



Treaty Series No. 20 (2003)

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. 4 (2000))

Abuja, 27 March 2003

[The Agreement entered into force on 27 March 2003]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
July 2003*

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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. 4 (2000))

No. 1

The British High Commissioner at Abuja to the Minister of Finance of the Federal Republic of Nigeria

*Abuja
27 March 2003*

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 in Paris on 13 December 2000, and to inform you that the Government of the United Kingdom of Great Britain and Northern Ireland is 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 our two Governments in this matter which shall be known as "The United Kingdom/Nigeria Debt Agreement No. 4 (2000)" and which shall enter into force on the date of your reply.

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

PHILIP THOMAS

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 in Paris on 13 December 2000;
 - (b) "**Appropriate Market Rate**" means the Reference Rate plus 0.5 per cent;
 - (c) "**Business Day**" means
 - (i) a day on which banks are open for domestic and foreign exchange business in London, and
 - (ii) in respect of Debt whose Currency is the US dollar, a day on which banks are open for domestic and foreign exchange business in both London and New York;
 - (d) "**Consolidation Period**" means the period between 1 August 2000 and 31 July 2001 inclusive;
 - (e) "**Contract**" means a contract, including any agreement supplemental thereto the parties to which include a Debtor and a Creditor and which either was 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;

- (f) “**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;
- (g) “**Debt**” means each and all the amounts listed in Section 2(1);
- (h) “**Debtor**” means—
- (i) The Government of Nigeria;
 - (ii) Any of its federated states.
 - (iii) Any public entity wholly owned by the Government of Nigeria or one of its federated states; or
 - (iv) Any private sector body whose Debt or Deferred Debt is guaranteed or taken over by either the Government of Nigeria or one of its federated states.
- (i) “**Deferred Debt**” means each and all the amounts listed in Section 3(1);
- (j) “**Department**” means the Export Credits Guarantee Department or any other department or entity that the Government of the United Kingdom may subsequently nominate to perform the functions of the Export Credits Guarantee Department hereunder;
- (k) “**Late Interest**” means interest charged under this Agreement or any of the Previous Agreements on any amount of Debt or Deferred Debt or interest which remains unpaid after the date for payment specified therefor in that Agreement. Late Interest under this Agreement shall accrue at the Appropriate Market Rate plus 0.75 per cent and be payable on the outstanding overdue amount from day to day from Due Date or other date for payment specified in this Agreement, and shall be due and payable without further notice or demand;
- (l) “**Maturity**” in relation to:
- (i) A Debt specified in Section 2(1)(a) 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;
 - (ii) A Debt specified in Section 2(1)(b) or 2(1)(c) means 31 July 2000 or the date specified in the Previous Agreements if that date is later, and
 - (iii) A Deferred 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.
- (m) “**DMO**” means the Debt Management Office of Nigeria or any other institution that the Government of Nigeria may nominate for this purpose;
- (n) “**Nigeria**” means the Federal Republic of Nigeria;
- (o) “**Previous Agreements**” mean the Agreements between the Government of the United Kingdom and the Federal Government of Nigeria on Certain Commercial Debts that entered into force on 18 May 1987¹, 23 August 1989² and 10 June 1991³;
- (p) “**Reference Rate**” means the benchmark United Kingdom Government bond yield quoted in the Financial Times on the date of the initialling of the UK/Nigeria Bilateral Debt Agreement No. 4 for bonds maturing on the date nearest to the day following the first working day of January 2008. This rate (4.11) will be amended on the day following the first working day of January 2008 to the rate quoted in the Financial Times on that day for bonds maturing on the date nearest to the day following the first working day of January 2014. The rate will be amended again on the day following the first working day of January 2014 to the rate quoted in the Financial Times on that day for bonds maturing on the date nearest to the day following the first working day of January 2020;
- (q) “**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland.

¹Treaty Series No. 55 (1987) Cm 269.

²Treaty Series No. 60 (1989) Cm 924.

³Treaty Series No. 86 (1991) Cm 1753.

- (2) All interest payable pursuant to this Annex shall be calculated on the basis of actual days elapsed and a year of 365 days.
- (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 Section 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) All amounts, whether of principal or interest accruing up to Maturity which are owed by a Debtor to a Creditor and which:
 - (i) Arise under or in relation to a Contract, including any agreement supplemental thereto, entered into before 1 October 1985;
 - (ii) Are guaranteed by the Department as to payment according to the terms of the Contract and subsequently taken over by the Federal Government of Nigeria;
 - (iii) Are expressed by the terms of the Contract to be payable in a currency other than the lawful currency of Nigeria;
 - (iv) Do not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract; and
 - (v) Have fallen due by 31 July 2000 and remain unpaid or will fall due for payment during the Consolidation Period and remain unpaid;
 - (b) All amounts, whether of principal or of interest (including Late Interest) payable in accordance with the Previous Agreements which fell due on or before 31 July 2000 and remain unpaid;
 - (c) All amounts, whether of principal or of interest (excluding Late Interest), payable in accordance with the Previous Agreements which have fallen due or will fall due during the Consolidation Period and remain unpaid; and
 - (d) All amounts of interest accruing during the Consolidation Period other than the interest specified in Section 2(1)(c).
- (2) The Department and the DMO shall, as soon as possible agree and draw up a list of Debts not included in Previous Agreements ("the Debt List") to which Section 2 paragraph (1)(a) of this Annex applies. The Debt List may be reviewed from time to time at the request of the Department or of the DMO, but may not be added to or amended without the agreement of both the Department and the DMO. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.

SECTION 3

Deferred Debt

- (1) The provisions of this Section of this Annex shall, subject to the provisions of paragraph (3) of this Section and Article IV paragraph 4 of the Agreed Minute apply to all amounts of principal and interest. Maturity in respect of which occurred on or before 31 December 2000 and which remain unpaid; and

- (a) Arise under or in relation to a Contract including any agreement supplemental thereto, entered into on or after 1 October 1985; and
- (b) Are guaranteed by the Department as to payment according to the terms of the Contract and have been subsequently taken over by the Federal Government of Nigeria; and
- (c) Are expressed by the terms of the Contract to be payable in a currency other than the lawful currency of Nigeria; and
- (d) Are not amounts payable under the Previous Agreements; and
- (e) Do not arise from amounts payable upon or as a condition of the cancellation or termination of the Contract; or
- (f) Are amounts of interest charged under Section 6 of this Annex that have accrued on or before 31 July 2000.

(2) The Government of Nigeria shall pay to the Department in relation to each of the Deferred Debts and in accordance with the provisions of Section 7, 100 per cent in 10 instalments as follows:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
31 March 2001	8
31 July 2001	8
31 March 2002	9
30 September 2002	9
31 March 2003	10
30 September 2003	10
31 March 2004	11
30 September 2004	11
31 March 2005	12
30 September 2005	12

These amounts will not be subject to further rescheduling or deferral.

(3) The Department and the DMO shall, as soon as possible agree and draw up a list of Deferred Debts (“the Deferred Debt List”) to which Section 3 paragraph (1) of this Annex applies. The Deferred Debt List may be reviewed from time to time at the request of the Department or of the DMO, but may not be added to or amended without the agreement of both the Department and the DMO. Delay in the completion of the Deferred Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.

SECTION 4

Payments under the Previous Agreements

The provisions of the Previous Agreements insofar as they relate to the payment of any Debt (as defined herein) shall cease to apply upon the entry into force of this Agreement.

SECTION 5

Payment of Debt

The Government of Nigeria shall make the following payments to the Department in accordance with the provisions of Section 7 of this Annex.

(1) In respect of the Debt specified in Section 2(1)(b) of this Annex:

(a) US\$14.826 million on 29 December 2000;

(b) US\$33.263 million on or before 31 March 2001;

(c) a sum of US\$436.504 million to be paid in 18 consecutive instalments as follows:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
31 March 2001	11
31 July 2001	10.3
31 March 2002	5
30 September 2002	5
31 March 2003	5
30 September 2003	5
31 March 2004	5
30 September 2004	5
31 March 2005	5
30 September 2005	5
31 March 2006	5
30 September 2006	5
31 March 2007	5
30 September 2007	5
31 March 2008	5
30 September 2008	5
31 March 2009	5
30 September 2009	3.7

These amounts will not be subject to further rescheduling or deferral.

(2) In respect of each Debt specified in Section 2(1)(a) and (c), and in respect of the remainder of the Debt specified in Section 2(1)(b) after deduction of the payments to be made in accordance with Section 5(1) above, 100 per cent in 30 consecutive half-yearly rising instalments as follows:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
30 September 2004	0.44
31 March 2005	0.58
30 September 2005	0.74
31 March 2006	0.90
30 September 2006	1.07
31 March 2007	1.25
30 September 2007	1.43
31 March 2008	1.62
30 September 2008	1.82
31 March 2009	2.02
30 September 2009	2.22
31 March 2010	2.43
30 September 2010	2.64
31 March 2011	2.86
30 September 2011	3.08
31 March 2012	3.30
30 September 2012	3.53
31 March 2013	3.76
30 September 2013	4.00

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
31 March 2014	4.23
30 September 2014	4.48
31 March 2015	4.72
30 September 2015	4.97
31 March 2016	5.22
30 September 2016	5.47
31 March 2017	5.72
30 September 2017	5.98
31 March 2018	6.24
30 September 2018	6.51
31 March 2019	6.77

(3) In respect of each Debt specified in Section 2(1)(d) of this Annex, 100 per cent in 10 equal and successive half-yearly instalments commencing on 31 March 2002 and ending on 30 September 2006.

SECTION 6

Interest

(1) Interest on the balance of each Debt or Deferred Debt shall be deemed to have accrued and shall accrue during, and shall be payable in respect of, the period from Maturity until the complete payment of that Debt.

(2) The Government of Nigeria shall pay to the Department interest on each Debt or Deferred Debt to the extent that such Debt or Deferred Debt has not been settled by payment. Such interest shall be paid half-yearly on 31 March and 30 September (the “Due Dates”) each year, commencing on 31 March 2003.

(3) Interest payable in accordance with the provisions of this Section shall be paid at the Appropriate Market Rate.

(4) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the pertinent Due Date or within 30 days thereof, the Government of Nigeria shall pay to the Department late interest on such amount of overdue interest at the Appropriate Market Rate from the pertinent Due Date until the 30th day following that pertinent Due Date, and at the Late Interest rate specified in Section 1(1)(k) from the 31st day following the pertinent Due Date until the date of payment.

(5) If any amount of Debt or Deferred Debt payable in accordance with the provisions of Sections 3 and/or 5 is not paid on the pertinent Due Date or within 30 days thereof, the Government of Nigeria shall pay to the Department late interest on such amount of overdue Debt or Deferred Debt at the Appropriate Market Rate from the pertinent Due Date until the 30th day following that pertinent Due Date, and at the Late Interest rate specified in Section 1(1)(k) from the 31st day following the pertinent Due Date until the date of payment.

SECTION 7

Payments to the Department

(1) When payment becomes due under the terms of Section 3, 5 or 6, the Government of Nigeria shall arrange for the necessary amounts without deduction of taxes, fees, other public charges or any other costs incurred inside or outside Nigeria, to be paid in the currency of each Debt to an account notified by the Department to the DMO.

(2) If the day on which such a payment falls due is not a Business Day payment shall be made on the next succeeding Business Day, but any interest payable shall be the amount accrued on the day on which such payment fell due.

(3) The DMO shall give the Department full particulars of the Debts and Deferred Debts and interest to which the payments relate.

SECTION 8

Exchange of Information

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

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 Swaps Option

The Department wishes to exercise the option given in Article 11 paragraph 2 C of the Agreed Minute to offer the facility to sell or exchange Debt. This facility may only be used with the consent of the Government of Nigeria and on condition that the Debt sold or exchanged is discharged in the lawful currency of Nigeria.

SECTION 11

Conditionality

Unless the Department otherwise agrees in writing, the application of this Annex shall be subject to the conditions of Article III paragraph 6 and Article IV paragraphs 4 and 5 of the Agreed Minute. If any of these conditions is not fulfilled and this Annex ceases to apply, all outstanding payments shall be due according to the original Contracts, or according to the payment schedules in the pertinent Previous Agreement, as if this Annex had never existed.

SECTION 12

Comparability

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

No. 2

*The Minister of Finance of the Federal Republic of Nigeria to the British High Commissioner
at Abuja*

*Abuja
27 March 2003*

I have the honour to acknowledge receipt of Your Excellency's Note of 27 March 2003 and to confirm that the terms and conditions set out in the Annex to the 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. 4 (2000)" and which shall enter into force today.

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

ADAMU CIROMA



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