

SIERRA LEONE



Treaty Series No. 97 (1996)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of Sierra Leone

concerning Certain Commercial Debts

(The United Kingdom/Sierra Leone Debt Agreement No. 7 (1996))

Freetown, 26 June 1996 and 15 July 1996

[The Agreement entered into force on 15 July 1996]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
December 1996*

£2.00

**EXCHANGE OF NOTES
BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE GOVERNMENT OF SIERRA LEONE
CONCERNING CERTAIN COMMERCIAL DEBTS
(THE UNITED KINGDOM/SIERRA LEONE DEBT AGREEMENT NO.7 (1996))**

No. 1

*The United Kingdom Acting High Commissioner at Freetown to the
Minister of Finance, Sierra Leone*

*British High Commission
Freetown
26 June 1996*

Your Excellency

I have the honour to refer to the Agreed Minute on the Consolidation of the Debt of Sierra Leone which was signed at the Conference held in Paris on 28 March 1996, 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 Sierra Leone on the terms and conditions set out in the attached Annex.

If these terms and conditions are acceptable to the Government of Sierra Leone, 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/Sierra Leone Debt Agreement No 7 (1996)" 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.

COLIN GLASS

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 Sierra Leone which was signed in Paris on 28 March 1996;
 - (b) “Appropriate Market Rate” means the Reference Rate plus 0.5 per cent;
 - (c) “Business Day” means a day excluding Saturday and Sunday 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;
 - (d) “the Consolidation Period” means the period from 1 January 1996 to 31 December 1997 inclusive;
 - (e) “Currency of the Debt” means the currency specified in the Fourth¹, Fifth² or Sixth³ 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 Secretary of State acting by the Export Credits Guarantee Department or any other Department of the Government of the United Kingdom which the Secretary of State may subsequently nominate for the purpose hereof;
 - (h) “the Fifth and Sixth Agreements” means the Agreements between the Government of the United Kingdom and the Government of Sierra Leone on Certain Commercial Debts signed on 1 November 1993 and 15 December 1994 respectively;
 - (i) “the Fourth Agreement” means the Agreement between the Government of the United Kingdom and the Government of Sierra Leone on Certain Commercial Debts signed on 6 March 1991;
 - (j) “Maturity” in relation to a Debt specified in Section 2 means 31 December 1995 or the date for payment specified in any of the Fourth Agreement and the Fifth and Sixth Agreements if that date is later;
 - (k) the “Ministry” means the Ministry of Finance or any other institution which the Government of Sierra Leone may nominate for the purposes of this Annex;
 - (l) “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 Ministry 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 11am (London time) two Business Days before the commencement of the relevant interest period;
 - (m) “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, 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.

¹Treaty Series No. 69 (1991) Cm 1671.

²Treaty Series No. 19 (1994) Cm 2498.

³Treaty Series No. 68 (1995) Cm 2956.

SECTION 2

The Debt

The provisions of this Annex shall, subject to the provisions of Article IV paragraph 4 of the Agreed Minute, apply to:

- (a) any amount, whether of principal or of interest (excluding interest accrued on interest) payable under the Fourth Agreement which falls due during the Consolidation Period and which remains unpaid; and
- (b) any amount, whether of principal or of interest (including interest accrued on interest) payable under the Fifth and Sixth Agreements which fell due on or before 31 December 1995 or falls due during the Consolidation Period and which remains unpaid.

SECTION 3

Payments under the Fourth Agreement and the Fifth and Sixth Agreements

The provisions of the Fourth Agreement and the Fifth and Sixth Agreements insofar as they relate to the payment of any Debt shall cease to apply upon the entry into force of this Agreement.

SECTION 4

Debt Reduction and Payment

- (1) The Department shall reduce the amount of each Debt specified in Section 2(a) by 67 per cent on Maturity.
- (2) The Government of Sierra Leone shall then pay to the Department, in accordance with the provisions of Section 6(1), the remainder of each Debt specified in Section 2(a) on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
15 July 2003	0.12
15 January 2004	0.20
15 July 2004	0.28
15 January 2005	0.38
15 July 2005	0.48
15 January 2006	0.58
15 July 2006	0.70
15 January 2007	0.82
15 July 2007	0.94
15 January 2008	1.08
15 July 2008	1.22
15 January 2009	1.36
15 July 2009	1.52
15 January 2010	1.70
15 July 2010	1.86
15 January 2011	2.06
15 July 2011	2.26
15 January 2012	2.46
15 July 2012	2.68
15 January 2013	2.92
15 July 2013	3.18
15 January 2014	3.44
15 July 2014	3.70
15 January 2015	4.00
15 July 2015	4.30

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
15 January 2016	4.64
15 July 2016	4.98
15 January 2017	5.34
15 July 2017	5.72
15 January 2018	6.12
15 July 2018	6.54
15 January 2019	7.00
15 July 2019	7.46
15 January 2020	7.96

(3) The Government of Sierra Leone shall also pay to the Department, in accordance with the provisions of Section 6(1) 100 per cent of the Debt specified in Section 2(b) on the following dates and in the following percentages:

<i>Repayment Date</i>	<i>Percentage to be repaid</i>
15 July 2001	0.25
15 January 2002	0.41
15 July 2002	0.62
15 January 2003	0.86
15 July 2003	1.11
15 January 2004	1.39
15 July 2004	1.69
15 January 2005	2.01
15 July 2005	2.36
15 January 2006	2.74
15 July 2006	3.14
15 January 2007	3.58
15 July 2007	4.06
15 January 2008	4.56
15 July 2008	5.11
15 January 2009	5.70
15 July 2009	6.33
15 January 2010	7.01
15 July 2010	7.74
15 January 2011	8.52
15 July 2011	9.36
15 January 2012	10.26
15 July 2012	11.19

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 Sierra Leone shall be liable for and shall pay to the Department in accordance with the provisions of Section 6(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 15 January and 15 July (the "Due Dates") each year commencing on 15 January 1997.

(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 Sierra Leone 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 6

Payments to the Department

- (1) When payment becomes due under the terms of Section 4 or 5, the Ministry 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 Sierra Leone, to be paid in the Currency of the Debt to an account notified by the Department to the Ministry.
- (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 Ministry 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 Ministry shall exchange all information required for the implementation of this Annex.

SECTION 8

Other Debt Settlements

- (1) The Government of Sierra Leone 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 Conversion Option

The Government of the United Kingdom shall give prior notification to the Government of Sierra Leone if it is willing to exercise the option provided for in Article II paragraph 3 of the Agreed Minute. This option may only be implemented with the consent of the Government of Sierra Leone.

SECTION 10

Conditionality

The Department reserves the right to declare that this Annex shall not apply to Debts with a Maturity from 1 January 1997 to 31 December 1997 if the approval referred to in Article IV paragraph 4(b) of the Agreed Minute has not been given by 31 March 1997.

No. 2

*The Acting Minister of Finance of Sierra Leone to the
United Kingdom Acting High Commissioner at Freetown*

*Freetown
15 July 1996*

Your Excellency

I have the honour to acknowledge receipt of Your Excellency's Note of 26 June 1996 which reads as follows:

[As in No. 1]

[Annex 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 Sierra Leone, 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/Sierra Leone Debt Agreement No. 7 (1996)' and which shall enter into force today.

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

Yours sincerely

J. Q. B. SAWI

