

SIERRA LEONE



Treaty Series No. 41 (2002)

## Exchange of Notes

between the Government of the  
United Kingdom of Great Britain and Northern Ireland  
and the Government of Sierra Leone

### concerning Certain Commercial Debts (The United Kingdom/Sierra Leone Debt Agreement No. 8 (2001))

Freetown, 5 and 15 April 2002

[The Agreement entered into force on 15 April 2002]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
October 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 SIERRA LEONE CONCERNING CERTAIN COMMERCIAL DEBTS (THE UNITED KINGDOM/SIERRA LEONE DEBT AGREEMENT NO. 8 (2001))**

**No. 1**

*The British High Commissioner at Freetown to the Minister of Foreign Affairs, and International Cooperation of Sierra Leone.*

Note No: 050/2002

*Freetown  
5 April 2002*

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of Sierra Leone which was signed in Paris on 16 October 2001, 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 Sierra Leone on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of Sierra Leone, 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/Sierra Leone Debt Agreement No 8 (2001)" and 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 JONES

**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 Sierra Leone which was signed in Paris on 16 October 2001;
  - (b) "Appropriate Market Rate" means the Reference Rate plus 0.5 per cent;
  - (c) "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;
  - (d) "the Consolidation Period" means the period from 1 October 2001 to 30 September 2004 inclusive;
  - (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 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;
  - (g) "the Fifth Agreement" means the Agreement between the Government of the United Kingdom and the Government of Sierra Leone on Certain Commercial Debts which entered into force on 1 November 1993;<sup>1</sup>

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<sup>1</sup>Treaty Series No. 19 (1994) Cm 2498.

- (h) "Maturity" in relation to a Debt specified in Section 2 means 30 September 2001 or the date for payment specified in the Previous Agreements if that date is later;
  - (i) "the Ministry" means the Ministry of Finance or any other institution which the Government of Sierra Leone may nominate for this purpose;
  - (j) "the Previous Agreements" means collectively the Fifth Agreement, the Sixth Agreement and the Seventh Agreement;
  - (k) "Reference Rate" means 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 upon by the Department and the Ministry as the rate at which the 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;
  - (l) "the Seventh Agreement" means the Agreement between the Government of the United Kingdom and the Government of Sierra Leone on Certain Commercial Debts which came into effect on 15 July 1996;<sup>1</sup>
  - (m) "the Sixth Agreement" means the Agreement between the Government of the United Kingdom and the Government of Sierra Leone on Certain Commercial Debts which came into effect on 15 December 1994;<sup>2</sup>
  - (n) "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 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 paragraph 4 of the Agreed Minute, apply to:

- (a) any amount, whether of principal or of interest (including interest accrued on interest), payable under the Fifth Agreement or the Sixth Agreement, which fell due on or before 30 September 2001 and which remains unpaid; and
- (b) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Fifth Agreement or the Sixth Agreements, which has fallen due during the Consolidation Period and which remains unpaid; and
- (c) any amount, whether of principal or of interest (including interest on interest), payable under Section 2(b) of the Seventh Agreement, which fell due before 30 September 2001 and which remains unpaid; and
- (d) any amount, whether of principal or of interest (excluding interest on interest), payable under Section 2(b) of the Seventh Agreement, which has fallen due, or will fall due during the Consolidation Period and which remains unpaid; and
- (e) any amount, whether of principal or of interest (including interest on interest), payable under Section 2(a) of the Seventh Agreement, which fell due before 30 September 2001 and which remains unpaid; and

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<sup>1</sup>Treaty Series No. 97 (1996) Cm 3474.

<sup>2</sup>Treaty Series No. 68 (1995) Cm 2956.

- (f) any amount, whether of principal or of interest (including interest on interest), payable under Section 2(a) of the Seventh Agreement, which has fallen due or will fall due during the Consolidation Period and which remains unpaid.

### SECTION 3

#### Payments under the Previous Agreements

The provisions of the Previous 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

The Department shall reduce the amount of each Debt specified in Section 2(a), Section 2(b), Section 2(c), and Section 2(d) by 34 per cent on Maturity.

The Government of Sierra Leone shall pay to the Department, in accordance with the provisions of Section 6(1), the remainder of each Debt Specified in Section 2(a), 2(b), Section 2(c), and Section 2(d) and 100 per cent of the Debt specified in Section 2(e) and 2(f) on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 October 2003	0.12
1 April 2004	0.20
1 October 2004	0.28
1 April 2005	0.38
1 October 2005	0.48
1 April 2006	0.58
1 October 2006	0.70
1 April 2007	0.82
1 October 2007	0.94
1 April 2008	1.08
1 October 2008	1.22
1 April 2009	1.36
1 October 2009	1.52
1 April 2010	1.70
1 October 2010	1.86
1 April 2011	2.06
1 October 2011	2.26
1 April 2012	2.46
1 October 2012	2.68
1 April 2013	2.92
1 October 2013	3.18
1 April 2014	3.44
1 October 2014	3.70
1 April 2015	4.00
1 October 2015	4.30
1 April 2016	4.64
1 October 2016	4.98
1 April 2017	5.34
1 October 2017	5.72
1 April 2018	6.12
1 October 2018	6.54
1 April 2019	7.00
1 October 2019	7.46
1 April 2020	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 Sierra Leone shall be liable for and 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 1 July 2002 and then half-yearly on 1 April and 1 October (the "Due Dates") each year commencing on 1 October 2002.
- (3) 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.
- (4) 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 Sierra Leone shall pay to the Department interest on such amount of 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.

## SECTION 6

### Payments to the Department

- (1) When payment becomes due under the terms of Section 4 or 5, the Ministry shall 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 sterling or US dollars, as the case may be, to an account notified by the Department to the Ministry.
- (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 Ministry shall give the Department full particulars of the Debts and/or interest and compensation to which the payments relate.

## SECTION 7

### Exchange of Information

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

## SECTION 8

### Other Debt Settlements

- (1) The Government of Sierra Leone 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 Swaps Option

The Department shall give prior notification to the Government of Sierra Leone if it wishes to exercise the option given in Article II paragraph 3 of the Agreed Minute to sell or exchange Debt. This option may only be implemented with the consent of the Government of Sierra Leone and will only be exercised on condition that the Debt sold or exchanged is discharged in Sierra Leone.

## SECTION 10

### Conditionality

Unless the Department otherwise agrees, the conditions of Article IV paragraph 4 of the Agreed Minute shall apply to this Annex. If any part of this Annex ceases to apply because any of these conditions has not been fulfilled, all outstanding payments shall be due or according to the payment schedules in the Previous Agreements as the case may be, as if this Annex had never existed.

No. 2

*The Minister of Foreign Affairs and International Cooperation of Sierra Leone to the British High Commissioner at Freetown.*

*Freetown*

*15 April 2002*

I have the honour to acknowledge receipt of Your Excellency's Note of 5th April 2002 No. 050/2002 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 Sierra Leone, 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/Sierra Leone Debt Agreement No. 8 (2001)" and which shall enter into force today.

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

AHMED RAMADAN DUMBUYA



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