



Treaty Series No. 17 (1998)

Exchange of Notes

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

concerning Certain Commercial Debts (The United Kingdom/Tanzania Debt Agreement No. 5 (1997))

Dar es Salaam 20 and 23 January 1998

[The Agreement entered into force on the 23 January 1998]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
April 1998*

Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United Republic of Tanzania concerning certain commercial debts (The United Kingdom/Tanzania Debt Agreement No. 5 (1997))

No. 1

Her Majesty's High Commissioner at Dar es Salaam to the Principal Secretary, Ministry of Finance of Tanzania

*British High Commission
Dar es Salaam
20 January 1998*

Dear Mr Mollel

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the United Republic of Tanzania which was signed at the Conference held in Paris on 21 January 1997, 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 United Republic of Tanzania on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the United Republic of Tanzania, 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/Tanzania Debt Agreement No. 5 (1997) 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.

ALAN MONTGOMERY

ANNEX

SECTION 1

Definitions and Interpretation

- (1) In this Annex, unless the contrary intention appears:
 - (a) "the Agreed Minute" means the Agreed Minute on the Consolidation of the Debt of the United Republic of Tanzania which was signed at the Conference held in Paris on 21 January 1997;
 - (b) "Appropriate Market Rate" means the Reference Rate plus 0.5 per cent;
 - (c) "the Bank" means the Bank of Tanzania or any other institution which the Government of Tanzania may nominate for the purposes of this Annex;
 - (d) "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;
 - (e) "the Consolidation Period" means the period from 1 December 1996 to 30 November 1999 inclusive;
 - (f) "Currency of the Debt" means the currency specified in the relevant contract or in the First Agreement, the Second Agreement, the Third Agreement or in the Fourth Agreement as being the currency in which that Debt is to be paid;

- (g) “Debt” means any debt to which, by virtue of the provisions of Section 2, the provisions of this Annex apply;
 - (h) “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;
 - (i) “the First Agreement” means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 8 August 1987¹;
 - (j) “the Fourth Agreement” means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 24 August 1992²;
 - (k) “Maturity” in relation to a Debt specified in Section 2 means either 30 November 1996 or the date for payment specified in any of the First Agreement, the Second Agreement, the Third Agreement and the Fourth Agreement if that date is later;
 - (l) “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 case of a Debt denominated in US dollars, or six-month sterling deposits, in the case of a Debt denominated in sterling or any other currency, in the London Interbank Market at 11 am (London time) two Business Days before the commencement of the relevant interest period;
 - (m) “the Second Agreement” means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 26 June 1990³;
 - (n) “Tanzania” means the United Republic of Tanzania;
 - (o) “the Third Agreement” means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 4 March 1991⁴;
 - (p) “United Kingdom” means the United Kingdom of Great Britain and Northern Ireland.
- (2) All references to interest, excluding contractual 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, or 365 days in the case of Debts denominated in any other currency.
- (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

The provisions of this Annex shall, subject to the provisions of Article IV paragraph 4 and paragraph 8 of the Agreed Minute, apply to:

- (a) any amount, whether of principal or of interest (including interest accrued on interest), payable under the First Agreement which fell due on or before 30 November 1996 or

¹ Treaty Series No. 69 (1988), Cm 484.

² Treaty Series No. 83 (1992), Cm 2116.

³ Treaty Series No. 21 (1991), Cm 1474.

⁴ Treaty Series No. 61 (1991), Cm 1649.

which has fallen due or will fall due during the Consolidation Period and which remains unpaid; and

- (b) any amount, (excluding those amounts referred to in Section 2(1)(b) of the Third Agreement) whether of principal or of interest (including interest accrued on interest), payable under the Second Agreement and the Third Agreement which fell due on or before 30 November 1996 or which has fallen due or will fall due during the Consolidated Period and which remains unpaid; and
- (c) any amount, (excluding those amounts referred to in Section 2(1)(b) of the Fourth Agreement) whether of principal or of interest (including interest accrued on interest) payable under the Fourth Agreement which fell due on or before 30 November 1996 or which has fallen due or will fall due from 1 December 1996 to 30 June 1997 and which remains unpaid.

SECTION 3

Deposits in Tanzanian shillings in respect of Debts

Where a debtor other than the Government of Tanzania has made a deposit with the Bank in respect of any Debt, then the payment of such Debt shall become the obligation of the Government of Tanzania.

- (a) upon the entry into force of this Agreement where that deposit was made before such entry into force, and
- (b) upon the date of deposit, where that deposit was made after the entry into force of this Agreement.

The payment of all such Debt by the Government of Tanzania to the Department shall be made in accordance with the provisions of Section 5.

SECTION 4

Payments under the First Agreement, the Second Agreement, the Third Agreement and the Fourth Agreement

The provisions of the First Agreement, the Second Agreement, the Third Agreement and the Fourth Agreement 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

Debt Reduction and Payment

- (1) The Department shall
 - (a) reduce the amount of the Debt specified in Section 2(a) by 67 per cent on Maturity; and
 - (b) reduce the amount of the Debt specified in Section 2(b) by 50 per cent on Maturity.
- (2) The Government of Tanzania shall then pay to the Department, in accordance with the provisions of Section 7(1), the remainder of the Debt specified in Sections 2(a) and 2(b) on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 December 2004	0.12
1 June 2005	0.20
1 December 2005	0.28
1 June 2006	0.38
1 December 2006	0.48
1 June 2007	0.58

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 December 2007	0.70
1 June 2008	0.82
1 December 2008	0.94
1 June 2009	1.08
1 December 2009	1.22
1 June 2010	1.36
1 December 2010	1.52
1 June 2011	1.70
1 December 2011	1.86
1 June 2012	2.06
1 December 2012	2.26
1 June 2013	2.46
1 December 2013	2.68
1 June 2014	2.92
1 December 2014	3.18
1 June 2015	3.44
1 December 2015	3.70
1 June 2016	4.00
1 December 2016	4.30
1 June 2017	4.64
1 December 2017	4.98
1 June 2018	5.34
1 December 2018	5.72
1 June 2019	6.12
1 December 2019	6.54
1 June 2020	7.00
1 December 2020	7.46
1 June 2021	7.96

(3) The Government of Tanzania shall also pay to the Department, in accordance with the provisions of Section 7(1) 100 per cent of the Debt specified in Section 2(c) on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 December 2001	16
1 June 2002	16
1 December 2002	16
1 June 2003	16
1 December 2003	16
1 June 2004	20

SECTION 6

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 Tanzania shall be liable for and shall pay to the Department in accordance with the provisions of Section 7(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 first on 1 August 1997 and then on a half-yearly basis on 1 June and 1 December (the "Due Dates") each year commencing on 1 December 1997.

(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 Tanzania 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 7

Payments to the Department

- (1) When payment becomes due under the terms of Section 5 or 6, the Bank shall:
 - (a) where possible draw upon the special account at the Bank of England referred to in Article IV paragraph 5 of the Agreed Minute to meet such payments, and
 - (b) in any event arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing inside or outside Tanzania, 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 8

Exchange of Information

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

SECTION 9

Other Debt Settlements

- (1) The Government of Tanzania undertakes to fulfill 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.
- (2) The provisions of paragraph (1) of this Section shall not apply to matters relating to the payment of interest determined by Section 6.

SECTION 10

Debt Sale Option

The Department shall give prior notification to the Government of Tanzania if it wishes to exercise the option given in Article II paragraph 4 of the Agreed Minute to sell or exchange Debt. This option may only be implemented with the consent of the Government of Tanzania and will only be exercised on condition that the Debt sold or exchanged is discharged in Tanzanian shillings.

SECTION 11

Conditionality

The Department reserves the right to declare that this Annex shall not apply to Debts with a Maturity from 1 January 1998 to 31 December 1998 and from 1 January 1999 to 30 November 1999 if the conditions referred to in Article IV paragraphs 4b and 4c of the Agreed Minute have not been met by 1 January 1998 and 1 January 1999 respectively.

No. 2

The Principal Secretary, Ministry of Finance of Tanzania to Her Majesty's High Commissioner at Dar es Salaam

*Dar es Salaam
23 January 1998*

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of 20 January 1998 which reads as follows:

[As in No. 1]

I have further the honour to confirm that the terms and conditions set out in the Annex to your Note referred to above are acceptable to the Government of the United Republic of Tanzania, and that your Note above 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/Tanzania Debt Agreement No 5 (1997) and which shall enter into force today.

Accept, Your Excellency, the assurance of my highest consideration.

R O S Mollel

