



Treaty Series No. 67 (1988)

Exchange of Notes

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

concerning Certain Commercial Debts

(The United Kingdom/Uganda Debt Agreement No. 3 (1987))

Kampala, 26 April and 5 May 1988

[The Agreement entered into force on 5 May 1988]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
October 1988*

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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 UGANDA
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/UGANDA DEBT AGREEMENT NO. 3 (1987))**

No. 1

The United Kingdom High Commissioner at Kampala to the Minister of Finance of Uganda

*British High Commission
Kampala*

26 April 1988

My dear Minister

I have the honour to refer to the Agreed Minute on the consolidation of the debt of the Republic of Uganda which was signed at the conference held in Paris on 19 June 1987, 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 Uganda 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 Uganda, I have the honour to propose that this Note together with its Annex, and your reply to that effect, shall constitute an agreement between the two Governments in this matter which shall be known as "The United Kingdom/Uganda Debt Agreement No. 3 (1987)" 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.

Yours very sincerely

D. M. MARCH

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 Republic of Uganda which was signed at the Conference held in Paris on 19 June 1987;
 - (b) "the Bank" means the Bank of Uganda;
 - (c) "the Consolidation Period" means the period from 1 July 1987 to 30 June 1988 inclusive;
 - (d) "Contract" means a contract, or any agreement supplemental thereto, all of which were entered into before 1 July 1981, the parties to which include a Debtor and a Creditor and which is either for the sale of goods and/or services from outside Uganda to a buyer in Uganda, or is in respect of the financing of such a sale, and which in either case granted or allowed credit to the Debtor for a period exceeding one year;
 - (e) "Creditor" means a person or body of persons or corporation resident or carrying on business in the United Kingdom, or any successor in title thereto;
 - (f) "Currency of the Debt" means the currency specified in the Previous Agreements or in the relevant Contract 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(1), the provisions of this Annex apply;
 - (h) "debtor" means the Government of Uganda (whether as primary debtor or as guarantor), or any person or body of persons or corporation resident or carrying on business in Uganda, or any successor in title thereto;
 - (i) "the Department" means the Secretary of State of the Government of the United Kingdom acting through 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;
 - (j) "the Government of Uganda" means the Government of the Republic of Uganda;
 - (k) "the Government of the United Kingdom" means the Government of the United Kingdom of Great Britain and Northern Ireland;
 - (l) "Maturity" in relation to a Debt means the due date for the payment or repayment thereof under the relevant Contract, or on a promissory note or bill of exchange drawn up pursuant thereto;
 - (m) "Previous Agreements" means the Agreements between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Uganda on Certain Commercial Debts signed on 17 June 1983¹ and 10 November 1983²;
 - (n) "Reference Rate" means the rate quoted to the Department by the Reference Bank (being a bank to be agreed upon by the Department and the Bank) at which six-month sterling deposits, in the case of Debts denominated in sterling and six-month eurodollar deposits, in the case of Debts denominated in US dollars are offered to that Reference Bank by prime banks in the London interbank market at 11 am (London time) two business days before 30 June and 31 December in each year;
 - (o) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland, and for the purposes of Sections 1(1)(e) and 8 of this Annex includes the Channel Islands and the Isle of Man.
- (2) All references to interest, excluding contractual interest, shall be to interest accruing from day to day and calculated on the basis of actual days elapsed and a year of 365 days, in the case of a Debt denominated in sterling, and 360 days in the case of a Debt denominated in US dollars.

¹ Treaty Series No. 63 (1983), Cmnd. 9051.

² Treaty Series No. 8 (1984), Cmnd. 9141.

(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 specified section of this Annex.

(5) 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 provisions of paragraph (2) of this section and paragraph 3 of Section IV of the Agreed Minute, apply to:

- (a) any amount of interest charged under Section 5(1) of this Annex, such interest having accrued on or before 30 June 1987 and remaining unpaid;
- (b) any amount of principal or of interest payable under either of the Previous Agreements which is in arrears as at 30 June 1987 or which fell due or will fall due during the Consolidation Period and which remains unpaid;
- (c) any other amount, whether of principal or of contractual interest accruing up to Maturity, owed by a Debtor to a Creditor and which:
 - (i) arises under or in relation to a Contract;
 - (ii) is in arrears as at 30 June 1987 or fell due or will fall due during the Consolidation Period and remains unpaid;
 - (iii) is guaranteed by the Department as to payment according to the terms of the Contract; and
 - (iv) is not expressed by the terms of the Contract to be payable in Ugandan shillings.

(2) The Department and Bank shall, as soon as possible, agree and draw up a list of Debts ("the Debt List") to which, by virtue of the provisions of this Section, this Annex applies. The Debt List may be reviewed from time to time at the request of the Department or of the Bank, but may not be added to or amended without the agreement of both the Department and the Bank. Delay in the completion of the Debt List shall neither prevent nor delay the implementation of the other provisions of this Annex.

(3) The provisions of this Annex shall not apply to any amount payable upon, or as a condition of, the formation of the Contract, or as a condition of the cancellation or termination of the Contract.

SECTION 3

Payments under the Previous Agreements

The provisions of the Previous Agreements in so far as they relate to the payment of any Debt shall cease to apply upon entry into force of this Agreement.

SECTION 4

Transfer Scheme

The Government of Uganda shall pay to the Department in accordance with the provisions of Section 6(1) the following:

- (a) in respect of each Debt which fell due on or before 30 June 1987:
 - 100 per cent by eighteen equal and consecutive half-yearly instalments commencing on 30 June 1993; and
- (b) in respect of every other Debt:
 - 100 per cent by eighteen equal and consecutive half-yearly instalments commencing 30 June 1994.

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 or, in the case of a Debt of principal or of interest payable under either of the Previous Agreements, from the due date for payment thereunder or, in the case of a Debt specified in Section 2(1)(a), from 1 July 1987, until the settlement of that Debt by payment to the Department in accordance with Section 4.
- (2) The Government of Uganda shall be liable for and shall pay to the Department in accordance with the provisions of Section 6(1) and of this Section interest on each Debt to the extent that it has not been settled by payment to the Department in the United Kingdom pursuant to Section 4. Such interest shall be paid and transferred to the Department half-yearly on 30 June and 31 December each year commencing on 31 December 1987.
- (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 Uganda shall be liable for and 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 and payable without further notice or demand of any kind.
- (4) All interest payable in accordance with the provisions of this Section shall be paid in the Currency of the Debt at the rate of 0.5 per cent above the Reference Rate for the period in question.

SECTION 6

Payments to the Department

- (1) As and when payments become due under the terms of Sections 4 and 5, the Bank shall:
 - (a) in the first instance, draw upon the special account at the Bank of England to meet such payments; and
 - (b) arrange for the necessary amounts, without deduction for taxes, fees, other public charges or any other costs accruing inside or outside Uganda, to be paid and transferred in the Currency of the Debt to the Department in the United Kingdom to an account, details of which shall be notified by the Department to the Bank. In this respect the Department shall be regarded as acting as agent for each Creditor concerned.
- (2) The Bank shall give the Department full particulars of the Debts and/or interest to which the transfers relate.
- (3) The Republic of Uganda undertakes to comply with the provisions of Section III paragraphs 8 and 9 of the Agreed Minute.

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 Uganda undertakes to comply with the conditions of Section III paragraphs 1 to 3 and 7 of the Agreed Minute and agrees to accord to the United Kingdom terms no less favourable than those agreed with any other creditor country, 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

Preservation of Rights and Obligations

This Annex and its implementation shall not affect the rights and obligations of any Creditor or Debtor under a Contract, other than those rights and obligations in respect of which the Government of the United Kingdom and the Government of Uganda are authorised to act respectively on behalf of, and to bind, such Creditor and Debtor.

No. 2

The Minister of Finance of Uganda to the United Kingdom High Commissioner at Kampala

*Ministry of Finance
Kampala*

5 May 1988

Your Excellency

I have the honour to acknowledge receipt of Your Excellency's Note of April 26, 1988 which reads as follows:—

[As in No. 1]

I have the honour to confirm the terms and conditions set out in the Annex to your Note are acceptable to the Government of the Republic of Uganda, 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/Uganda Debt Agreement No. 3 (1987)" and which shall enter into force today.

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

C. W. C. B. KIYONGA

[Annex as in No. 1]



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