



Treaty Series No. 26 (2004)

## Exchange of Notes

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

# concerning Certain Commercial Debts (The United Kingdom/Zambia Debt Agreement No. 8 (2002))

Lusaka, 7 April 2003 and 24 March 2004

[The Agreement entered into force on 24 March 2004]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
July 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 ZAMBIA CONCERNING CERTAIN  
COMMERCIAL DEBTS (THE UNITED KINGDOM/ZAMBIA  
DEBT AGREEMENT NO. 8 (2002))**

**No. 1**

*The British High Commissioner at Lusaka to the Minister of Finance and National Planning  
of the Republic of Zambia*

*Lusaka  
7 April 2003*

**NOTE NO: 78A/2003**

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Zambia which was agreed 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 Republic of Zambia 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 Zambia, 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/ Zambia Debt Agreement No. 8 (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.

TIM DAVID

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 Zambia that was agreed by the Government of the Republic of Zambia on 13 September 2002;
  - (b) **"Appropriate Market Rate"** means the Reference Rate plus 0.5 per cent;
  - (c) **"Bank"** means the Bank of Zambia or any other institution that the Government of the Republic of Zambia may nominate for the purposes of this Annex;
  - (d) **"Business Day"** means a (i) day on which dealings are carried on in the London interbank market and (ii) if payment is required to be made on such day, a day on which banks are open for domestic and foreign exchange business (a) in London in the case of payments to be made in sterling and (b) in both London and New York City in the case of payments to be made in US dollars;
  - (e) **"Consolidation Period"** means the period from 1 January 2001 to 31 March 2003 inclusive;
  - (f) **"Currency"** means, in respect of a Debt, the currency in which it was agreed in a Previous Agreement that such Debt should be paid;

- (g) **“Debt”** means any debt to which, by virtue of the provisions of Section 2, the provisions of this Annex apply;
- (h) **“Department”** means the Export Credits Guarantee Department or any other department or entity that the Government of the United Kingdom of Great Britain and Northern Ireland may subsequently nominate to perform the functions of the Export Credits Guarantee Department hereunder;
- (i) **“Fifth Agreement”** means the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia concerning Certain Commercial Debts signed on 29 April and on 5 May 1993;
- (j) **“Fourth Agreement”** means the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia concerning Certain Commercial Debts signed on 5 March and on 20 May 1991;<sup>1</sup>
- (k) **“Maturity”** in relation to a Debt specified in Section 2 means either 31 December 2000 or such later date for payment thereof as is specified in the Previous Agreements;
- (l) **“Previous Agreements”** means collectively the Fourth Agreement, the Fifth Agreement, the Sixth Agreement, and the Seventh Agreement;
- (m) **“Reference Rate”** means the rate (rounded upwards where necessary to the nearest multiple of one sixteenth (1/16) 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 whose Currency is the US dollar or six-month sterling deposits, in the case of a Debt whose Currency is 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 one sixteenth (1/16) of one per cent) 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;
- (n) **“Seventh Agreement”** means the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia concerning Certain Commercial Debts signed on 5 August 1999;<sup>2</sup>
- (o) **“Sixth Agreement”** means the Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia concerning Certain Commercial Debts signed on 30 May and on 5 June 1997;<sup>3</sup>
- (p) **“United Kingdom”** means the United Kingdom of Great Britain and Northern Ireland; and
- (q) **“Zambia”** means the Republic of Zambia.

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

(3) Unless otherwise indicated, 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.

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<sup>1</sup>Treaty Series No. 34 (1992) Cm 1952.

<sup>2</sup>Treaty Series No. 95 (2000) Cm 4811.

<sup>3</sup>Treaty Series No. 56 (1997) Cm 3757.

## SECTION 2

### **The Debt**

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

- (1) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Fourth Agreement which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (2) any amount (excluding the amounts payable under sections 3(2) and 4(2) 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
- (3) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under sections 3(2) and 4(2) of the Fifth Agreement which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (4) any amount (excluding the amounts payable under section 4(3) of the Sixth Agreement), whether of principal or of interest (excluding interest accrued on interest), payable under the Sixth Agreement which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (5) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under section 4(3) of the Sixth Agreement which has fallen due or will fall due during the Consolidation Period and remains unpaid; and
- (6) any amount, whether of principal or of interest (excluding interest accrued on interest), payable under the Seventh Agreement which has fallen due or will fall due during the Consolidation Period and 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**

- (1) On Maturity, the Department shall:
  - (a) reduce the amount of each Debt specified in sections 2(1), 2(3) and 2(5) by eighty five per cent (85%);
  - (b) reduce the amount of each Debt specified in section 2(2) by eighty per cent (80%); and
  - (c) reduce the amount of each Debt specified in sections 2(4) and 2(6) by seventy per cent (70%).
- (2) The Government of Zambia 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>
1 February 2008	0.12
1 August 2008	0.20
1 February 2009	0.28
1 August 2009	0.38
1 February 2010	0.48
1 August 2010	0.58
1 February 2011	0.70
1 August 2011	0.82
1 February 2012	0.94
1 August 2012	1.08
1 February 2013	1.22
1 August 2013	1.36
1 February 2014	1.52
1 August 2014	1.70
1 February 2015	1.86
1 August 2015	2.06
1 February 2016	2.26
1 August 2016	2.46
1 February 2017	2.68
1 August 2017	2.92
1 February 2018	3.18
1 August 2018	3.44
1 February 2019	3.70
1 August 2019	4.00
1 February 2020	4.30
1 August 2020	4.64
1 February 2021	4.98
1 August 2021	5.34
1 February 2022	5.72
1 August 2022	6.12
1 February 2023	6.54
1 August 2023	7.00
1 February 2024	7.46
1 August 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 Zambia 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 on 1 February and 1 August (the “Due Dates”) each year commencing on 1 February 2003.

(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 Zambia 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 pertinent Due Date 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.

(5) 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 whose Currency is the US dollar, and 365 days, in the case of Debts whose Currency is sterling.

## SECTION 6

### **Payments to the Department**

(1) When payment becomes due under the terms of Section 4 or 5, the Bank 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 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 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 Zambia 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 Zambia 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 Zambia.

SECTION 10

**Conditionality**

Unless the Department otherwise agrees, this Annex shall become null and void if the Agreed Minute is declared null and void. If this Annex becomes null and void all outstanding payments shall be due according to the payment schedules in the Previous Agreements, as if this Annex had never existed.

**No. 2**

*The Minister of Finance and National Planning of the Republic of Zambia to the British High Commissioner*

*Lusaka*

*24 March 2004*

I have the honour to acknowledge receipt of Your Excellency's Note of 7th April 2003, 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 Zambia, 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/Zambia Debt Agreement No. 8 (2002)' and which shall enter into force today.

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

NG'ANDU PETER MAGANDE











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