



Treaty Series No. 30 (2002)

## 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. 6 (2000))

Dar es Salaam, 29 March and 23 May 2001

[The Agreement entered into force on 23 May 2001]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
July 2002*

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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 UNITED REPUBLIC OF TANZANIA CONCERNING CERTAIN COMMERCIAL DEBTS (THE UNITED KINGDOM/TANZANIA DEBT AGREEMENT NO. 6 (2000))**

**No. 1**

*The British High Commissioner at Dar es Salaam to the Ministry of Finance of the United Republic of Tanzania*

*Dar es Salaam*

*29 March 2001*

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 in Paris on 14 April 2000, 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. 6 (2000)' 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.

**BRUCE DINWIDDY**

**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 the United Republic of Tanzania which was signed in Paris on 14 April 2000;
  - (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 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 2000 to 31 March 2003 inclusive.
  - (f) "Currency of the Debt" means the currency specified in the Second, Third, Fourth or Fifth Agreements 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 Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 23 January 1998;<sup>1</sup>
- (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 1992;<sup>2</sup>
- (k) “Maturity” in relation to a Debt means the date for payment specified in the Second, Third, Fourth and Fifth Agreements as the case may be;
- (l) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16 (one sixteenth) of one percent) 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 11am (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 percent) 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 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 1990;<sup>3</sup>
- (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 1991;<sup>4</sup>
- (p) “United Kingdom” means the United Kingdom of Great Britain and Northern Ireland.
- (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 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.

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<sup>1</sup>Treaty Series No. 17 (1998) Cm 3933.

<sup>2</sup>Treaty Series No. 83 (1992) Cm 2116.

<sup>3</sup>Treaty Series No. 21 (1991) Cm 1474.

<sup>4</sup>Treaty Series No. 61 (1991) Cm 1649.

## SECTION 2

### **The Debt**

The provisions of this Annex shall, subject to the provisions of Article IV paragraph 3 of the Agreed Minute, apply to:

- (a) any amount, whether of principal or of interest (including interest accrued on interest), payable under the Second Agreement which fell due on or before 31 March 2000 and remains unpaid; and
- (b) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Second Agreement which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (c) any amount, whether of principal or of interest (including interest accrued on interest), payable under the Third Agreement which fell due on or before 31 March 2000 and remains unpaid; and
- (d) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Third Agreement which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (e) any amount, whether of principal or of interest (including interest accrued on interest), payable under the Fourth Agreement excluding interest due originally under the Second Agreement which fell due on or before 31 March 2000 and remains unpaid; and
- (f) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Fourth Agreement excluding interest due originally under the Second Agreement which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (g) any amount, whether of principal or of interest (including interest accrued on interest), payable under the Fourth Agreement and originally payable under the Second Agreement, which fell due on or before 31 March 2000 and remains unpaid; and
- (h) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Fourth Agreement and originally due under the Second Agreement, which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (i) any amount, (excluding those amounts referred to in Section 2(c) of the Fifth Agreement), whether of principal or of interest (including interest accrued on interest), payable under the Fifth Agreement, which fell due on or before 31 March 2000 and remains unpaid; and
- (j) any amount, (excluding those amounts referred to in Section 2(c) of the Fifth Agreement) whether of principal or of interest (excluding interest accrued on interest), payable under the Fifth Agreement, which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (k) any amount, whether of principal or of interest (including interest accrued on interest), referred to in Section 2(c) of the Fifth Agreement, which fell due on or before 31 March 2000 and remains unpaid; and
- (l) any amount, whether of principal or of interest (excluding interest accrued on interest), referred to in Section 2(c) of the Fifth Agreement, which has fallen due or will fall due during the Consolidation Period and remains unpaid.

## SECTION 3

### **Payments under the Second, Third, Fourth and Fifth Agreements**

The provisions of the Second, Third, 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.

## SECTION 4

### Debt Reduction and Payment

- (1) The Department shall reduce the amount of each Debt:
- (a) specified in Section 2 (a), (b), (c), (d), (g) and (h), by 85% on Maturity,
  - (b) specified in Section 2 (e), (f), (k) and (l) by 80% on Maturity,
  - (c) specified in Section 2 (i) and (j) by 70% on Maturity.
- (2) The Government of Tanzania shall pay to the Department in accordance with the provisions of Section 6, each Debt on the following dates and in the following percentages:—

<i>Repayment Date</i>	<i>Percentage to be repaid</i>	<i>Repayment Date</i>	<i>Percentage to be repaid</i>
01/04/2008	0.12	01/10/2008	0.20
01/04/2009	0.28	01/10/2009	0.38
01/04/2010	0.48	01/10/2010	0.58
01/04/2011	0.70	01/10/2011	0.82
01/04/2012	0.94	01/10/2012	1.08
01/04/2013	1.22	01/10/2013	1.36
01/04/2014	1.52	01/10/2014	1.70
01/04/2015	1.86	01/10/2015	2.06
01/04/2016	2.26	01/10/2016	2.46
01/04/2017	2.68	01/10/2017	2.92
01/04/2018	3.18	01/10/2018	3.44
01/04/2019	3.70	01/10/2019	4.00
01/04/2020	4.30	01/10/2020	4.64
01/04/2021	4.98	01/10/2021	5.34
01/04/2022	5.72	01/10/2022	6.12
01/04/2023	6.54	01/10/2023	7.00
01/04/2024	7.46	01/10/2024	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 Tanzania 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 first on 01 June 2001 and then half-yearly on 01 December and 01 June (herewith known as the “Due Dates”) each year commencing on 01 December 2001.
- (3) If any 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 pay to the Department interest on such overdue interest. Such additional interest shall accrue at the Appropriate Market Rate 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 of England referred to in Article IV paragraph 4 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 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 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 Tanzania undertakes to fulfil its commitments under Article II 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 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 10

### Conditionality

Unless the Department otherwise agrees, the conditions of Article IV paragraphs 3. a), b) and c) of the Agreed Minute shall apply to this Annex. If this Annex ceases to apply because any of these conditions has not been fulfilled, all outstanding payments shall be due according to the original Contracts or according to the payment schedules in the Second, Third, Fourth and Fifth Agreements as the case may be, as if this Annex had never existed.

### No. 2

*The Ministry of Finance of the United Republic of Tanzania to the British High Commissioner at Dar es Salaam*

*Dar es Salaam*

*23 May 2001*

I have the honour to acknowledge receipt of Your Excellency's Note dated 29 March 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 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. 6 (2000)' and which shall enter into force today.

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

PETER NGUMBULLU

