

No. 17524

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
MOZAMBIQUE**

Exchange of notes constituting an agreement concerning an interest-free loan by the Government of the United Kingdom to the Government of Mozambique (with appendices). Maputo, 15 July 1977

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 31 January 1979.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
MOZAMBIQUE**

Échange de notes constituant un accord relatif à un prêt franc d'intérêt du Gouvernement du Royaume-Uni au Gouvernement du Mozambique (avec annexes). Maputo, 15 juillet 1977

Texte authentique : anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 31 janvier 1979.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF MOZAM-
BIQUE CONCERNING AN INTEREST FREE LOAN BY THE
GOVERNMENT OF THE UNITED KINGDOM TO THE
GOVERNMENT OF MOZAMBIQUE

I

*Her Majesty's Ambassador at Maputo to the National Director for International
Co-operation, Ministry of Development and Economic Planning of Mozambique*

BRITISH EMBASSY
MAPUTO

15 July 1977

Sir,

United Kingdom/Mozambique Project Loan 1977

I have the honour to inform you, with reference to the discussions between our Governments concerning development assistance, that it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") to make available to the Government of the People's Republic of Mozambique (hereinafter referred to as the "Government of Mozambique") by way of an interest-free loan a sum not exceeding £10,000,000 (ten million pounds sterling) (hereinafter referred to as "the loan"), which shall be allocated towards the cost of certain agreed development projects.

2. The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note insofar as they relate to things to be done by or on behalf of or to matters under the control of that Government. The Government of Mozambique shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of, or to matters under the control of, that Government.

3.a. Where the Government of Mozambique propose that part of the loan shall be allocated to a project they shall forward to the Government of the United Kingdom through the British Embassy in Maputo a description of the project and its location and shall provide such further details as the Government of the United Kingdom may require.

b. The Government of Mozambique and the Government of the United Kingdom shall approve in writing each of the projects to be financed under the loan in separate exchanges of letters. The joint approvals shall indicate the amount of the loan to be provisionally allocated towards costs incurred within Mozambique (if any) and any special arrangements required. For each project full details of the goods to be purchased from the United Kingdom, or from certain other countries set out in paragraph 6.d.i. below, shall be forwarded to the Crown Agents for Oversea Governments and Administrations

¹ Came into force on 15 July 1977, the date of the note in reply, in accordance with the provisions of the said notes.

(hereinafter referred to as “the Crown Agents”) who shall make arrangements to place orders and ship the goods. Drawings on the loan shall be applied, subject to paragraph 6 below, to payments under contracts made and for the reimbursement of expenditure in furtherance of such projects.

c. The Government of Mozambique shall seek the prior approval of the Government of the United Kingdom if at any time it is necessary to amend the agreed project.

INITIAL PROCEDURE

4. For the purposes of these arrangements, the Government of Mozambique shall, by a request in the form set out in appendix A to this Note, open a special account (hereinafter referred to as “the Account”) with the Crown Agents and shall at the same time send a copy of this request to the Government of the United Kingdom.

5. The Government of Mozambique shall send to the Government of the United Kingdom copies of specimen signatures of officers authorized to sign Payment Orders on its behalf in respect of claims originating in Mozambique. The Crown Agents acting on behalf of the Government of Mozambique shall, at the same time (and also whenever these are changed) inform the Government of the United Kingdom of the names of the officers of the Crown Agents who are duly authorized to sign Requests for Drawing on its behalf, and shall provide specimen signatures in duplicate in each case. The Account shall be operated solely for the purposes of the loan and in accordance with the instructions contained in the said request. To the extent that the Crown Agents, acting on behalf of the Government of the United Kingdom, may accept a contract as provided for in sub-paragraphs *a.* and *d.* of paragraph 6 of this Note and arrange for payment from the Account, and to the extent that reimbursement of costs incurred by the Government of Mozambique is properly due from the Account as provided for in sub-paragraphs *b.* to *d.* of paragraph 6, the Government of the United Kingdom shall on receipt of requests from the Crown Agents acting on behalf of the Government of Mozambique, in the form set out in appendix B to this Note, make payments in sterling into the Account. Each such payment shall constitute a drawing on the loan.

USES OF THE LOAN

6.a.i. This loan may be used for payments under a contract for purchase in the United Kingdom of goods wholly of United Kingdom origin (in this Note the United Kingdom shall be deemed to include the Channel Islands and the Isle of Man) or for work to be done, or for services to be rendered, by persons ordinarily resident or carrying on business in the United Kingdom, or for related purposes, being a contract which:

aa. Provides for payment in sterling to persons carrying on business in the United Kingdom; and

bb. Is approved by the Government of Mozambique and accepted by the Crown Agents acting on behalf of the Government of the United Kingdom for financing from the loan; and

cc. Is entered into after the date of this Note and before 1 January 1984 save as may be otherwise arranged between our two Governments.

ii. Where the Government of Mozambique propose that part of the loan be applied to a contract as described above and in furtherance of an agreed project, that Government shall ensure that the Crown Agents acting on their behalf obtain at the earliest opportunity a copy of the proposed contract and two copies of a certificate from the United Kingdom contractor concerned in the form set out in appendix C to this Note.

iii. After the Crown Agents acting on behalf of the Government of the United Kingdom have considered the documents referred to above, they shall decide whether and to what extent a proposed contract is eligible for payment from the loan.

iv. For payments due under a contract in the cases to which this paragraph refers, withdrawals from the Account shall be made only on receipt by the Crown Agents of Payment Certificates from the contractors concerned in the form shown in appendix D to this Note and of the invoices referred to therein.

b. The loan may also be used for payment of sterling charges and commissions payable in the United Kingdom to the Crown Agents in respect of their services on behalf of the Government of Mozambique in connection with the loan. The Crown Agents shall debit the Account for these payments and shall inform the Government of Mozambique of the amounts so debited. The Crown Agents shall also inform the Government of Mozambique and the Government of the United Kingdom of the basis on which these charges and commissions are calculated within three months of the signature of this Note.

c. The loan may also be used for reimbursing the Government of Mozambique a proportion of payments made by them or their agents for an agreed project or towards costs incurred in respect of:

- i. The purchase of goods wholly produced or manufactured in Mozambique;
- ii. The purchase in Mozambique, with the prior approval of the Government of the United Kingdom, of goods wholly produced or manufactured in the United Kingdom;
- iii. Services rendered by citizens of, or companies or partnerships incorporated in, the United Kingdom or in Mozambique,

being such proportion and such goods and services as are accepted by the Government of the United Kingdom for financing from the loan. Withdrawals from the account shall be made in accordance with Payment Orders in the form shown in appendix E to this Note duly signed on behalf of the Government of Mozambique and countersigned by the Government of the United Kingdom. Each Payment Order shall be forwarded in duplicate to the Government of the United Kingdom for countersignature and shall be accompanied by a claim from the Government of Mozambique in the form shown in appendix F hereto.

d.i. The loan may also be used for payments in sterling (or if necessary, in another currency), for the purchase of goods wholly originating in certain countries with a Gross National Product per head of less than US \$200 in 1972 as listed in the Atlas of the International Bank for Reconstruction and Development produced in 1974 under a contract which is:

- aa.* Approved on behalf of the Government of Mozambique; and
- bb.* Accepted by the Crown Agents acting on behalf of the Government of the United Kingdom for financing from the loan; and
- cc.* Entered into after the signature of this Note and before 1 January 1984.

ii. The procedure for approval of contracts and payments from the Account shall be as set out in sub-paragraphs *a.ii.* and *a.iii.* of this paragraph, but any certification required shall be completed by the contractor concerned and shall relate to goods wholly originating in the country concerned.

PAYMENTS INTO AND FROM THE ACCOUNT

7. If any moneys that have been paid out of the Account are subsequently refunded to the Government of Mozambique from any source the Government of Mozambique shall pay the equivalent of such moneys into the Account in pounds sterling in London.

8. Unless the Government of the United Kingdom and the Government of Mozambique otherwise agree, payments into the Account shall not be made after 31 December 1983. Any balance remaining in the Account six months after the date of the last payment to the Account in accordance with paragraph 6 of this Note shall be remitted to the Government of the United Kingdom in reduction of the Loan.

9. Payments for shipping and insurance of goods may be made from the loan if:
- a. Goods are shipped and insured in accordance with normal commercial practice on a non-discriminatory basis; and either
 - b. Payment is made in sterling in the United Kingdom; or
 - c. Payment is made in other currencies where sub-paragraph *d.i.* of paragraph 6 applies.

10. For each project the Government of Mozambique shall supply to the Government of the United Kingdom six-monthly statements in triplicate in respect of any costs incurred in Mozambique. Each statement shall be countersigned by the appropriate audit authority of the Government of Mozambique and shall show the relevant drawings on the loan and the expenditure actually incurred, during each six-monthly period for the purpose of sub-paragraph *c.i.* to *c.iii.* inclusive of paragraph 6 above and shall certify that the expenditure was incurred in accordance with the arrangements set out in this Note and with any special arrangements for any particular project. Such statements shall be forwarded to the Government of the United Kingdom as soon as possible and in any event not later than twelve months after the end of each six-monthly period.

REPAYMENT

11. The Government of Mozambique shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the arrangements set out in this Note, such repayments being made by instalments on the dates and in the amounts specified below. If, however, on the date when any such instalment is due, there is then outstanding less than the amount specified for that instalment, only the amount then outstanding need be paid:

INSTALMENTS

<i>Date due</i>	<i>Amount</i>
1 February 1985 and on 1 February in each of the succeeding 17 years	£278,000
1 August 1985 and on 1 August in each of the succeeding 16 years	£278,000
1 August 2002	£270,000

The Government of Mozambique shall however be free to repay at any earlier time to the Government of the United Kingdom in pounds sterling in London any amount of the loan then outstanding.

12. Not less than three months before the first payment becomes due under paragraph 11 above, the Government of Mozambique shall inform the Government of the United Kingdom of the name and address of its agent in London through whom repayments shall be made. At the same time the Government of Mozambique shall issue a standing authority to its agent to make payments in accordance with paragraph 11 and send a copy of that authority to the Government of the United Kingdom.

13. The Government of Mozambique shall enable any officers of the British Embassy in Maputo and other officers, servants or agents of the Government of the United Kingdom to visit any project for which any part of the loan has been or may be utilised, and shall provide them with such information relating to the project and progress and financing thereof as they may reasonably require.

14. If the foregoing proposals are acceptable to the Government of Mozambique, I have the honour to propose that this Note and its appendices together with Your Excellency's reply in that sense shall constitute an agreement between our two Governments which shall enter into force on the date of your reply and which shall be referred to as "the United Kingdom/Mozambique Project Loan 1977".

Please accept, Sir, the assurances of my highest consideration.

J. H. LEWEN

APPENDIX A

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF MOZAMBIQUE

The Crown Agents for Oversea
Governments and Administrations
4 Millbank
London, SW1P 3JD

Dear Sirs,

United Kingdom/Mozambique Project Loan 1977

1. I confirm your appointment as agents of the Government of Mozambique (hereinafter called "the Government") in connection with the administration in the United Kingdom of the above-mentioned loan which is for a sum not exceeding £10,000,000.

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be styled United Kingdom/Mozambique Project Loan 1977 Account (hereinafter called "the Account").

3. Payments into the Account will be made from time to time by the Government of the United Kingdom of Great Britain and Northern Ireland on receipt of requests in the form shown in appendix B to the Exchange of Notes between the British Ambassador in Maputo and the Government of the People's Republic of Mozambique dated (a copy of which is attached hereto) and which you are authorised to present on behalf of the Government. The amount of the loan to be drawn on any one occasion will be sufficient, together with any balance which may be available in the Account, to cover the payments properly due from the loan in accordance with paragraphs 3 and 6 of the Exchange of Notes. It is possible that, as a result of refunds paid by contractors or guarantors to the Government, payments into the Account will also be made by the Government itself.

4. Payments from the Account are to be made only in respect of the amounts falling due under the provisions of paragraph 3 and in respect of contracts and transactions described in paragraph 6 of the Exchange of Notes referred to above and in the manner and subject to the conditions described in that paragraph of the said Exchange of Notes.

5. You are to send to the Government at the end of each month a detailed statement showing all debits and credits to the Account during the month.

6. You are to send to the Government of the United Kingdom specimen signatures of the Officers of the Crown Agents authorised to sign Requests for Drawing on behalf of the Government of Mozambique. Specimen signatures of the officers authorised to sign Payment Orders on behalf of the Government in respect of claims originating in Mozambique are attached hereto.

7. Your charges and commissions for acting as our agents in connection with this loan shall be chargeable to the Account.

8. A copy of this letter has been addressed to the Government of the United Kingdom.

Yours faithfully,

For the Government
of the People's Republic of Mozambique

APPENDIX B

UNITED KINGDOM MOZAMBIQUE PROJECT LOAN 1977

REQUEST FOR DRAWING

Crown Agents for Oversea
Governments and Administrations
4 Millbank,
London, SW1P 3JD

D.F. No.:

Dear Sirs,

Please pay the sum of £ to the United Kingdom/Mozambique Project Loan 1977 Account at the Crown Agents.

This sum shall, on payment into the Account, constitute a drawing on the Loan. The balance in hand is £

Yours faithfully,

.....
For the Crown Agents
on behalf of the Government of

Funding Approved ODM

Finance Department,
Ministry of Oversea Development
Eland House,
Stag Place,
London, SW1E 5DH

APPENDIX C

UNITED KINGDOM/MOZAMBIQUE PROJECT LOAN 1977

*CONTRACT CERTIFICATE**Particulars of Contract*

1. Date of Contract 2. Contract No

3. Description of goods or services to be supplied to the purchaser
.....
.....

If a number of items are to be supplied, a detailed list should be appended to this certificate.

4. Total contract price payable by purchaser (state CIF, C& F or FOB) £

If goods are to be supplied the following sections must be completed. If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods not originating in the United Kingdom, but purchased by the contractor directly from abroad, i.e. % of imported raw material or components used to manufacture:

- (a) % FOB value
(b) Description of items and brief specifications

6. If any raw material or components used originated from abroad, e.g. copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify:

- (a) % FOB value
- (b) Description of items and brief specifications

If services are to be supplied, the following section should also be completed.

7. State the estimated value of any work to be done or services performed in the purchaser's country by:

- (a) Your firm (site engineer's charges, etc.)
- (b) Local contractor

8. Qualifying remarks as necessary in respect of paragraphs 5, 6 or 7 above

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate. I hereby undertake that in performance of the contract no goods or services which are not of United Kingdom origin will be supplied by the Contractor other than those specified in paragraphs 5, 6, 7 and 8 above.

Signed

Position held

Name and Address of Contractor

.....
.....
.....

Date

NOTE: For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

Contractors should note that goods should not be manufactured until acceptance has been notified.

FOR OFFICIAL USE ONLY

Name or number of Project

Amount committed	Date of entry	Acceptance		Payments			
		Date	Initials	Date	Amount	PA No.	Initials

APPENDIX D

UNITED KINGDOM/MOZAMBIQUE PROJECT LOAN 1977

PAYMENT CERTIFICATE

I hereby certify that

i. The payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are due to be made in respect of Contract No. dated between the contractor named below and (Purchaser) and are in accordance with particulars of this contract notified in the contract certificate signed on behalf of the said contractor on

<i>Contractor's Invoice No.</i>	<i>Date</i>	<i>Amount Escudos</i>	<i>Short description of goods, works and/or services</i>
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ii. The amounts specified in paragraph i. do not include any additional foreign content to that already declared in paragraphs 5, 6 or 7 of the contract certificate.

iii. I have the authority to sign this certificate on behalf of the Contractor named below.

Signed

Position held

For and on behalf of

Name and Address of Contractor

.....
Date

NOTE: For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

APPENDIX E

UNITED KINGDOM/MOZAMBIQUE PROJECT LOAN 1977

Serial No.:

Dear Sirs,

UK/Mozambique Project Loan Account

You are hereby authorised to make reimbursement out of the above-mentioned account to the account of the Government of Mozambique £ (equiva-

lent of Esc..... at Esc = £ Stg) in respect of: expenditure incurred within Mozambique on approved projects

Signed on behalf of the Government of the People's Republic of Mozambique

Reimbursement Agreed Date

Signed on behalf of the Government of the United Kingdom

Date

To: The Crown Agents for Oversea Governments and Administrations 4 Millbank London, S.W.1.

APPENDIX F

UNITED KINGDOM/MOZAMBIQUE PROJECT LOAN 1977

CERTIFICATE OF EXPENDITURE AND REQUEST FOR DRAWINGS

Serial No. of this certificate

Table with 3 columns: Project code No., Project title, Ministry, Period in which expenditure incurred, Local expenditure, Imports from the United Kingdom

Section I. REIMBURSEMENT EXPENDITURE SINCE DATE OF LAST CLAIM

- (a) cif cost of imports from the United Kingdom purchased locally with prior approval of the Ministry of Overseas Development (details overleaf)
(b) Other costs being local expenditure on the Project (in period shown)
(c) Proportion of paragraph (b) eligible for reimbursement being of total expenditure
(d) Amount now being claimed £

Section II. SUMMARY

- (e) Estimated total of local costs of Project as approved
(f) Costs covered by previous claims (copy paragraph (h) of the last claim submitted)
(g) Costs covered by this claim (as paragraph (c) above)
(h) Total reimbursement claimed to date £

Section III. CERTIFICATION

I certify that the above claim for £ (paragraph (d)) is correct and that the expenditure was incurred in addition to any already claimed on previous certificates.

Date

Signature
(Ministry Accountant)

Date

Signature
(Ministry of Development
and Economic Planning)

II

The National Director for International Co-operation, Ministry of Development and Economic Planning of Mozambique to Her Majesty's Ambassador at Maputo

Maputo, 15 July 1977

Your Excellency,

I have the honour to acknowledge the receipt of your Excellency's Note of today's date reading as follows:

[See note I]

I have the honour to confirm that these proposals are acceptable to the Government of the People's Republic of Mozambique and that your Excellency's Note and its appendices together with this reply shall constitute an agreement between our two Governments which shall enter into force on today's date and which shall be known as "the United Kingdom/Mozambique Project Loan 1977".

Please accept, Your Excellency, the assurances of my highest consideration.

JOÃO BAPTISTA COSME
National Director
for International Cooperation