

AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND THE REPUBLIC OF ZAMBIA  
REGARDING THE REDUCTION  
OF CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED BY  
THE UNITED STATES GOVERNMENT AND ITS AGENCIES

The Government of the United States of America (the "United States") and the Government of the Republic of Zambia ("Zambia") agree as follows:

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## ARTICLE I

### Application of the Agreement

1. In accordance with the recommendations contained in the Agreed Minute on the Consolidation of the Debt of the Republic of Zambia agreed upon on September 13, 2002, amended on June 22, 2004 and April 5, 2005, the Agreed Minutes on the Reduction of the Debt of the Republic of Zambia agreed upon on May 11, 2005 (the 2005 Agreed Minute herein referred to as the "Minute"), the applicable domestic laws of the United States and Zambia, and the September 1999 commitment of the President of the United States to provide one hundred (100) percent debt forgiveness to certain Heavily Indebted Poor Countries, the United States and Zambia hereby agree to the reduction of certain Zambian payments due as a result of debts owed to, guaranteed, or insured by the United States Government or its Agencies.
2. With respect to amounts due to the Export-Import Bank of the United States ("Ex-Im Bank"), Ex-Im Bank will notify Zambia of the amounts reduced hereunder. This Agreement will be further implemented by a separate agreement ("Implementing Agreement") between the United States and Zambia concerning PL 480 Title I credits ("PL 480 credits"), which are administered by the United States Department of Agriculture ("USDA");

## ARTICLE II

### Definitions

1. "Contracts" mean those agreements or other financial arrangements that have maturities under:
  - (a) PL 480 credits issued by the United States or its Agencies, which had original maturities of more than one year and were concluded before June 20, 1999; and
  - (b) the bilateral debt rescheduling agreements concluded between the United States and Zambia on September 14, 1990, March 23, 1993, September 26, 1997, and November 19, 1999.

A table listing the relevant Contracts to be included under this reduction is attached hereto as Annex A.

Debt service due as a result of debts described above and affected through special payments mechanisms or other external accounts is covered by this Agreement.

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2. "Relevant Principal" means the total amount of principal outstanding as of April 1, 2005, including Accrued Interest and any principal and interest in arrears as of March 31, 2005 (including Late Interest, if any), on Contracts, as defined in Article II, paragraph 1 of this Agreement.
3. "Accrued Interest" means interest accrued under the relevant Contracts from the last interest maturity date through March 31, 2005, inclusive, computed at the rate specified in the Contracts.
4. "Late Interest" means interest charges accruing from the contractual payment date of principal and interest due and not paid through March 31, 2005, inclusive.
5. "Minute" means the Agreed Minutes on the Reduction of the Debt of the Republic of Zambia, signed on May 11, 2005.
6. "Participating Creditor Countries" means creditor countries that are signatories to the Agreed Minutes on the Reduction of the Debt of the Republic of Zambia dated May 11, 2005.
7. "Completion Point" means April 8, 2005, the date on which the Boards of International Development Association of the World Bank and the International Monetary Fund ("IMF") decided that Zambia reached its Completion Point, as defined under the Enhanced Debt Initiative for Heavily Indebted Poor Countries.
8. "Agencies" mean Ex-Im Bank and the USDA.

### ARTICLE III

#### Terms and Conditions of Payment

1. One hundred (100) percent of the Relevant Principal, as defined in Article II, paragraph 2, is hereby cancelled.

A table summarizing the amount of Relevant Principal owed to the United States and cancelled hereby is attached hereto as Annex B.

2. Adjustments in the amounts of Relevant Principal may be made in writing, as necessary and by mutual consent.



## ARTICLE IV

### Amendment Of Prior Agreement

1. The United States and Zambia agree that the Agreement between the Government of the United States of America and the Government of the Republic of Zambia Regarding the Reduction of Certain Debts Owed To, Guaranteed By, Or Insured By the United States Government, signed in Lusaka, Zambia on November 3, 2003, is hereby amended so that Article II, paragraph 3 of that Agreement shall read as follows: "Consolidation Period" means the period from January 1, 2001, through March 31, 2005, inclusive.

## ARTICLE V

### General Provisions

1. Zambia shall seek to secure from external public or private creditors not participating in the Minute reduction arrangements on terms comparable to those set forth in the Minute for credits of comparable maturity, committing to avoid treatment more favorable than that accorded to the Participating Creditor Countries, as more specifically defined in the Minute.
2. Except as may be modified by this Agreement, all terms of the Contracts remain in full force and effect.
3. With respect to amounts owed to Ex-Im Bank under this Agreement, Zambia (referred to as the "Government" in Annex C hereto) agrees to the additional terms and conditions set forth in Annex C.

## ARTICLE VI

### Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Zambia. In particular, the United States may suspend or terminate all or part of this Agreement, if the Participating Creditor Countries determine that Zambia has not met its obligations under the Minute, including those of comparable treatment. If the United States terminates all or part of this Agreement, all payments cancelled under this Agreement

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shall be due and payable immediately following notification to Zambia of termination of the Agreement.

2. This Agreement may be amended or modified by mutual consent of the United States and Zambia.

## ARTICLE VII

### Entry into Force

This Agreement shall enter into force following signature of the Agreement and written notice to Zambia by the United States that all necessary U.S. domestic legal requirements for entry into force of the Agreement have been fulfilled.

Done at Lusaka, Zambia, in the English language this 30th day of December, 2005.

FOR THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA:



Carmen Martinez  
U.S. Ambassador to Zambia

FOR THE GOVERNMENT OF  
THE REPUBLIC OF ZAMBIA:



Ng'andu P. Magande  
Minister of Finance and  
National Planning

Annex A  
Contracts Subject to Reduction

Export-Import Bank

Loan Number

R-160  
R-189  
R-222  
R-245

USDA PL 480

Agreement Sign Date and Number

24-Aug-1976	76ZA2
3-Dec-1976	77ZA1
4-Aug-1978	78ZA1
19-Jul-1979	79ZA2
21-Dec-1979	80ZA1
22-Jul-1981	81ZA1
20-Jun-1982	82ZA1
18-Feb-1983	83ZA1
17-Jul-1984	84ZA1
9-Jul-1985	85ZA1
23-May-1986	86ZA1
27-Jul-1987	87ZA1
25-Apr-1988	88ZA1
10-Mar-1989	89ZA1
21-Dec-1989	90ZA1
14-Sep-1990	90ZAA
23-Mar-1993	93ZAA
26-Sep-1997	97ZAA
19-Nov-1999	99ZAA

Annex B

Summary of Relevant Principal  
(thousands of US dollars)

Ex-Im Bank	\$ 153,871
PL 480	\$ 126,607
Total	\$ 280,478

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Annex C  
Additional Terms and Conditions with Respect to  
Amounts Owing to Ex-Im Bank

The Government of the Republic of Zambia, (hereinafter referred to as the "Government"), agrees to the following additional terms and conditions with respect to the amounts owing to Ex-Im Bank, guaranteed by Ex-Im Bank, or insured by Ex-Im Bank, pursuant to the attached Agreement between the United States of America and the Government:

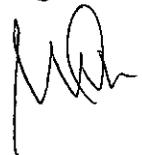
A. Representations. The Government represents and warrants that it has taken all action necessary or advisable under its laws and regulations to authorize the execution, delivery and performance of this Agreement and that this Agreement constitutes the valid and binding obligations of the Government, enforceable against the Government in accordance with its terms and for the performance of which the full faith and credit of the Government is pledged. The Government acknowledges that the activities contemplated by this Agreement are commercial in nature rather than governmental or public and agrees that, to the extent that it has or hereafter may acquire immunity from suit, judgment and/or execution, it will not assert or claim any such right of immunity with respect to any action by Ex-Im Bank to enforce its obligations under this Agreement.

B. Exporters Retentions. The term "Exporter Retention(s)" means with respect to the Contracts stipulated in this Agreement, (a) that portion of commercial credits from commercial lender or U. S. exporters which was not guaranteed or insured by Ex-Im Bank and is owed to such commercial lenders or U. S. exporters or (b) loans from commercial lenders or U. S. exporters which were incurred in participation with loans from Ex-Im Bank. In the event that the commercial lender or U. S. exporter had agreed to consolidate and reschedule its Exporter Retention(s) in accordance with the terms of previous bilateral debt rescheduling Agreements, such consolidated and rescheduled Exporter Retention(s) shall be included in the subject debt cancellation.

C. Miscellaneous Provisions.

1. Expenses. The Government shall pay on demand all reasonable costs and expenses incurred by or charged to Ex-Im Bank in connection with or arising out of this Agreement, including without limitation costs and legal fees incurred by or charged to Ex-Im Bank in connection with the enforcement of this Agreement.

2. Adjustments. On or about 135 days after the execution of this Agreement, Ex-Im Bank shall inform the Government of the actual amounts to be reduced hereunder. The parties hereto agree



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to make any necessary adjustments to the amounts being reduced under this agreement.

3. Communications. All communications between the Government and Ex-Im Bank under this Agreement shall be in writing, in the English language (or accompanied by an accurate English translation). All communications to the Government shall be addressed to the Government at the address designated by the Government from time to time in writing to Ex-Im Bank; all communications to Ex-Im Bank shall be addressed to Ex-Im Bank at the following address:

Export-Import Bank of the United States  
811 Vermont Avenue, N.W.  
Washington, D.C. 20571  
Attention: Treasurer-Controller, Ref: Loan R--295  
Telex: 89461 EX-IM WSH  
197681 EXIM UT  
Facsimile: (202) 565-3294

4. Governing Law. The Ex-Im Bank portion of this Agreement shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.

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