

UGANDA



Treaty Series No. 80 (1996)

# 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  
(United Kingdom/Uganda Debt Agreement  
No. 6 (1995))

Kampala, 28 February 1996

[The Agreement entered into force on 28 February 1996]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
October 1996*

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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  
(UNITED KINGDOM/UGANDA DEBT AGREEMENT No. 6 (1995))**

No. 1

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

*British High Commission  
Kampala  
28 February 1996*

Dear Minister,

I have the honour to refer to the Terms of Reference on the Reduction and Reorganisation of the Debt of the Republic of Uganda which were established at the Conference held in Paris on 20 February 1995, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland is 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 our two Governments in this matter which shall be known as the "United Kingdom/Uganda Debt Agreement No. 6 (1995)" 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.

EDWARD CLAY

## ANNEX

### SECTION 1

#### Definitions and Interpretation

- (1) In this Annex, unless the contrary intention appears:
  - (a) "Appropriate Market Rate" means the Reference Rate plus 0.5 per cent;
  - (b) "the Bank" means the Bank of Uganda or any other institution which the Government of Uganda may nominate for the purposes of this Annex;
  - (c) "Business Day" means a day excluding Saturday and Sunday 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;
  - (d) "Currency of the Debt" means the currency specified in the Third and Fourth Agreements as being the currency in which that Debt is to be paid;
  - (e) "Debt" means any debt to which, by virtue of the provisions of Section 2, the provisions of this Annex apply;
  - (f) "the Department" means the Secretary of State acting by the Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which the Secretary of State may subsequently nominate for the purpose hereof;
  - (g) "the Fourth Agreement" means the Agreement between the Government of the United Kingdom and the Government of Uganda on Certain Commercial Debts signed on 19 December 1989;<sup>1</sup>
  - (h) "Maturity" in relation to a Debt means 31 January 1995;
  - (i) "Reference Rate" means the rate (rounded upwards where necessary to the nearest multiple of 1/16th (one sixteenth) of one per cent) quoted to the Department by a bank to be agreed upon by the Department and the Bank as the rate at which that bank is offering six-month Eurodollar deposits, in the case of a Debt denominated in US dollars, or six-month sterling deposits, in the case of a Debt denominated in sterling, in the London Interbank Market at 11 am (London time) two Business Days before the commencement of the relevant interest period;
  - (j) "the Terms of Reference" means the Terms of Reference on the Reduction and Reorganisation of the Debt of the Republic of Uganda sent to the Minister of Finance and Economic planning in the Government of the Republic of Uganda by the Chairman of the Paris Club under a letter dated 20 February 1995 and accepted by the Republic of Uganda under a letter dated 3 March 1995;
  - (k) "the Third Agreement" means the Agreement between the Government of the United Kingdom and the Government of Uganda on certain Commercial Debts signed on 5 May 1988;<sup>2</sup>
  - (l) "Uganda" means the Republic of Uganda;
  - (m) "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 360 days, in the case of Debts denominated in US dollars, and 365 days, in the case of Debts denominated in sterling.
- (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.

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<sup>1</sup>Treaty Series No. 76 (1990) Cm 1252.

<sup>2</sup>Treaty Series No. 67 (1988) Cm 482.

## SECTION 2

### The Debt

The provisions of this Annex shall, subject to the provisions of Article IV, paragraph 1 of the Terms of Reference apply to:

- (a) any amount of principal payable under the Third Agreement;
- (b) any amount of interest (including interest on interest) accruing under the Third Agreement to Maturity;
- (c) any amount of principal payable under the Fourth Agreement;
- (d) any amount of interest (including interest on interest) accruing under the Fourth Agreement to Maturity;

which has become due and remains unpaid or which will become due hereafter.

## SECTION 3

### Payments under the Third Agreement and the Fourth Agreement

The provisions of the Third and Fourth Agreements except in so far as they relate to the payment as such of any Debt as defined herein shall cease to apply upon the entry into force of this Agreement.

## SECTION 4

### Debt Reduction Reorganisation and Payment

- (1) The Department shall:
  - (a) reduce the amount of Debt specified in Section 2(a) and (b) by 67 per cent;
  - (b) reduce the amount of Debt specified in Section 2(c) and (d) by 66.9 per cent in respect of Debt denominated in sterling and by 60.155 per cent in respect of Debt denominated in US dollars

in accordance with Article II 1 of the Terms of Reference.

- (2) The Government of Uganda shall then pay to the Department, in accordance with the provisions of Section 6(1), the remainder of each Debt specified in Sections 2 and on the following dates and in the following percentages:

Repayment Date	Percentage to be repaid
1 August 2001	0.12
1 February 2002	0.20
1 August 2002	0.28
1 February 2003	0.38
1 August 2003	0.48
1 February 2004	0.58
1 August 2004	0.70
1 February 2005	0.82
1 August 2005	0.94
1 February 2006	1.08
1 August 2006	1.22
1 February 2007	1.36
1 August 2007	1.52
1 February 2008	1.70
1 August 2008	1.86
1 February 2009	2.06
1 August 2009	2.26
1 February 2010	2.46
1 August 2010	2.68
1 February 2011	2.92
1 August 2011	3.18

1 February 2012	3.44
1 August 2012	3.70
1 February 2013	4.00
1 August 2013	4.30
1 February 2014	4.64
1 August 2014	4.98
1 February 2015	5.34
1 August 2015	5.72
1 February 2016	6.12
1 August 2016	6.54
1 February 2017	7.00
1 August 2017	7.46
1 February 2018	7.96

## 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 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. Such interest shall be paid to the Department half-yearly on 1 February and 1 August (the "Due Dates") each year commencing on 1 February 1996.
- (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 Uganda 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 Appropriate Market 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 Bank shall arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing inside or outside Uganda, to be paid in the Currency of the Debt to an account notified by the Department to the Bank.
- (2) If the day on which such a payment falls due is not a Business Day payment shall be made on the nearest Business Day.
- (3) The Bank 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 Bank shall exchange all information required for the implementation of this Annex.

## SECTION 8

### **Other Debt Settlements**

- (1) The Government of Uganda undertakes to fulfil its commitments under Article III of the Terms of Reference.
- (2) The Government of Uganda agrees to accord to the United Kingdom terms no less favourable than those agreed with any other creditor, notwithstanding any provision of this Annex to the contrary.
- (3) The provisions of paragraph (2) of this Section shall not apply to matters relating to the payment of interest determined by Section 5.

## SECTION 9

### **Debt Conversion Option**

The Department shall give prior notification to the Government of Uganda if it is willing to exercise the option provided for in Article II paragraph 3 of the Terms of Reference. The Department recognises that this option can only be implemented with the consent of the Government of Uganda.

## SECTION 10

### **Conditionality**

Unless the Department otherwise agrees, this Annex shall become null and void if the Terms of Reference are declared null and void due to the failure of Uganda to comply with Article IV paragraph 1 thereof. If this Annex becomes null and void all outstanding payments shall once again become due in accordance with the payment schedules in the Third and Fourth Agreements.

No. 2

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

*Kampala  
28 February 1996*

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of 28th February, 1996, which reads as follows:

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. 6 (1995)" and which shall enter into force today.

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

J S MAYANJA-NKANGI

