



Treaty Series No. 72 (2000)

## 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

(United Kingdom/Uganda Debt  
Agreement No. 7 (1998))

Kampala, 11 and 15 May 1999

[The Agreement entered into force 15 May 1999]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
July 2000*

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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 (UNITED KINGDOM/UGANDA  
DEBT AGREEMENT NO. 7 (1998))**

**No. 1**

*The British High Commissioner at Kampala to the Minister of Finance, Planning and  
Economic Development of the Republic of Uganda*

*British High Commission  
Kampala  
11 May 1999*

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of the Republic of Uganda which was signed in Paris on 24 April 1998, and to inform you 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 our two Governments in this matter which shall be known as "The United Kingdom/Uganda Debt Agreement No. 7 (1998)" 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.

**MICHAEL COOK**

## ANNEX

### SECTION 1

#### 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 Republic of Uganda which was signed in Paris on 24 April 1998;
  - (b) “Appropriate Market Rate” means the Reference Rate plus 0.5 per cent;
  - (c) “the Bank” means the Bank of Uganda or any other institution which the Government of Uganda 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) “Currency of the Debt” means the currency specified in the Fifth Agreement or the Sixth Agreement as being the currency in which that Debt is to be paid;
  - (f) “Debt” means any debt to which, by virtue of the provisions of Section 2, the provisions of this Annex apply;
  - (g) “the Department” means 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;
  - (h) “the Fifth Agreement” means the Agreement between the Government of the United Kingdom and the Government of Uganda on certain Commercial Debts signed on 22 June 1993;<sup>1</sup>
  - (i) “Maturity” in relation to a Debt means 31 March 1998;
  - (j) “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, in the London interbank market at 11 am (London time) two Business Days before the commencement of the relevant interest period;
  - (k) “the Sixth Agreement” means the Agreement between the Government of the United Kingdom and the Government of Uganda on Certain Commercial Debts signed on 28 February 1996;<sup>2</sup>
  - (l) “Uganda” means the Republic of Uganda;
  - (m) “United Kingdom” means at the United Kingdom of Great Britain and Northern Ireland.

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<sup>1</sup> Treaty Series No. 70 (2000) Cm 4745.

<sup>2</sup> Treaty series No. 80 (1996) Cm 3377.

- (2) 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 denominated in US dollars, and 365 days, in the case of Debts denominated in sterling.
- (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**

The provisions of this Annex shall, subject to the provisions of Article IV paragraph 1 of the Agreed Minute, apply to;

- (a) any amount of principal payable under the Fifth Agreement;
- (b) any amount of interest (including interest accrued on interest) accruing under the Fifth Agreement to Maturity on the amounts referred to in Section 2(a) and 2(b) of the Fifth Agreement;
- (c) any amount of interest (including interest accrued on interest) accruing under the Fifth Agreement to Maturity on the amounts referred to in Section 2(c) and 2(d) of the Fifth Agreement;
- (d) any amount of principal payable under the Sixth Agreement;
- (e) any amount of interest (including interest accrued on interest) accruing under the Sixth Agreement to Maturity;

which has become due and remains unpaid or which will become due hereafter.

## SECTION 3

### **Payments under the Fifth Agreement and the Sixth Agreement**

Subject to Section 10, the provisions of the Fifth Agreement and the Sixth Agreement 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, Reorganisation and Payment**

- (1) The Department shall—
  - (a) reduce the amount of Debt specified in Section 2(a) and 2(b) by 75.21 per cent in respect of Debt denominated in sterling and by 74.11 per cent in respect of Debt denominated in US dollars,
  - (b) reduce the amount of Debt specified in Section 2(c) by 70 per cent and
  - (c) reduce the amount of Debt specified in Section 2(d) and 2(e) by 40 per cent

in accordance with Article II paragraph 1 of the Agreed Minute.

- (2) The Government of Uganda shall then pay to the Department, in accordance with the provisions of Section 6(1), the remainder of each Debt specified in Section 2 on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
1 October 2004	0.12
1 April 2005	0.20
1 October 2005	0.28
1 April 2006	0.38
1 October 2006	0.48
1 April 2007	0.58
1 October 2007	0.70
1 April 2008	0.82
1 October 2008	0.94
1 April 2009	1.08
1 October 2009	1.22
1 April 2010	1.36
1 October 2010	1.52
1 April 2011	1.70
1 October 2011	1.86
1 April 2012	2.06
1 October 2012	2.26
1 April 2013	2.46
1 October 2013	2.68
1 April 2014	2.92
1 October 2014	3.18
1 April 2015	3.44
1 October 2015	3.70
1 April 2016	4.00
1 October 2016	4.30
1 April 2017	4.64
1 October 2017	4.98
1 April 2018	5.34
1 October 2018	5.72
1 April 2019	6.12
1 October 2019	6.54
1 April 2020	7.00
1 October 2020	7.46
1 April 2021	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 this Department.
- (2) The Government of Uganda 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 first on 1 December 1998 and then half-yearly on 1 April and 1 October (the "Due Dates") each year commencing on 1 April 1999.
- (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 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 6

### **Payments to the Department**

- (1) When payment becomes due under the terms of Section 4 or 5, the Bank shall in any event 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/or 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 Uganda undertakes to fulfill 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 Uganda 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 Uganda and will only be exercised on condition that the Debt sold or exchanged is discharged in Ugandan shillings.

## SECTION 10

### **Conditionality**

Unless the Department otherwise agrees this Annex shall become null and void if the provisions of Article II of the Agreed Minute are declared null and void due to the failure of Uganda to comply with Article IV paragraph 1 thereof. If this Annex becomes null and void all outstanding payments shall once again become due in accordance with the payment schedules in the Fifth Agreement and the Sixth Agreement.

**No. 2**

*The Minister of Finance, Planning and Economic Development of the Republic of Uganda to  
the British High Commissioner at Kampala*

*Kampala  
15 May 1999*

I have the honour to acknowledge receipt of Your Excellency's Note of 11th May, 1999 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 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. 7 (1998)" and which shall enter into force today.

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

**GERALD M. SSENDAULA**

