



Treaty Series No. 65 (1971)

Agreement

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

for the Provision of a Special Loan to the Government
of the Republic of Ghana to Facilitate the Payment
by the Government of the Republic of Ghana
and Citizens of the Republic of Ghana of Medium
Term Commercial Debts falling due between
1 July 1970 and 30 June 1972

Accra, 17 July 1971

[The Agreement entered into force on 19 July 1971]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
August 1971*

LONDON

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AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE REPUBLIC OF GHANA FOR THE
PROVISION OF A SPECIAL LOAN TO THE GOVERNMENT
OF THE REPUBLIC OF GHANA TO FACILITATE THE
PAYMENT BY THE GOVERNMENT OF THE REPUBLIC OF
GHANA AND CITIZENS OF THE REPUBLIC OF GHANA OF
MEDIUM TERM COMMERCIAL DEBTS FALLING DUE
BETWEEN 1 JULY, 1970, AND 30 JUNE, 1972

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of the Republic of Ghana (hereinafter referred to as "the Government of Ghana");

Considering the Conference held in London from 7 July to 11 July, 1970 (hereinafter referred to as "the 1970 Conference"), at which the Government of the United Kingdom and the Government of Ghana, together with certain other Governments, the International Monetary Fund, and the International Bank for Reconstruction and Development were represented;

Desiring to conclude an Agreement to give effect to the proposals for the provision of debt relief formulated at the 1970 Conference;

Have agreed as follows:

ARTICLE I

In this Agreement unless the contrary intention appears, "debt" shall mean debt and moratorium interest thereon, as defined in Article 1, 2 and 5 of the Agreements signed on 27 February, 1967⁽¹⁾ and 17 December, 1968⁽²⁾ between the Government of the United Kingdom and the Government of Ghana (hereinafter referred to as the "1967 Agreement" and the "1968 Agreement"), which is due in the period 1 July, 1970 to 30 June, 1972 under the medium term credit contracts referred to in the 1967/1968 agreements as affected by the provisions of the said agreements.

ARTICLE II

(1) The Government of the United Kingdom shall lend to the Government of Ghana a sum of money not exceeding £3·5 million (hereinafter referred to as "the loan").

(2) The loan shall be disbursed to the Government of Ghana for the purpose of assisting the Government of Ghana to ensure the transfer, in accordance with the 1967 Agreement and the 1968 Agreement, of the full amount of debt due, and, subject to paragraph (1) of this Article, shall be equivalent to half of the amount of the debt due and fully paid.

(¹) Treaty Series No. 31 (1967), Cmnd. 3247.

(²) Treaty Series No. 40 (1969), Cmnd. 3944.

(3) Disbursement of the loan by the Government of the United Kingdom to the Government of Ghana shall be subject to the transfer, as aforesaid, of the full amount of debt due, from time to time, in accordance with the provisions of the First Schedule to this Agreement.

ARTICLE III

(1) The Government of Ghana shall repay to the Government of the United Kingdom in pounds sterling in London the amount of the loan. Repayment shall be made by instalments on the dates and in the amounts specified in the Second Schedule to this Agreement.

(2) The Government of Ghana shall pay interest to the Government of the United Kingdom on the amount of the loan, such interest to be paid in pounds sterling in London by instalments at the rate and on the dates specified in the Second Schedule.

(3) Notwithstanding the provisions of paragraphs (1) and (2) of this Article and of the Second Schedule, nothing shall preclude the Government of Ghana from repaying to the Government of the United Kingdom in pounds sterling in London at an earlier date or earlier dates than specified in the said Schedule the whole or any part of the loan outstanding together with any interest due and outstanding thereon.

ARTICLE IV

(1) If, at any time whether before or after the date of signature of this Agreement (but after 11 July, 1970), the Government of Ghana conclude an Agreement or make arrangements in connection with the repayment of debt owed to the Government of any other country or to bodies incorporated or persons resident therein (including an Agreement or arrangements modifying any previous such Agreement or arrangements) and the effect of that Agreement or those arrangements (read, where appropriate, together with any previous such Agreement or arrangements) is more favourable to that country than the effect of this Agreement (read together with the 1967 Agreement and the 1968 Agreement) is to the United Kingdom, then the Government of the United Kingdom shall forthwith be entitled to such a variation of this Agreement as will render its effect no less favourable to the United Kingdom than the effect of the other Agreement or arrangements is to the other country.

(2) The provisions of this Article shall not have effect in relation to an Agreement or arrangements whereby the Government of Ghana refrain from seeking debt relief from the Government of a country if the amounts due between 1 July, 1970 and 30 June, 1972 to such a Government or bodies incorporated or persons resident in that country total less than the equivalent of US\$35,000.00.

ARTICLE V

This Agreement shall not in any way affect the provisions of the 1967 Agreement or the 1968 Agreement.

ARTICLE VI

The Government of the United Kingdom and the Government of Ghana shall exchange all information required for the proper implementation of this Agreement.

ARTICLE VII

Any dispute which may arise between the Government of the United Kingdom and the Government of Ghana as to the interpretation or application of any of the provisions of this Agreement shall, at the request of either Government, be referred to the International Court of Justice, unless both Governments agree to submit such dispute to some other tribunal or otherwise dispose of it.

ARTICLE VIII

This Agreement shall enter into force on the nineteenth day of July, 1971. It shall continue in force until the whole of the loan and the interest payable thereon has been repaid.

In witness whereof, the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate in Accra this Seventeenth day of July, 1971.

H. S. H. STANLEY

J. H. MENSAH

For the Government of the United Kingdom of Great Britain and Northern Ireland

For the Government of the Republic of Ghana

FIRST SCHEDULE

Disbursement of the Loan

(1) Subject to the provisions of this Schedule, the loan shall be disbursed to the Government of Ghana in instalments, each instalment being related to a payment of part of the debt.

(2) The first instalment shall be disbursed within 7 days of the entry into force of Agreement, provided that all debts, as defined in this Agreement, which are due to be paid up to and including its entry into force, have been paid. Each subsequent instalment shall, so far as is practicable, be disbursed on the first and the 16th days of each month. The amount of each such instalment shall be a sum equivalent to one half of the total of the debt due and fully paid, together with, if the Government of the United Kingdom have received evidence that arrangements have been made by the Government of Ghana to make payment, that part of the debt due up to the end of the ensuing half-monthly period, less the total of the instalments of the loan previously disbursed.

(3) For the purposes of disbursement of the loan, account may be taken by the Government of the United Kingdom of payment of debt which has been made for reasons of administrative or other convenience after 30 June, 1972. Unless both Governments agree otherwise, instalments of the loan shall in no case be disbursed later than 30 September, 1972.

(4) For the purpose of disbursement of the loan in accordance with the provisions of this Schedule, the Government of Ghana shall appoint Agents to act on their behalf, and shall inform the Government of the United Kingdom of the arrangements so made.

(5) All instalments of the loan shall be disbursable in pounds sterling.

SECOND SCHEDULE

Repayment of the Loan

1. Repayment of the loan shall be made in instalments on the dates and in the amounts specified below:

	<i>Dates due</i>	<i>Amounts due</i>
1 October 1980 and	1 October in each of the	
succeeding 17 years	£48,600
1 January 1981 and on	1 January in each of the	
succeeding 17 years	£48,600
1 April 1981 and on	1 April in each of the	
succeeding 17 years	£48,600
1 July 1981 and on	1 July in each of the	
succeeding 16 years	£48,600
1 July 1998	£49,400

Provided that if under the provisions of the First Schedule the amount of the loan is less than £3.5 million each instalment shall be one seventy-second part of the amount.

Payment of Interest on the Loan

2. The Government of Ghana shall pay by instalments to the Government of the United Kingdom interest on the loan as follows:

- (a) the rate of interest shall be two per cent per annum;
- (b) interest shall be calculated on a daily basis on that part of the loan which has been disbursed to the Government of Ghana but not paid to the Government of the United Kingdom;
- (c) the first payment of interest shall be made on 1 October 1971, and subsequent payments shall be made on 1 January 1972, and on 1 April 1972, 1 July 1972 and 1 October 1972. Thereafter payments shall be made on 1 January, 1 April, 1 July and 1 October in each succeeding year until 1 July 1998 inclusive.

GHANA-UK DEBT REFINANCE LOAN

A. Loan Disbursement Procedure (To be Read in Conjunction with the First Schedule to the Loan Agreement)

1. It would be appreciated if the Government of Ghana could inform the UK Government of the arrangements to be made for the purpose of payment of the debt refinance loan.

2. Under the existing arrangements for operating the 1967 and 1968 Debt Rescheduling Agreements, the Bank of Ghana in Accra authorises the Commercial Bank of Ghana in London to make payments to the UK creditors in question on the due dates. Confirmation of payment as made by the Commercial Bank of Ghana is sent by the Bank of Ghana to the Export Credits Guarantee Department (ECGD) in London, in the form of a schedule, in the month following the month in which payment is made. This schedule can usually be checked by ECGD within a few days of its receipt and agreed against payments actually received by UK creditors. It is necessary for this procedure to be slightly amended to enable the Overseas Development Administration of the Foreign and Commonwealth Office (ODA) to effect payments from the loan at the times laid down in the Agreement.

3. The amount of debt due since 1 July 1970 will be agreed between the Government of the United Kingdom and the Government of Ghana as soon as possible. Provided that the agreed outstanding debt has been paid in full an amount equal to half the debt paid since July 1970 will be disbursed by ODA to the Commercial Bank of Ghana to the credit of the Ghana Government Account on a date not later than one week after the entry into force of the Agreement.

4. It is proposed that the following procedure should be adopted in future with regard to refinance of half of the debt servicing becoming due as from the date of signature of the Agreement. This procedure (which is set out in detail in this working document for the guidance of officials of both Governments) is intended to give effect to the provisions of the First Schedule:

- (a) not later than the first day of each month, the Bank of Ghana will furnish ECGD and ODA, through the Commercial Bank of Ghana,

with copies of a schedule showing amounts due to UK creditors between the 16th day and last day inclusive of that month. The Bank of Ghana will at the same time issue irrevocable instructions authorising the Commercial Bank of Ghana to make the payments shown in the schedule at the dates shown in the schedule. The Commercial Bank of Ghana will at the same time copy those instructions to ECGD and ODA.

- (b) Not later than the 16th day of each month the Bank of Ghana will provide a similar schedule together with irrevocable instructions to pay as set out in (a) above in respect of payments due to UK creditors between the first and 15th days inclusive of the following month.
- (c) The schedule in respect of the first of the half-monthly periods will of course include debt payments which have been or will be made between date of entry into force of the Agreement and the 16th or the 1st of the month as the case may be.
- (d) As soon as ODA is satisfied that the schedule covers all debt payments due to UK creditors up to the end of the appropriate half-monthly period, and that payment has been properly authorised, it will make arrangements to pay 50% of the total sum shown on the schedule to the Commercial Bank of Ghana in London on the first day of each half-monthly period. The Government of Ghana will appreciate that the receipt of copies of payment schedules and irrevocable instructions to pay is essential to the smooth operation of this procedure.
- (e) In the case of any items on the schedule which are not agreed subsequently, ECGD will inform ODA of the amounts involved, with copies to the Commercial Bank of Ghana and to the Bank of Ghana. ECGD will also obtain confirmation as soon as practicable that the respective payments have been made to UK creditors.
- (f) If any errors appear in the schedule resulting in under or over-payments on the instalments of the loan, ECGD will inform ODA (with copies to the Bank of Ghana and the Commercial Bank of Ghana) of the amounts in question. ODA will as soon as possible after the error has been identified make the necessary adjustment to subsequent loan payment, and will inform the Bank of Ghana and the Commercial Bank of Ghana that this has been done.
- (g) The procedure set out above will not apply to debts falling due in June 1972 or to any payments made after 30 June 1972. In such cases, disbursements from the loan will not be made by ODA until satisfactory evidence has been received that all debt payments falling due in the period 1 July 1970 to 30 June 1972 have been made and until adjustments have been made in respect of any previous under-drawing or over-drawing of instalments under the loan. It is suggested that a final reckoning should be made at the end of July 1972, and that any later payments should be settled before 1 October 1972.

B. Loan Repayments and Loan Interest Payments (To be Read in Conjunction with the Second Schedule of the Agreement)

5. ODA will require repayment of the loan and payment of interest on the loan in £ sterling in London, in instalments on the date and in the amounts specified in the Second Schedule to the Refinance Loan Agreement. These payments of interest and repayments of principal will be made to the Paymaster General's Account at the Bank of England, to the credit of the Overseas Aid (International) Vote. The Ghana Government will wish to appoint agents in London (*e.g.* the Crown Agents or the Bank of Ghana in association with the Commercial Bank of Ghana) to act for them and to make these payments as and when necessary. ODA will wish to be advised as to the agency chosen so that the necessary contact between it and the agency may be made before the first payment of interest falls due.

6. The following arrangements are proposed:

- (a) ODA will calculate interest payments due in the period up to end June 1972, and will notify the Government of Ghana accordingly through its agents in London, so that regular payments by the Government of Ghana can be made through its agents to ODA on behalf of the Government of the UK.
- (b) After the loan has been fully disbursed (*i.e.* by end July 1972, or by end September 1972 if there are any other late payments) a comprehensive schedule of interest payments and repayments of principal will be prepared and forwarded by ODA to the Government of Ghana through its agents.
- (c) The Government of Ghana will then give its agents standing irrevocable instructions to cover all interest payments and repayment instalments of principal as they fall due.

7. The amount of the loan disbursed within the £3.5 million ceiling by end July 1972 (or if there are any other late payments, by end September 1972) will represent the loan for the duration of the Agreement.

Signed in duplicate at Accra this seventeenth day of July 1971.

J. H. MENSAH

H. S. H. STANLEY