



Treaty Series No. 76 (1990)

Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Uganda Debt Agreement No. 4 (1989))

Kampala, 27 November and 11 December 1989

[The Agreement entered into force on 11 December 1989]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
November 1990*

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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 REPUBLIC OF UGANDA
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/UGANDA DEBT AGREEMENT No. 4 (1989))**

No. 1

*The British High Commissioner at Kampala to the Minister of Finance of the
Republic of Uganda*

*British High Commission
Kampala
27 November 1989*

Your Excellency,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Uganda which was signed at the Conference held in Paris on 26 January 1989, 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 Republic of Uganda on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the Republic of Uganda, 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/Uganda Debt Agreement No. 4 (1989)" 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.

DEREK MARCH

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 Republic of Uganda which was signed at the Conference held in Paris on 26 January 1989;
 - (b) "the Bank" means the Bank of Uganda;
 - (c) "Currency of the Debt" means the currency specified in the Previous Agreements as being the currency in which a Debt is to be paid;
 - (d) "Debt" means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (e) "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 nominate for the purpose hereof;
 - (f) "the Government of Uganda" means the Government of the Republic of Uganda;
 - (g) "the Government of the United Kingdom" means the Government of the United Kingdom of Great Britain and Northern Ireland;
 - (h) "Maturity" means the due date for repayment under any of the Previous Agreements;
 - (i) "Previous Agreements" means the Agreements between the Government of the United Kingdom and the Government of Uganda on Certain Commercial Debts signed on 17 June 1983¹, 10 November 1983² and 5 May 1988³ respectively;
 - (j) "Reference Rate" means the rate quoted to the Department by a bank to be agreed upon by the Department and the Bank at which six-month sterling deposits, in the case of a Debt denominated in sterling, or six-month eurodollar deposits, in the case of a Debt denominated in US dollars, are offered to that bank by prime banks in the London interbank market at 11am (London time) two business days before the commencement of the relevant interest period in each year;
 - (k) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland.
- (2) All references to interest shall be to interest accruing from day to day and calculated on the basis of actual days elapsed and a year of 365 days in the case of Debts denominated in sterling or of 360 days in the case of Debts denominated in US dollars.
- (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 Section 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 3 of the Agreed Minute, apply to any amount, whether of principal or of interest, payable under the Previous Agreements which has fallen due or will fall due on or before 30 June 1990 and remains unpaid.
- (2) The Department and the Bank 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 applies. The Debt List may be reviewed from time to time at the request of the Department

¹Treaty Series No. 63 (1983), Cmnd. 9051.

²Treaty Series No. 8 (1984), Cmnd. 9141.

³Treaty Series No. 67 (1988), Cm 482.

or of the Bank, but may not be added to or amended without the agreement of both the Department and the Bank. 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 Previous Agreements

The provisions of the Previous Agreements in so far as they relate to the payment of any Debt shall cease to apply upon entry into force of this Agreement.

SECTION 4

Transfer Scheme

The Government of Uganda shall pay to the Department in accordance with the provisions of Section 6(1):

- (a) 100 per cent of each Debt which fell due on or before 31 December 1988 in twelve equal and consecutive half-yearly instalments commencing on 31 March 1997; and
- (b) 100 per cent of each Debt falling due after 31 December 1988 in twelve equal and consecutive half-yearly instalments commencing on 31 March 1998.

SECTION 5

Interest

- (1) Interest shall be deemed to have accrued and shall accrue on the unpaid portion of each Debt during, and shall be payable in respect of, the period from Maturity until the settlement of that Debt by payment to the Department in accordance with Section 4.
- (2) The Government of Uganda 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 pursuant to Section 4. Such interest shall be paid to the Department first on 31 December 1989 and then half-yearly on 30 June and 31 December (the "Due Dates") each year.
- (3) All interest accruing up to each Due Date payable in accordance with the provisions of this Section shall be paid at the rate of 3.0 per cent below the Reference Rate applicable to each six-monthly interest period commencing from Maturity of the Debt concerned.
- (4) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the relevant Due Date, interest on such amount of overdue interest at the rate of 0.5 per cent above the Reference Rate shall thereafter become payable and shall accrue from day to day from the relevant Due Date to the date of receipt of the payment by the Department.

SECTION 6

Payments to the Department

- (1) As and when payments become due under the terms of Section 4 and 5, the Government of Uganda shall:
 - (a) draw upon the special account opened at the Bank of England to meet such payments; and
 - (b) arrange for the necessary amounts, without deduction for taxes, fees, other public charges or any other costs accruing inside or outside Uganda, to be paid in the Currency of the Debt to the Department in the United Kingdom to an account, details of which shall be notified by the Department to the Bank.
- (2) The Bank shall give the Department full particulars of the Debts and/or interest to which the transfers relate.

SECTION 7

Exchange of Information

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

SECTION 8

Other Debt Settlements

(1) The Government of Uganda undertakes to perform its obligation 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 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.

No. 2

*The Minister for Finance of the Republic of Uganda to the British High
Commissioner at Kampala*

*Ministry of Finance
Kampala
11 December 1989*

My Dear High Commissioner

Re: *UNITED KINGDOM/UGANDA DEBT RESCHEDULING AGREEMENT OF 1989*

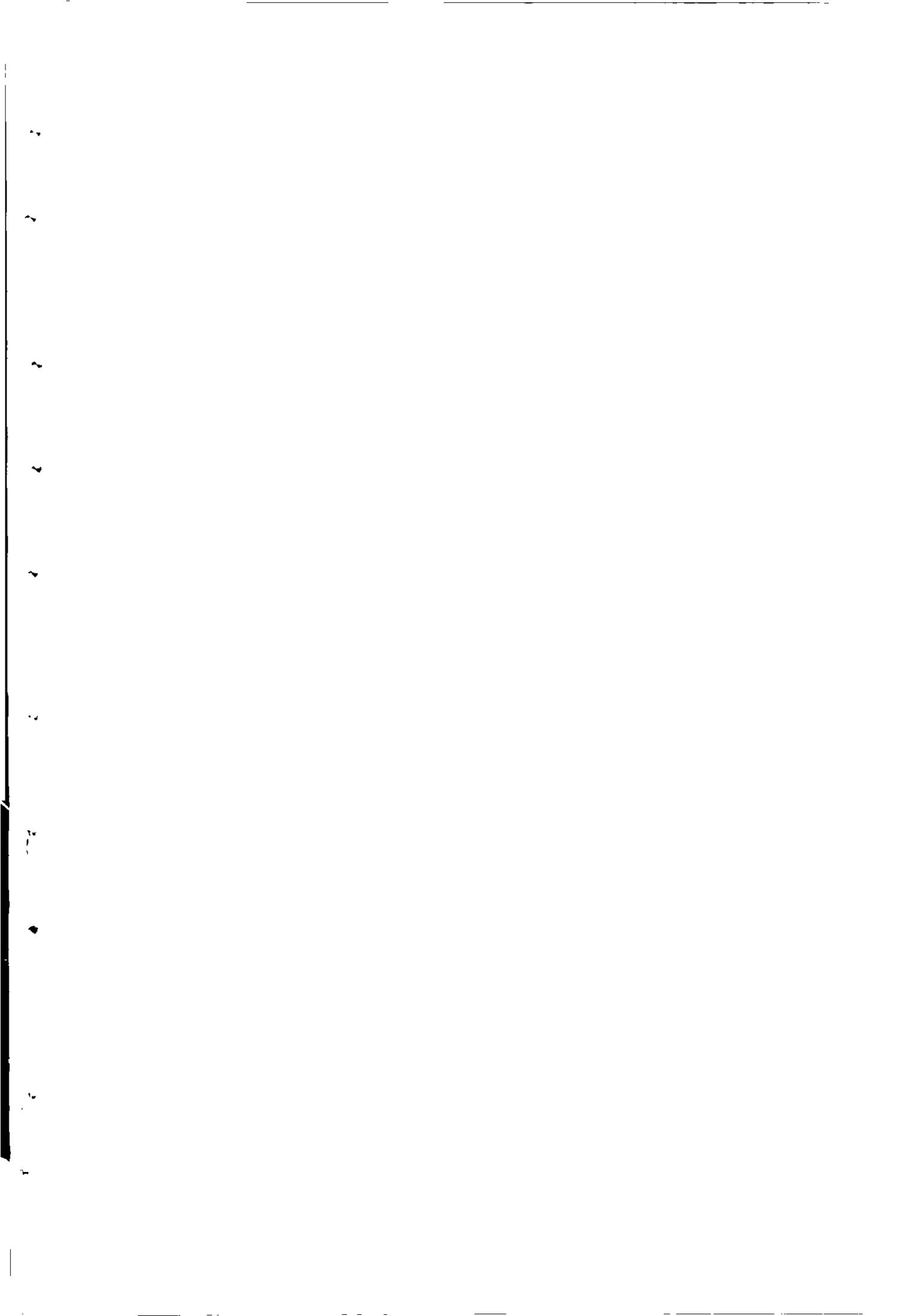
I have the honour to acknowledge receipt of Your Excellency's Note of 27th November, 1989 which reads as follows:

[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 Republic of Uganda, 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/Uganda Debt Agreement No. 4 (1989)" and which shall enter into force today.

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

C. W. C. B. KIYONGA





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