



Treaty Series No. 95 (2000)

Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Zambia Debt
Agreement No. 7 (1999))

Lusaka, 5 August 1999

[The Agreement entered into force on 5 August 1999]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
July 2000*

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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 ZAMBIA CONCERNING CERTAIN COMMERCIAL DEBTS (THE UNITED KINGDOM/ZAMBIA DEBT AGREEMENT NO. 7 (1999))

No. 1

Her Majesty's High Commissioner at Lusaka to the Minister of Finance and Economic Development of the Republic of Zambia

*British High Commission
Lusaka
5 August 1999*

Your Excellency

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Zambia which was signed in Paris on 16 April 1999, 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 Zambia 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 Zambia, 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/Zambia Debt Agreement No. 7 (1999)' 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.

THOMAS YOUNG

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 Republic of Zambia which was signed in Paris on 16 April 1999;
 - (b) “Appropriate Market Rate” means the Reference Rate plus 0.5 per cent;
 - (c) “the Bank” means the Bank of Zambia or any other institution which the Government of Zambia may nominate for the purposes of this Annex;
 - (d) “Business Day” means a day 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 April 1999 to 31 March 2002 inclusive;
 - (f) “Currency of the Debt” means the currency specified in the Fourth or Fifth 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 Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which that Government may subsequently nominate for the purpose hereof;
 - (i) “the Fifth Agreement” means the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia concerning Certain Commercial Debts signed on 29 April and on 5 May 1993 (The United Kingdom/Zambia Debt Agreement No. 5 (1992));¹
 - (j) “the Fourth Agreement” means the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia concerning Certain Commercial Debts signed on 5 March and on 20 May 1991 (The United Kingdom/Zambia Debt Agreement No. 4 (1990));²
 - (k) “Maturity” in relation to a Debt specified in Section 2 means either 31 March 1999 or the date for payment specified in the Fourth or Fifth Agreement, if that date is later;
 - (l) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16 (one sixteenth) of one per cent) quoted by the Reuters Monitor Money Rate Services (International Swap Dealers Association Interbank Rate from London) (page reference “ISDA”) as the rate at which 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 or any other currency, are offered in the London Interbank Market at 11 am (London time) two Business Days before the commencement of the relevant interest period. If the Reuters Monitor Money Rate Services are unavailable at that time on that date, the rate to be used will be the rate (rounded upwards where necessary to the nearest multiple of 1/16 (one sixteenth) of one per cent) quoted to the Department by a bank to be agreed by the Department and the Bank, as the rate at which that bank is offering six-month eurodollar deposits or six-month sterling deposits as the case may be;
 - (m) “the Sixth Agreement” means the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia concerning Certain Commercial Debts signed on 30 May and on 5 June 1997 (The United Kingdom/Zambia Debt Agreement No. 6 (1996));³

¹Not published.

²Treaty Series No. 34 (1992) Cm 1952.

³Treaty Series No. 56 (1997) Cm 3757.

- (n) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland;
 - (o) "Zambia" means the Republic of Zambia.
- (2) All interest payable pursuant to this Annex shall be 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.

SECTION 2

The Debt

The provisions of this Annex shall, subject to the provisions of Article IV paragraphs 4 and 5 of the Agreed Minute, apply to:

- (a) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Fourth Agreement which fell due on or before 31 March 1999 or which has fallen due or which will fall due during the Consolidation Period and which remains unpaid; and
- (b) any amount (excluding the amounts payable under sections 3(2) and 4(2) of the Fifth Agreement) whether of principal or of interest (excluding interest accrued on interest), payable under the Fifth Agreement which fell due on or before 31 March 1999 or which has fallen due or which will fall due during the Consolidation Period and which remains unpaid; and
- (c) any amount whether of principal or of interest, payable under sections 3(2) and 4(2) of the Fifth Agreement which fell due on or before 31 March 1999 or which has fallen due or which will fall due during the Consolidation period and which remains unpaid; and

SECTION 3

Payments under the Fourth, Fifth and Sixth Agreements

- (1) The provisions of the Fourth and Fifth Agreements 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.
- (2) The provisions of the Sixth Agreement shall continue to apply insofar as they relate to the payment of any Debt which fell due during the period from 1 January 1996 to 31 December 1996 inclusive.

SECTION 4

Debt Reduction and Payment

- (1) The Department shall,
- (a) reduce the amount of Debt specified in Section 2(a) and 2(c) by 50%, and
 - (b) reduce the amount of Debt specified in Section 2(b) by 33%.
- (2) The Government of Zambia shall then pay to the Department in accordance with the provisions of Section 6(1), the remainder of each Debt specified in Section 2 on the following dates and in the following percentages:

<u>Repayment Date</u>	<u>Percentage to be repaid</u>
1 April 2007	0.12
1 October 2007	0.20
1 April 2008	0.28
1 October 2008	0.38
1 April 2009	0.48
1 October 2009	0.58
1 April 2010	0.70
1 October 2010	0.82
1 April 2011	0.94
1 October 2011	1.08
1 April 2012	1.22
1 October 2012	1.36
1 April 2013	1.52
1 October 2013	1.70
1 April 2014	1.86
1 October 2014	2.06
1 April 2015	2.26
1 October 2015	2.46
1 April 2016	2.68
1 October 2016	2.92
1 April 2017	3.18
1 October 2017	3.44
1 April 2018	3.70
1 October 2018	4.00
1 April 2019	4.30
1 October 2019	4.64
1 April 2020	4.98
1 October 2020	5.34
1 April 2021	5.72
1 October 2021	6.12
1 April 2022	6.54
1 October 2022	7.00
1 April 2023	7.46
1 October 2023	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 Zambia shall pay to the Department interest on each Debt in accordance with the provisions of Section 6(1) to the extent that such Debt has not been settled by payment to the Department. Such interest shall be paid to the Department half-yearly on 1 April and 1 October (the "Due Dates") each year commencing on 1 October 1999.

(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 Zambia 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:
 - (a) where possible draw upon the special account at the Bank for International Settlements referred to in Article IV paragraph 6 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 incurred outside the United Kingdom, to be paid in the Currency of the Debt sterling 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 next succeeding 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 Zambia undertakes to fulfil 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 5.

SECTION 9

Debt Conversion Option

The Department shall give prior notification to the Government of Zambia if it wishes to exercise the option given in Article II paragraph 3 of the Agreed Minute. This option may only be implemented with the consent of the Government of Zambia.

SECTION 10

Conditionality

(1) Unless the Department otherwise agrees, this Annex shall become null and void if the Agreed Minute is declared null and void. If this Annex becomes null and void all outstanding payments shall be due according to the payment schedules established in the Fourth or Fifth Agreement, as if the Annex had never existed.

(2) The Department reserves the right to declare that this Annex shall not apply to Debts with a maturity from 1 April 2000 to 31 March 2001 and from 1 April 2001 to 31 March 2002 if the approvals referred to in Article IV paragraphs 5b and 5c of the Agreed Minute have not been given by 30 April 2000 and 30 April 2001 respectively.

No. 2

The Minister of Finance and Economic Development of the Republic of Zambia to Her Majesty's High Commissioner at Lusaka

Lusaka

5 August 1999

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of 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 Zambia, 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/Zambia Debt Agreement No. 7 (1999)" and which shall enter into force today.

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

KATELE KALUMBA

