans;
  - (k) "the Loans" means the refinancing loans specified in Section 3;
  - (l) "Maturity" in relation to a Debt means the due date for the payment or repayment thereof under the relevant Contract or on a promissory note or bill of exchange drawn up pursuant thereto or, in the case of a Debt owed by a Private Sector Debtor, the date on which the naira counterpart of the obligation was deposited with a commercial bank in Nigeria, whichever be the later;
  - (m) "the Ministry" means the Federal Ministry of Finance acting on behalf of the Government of Nigeria;
  - (n) "Nigeria" means the Federal Republic of Nigeria;
  - (o) "Non-Refinanced Debt" means any Debt which is not refinanced in accordance with Section 3(1) and any Debt which is to be refinanced, prior to such refinancing;
  - (p) "Private Sector Debtor" means any person or body of persons or corporation resident or carrying on business in Nigeria which is party to a Debt or any successor in title thereto and which is not a Public Sector Debtor;
  - (q) "Public Sector Debtor" means the Federal Government of Nigeria, its federated states, any public entity wholly owned by the Federal Republic of Nigeria or one of its federated states, or any private sector body the Debt of which is guaranteed by either the Federal Republic of Nigeria or one of its federated states;
  - (r) "Recognised Bank" means a bank, including a bank participating in a lending syndicate or in a syndicate led by banks, which has received a guarantee issued by the Department in respect of a loan or financial agreement;
  - (s) "Reference Rate" means the arithmetic mean (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one per cent) of the rates quoted to the Department at its request by three Reference Banks (being banks to be agreed upon

between the Department and the Ministry) at which six-month eurodollar deposits in the case of Debts denominated in US dollars and six-month sterling deposits in the case of all other Debts are offered to the Reference Banks by prime banks in the London interbank market at 11am (London time) two business days before 30 June and 31 December in each year;

- (t) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland and for the purposes of Section 1(1)(d) and Section 8 includes the Channel Islands and the Isle of Man;
  - (u) "United Kingdom Bank" means a bank carrying on business in the United Kingdom or a syndicate led by such a bank.
- (2) All references to interest, excluding contractual interest, shall be to interest accruing from day to day and calculated on the basis of actual days elapsed and a year of 360 days in the case of a Debt denominated in US dollars and 365 days in the case of all other Debts.
- (3) Where the context of this Annex so allows words importing the singular include the plural and vice-versa.
- (4) Unless otherwise indicated reference to a specified Section shall be construed as a reference to that specified Section of this Annex.
- (5) The headings to the Sections are for ease of reference only.

## SECTION 2

### The Debt

- (1) The provisions of this Annex shall, subject to the provisions of paragraph (2) of this Section and paragraph 4 of Section II and paragraphs 2-5 of Section IV of the Agreed Minute, apply to:
- (a) any amount of interest charged under Section 5 of this Annex in respect of the amounts specified in paragraph (1)(c)(ii) of this Section, such interest having accrued on or before 31 December 1986 and remaining unpaid;
  - (b) any amount of principal or contractual interest accruing up to the date for the payment or repayment which arises under or in relation to a contract or any agreement supplemental thereto in respect of the sugar plant of SAVE referred to in paragraph 1 of Section II of the Agreed Minute, which is guaranteed as to payment by the Government of Nigeria and which has fallen due or will fall due on or before 31 December 1987 and remains unpaid; or
  - (c) any amount of principal or contractual interest accruing up to Maturity which is guaranteed by the Department as to payment according to the terms of a Contract; which is not expressed by the terms of that Contract to be payable in naira; which does not arise from any amount payable upon or as a condition of the formation of that Contract or as a condition of the cancellation or termination of that Contract, and which
    - (i) arises under or in relation to a Contract entered into before 1 October 1985 and which granted or allowed credit for a period exceeding one year, is owed by a Private Sector Debtor or a Public Sector Debtor to a Creditor and fell due for payment on or before 30 September 1986 and remains unpaid, or is owed by a Public Sector Debtor to a Creditor and fell due or will fall due for payment during the Consolidation Period and remains unpaid;
    - (ii) arises under or in relation to a Contract payable on cash terms or allowing for credit for a period of one year or less, is owed by a Private Sector Debtor or a Public Sector Debtor to a Creditor and fell due for payment on or before 31 December 1983 and remains unpaid; or
    - (iii) arises under or in relation to a Contract allowing for credit for a period of one year or less (including letter of credit transactions), is owed by a Private Sector Debtor or a Public Sector Debtor to a Creditor, is not covered by the provisions of paragraph (1)(c)(ii) of this Section and fell due for payment on or before 30 September 1986 and remains unpaid.

SECTION 9

**Preservation of Rights and Obligations**

This Annex and its implementation shall not affect the rights and obligations of any party to a Contract, other than those rights and obligations in respect of which the Government of the United Kingdom and the Government of Nigeria are authorised to act respectively on behalf of and to bind such parties to a Contract.

No. 2

*The Minister of Finance of Nigeria to the United Kingdom High Commissioner at Lagos*

*Federal Ministry of Finance*

*Lagos*

*May 18 1987*

Your Excellency

I have the honour to acknowledge receipt of Your Excellency's Note of May 18, 1987 which reads as follows:

[As in No. 1]

I have the honour to confirm that the terms and conditions set out in the Annex to your Note are acceptable to the Government of the Federal Republic of Nigeria and that your Note, together with its Annex and this reply shall constitute an Agreement between our two Governments in this matter which shall be known as "The United Kingdom/Nigeria Debt Agreement No. 1 (1986)" and which shall enter into force today.

I have the honour to convey to Your Excellency the assurance of my highest consideration.

**CHU S P OKONGWU**