



Treaty Series No. 86 (1991)

# 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  
concerning Certain Commercial Debts

(The United Kingdom/Nigeria Debt Agreement No. 3 (1991))

Lagos, 10 June 1991

[The Agreement entered into force on 10 June 1991]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
November 1991*

LONDON : HMSO

£1.90 net

**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  
CONCERNING CERTAIN COMMERCIAL DEBTS  
(THE UNITED KINGDOM/NIGERIA DEBT AGREEMENT No. 3 (1991))**

No. 1

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

*British High Commission*

*Lagos*

*10 June 1991*

Your Excellency,

I have the honour to refer to 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 18 January 1991, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to provide debt relief to the Government of the Federal Republic of Nigeria on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Federal Republic of Nigeria, I have the honour to propose that this Note together with its Annex, and your reply to that effect, shall constitute an Agreement between the two Governments in this matter which shall be known as "The United Kingdom/Nigeria Debt Agreement No. 3 (1991)" and which shall enter into force on the date of your reply.

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

**CHRISTOPHER MACRAE**

## ANNEX

### SECTION 1

#### Definitions and Interpretation

- (1) In this Annex, unless the contrary intention appears:
- (a) "the 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 18 January 1991;
  - (b) "Business Day" means a day on which dealings are carried on in the London Interbank Market and (if payment is required to be made on such day) on which banks are open for domestic and foreign exchange business in London in the case of sterling and in both London and New York City in the case of US dollars;
  - (c) "Contract" means a contract, or any agreement supplemental thereto, entered into before 1 October 1985, the parties to which include the Debtor and a Creditor and which either is for the sale of goods and/or services from outside Nigeria to a buyer in Nigeria, or was for the financing of such a sale, and which in either case granted or allowed credit to the Debtor for a period exceeding one year;
  - (d) "Creditor" means a person or body of persons or corporation resident or carrying on business in the United Kingdom, including the Channel Islands and the Isle of Man, or any successor in title thereto;
  - (e) "Currency of the Debt" means the currency specified in the relevant Contract or in the First Agreement 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) "Debtor" means the Government of Nigeria or any of its Federated States (whether as primary debtor or as guarantor);
  - (h) "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 purpose hereof;
  - (i) "the First Agreement" means the Agreement between the Government of the United Kingdom and the Government of Nigeria on Certain Commercial Debts signed on 18 May 1987<sup>1</sup>;
  - (j) "Maturity" in relation to a Debt:
    - (i) specified in Section 2(1)(a) means the relevant date for payment specified in the First Agreement, or
    - (ii) specified in Section 2(1)(b) 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;
  - (k) "the Ministry" means the Federal Ministry of Finance and Economic Development acting on behalf of the Government of Nigeria;
  - (l) "Nigeria" means the Federal Republic of Nigeria;
  - (m) "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 by three banks to be agreed upon by the Department and the Ministry which are offering six-month eurodollar deposits, in the case of a Debt denominated in US dollars, or six-month sterling deposits, in the case of all other Debts, in the London Interbank Market at 11 am (London time) two Business Days before the commencement of the relevant interest period in each year;
  - (n) "the Second Agreement" means the Agreement between the Government of the United Kingdom and the Government of Nigeria on Certain Commercial Debts signed on 23 August 1989;<sup>2</sup>
  - (o) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland.

<sup>1</sup> Treaty Series No. 55 (1987), Cm 269.

<sup>2</sup> Treaty Series No. 60 (1989), Cm 924.

(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 Debts denominated in US dollars, or 365 days in the case of Debts denominated in any other currency.

(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 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 Article IV paragraph 4 of the Agreed Minute, apply to:

(a) any amount, whether of principal or of interest, payable under the First Agreement which has fallen due or will fall due from 1 January 1991 to 31 March 1992 which remains unpaid and which:

(i) does not arise from any amount of principal due or interest accrued up until 31 December 1990; and

(ii) does not arise from any amount of interest accrued under the provisions of Section 5(3) of the First Agreement; and

(b) any other amount, whether of principal or of contractual interest accruing up to Maturity, owed by a Debtor to a Creditor and which:

(i) arises under or in relation to a Contract;

(ii) is guaranteed by the Department as to payment according to the terms of the Contract;

(iii) is not expressed by the terms of the Contract to be payable in naira;

(iv) does not arise from an amount payable under the Second Agreement;

(v) does not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract; and

(vi) has fallen due or will fall due for payment from 1 May 1990 to 31 March 1992 and remains unpaid.

(2) The Department and the Ministry shall, as soon as possible, agree and draw up a list of Debts ("the Debt List") to which, by virtue of the provisions of this Section, this Annex shall apply. The Debt List may be reviewed from time to time at the request of the Department or of the Ministry, but may not be added to or amended without the agreement of both the Department and the Ministry. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.

## SECTION 3

### **Payments under the First Agreement**

The provisions of the First Agreement insofar as they relate to the payment of any Debt shall cease to apply upon the entry into force of this Agreement.

## SECTION 4

### **Payment of Debt**

The Government of Nigeria shall pay to the Department, in accordance with the provisions of Section 6(1) hereafter, the following:

- (a) in respect of each Debt specified in Section 2(1)(a):  
100 per cent by 8 equal and consecutive half-yearly instalments commencing on 15 February 1996; and
- (b) in respect of each Debt specified in Section 2(1)(b):  
100 per cent by 14 equal and consecutive half-yearly instalments commencing on 15 February 2000.

## SECTION 5

### Interest

- (1) Interest on the balance of each Debt shall be deemed to have accrued and shall accrue during, and shall be payable in respect of, the period from Maturity, until the settlement of that Debt by payment to the Department.
- (2) The Government of Nigeria shall be liable for and shall pay to the Department in accordance with the provisions of Section 6(1) and of this Section interest on each Debt to the extent that it has not been settled by payment to the Department in the United Kingdom. Such interest shall be paid to the Department half-yearly on 28 February and 31 August (the "Due Dates") each year commencing on 30 September 1991.
- (3) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the Due Date for payment thereof, the Government of Nigeria shall be liable for and shall pay to the Department interest on such amount of overdue interest. Such additional interest shall accrue from day to day from the Due Date for payment thereof in accordance with the provisions of paragraph (2) of this Section to the date of receipt of the payment by the Department, and shall be due without further notice or demand.
- (4) All interest payable in accordance with the provisions of this Section shall be paid at the rate of 0.5 per cent above the Reference Rate applicable to each half-yearly interest period commencing with the half-yearly interest period within which the Maturity of the Debt concerned occurs.

## SECTION 6

### Payments to the Department

- (1) When payment becomes due under the terms of Section 4 or 5 the Department shall use its best endeavours to notify the Ministry of the payment due 60 days before payment becomes due (but failure to do so shall not affect the Ministry's obligations under this Annex), the Ministry shall then:
  - (a) in the first instance, draw upon the special account at the Bank of England referred to in Article IV paragraph 5 of the Agreed Minute to meet such payments; and
  - (b) in any event arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing inside or outside Nigeria, to be paid in the Currency of the Debt to an account notified by the Department to the Ministry.
- (2) If the day on which such a payment falls due is not a Business Day payment shall be made on the next Business Day.
- (3) The Ministry shall give the Department full particulars of the Debts and/or interest to which the payments relate.

## SECTION 7

### Exchange of Information

The Department and the Ministry shall exchange all information required for the implementation of this Annex.

## SECTION 8

### **Other Debt Settlements**

(1) The Government of Nigeria undertakes to perform its obligations under Article III of the Agreed Minute and agrees to accord to the United Kingdom terms no less favourable than those agreed with any other creditor country, notwithstanding any provision of this Annex to the contrary.

(2) The provisions of paragraph (1) of this Section shall not apply to matters relating to the payment of interest determined by Section 5.

## SECTION 9

### **Preservation of Rights and Obligations**

This Annex and its implementation shall not affect the rights or obligations of any Creditor or debtor under 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 Creditor and debtor.

## SECTION 10

### **Debt Conversion Option**

The Department agrees to give prior notification to the Government of Nigeria if it intends to exercise the option provided for in Article II paragraph 2(c) of the Agreed Minute. The Department also recognises that this option can only be implemented with the consent of the Government of Nigeria.

## SECTION 11

### **Conditionality**

Unless the Department notifies the Ministry to the contrary the provisions of this Annex shall be null and void if:

- (a) the payments referred to in Article IV paragraph 4 of the Agreed Minute have not been made by 31 May 1991, or
- (b) the review referred to in Article IV paragraph 4 of the Agreed Minute has not been completed by 31 July 1991.

No. 2

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

*Federal Ministry of Finance and  
Economic Development  
10 June 1991*

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of 10th day of June, 1991 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. 3 (1991)" and which shall enter into force today.

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

ALHAJI ABUBAKAR ALHAJI

[ANNEX as in No. 1]

