



Treaty Series No. 92 (1978)

# Exchange of Notes

concerning an Interest Free Loan  
by the Government of the United Kingdom  
of Great Britain and Northern Ireland  
to the Government of the People's  
Republic of Mozambique

(United Kingdom/Mozambique Programme Loan 1978)

Maputo, 27 June 1978

[The Agreement entered into force on 27 June 1978]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
October 1978*

LONDON

HER MAJESTY'S STATIONERY OFFICE

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**EXCHANGE OF NOTES  
CONCERNING AN INTEREST FREE LOAN  
BY THE GOVERNMENT OF THE UNITED KINGDOM OF  
GREAT BRITAIN AND NORTHERN IRELAND TO THE  
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF MOZAMBIQUE**

No. 1

*Her Majesty's Ambassador at Maputo to the National  
Director for International Cooperation of Mozambique*

*British Embassy,  
Maputo.  
27 June, 1978*

Madam,

**United Kingdom/Mozambique Programme Loan 1978**

1. I have the honour to inform you, with reference to the recent discussions between our Governments concerning economic co-operation, that it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") to make available to the Government of the People's Republic of Mozambique (hereinafter referred to as "the Government of Mozambique") an interest free loan of a sum not exceeding £2.5 million (two million five hundred thousand pounds sterling), (hereinafter referred to as "the loan"), for the purchase of certain goods.

2. The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note insofar as they relate to things to be done by or on behalf of, or to matters under the control of, that Government. The Government of Mozambique shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of, or to matters under the control of, that Government.

3. The goods to be purchased with the loan shall be those set out in Appendix E to this Note. This appendix may subsequently be amended by agreement between our two Governments. Full details of these goods shall be forwarded by the Government of Mozambique to the Crown Agents for Oversea Governments and Administrations, 4 Millbank, London SW1P 3JD (hereinafter referred to as "the Crown Agents") who shall be responsible for making arrangements for their purchase and shipment to Mozambique. Subject to paragraphs 5 and 9 below, drawings on the loan shall be used only for payments for these purposes. Drawings from the loan shall not be used to meet the costs of any taxes, fees or import or customs duties imposed directly or indirectly by the Government of Mozambique on goods provided under the loan.

**Initial Procedure**

4. For the purposes of these arrangements, the Government of Mozambique shall, by a request in the form set out in Appendix A to this

Note, open a special account (hereinafter referred to as "the Account"), with the Crown Agents, and shall at the same time send a copy of this request to the Government of the United Kingdom. The Account shall be operated solely for the purpose of the loan and in accordance with the instructions contained in this request. As soon as the Account is opened, the Crown Agents acting on behalf of the Government of Mozambique shall (and also whenever these are changed) inform the Government of the United Kingdom of the names of the officers of the Crown Agents authorised to sign Requests for Drawing, and shall then furnish a specimen signature in duplicate for each officer.

### **Eligible Contracts**

5. Unless the Government of the United Kingdom otherwise inform the Government of Mozambique in writing, drawings from the loan shall only be used to meet the cost of :

- (a) payments under a contract for the purchase in the United Kingdom (which expression in this Note shall include the Channel Islands and the Isle of Man) of goods wholly of United Kingdom origin being a contract which:
  - (i) provides for payments in sterling to persons carrying on business in the United Kingdom;
  - (ii) is approved by the Government of Mozambique and accepted by the Crown Agents acting on behalf of the Government of the United Kingdom for financing from the loan; and
  - (iii) is entered into after the date of this Note and before 1 April 1981 save as may be otherwise arranged between our two Governments;
- (b) payments under a contract for the purchase of goods wholly originating in certain countries with a Gross National Product per head of less than US\$280 in 1976 (as listed for the Atlas of the International Bank for Reconstruction and Development produced in 1977) under a contract which:
  - (i) is approved on behalf of the Government of Mozambique; and
  - (ii) is accepted by the Crown Agents acting on behalf of the Government of the United Kingdom for financing from the loan; and
  - (iii) is entered into after the signature of this Note and before 1 April 1981, save as may be otherwise arranged between our two Governments.
- (c) payment in the United Kingdom of charges and commissions to the Crown Agents in respect of their services on behalf of the Government of Mozambique in connection with the loan. The Crown Agents' commissions and fees shall be payable in accordance with their published scale of charges.

### **Contracts Procedures**

6. All orders placed with the Crown Agents for financing under this loan shall be authorized by the Ministry of the Plan of the Government of Mozambique. On each occasion that the Government of Mozambique

propose that part of the loan should be applied to payments under a contract as described in sub-paragraphs 5(a) and 5(b) above, that Government shall request the Crown Agents on their behalf to obtain :

(a) a copy of the contract; and

(b) two copies of a certificate from the United Kingdom or a developing country contractor concerned in the form set out in Appendix C to this Note. The certification shall relate to goods originating in that country under a contract approved under paragraph 5(b).

At the same time the Government of Mozambique shall forward for each order a certificate of end-use in the form of Appendix F to the Government of the United Kingdom for their agreement.

7. After the Crown Agents, acting on behalf of the Government of the United Kingdom, have considered these documents, they shall decide whether and to what extent a contract is eligible for payment from the loan.

8. To the extent that the Crown Agents, acting on behalf of the Government of the United Kingdom, accept a contract and agree to payment from the Account, the Government of the United Kingdom shall, on receipt of a request from the Crown Agents acting on behalf of the Government of Mozambique in the form set out in Appendix B to this Note, make payments in sterling into the Account, and each such payment shall constitute a drawing on the loan. Payments into the account shall not be made after 1 April 1982, unless otherwise agreed by both Governments.

9. Withdrawals from the Account shall be made only in the following circumstances :

(a) for payments due under a contract in the case to which sub-paragraphs 5(a), and (b), above refer, withdrawals shall be made only on receipt by the Crown Agents of payment Certificates from the contractors concerned in the form shown in Appendix D to this Note and the invoices referred to therein;

(b) for payments to which paragraph 5(c) of this Note refers, the Crown Agents shall debit the Account and shall inform the Government of Mozambique of the amount so debited.

For the purpose of this paragraph, photocopies or duplicates of invoices may be submitted instead of the originals.

10. If any moneys that have been paid out of the Account are subsequently refunded from any source, the Government of Mozambique shall pay an equivalent of such moneys into the Account in pounds sterling in London.

11. Any balance remaining in the Account six months after the date of the last payment in accordance with paragraph 8 of this Note shall be remitted to the Government of the United Kingdom in reduction of the loan.

12. Goods shall be shipped and insured in accordance with normal commercial practice on a non-discriminatory basis. Payments may be made from the loan for such shipping and insurance services provided this is made in sterling in the United Kingdom.

13. The Government of Mozambique shall ensure the provision of such finance additional to the loan provided in accordance with the arrangements set out in this Note as may be needed to complete agreed projects and shall ensure that such finance shall be provided during the same period as the loan and in accordance with any programme of disbursement mutually determined by that Government and the Government of the United Kingdom.

14. The Government of Mozambique shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the arrangements set out in this Note such repayments being made by instalments on the dates and in the amounts specified below :

<i>Date Due</i>	<i>Amount</i>
1 January 1986 and each 1 July and 1 January thereafter until 1 January 2003 inclusive ... ..	69,500
1 July 2003 ... ..	67,500

If, on the date when any instalment is due to be paid, there is then outstanding less than the amount specified for that instalment, only the amount then outstanding need be paid. The Government of Mozambique shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan outstanding.

15. For the purposes of these repayment arrangements the Government of Mozambique shall inform the Government of the United Kingdom not less than three months before the first instalment is due of the name and address of their agent in London through whom repayment shall be made. At the same time the Government of Mozambique shall issue an irrevocable instruction to their agent to make payments as specified in paragraph 14 above, sending a copy of this instruction to the Government of the United Kingdom.

16. The Government of Mozambique shall enable any officers of the British Embassy in Maputo and other officers, servants, or agents of the Government of the United Kingdom to examine on arrival in Mozambique any goods purchased under the loan or the documents relating to goods purchased under the loan and shall provide them with such information relating to their use as they may reasonably require.

17. If the foregoing proposals are acceptable to the Government of Mozambique I have the honour to propose that this Note and its Appendices together with your reply in that sense shall constitute an Agreement between our two Governments which shall enter into force on the date of your reply and which shall be known as " the United Kingdom/Mozambique Programme Loan 1978 ".

I avail myself of this opportunity to renew to you the assurance of my high consideration.

J. H. LEWEN

APPENDIX A

The Crown Agents for Overseas  
Governments and Administrations,  
4 Millbank,  
London, SW1P 3JD

Dear Sirs,

**United Kingdom/Mozambique Programme Loan 1978**

1. I confirm your appointment as agents of the Government of the People's Republic of Mozambique (hereinafter called "the Government") in connection with the administration in the United Kingdom of the above-mentioned loan which is for a sum not exceeding £2,500,000.

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be styled United Kingdom/Mozambique Programme Loan 1978 Account (hereinafter called "the Account").

3. Payments into the Account shall be made from time to time by the Government of the United Kingdom of Great Britain and Northern Ireland on receipt of requests in the form shown in Appendix B to the Exchange of Notes between the British Ambassador in Maputo and the Government of the People's Republic of Mozambique dated 1978 (a copy of which is attached hereto) and which you are authorised to present on behalf of the Government. The amount of the loan to be drawn on any one occasion shall be sufficient, together with any balance which may be available in the Account, to cover the payments properly due from the loan in accordance with paragraphs 3 and 5 of the Exchange of Notes. It is possible that, as a result of refunds becoming due from contractors, payments into the Account may also be made by the Government.

4. Payments from the Account are to be made only in respect of the amounts falling due under the provisions of paragraph 3 and in respect of contracts and transactions described in paragraph 5 of the Exchange of Notes referred to above and in the circumstances described in paragraph 10 of that Exchange of Notes.

5. You are to send to the Government at the end of each month a detailed statement showing all debits and credits to the Account during the Month.

6. You are to send to the Government of the United Kingdom specimen signatures of the Officers of the Crown Agents authorised to sign Requests for Drawing on behalf of the Government.

7. Your charges and commissions for acting as our agents in connection with this loan shall be chargeable to the Account.

8. A copy of this letter has been addressed to the Government of the United Kingdom.

Yours faithfully,

National Director of International Co-operation .....

For the Government of Mozambique .....

APPENDIX B

The Crown Agents for Overseas  
Governments and Administrations,  
4 Millbank,  
London, SW1P 3JD

**United Kingdom/Mozambique Programme Loan 1978**

**REQUEST FOR DRAWING**

DF No.

Dear Sirs,

Please pay the sum of £..... to the United Kingdom/Mozambique Programme Loan 1978 Account at the Crown Agents. This sum shall, on payment into the Account, constitute a drawing on the loan.

The balance in hand is £.....

Yours faithfully,

.....  
for the Crown Agents on behalf of  
the Government of Mozambique

Funding Approved.....ODM

Finance Department,  
Ministry of Overseas Development,  
Eland House,  
Stag Place,  
London, S.W.1

APPENDIX C

ODM ACCEPTANCE No.....

**CONTRACT CERTIFICATE**

*Particulars of Contract*

1. Date of Contract..... 2. Contract No.....

3. Description of goods or services to be supplied to the purchaser.....  
.....  
.....

*If a number of items are to be supplied, a detailed list should be appended to this certificate.*

4. Total contract price payable by purchaser (state CIF, C & F or FOB)  
£.....

If goods are to be supplied the following sections must be completed. If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods not originating in the United Kingdom, but purchased by the contractor directly from abroad, i.e. % of imported raw material or components used to manufacture.

- (a) % FOB value.....
- (b) Description of items and brief specifications.....

6. If any raw material or components used originated from abroad, e.g. copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for his contract, specify:

- (a) % FOB value.....
- (b) Description of items and brief specifications.....

If services are to be supplied, the following section should also be completed.

7. State the estimated value of any work to be done or services performed in the purchaser's country by:

- (a) Your firm (site engineer's charges, etc.).....
- (b) Local contractor.....

8. Qualifying remarks as necessary in respect of paragraph 5, 6 or 7 above

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate. I hereby undertake that in performance of the contract no goods or services which are not of United Kingdom origin will be supplied by the Contractor, other than those specified in paragraphs 5, 6, 7 and 8 above.

Signed .....  
Position held .....  
Name and Address of Contractor .....  
Date .....

*Note:* For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

*Contractors should note that goods should not be manufactured until acceptance has been notified.*



**FOR OFFICIAL USE ONLY**

**PAYMENTS**

Name or number of Project.....

Amount committed	Date of entry	Acceptance		Date	Amount	PA No.	Initials
		Date	Initials				
£							

**APPENDIX D**

**PAYMENT CERTIFICATE**

I hereby certify that

(i) The payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are due to be made in respect of Contract No..... dated..... between the contractor named below and..... (Purchaser) and are in accordance with particulars of this contract notified in the contract certificate signed on behalf of the said contractor on .....

Contractor's Invoice No.	Date	Amount £	Short description of goods, works and/or services

- (ii) The amounts specified in paragraph (i) do not include any additional foreign content to that already declared in paragraphs 5, 6 or 7 of the contract certificate.
- (iii) I have the authority to sign this certificate on behalf of the Contractor named below.

Signed .....

Position held .....

For and on behalf of .....

Name and Address of Contractor .....

.....

Date .....

*Note:* For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

#### APPENDIX E

#### United Kingdom/Mozambique Programme Loan 1978

ORDER OF PRIORITY	LIST OF GOODS AND SERVICES	POUNDS STERLING ALLOCATION
1	Emergency Bridges and Ferries	£1.5m
2	Aeronautical Telecommunications	£0.7m
3	Reserve Fund	£0.3m
	TOTAL	£2.5m

(Reserve items: )

*Note:* These reserve items are for indicative purposes only. They shall be purchased only if the Government of Mozambique indicates in writing that it no longer wishes to purchase items in the "LIST OF GOODS AND SERVICES".

#### APPENDIX F

#### Certificate of End-Use—United Kingdom/Mozambique Programme Loan 1978

On behalf of the Government of the People's Republic of Mozambique, I certify that the end-use of the following order will be:

1. Order—Description .....
2. Description of end-use
  - A. Economic Sector
  - B. Institution
  - C. Location
  - D. Other information

The order number is.....

Signed on behalf of the  
National Directorate of  
International Co-operation  
National Planning Commission  
Government of the People's  
Republic of Mozambique

..... 197... (date)

*Note:* Sections 2.A.-2.C. may require extra space for full completion. The reverse of this form may be used if necessary.

No. 2

*The National Director for International Cooperation of Mozambique  
to Her Majesty's Ambassador at Maputo*

*The National Directorate  
of International Cooperation*

*27 June 1978*

Your Excellency,

**United Kingdom/Mozambique Programme Loan 1978**

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date reading as follows:

[As in No. 1]

I have the honour to confirm that these proposals are acceptable to the Government of the People's Republic of Mozambique and that your Note and its Appendices together with this reply shall constitute an agreement between our two Governments which shall enter into force on today's date and which shall be known as "the United Kingdom/Mozambique Programme Loan 1978".

Please accept, Your Excellency, the assurances of my highest consideration.

JANET RAE MONDLANE

**HER MAJESTY'S STATIONERY OFFICE**

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