



Treaty Series No. 15 (2004)

Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Madagascar
Debt Agreement No. 9 (2001))

Antananarivo, 25 June 2003

[The Agreement entered into force on 25 June 2003]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
March 2004*

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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 MADAGASCAR CONCERNING
CERTAIN COMMERCIAL DEBTS (THE UNITED KINGDOM/MADAGASCAR
DEBT AGREEMENT NO. 9 (2001))**

No. 1

*The British Ambassador at Antananarivo to the Minister of Economy, Finance and Budget
of the Republic of Madagascar*

Antananarivo

25 June 2003

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Madagascar which was signed in Paris on 7 March 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 the Republic of Madagascar 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 Madagascar, 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/Madagascar Debt Agreement No. 9 (2001)' 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.

BRIAN DONALDSON

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 Madagascar which was signed in Paris on 7 March 2001;
 - (b) "Appropriate Market Rate" means the Reference Rate plus 0.5 per cent;
 - (c) "the Bank" means the Central Bank of Madagascar or any other institution which the Government of Madagascar 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 December 2000 to 29 February 2004 inclusive;
 - (f) "Currency of the Debt" means the currency specified in the Previous Agreements as being the currency in which the Debt is to be paid;
 - (g) "Debt" means any debt to which, by virtue of the provision 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 Eighth Agreement” means the Agreement between the Government of the United Kingdom and the Government of Madagascar on certain Commercial Debts signed on 21 October 1997¹ and amended on 25 June 2003,²
 - (j) “Madagascar” means the Republic of Madagascar;
 - (k) “Maturity” means the date on which the payment or repayment of a Debt falls due;
 - (l) “the Previous Agreements” means the Agreements between the Government of the United Kingdom and the Government of Madagascar on certain Commercial Debts signed on 25 October 1990 and 11 March 1991³ respectively;
 - (m) “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 US 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 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 or six-month sterling deposits as the case may be;
 - (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 Section are for ease of reference only.

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:

- (1) any amount, whether of principal or of interest (other than amounts referred to in paragraph (2) of this Section), excluding interest accrued on interest, payable under the Previous Agreements and the Eighth Agreement which have fallen due or will fall due during the Consolidation Period and will remain unpaid; and
- (2) any amount whether of principal or of interest, excluding interest accrued on interest, referred to in Section 2(d), 2(e) and 2(f) of the Eighth Agreement as amended on 25 June 2003, which has fallen due or will fall due during the Consolidation Period and remains unpaid.

¹Treaty Series No. 74 (1997) Cm 3820.

²Treaty Series No. 14 (2004) Cm 6160.

³Treaty Series No. 104 (1991) Cm 1768.

SECTION 3

Payments under the Previous Agreements and the Eighth Agreement

The provisions of the Previous Agreements and the Eighth 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 4

Debt Reduction and Payment

(1) The Department shall reduce the amount of each Debt specified in Section 2(1) by 85 per cent on Maturity, and the amount of each Debt specified in Section 2(2) by 70 per cent on Maturity.

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

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
31 December 2008	0.12
30 June 2009	0.20
31 December 2009	0.28
30 June 2010	0.38
31 December 2010	0.48
30 June 2011	0.58
31 December 2011	0.70
30 June 2012	0.82
31 December 2012	0.94
30 June 2013	1.08
31 December 2013	1.22
30 June 2014	1.36
31 December 2014	1.52
30 June 2015	1.70
31 December 2015	1.86
30 June 2016	2.06
31 December 2016	2.26
30 June 2017	2.46
31 December 2017	2.68
30 June 2018	2.92
31 December 2018	3.18
30 June 2019	3.44
31 December 2019	3.70
30 June 2020	4.00
31 December 2020	4.30
30 June 2021	4.64
31 December 2021	4.98
30 June 2022	5.34
31 December 2022	5.72
30 June 2023	6.12
31 December 2023	6.54
30 June 2024	7.00
31 December 2024	7.46
30 June 2025	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 Madagascar 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 30 September 2001 and then half-yearly on 30 June and 31 December (the "Due Dates") each year commencing on 31 December 2001.
- (3) Interest payable in accordance with the provisions of paragraph (2) 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 Madagascar 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 terms of either Section 4 or 5, the Bank shall arrange for the necessary amounts, without deduction of taxes, fees, and other public charges or any other costs incurred outside the United Kingdom, to be paid in the Currency of the Debt into 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, but the interest payable shall be the amount accrued on the day on which such payment fell due.
- (3) The Bank shall give the Department full particulars of its payments to the Department.

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 Madagascar 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 Madagascar 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 Madagascar and shall only be exercised on condition that the Debt sold or exchanged is discharged in Malagasy francs.

SECTION 10

Conditionality

Unless the Department otherwise agrees, the application of this Annex shall be subject to the conditions of Article IV paragraph 3 of the Agreed Minute. If any of these conditions is not fulfilled and this Annex ceases to apply to certain Debt, all outstanding payments in respect of that Debt shall be due according to the payment schedules in the Previous Agreements as if this Annex had never existed.

No. 2

(Translation)

The Minister of Economy, Finance and Budget of the Republic of Madagascar to the British Ambassador

Antananarivo

25 June 2003

I have the honour to acknowledge receipt of Your Excellency's Note of 25th June 2003, which in translation 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 Madagascar and that our note, together with its annex, and this reply shall constitute an agreement between our two governments on this matter which shall be entitled "UK/Madagascar Debt Agreement No. 9 (2001)" and shall enter into force on this day.

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

BENJAMIN ANDRIAMPARANY RADAVIDSON



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