

No. 29647

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
UNITED REPUBLIC OF TANZANIA**

Exchange of notes constituting an agreement concerning certain commercial debts (the United Kingdom/Tanzania Debt Agreement No. 4 (1992)) (with annex). Dar es Salaam, 24 August 1992

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 22 March 1993.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
RÉPUBLIQUE-UNIE DE TANZANIE**

Échange de notes constituant un accord concernant certaines dettes commerciales [Accord n° 4 (1992) relatif à des dettes entre le Royaume-Uni et la Tanzanie] (avec annexe). Dar es-Salaam, 24 août 1992

Texte authentique : anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 22 mars 1993.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA CONCERNING CERTAIN COMMERCIAL DEBTS (THE UNITED KINGDOM/TANZANIA DEBT AGREEMENT No. 4 (1992))

I

*The United Kingdom Acting High Commissioner at Dar es Salaam
to the Principal Secretary, Ministry of Finance of Tanzania*

BRITISH HIGH COMMISSION

Dar es Salaam, 24 August 1992

Dear Principal Secretary

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the United Republic of Tanzania which was signed at the Conference held in Paris on 21 January 1992, and to inform Your Excellency that the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to provide debt relief to the Government of the United Republic of Tanzania on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of the United Republic of Tanzania, 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/Tanzania Debt Agreement No. 4 (1992)” 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.

I. R. WHITEHEAD

¹ Came into force on 24 August 1992, the date of the note in reply, in accordance with the provisions of the said notes.

ANNEX

SECTION I

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 United Republic of Tanzania which was signed at the Conference held in Paris on 21 January 1992;
 - (b) “Appropriate Market Rate” means the Reference Rate plus a margin of 0.5 per cent;
 - (c) “the Bank” means the Bank of Tanzania or any other institution which the Government of Tanzania 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) “Contract” means a contract, or any agreement supplemental thereto, entered into before 30 June 1986, the parties to which include a Debtor and a Creditor and which either was for the sale of goods and/or services from outside Tanzania to a buyer in Tanzania, or was for the financing of such a sale, and which in either case granted or allowed credit to the Debtor for a period exceeding one year;
 - (f) “Creditor” means a person or body of persons or corporation resident or carrying on business in the United Kingdom, including the Channel Islands and the Isle of Man, or any successor in title thereto;
 - (g) “Currency of the Debt” means the currency specified in the relevant Contract or in the First Agreement or the Second Agreement as being the currency in which that Debt is to be paid;
 - (h) “Debt” means any debt to which, by virtue of the provisions of Section 2(1), the provisions of this Annex apply;
 - (i) “Debtor” means the Government of Tanzania (whether as primary debtor or as guarantor), or any person or body of persons or corporation resident or carrying on business in Tanzania or any successor in title thereto;
 - (j) “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;
 - (k) “the First Agreement” means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 8 August 1987;¹
 - (l) “Maturity” in relation to a Debt:
 - (i) specified in either Section 2(1)(a) or Section 2(1)(b) means the date for payment specified in the First Agreement or the Second Agreement, or

¹ United Nations, *Treaty Series*, vol. 1576, No. I-27517.

- (ii) specified in Section 2(1)(c) 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, unless that Debt is not an obligation of the Government of Tanzania, whether as primary debtor or guarantor, in which case it shall mean the date on which the Tanzanian shilling counterpart of the obligation is deposited by the Debtor with the Bank;
- (m) “Reference Rate” means the rate (rounded upwards where necessary to the nearest multiple of 1/16th (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, in the case of a Debt denominated in US dollars, or six-month sterling deposits, in the case of a Debt denominated in sterling or any other currency, in the London Interbank Market at 11 a.m. (London time) two Business Days before the commencement of the relevant interest period;
- (n) “the Second Agreement” means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 26 June 1990;¹
- (o) “Tanzania” means the United Republic of Tanzania;
- (p) “the Third Agreement” means the Agreement between the Government of the United Kingdom and the Government of Tanzania on Certain Commercial Debts signed on 4 March 1991;²
- (q) “the United Kingdom” means the United Kingdom of Great Britain and Northern Ireland.
- (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 360 days, in the case of Debts denominated in US dollars, or 365 days in the case of Debts denominated in any other currency.
- (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 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 Article IV paragraph 4 of the Agreed Minute, apply to:

¹ United Nations, *Treaty Series*, vol. 1648, No. I-28341.

² *Ibid.*, vol. 1658, No. I-28546.

- (a) any amount, whether of principal or of interest payable under the First Agreement which has fallen due or will fall due on or before 30 June 1994 and which remains unpaid; and
 - (b) any amount of interest payable under the Second Agreement which has fallen due or will fall due on or before 30 June 1994 and which remains unpaid; and
 - (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 guaranteed by the Department as to payment according to the terms of the Contract;
 - (iii) is not expressed by the terms of the Contract to be payable in Tanzanian shillings;
 - (iv) does not arise from an amount payable under the Third Agreement;
 - (v) does not arise from an amount payable upon or as a condition of the cancellation or termination of the Contract; and
 - (vi) has fallen due or will fall due for payment on or before 30 June 1994 and remains unpaid.
- (2) The Department and the Bank shall, as soon as possible, agree and draw up a list of Debts (“ the Debt List ”) to which this Annex shall apply. 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.

SECTION 3

Payments in Tanzanian shillings in respect of Debts

Where a Debtor other than the Government of Tanzania has made a deposit with the Bank in respect of any Debt, then the payment of such Debt shall become the obligation of the Government of Tanzania.

- (a) upon entry into force of the Agreement, of which this Annex forms a part, where that deposit was made before such entry into force, and
- (b) upon the date of deposit, where that deposit was made subsequently to the entry into force of the Agreement.

The payment of all such Debt by the Government of Tanzania to the Department shall be made in accordance with the provisions of Section 5.

SECTION 4

Payments under the First Agreement, the Second Agreement and the Third Agreement

- (1) The provisions of the First Agreement and the Second Agreement insofar as they relate to the payment of any Debt shall cease to apply upon the entry into force of this Agreement.

(2) The provisions of the Third Agreement shall continue to apply except that it is agreed that any amount of interest due thereunder and not paid as at 31 December 1991 shall be paid in two equal instalments on 31 December 1992 and 30 June 1993.

SECTION 5

Debt Reduction and Payment

(1) The Department agrees to reduce the amount of Debt specified in Sections 2(1)(a) and 2(1)(c) by 50 per cent on Maturity.

(2) The Government of Tanzania shall then pay to the Department, in accordance with the provisions of Section 7(1), the remainder of the Debt specified in Sections 2(1)(a) and 2(1)(c) on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 January 2000	0.12
1 July 2000	0.20
1 January 2001	0.28
1 July 2001	0.38
1 January 2002	0.48
1 July 2002	0.58
1 January 2003	0.70
1 July 2003	0.82
1 January 2004	0.94
1 July 2004	1.08
1 January 2005	1.22
1 July 2005	1.36
1 January 2006	1.52
1 July 2006	1.70
1 January 2007	1.86
1 July 2007	2.06
1 January 2008	2.26
1 July 2008	2.46
1 January 2009	2.68
1 July 2009	2.92
1 January 2010	3.18
1 July 2010	3.44
1 January 2011	3.70
1 July 2011	4.00
1 January 2012	4.30
1 July 2012	4.64
1 January 2013	4.98
1 July 2013	5.34
1 January 2014	5.72
1 July 2014	6.12
1 January 2015	6.54
1 July 2015	7.00
1 January 2016	7.46
1 July 2016	7.96

(3) The Government of Tanzania shall also pay to the Department, in accordance with the provisions of Section 7(1), 100 per cent of the Debt specified in Section 2(1)(b) in 10 equal and consecutive instalments commencing 30 September 1998.

SECTION 6

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 Tanzania shall be liable for and shall pay to the Department in accordance with the provisions of Section 7(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. Such interest shall be paid to the Department half-yearly on 1 April and 1 October (the "Due Dates") each year commencing on 1 October 1992.

(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 Tanzania 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 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 the Debt concerned occurs.

SECTION 7

Payments to the Department

(1) When payment becomes due under the terms of Section 5 or 6, the Bank shall:

- (a) where possible draw upon the special account at the Bank of England referred to in Article IV paragraph 5 of the Agreed Minute to meet such payments, and
- (b) in any event arrange for the necessary amounts, without deduction of taxes, fees, other public charges or any other costs accruing inside or outside Tanzania, 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 nearest Business Day.

(3) The Bank shall give the Department full particulars of the Debts and/or interest to which the payments relate.

SECTION 8

Exchange of Information

The Department and the Bank shall exchange all information required for the implementation of this Annex.

SECTION 9

Other Debt Settlements

(1) The Government of Tanzania undertakes to perform its obligations under Article III 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 6.

SECTION 10

Preservation of Rights and Obligations

This Annex and its implementation shall not affect the rights or 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 Tanzania are authorised to act respectively on behalf of and to bind such Creditor and Debtor.

SECTION 11

Debt Conversion Option

The Department agrees to give prior notification to the Government of Tanzania if it intends to exercise the option provided for in Article II paragraph 4 of the Agreed Minute. The Department also recognises that this option can only be implemented with the consent of the Government of Tanzania.

SECTION 12

Conditionality

The Department reserves the right to declare that this Annex shall not apply to:—

- (a) Debts with a maturity from 1 July 1992 to 30 June 1993 if the first approval referred to in Article IV paragraph 4 of the Agreed Minute has not been given by 30 September 1992 or if the first set of amounts referred to in Article IV paragraph 4 of the Agreed Minute have not been paid by 30 June 1992, or
- (b) Debts with a Maturity from 1 July 1993 to 30 June 1994 if the second approval referred to in Article IV paragraph 4 of the Agreed Minute has not been given by 30 September 1993 or if the second set of amounts referred to in Article IV paragraph 4 of the Agreed Minute have not been paid by 30 June 1993.

II

*The Principal Secretary, Ministry of Finance of Tanzania to the United Kingdom
Acting High Commissioner at Dar es Salaam*

Dar es Salaam, 24 August 1992

Excellency,

I have the honour to acknowledge receipt of your Excellency's Note of 24th August, 1992 which reads as follows:

[*See note I*]

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 United Republic of Tanzania 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/Tanzania Debt Agreement No. 4 (1992) and which shall enter into force today.

Your sincerely,

P. J. NGUMBULLU

[*Annex as under note I*]
