



Treaty Series No. 25 (2003)

## Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Democratic  
Republic of Congo Debt Agreement  
No. 10 (2002))

Kinshasa, 4 February and 13 March 2003

[The Agreement entered into force on 13 March 2003]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
July 2003*

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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 DEMOCRATIC REPUBLIC OF CONGO  
CONCERNING CERTAIN COMMERCIAL DEBTS  
(THE UNITED KINGDOM/DEMOCRATIC REPUBLIC OF CONGO  
DEBT AGREEMENT NO. 10 (2002))**

**No. 1**

*The British Ambassador at Kinshasa to the Minister of Finance and Budget of the Democratic Republic of Congo*

Kinshasa  
4 February 2002

Excellency,

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Democratic Republic of Congo which was signed in Paris on 13 September 2002, 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 Democratic Republic of Congo on the terms and conditions set out in the Annex.

If these terms and conditions are acceptable to the Government of the Democratic Republic of Congo, 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/Democratic Republic of Congo Debt Agreement No. 10 (2002)" 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.

JIM ATKINSON

**Annex**

SECTION 1

**Definitions and interpretation**

- (1) In this Annex, unless the contrary intention appears:
  - (a) "Agreed Minute" means the Agreed Minute on the Consolidation of the Debt of the Democratic Republic of Congo which was signed in Paris on 13 September 2002;
  - (b) "Appropriate Market Rate" means the Reference Rate plus 0.5 per cent.;
  - (c) "Business Day" means a day on which banks are open for domestic and foreign exchange business in London;
  - (d) "Consolidation Period" means the period from 1 July 2002 to 30 June 2005 inclusive;
  - (e) "Currency" in relation to the Debt specified in the Previous Agreements, the Ninth Agreement and this Agreement means the currency in which that Debt is to be paid, insofar as it relates to sterling denominated Debts; where another currency is specified in the Previous Agreements, Ninth Agreement or this Agreement this will be converted into sterling at the rate prevailing on 13 September 2002;
  - (f) "Debt" means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;

- (g) “Department” means the Export Credits Guarantee Department or any other department or entity that the Government of the United Kingdom may subsequently nominate to perform the functions of the Export Credits Guarantee Department hereunder;
- (h) “Maturity”
  - (i) in relation to Debts listed under Sections 2(1)(a) and 2(1)(c) of this Annex means 30 June 2002; and
  - (ii) in relation to Debts listed under Sections 2(1)(b) and 2(1)(d) of this Annex means the due date for payment under the Previous Agreements or the Ninth Agreement;
- (i) “Ninth Agreement” means the Agreement between the Government of the United Kingdom and the Government of the Democratic Republic of Congo on certain commercial debts, which entered into force on 23 July 1990;<sup>1</sup>
- (j) “Previous Agreements” means the five Agreements between the Government of the United Kingdom and the Government of the Democratic Republic of Congo on certain commercial debts which entered into force on 28 July 1983,<sup>2</sup> 14 November 1984,<sup>3</sup> 7 July 1986,<sup>4</sup> 5 December 1989,<sup>5</sup> and 9 December 1989<sup>6</sup> respectively;
- (k) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of one sixteenth of 1 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 sterling deposits 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 one sixteenth of 1 per cent.) quoted by a bank to be agreed by the Department and the Government of the Democratic Republic of Congo, as the rate at which that bank is offering six-month sterling deposits;
- (l) “United Kingdom” means the United Kingdom of Great Britain and Northern Ireland.

(2) Where the context of this Annex so allows, words importing the singular include the plural and vice versa.

(3) Unless otherwise indicated, a reference to a specified Section shall be construed as a reference to that Section of this Annex.

(4) The headings to the Sections are for ease of reference only.

## SECTION 2

### The Debt

(1) The provisions of this Annex shall, subject to the provision 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 Previous Agreements and Section 4(2) of the Ninth Agreement which fell due on or before 30 June 2002 and remains unpaid; and

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<sup>1</sup> Treaty Series No. 73 (1991) Cm 1676. Congo (Democratic Republic) was then called Zaire.

<sup>2</sup> Treaty Series No. 13 (1984) Cmnd. 9158.

<sup>3</sup> Treaty Series No. 45 (1986) Cmnd. 9882.

<sup>4</sup> Treaty Series No. 35 (1992) Cm 1954.

<sup>5</sup> Treaty Series No. 60 (1990) Cm 1207.

<sup>6</sup> Treaty Series No. 78 (1990) Cm 1304.

- (b) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Previous Agreements and Section 4(2) of the Ninth 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 Ninth Agreement (excluding Section 4(2)) which fell due on or before 30 June 2002 and remains unpaid;
- (d) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Ninth Agreement (excluding Section 4(2)) which has fallen due or will fall due during the Consolidation Period and remains unpaid.

### SECTION 3

#### **Debt reduction and payment**

- (1) On Maturity:
  - (a) each Debt specified in Sections 2(1)(a) and 2(1)(b) will be reduced by 67 per cent.; and
  - (b) each Debt specified in Sections 2(1)(c) and 2(1)(d) will be reduced by 50 per cent.
- (2) The Government of the Democratic Republic of Congo shall pay to the Department, in accordance with the provision of Section 8, the remainder of each Debt specified in Sections 2(1)(a), 2(1)(b), 2(1)(c) and 2(1)(d) on the following dates and in the following percentages:

Repayment date	Percentage to be repaid
1 July 2004	0.00
1 January 2005	0.00
1 July 2005	0.00
1 January 2006	0.00
1 July 2006	0.00
1 January 2007	0.00
1 July 2007	0.00
1 January 2008	0.00
1 July 2008	0.00
1 January 2009	0.00
1 July 2009	0.00
1 January 2010	0.00
1 July 2010	0.12
1 January 2011	0.20
1 July 2011	0.28
1 January 2012	0.38
1 July 2012	0.48
1 January 2013	0.58
1 July 2013	0.70

Repayment date	Percentage to be repaid
1 January 2014	0.82
1 July 2014	0.94
1 January 2015	1.08
1 July 2015	1.22
1 January 2016	1.36
1 July 2016	1.52
1 January 2017	1.70
1 July 2017	1.86
1 January 2018	2.06
1 July 2018	2.26
1 January 2019	2.46
1 July 2019	2.68
1 January 2020	2.92
1 July 2020	3.18
1 January 2021	3.44
1 July 2021	3.70
1 January 2022	4.00
1 July 2022	4.30
1 January 2023	4.64
1 July 2023	4.98
1 January 2024	5.34
1 July 2024	5.72
1 January 2025	6.12
1 July 2025	6.54
1 January 2026	7.00
1 July 2026	7.46
1 January 2027	7.96

(3) The Government of the Democratic Republic of Congo shall also pay to the Department, in accordance with the provisions of Section 6(1), 100 per cent. of interest that falls due during the Consolidation Period on amounts consolidated in Section 3(2). This interest shall be capitalised as it falls due and repaid in 16 equal and consecutive half yearly instalments, the first payment to be made on 31 March 2006 and the last payment to be made on 30 September 2013.

#### SECTION 4

##### **Payments under the Previous Agreements and the Ninth Agreement**

The provisions of the Previous Agreements and the Ninth 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

### **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 complete payment of that Debt.
- (2) The Government of the Democratic Republic of Congo shall be liable for and shall pay to the Department interest on each Debt including amounts capitalised under Section 3(3), to the extent that such Debt has not been settled by payment to the Department in the United Kingdom. Such interest shall be paid first on 1 July 2003 and then in half-yearly instalments on 1 January and 1 July (the "Due Dates").
- (3) If any amount of interest payable in accordance with the provisions of paragraph (2) of this Section is not paid on the pertinent Due Date, the Government of the Democratic Republic of Congo 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 and until 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 Debt concerned occurs.
- (5) All interest payable pursuant to this Annex shall be calculated on the basis of actual days elapsed and a year of 365 days.

## SECTION 6

### **Payments to the Department**

- (1) When payment becomes due under the terms of Section 3 the Government of the Democratic Republic of Congo shall arrange for the necessary amounts, without deduction for taxes, fees, other public charges or any other costs incurred outside the United Kingdom, to be paid in sterling to the account notified by the Department to the Government of the Democratic Republic of Congo.
- (2) If the day on which such a payment falls due is not a Business Day payment should be made on the next succeeding Business Day.
- (3) The Government of the Democratic Republic of Congo shall give the Department full particulars of the Debts and interest to which the payments relate.

## SECTION 7

### **Exchange of information**

The Department and the Government of the Democratic Republic of Congo shall exchange all information required for the implementation of this Annex.

## SECTION 8

### **Other debt settlements**

- (1) The Government of the Democratic Republic of Congo 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 under Section 5.

## SECTION 9

### **Conditionality**

Unless the Department otherwise agrees in writing, the conditions of Article IV paragraph 4 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 pertinent Previous Agreements and the Ninth Agreement, as if this Annex had never existed.

### **Translation of No. 2**

*The Minister of Finance and Budget of the Democratic Republic of Congo to the British Ambassador at Kinshasa*

*Kinshasa*

*13 March 2003*

I have the honour to acknowledge receipt of Your Excellency's Note of 4 February 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 the Democratic Republic of Congo, 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/Democratic Republic of Congo Debt Agreement No. 10 (2002)" and which shall enter into force today.

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

**LUONGWE KABULE MULUNGO**











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