



Treaty Series No. 12 (1981)

# Agreement

between the  
Government of the Republic of Sierra Leone and the  
Government of the United Kingdom of Great Britain and  
Northern Ireland  
on Certain Commercial Debts

Freetown, 30 June 1980

[The Agreement entered into force on 30 June 1980]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
February 1981*

**LONDON**  
**HER MAJESTY'S STATIONERY OFFICE**

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**AGREEMENT**  
**BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SIERRA**  
**LEONE AND THE GOVERNMENT OF THE UNITED KINGDOM**  
**OF GREAT BRITAIN AND NORTHERN IRELAND ON CERTAIN**  
**COMMERCIAL DEBTS**

The Government of the Republic of Sierra Leone (hereinafter referred to as "Sierra Leone") and the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the United Kingdom");

As a result of the Conference regarding the consolidation of Sierra Leonean debts held in Paris on 7 and 8 February 1980 at which the Government of Sierra Leone, the Government of the United Kingdom, certain other Governments, the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the United Nations Conference on Trade and Development, the Commission of European Communities and the Organisation for Economic Co-operation and Development were represented;

Have agreed as follows :

**ARTICLE 1**

**Definitions**

In this Agreement, unless the contrary intention appears :

- (a) "certificate" shall mean a certificate issued by the Bank of Sierra Leone to account for the payment in leones made by the debtor;
- (b) "credit contract" shall mean a credit contract as defined in Article 2 of this Agreement;
- (c) "creditor" shall mean a creditor as defined in Article 2 of this Agreement;
- (d) "currency of the debt" shall mean sterling or such other currency not being leones as is specified in the credit contract;
- (e) "debt" shall mean any debt to which, by virtue of the provisions of Articles 2 and 9 of this Agreement and of Schedule 2 thereto, the provisions of this Agreement apply;
- (f) "debtor" shall mean a debtor as defined in Article 2 of this Agreement;
- (g) "maturity" in relation to a debt shall mean the date for the repayment thereof under the relevant credit contract or under a promissory note or bill of exchange drawn up pursuant to the terms of such credit contract;
- (h) "moratorium interest" shall mean moratorium interest payable under the provisions of Article 5 of this Agreement;

- (i) "payment in leones" shall mean payment in leones as specified in Article 3 of this Agreement;
- (j) "the Department" shall mean the Export Credits Guarantee Department of the United Kingdom or any other Department which the Government of the United Kingdom may nominate for the purposes of this Agreement.

## ARTICLE 2

### **The Debt**

(1) The provisions of this Agreement shall, subject to the provisions of paragraph (2) of this Article, apply to any debt, whether of principal or of contractual interest accruing up to maturity, owed as primary or principal debtor or as guarantor by the Government of Sierra Leone or by a person or body of persons or corporation resident or carrying on business in Sierra Leone or by any successor thereto (hereinafter referred to as "debtor"), to a person or body of persons or corporation resident or carrying on business in the United Kingdom or to any successor thereto (hereinafter referred to as "creditor"), provided that:

- (a) the debt arises under or in relation to a contract or any agreement supplemental thereto which was made between the debtor and the creditor for the supply from outside Sierra Leone of goods or services or both or of finance therefor, and which allowed credit to the debtor for a period exceeding one year, and which was entered into before 1 July 1979 (hereinafter referred to as a "credit contract");
- (b) the debt has not previously been the subject of an agreement to reschedule debts under the provisions of the Debt Agreement entered into between the United Kingdom and Sierra Leone on 16 March 1978<sup>(1)</sup>;
- (c) maturity of the debt has occurred and the debt remains unpaid or maturity of the debt will occur before 31 December 1981;
- (d) the debt is or will be in respect of a credit contract guaranteed as to payment of that debt under a guarantee issued by the Department; and
- (e) the debt is not expressed by the terms of the credit contract to be payable in leones.

(2) The provisions of this Agreement shall not apply to so much of any debt as arises from an amount payable upon or as a condition of the formation of the credit contract, or upon or as a condition of the cancellation or termination of the credit contract.

## ARTICLE 3

### **Payments in Sierra Leone in respect of debts**

Each payment in leones by a debtor in respect of a debt (hereinafter referred to as "payment in leones") shall upon the entry into force of this Agreement or upon payment by the debtor, whichever is the later, be placed

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(1) Treaty Series No. 59 (1978), Cmnd. 7226.

upon deposit in a special account with the Bank of Sierra Leone. Amounts so deposited shall remain deposited with the Bank of Sierra Leone until transfer to the creditors in accordance with the provisions of Article 4 of this Agreement.

#### ARTICLE 4

Sierra Leone shall ensure that the payments in leones shall be transferred to the creditors in the United Kingdom in the currency of the debt in accordance with the transfer scheme set out in Schedule 1 to this Agreement. The amount of the currency of the debt to be so transferred shall in all cases be calculated at the rate of exchange prevailing at the time of payment in leones.

#### ARTICLE 5

##### **Moratorium Interest**

(1) Sierra Leone shall be liable for and shall pay to the creditor moratorium interest in accordance with the provisions of this Article on any debt to the extent that it has not been settled by payment to the creditor.

(2) Moratorium interest shall accrue during, and shall be payable in respect of, the period from maturity until settlement of the debt by payment to the creditor and shall be paid and transferred to the creditor concerned in the currency of the debt on 30 June and 31 December of each year commencing 30 June 1980.

(3) Moratorium interest shall be paid at the rate of 10 per cent per annum and shall be calculated on a day to day 365 day year basis on the outstanding amount of the debt.

#### ARTICLE 6

##### **Exchange of Information**

The Bank of Sierra Leone and the Department shall exchange all information required for the implementation of this Agreement.

#### ARTICLE 7

##### **Other Debt Settlements**

(1) If Sierra Leone agrees with any creditor country other than the United Kingdom terms for the settlement of indebtedness similar to the indebtedness the subject of this Agreement which are more favourable than the terms of this Agreement to creditors, then the terms for the payment of debts the subject of this Agreement shall, subject to the provisions of paragraph (2) of this Article, be no less favourable to creditors than the terms so agreed with that other creditor country notwithstanding any provision of this Agreement to the contrary.

(2) The provisions of paragraph (1) of this Article shall not apply in a case where the aggregate of the indebtedness to that other creditor country is less than the equivalent of SDR 250,000.

**ARTICLE 8**

**Preservation of Rights and Obligations**

This Agreement and its implementation shall not affect the rights and obligations of creditors and debtors under their credit contracts.

**ARTICLE 9**

**Rules**

In the implementation of this Agreement the rules set out in Schedule 2 to this Agreement shall apply.

**ARTICLE 10**

**The Schedules**

The Schedules to this Agreement shall form an integral part thereof.

**ARTICLE 11**

**Entry into Force and Duration**

This Agreement shall enter into force on signature and shall remain in force until the last of the payments to be made to the creditors under Articles 4 and 5 of this Agreement has been made.

In witness whereof the undersigned, being duly authorised thereto, have signed this Agreement.

Done in duplicate at Freetown this 30th day of June 1980.

For the Government of the Republic of Sierra Leone:

**F. M. MINAH**

For the Government of the United Kingdom of Great Britain and Northern Ireland:

**M. H. MORGAN**

## SCHEDULE 1

### Transfer Scheme

1. In respect of each debt which fell due up to and including 30 June 1979, and which remains unpaid, payment of a percentage of each payment in leones shall be transferred from Sierra Leone to the United Kingdom as follows :

- 7.5% on 30 September 1980
- 7.5% on 30 September 1981
- 17% on 30 September 1982
- 17% on 30 September 1983
- 17% on 30 September 1984
- 17% on 30 September 1985
- 17% on 30 September 1986

2. In respect of each debt which fell due or will fall due between 1 July 1979 and 31 October 1980, both dates inclusive, and which remains unpaid :

- (a) an amount equal to 90% of each payment in leones shall be transferred from Sierra Leone to the United Kingdom in twelve equal and consecutive half-yearly instalments on 30 June and 31 December each year commencing on 31 December, 1984, and
- (b) the balance of 10% of each payment in leones shall be transferred from Sierra Leone to the United Kingdom in four equal and consecutive annual payments commencing on 30 June 1980.

3. In respect of each debt which will fall due between 1 November 1980 and 31 December 1981, both dates inclusive and which remains unpaid :

- (a) an amount equal to 90% of each payment in leones shall be transferred from Sierra Leone to the United Kingdom in twelve equal and consecutive half-yearly instalments on 30 June and 31 December each year commencing on 31 December 1985, and
- (b) the balance of 10% of each payment in leones shall be transferred from Sierra Leone to the United Kingdom in four equal and consecutive annual payments commencing on 30 June 1981.

4. The provisions of paragraph 3 of this Schedule shall not be effective unless before 31 December 1980 an Exchange of the Notes agreeing to its implementation shall have taken place between the United Kingdom and Sierra Leone.

5. Where an instalment in respect of a debt would have been due to be paid to the United Kingdom on any date under any of the provisions of paragraphs 1 to 3 of this Schedule but is not paid because the relevant payment in leones has not been made at that date then such instalments shall be paid by transfer from Sierra Leone to the United Kingdom immediately upon the relevant payment in leones being made.

## SCHEDULE 2

### Rules

1. The Bank of Sierra Leone and the Department shall agree a list of debts to which, by virtue of the provisions of Article 2 of this Agreement, this Agreement applies.

2. Such a list shall be completed as soon as possible. This list may be reviewed from time to time at the request of the Bank of Sierra Leone or of the Department. The agreement of both the Bank of Sierra Leone and the Department shall be necessary before the list may be altered, amended or added to.

3. Neither inability to complete the list referred to in paragraphs 1 and 2 of this Schedule nor delay in its completion shall prevent or delay the implementation of the other provisions of this Agreement.

4. Upon the placing of a payment in leones on deposit in the special account with the Bank of Sierra Leone pursuant to Article 3 of this Agreement the Bank of Sierra Leone shall notify the Department of such deposit by remitting a certificate issued by the Bank of Sierra Leone which shall state:

- (a) the amount of such payment in leones expressed in the currency of the debt at the rate of exchange prevailing at the time of such payment;
  - (b) the date of such payment; and
  - (c) particulars of the credit contract and date of payment of the debt to which such payment relates.
5. (a) The Bank of Sierra Leone shall transfer the necessary amounts in the currency of the debt to a bank in the United Kingdom together with payment instructions in favour of the creditor to whom payment is due in accordance with this Agreement.
- (b) When making such transfer the Bank of Sierra Leone shall give the Department particulars of the debts and of the moratorium interest to which transfers relate.