

**LOAN AGREEMENT**

in respect of

**KLERKSDORP, JOUBERTON ELECTRICAL RETICULATION PHASE 4**

entered into by and between

**KLERKSDORP CITY COUNCIL**

and

**THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED**



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**SUMMARY**

1. LOAN AMOUNT : R3, 951,600-00
2. LOAN PERIOD : 20 years
3. INTEREST RATE :
- 3.1 FIXED INTEREST RATE : 15,6%, nominal, per annum, payable six monthly;
4. GRACE PERIOD FOR CAPITAL REPAYMENT : Nil
5. CAPITAL REPAYMENT : 40 equal six-monthly instalments, commencing on the last day of the 1st Half-year after the Half-year during which the first disbursement was advanced to the Borrower.
6. PROJECT FILE NO. : NW13637

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## 1. INTERPRETATION

1.1 In this Agreement, unless the contrary appears from the context, the following words shall have the meanings, as stated -

- 1.1.1 "the Borrower" Klerksdorp City Council;
- 1.1.2 "the DBSA" the Development Bank of Southern Africa Limited, reconstituted and incorporated in terms of Section 2 of the Development Bank of Southern Africa Act No. 13 of 1997;
- 1.1.3 "the Parties" the Borrower and the DBSA;
- 1.1.4 "the Project" Klerksdorp, Jouberton Electrical Reticulation Phase 4, as described in more detail in Annexure A, attached hereto;
- 1.1.5 "the Loan" the financing granted to the Borrower in terms of Clause 2;
- 1.1.6 "the Project Agent" a person nominated, in writing, by the Borrower, to act on its behalf, in respect of the Project;
- 1.1.7 "On-lending" the transfer, by the Borrower, of any amount to any third parties, from the proceeds of the Loan, excluding payments for the procurements of goods and services;
- 1.1.8 "Half-year" from the 1st day of April to the 30th day of September of the same calendar year and/or from the 1st day of October to the 31st day of March of the next calendar year;
- 1.1.9 "Business Day" any day, other than a Saturday, Sunday or a Public Holiday;
- 1.1.10 "the Interest Payment Date" the last Business Day of each Interest Period;
- 1.1.11 "the Interest Period" each period of 6 (six) months, commencing on 1 April, or 1 October (as the case may be), of each calendar year. The first Interest Period shall begin running from the date

of the first disbursement to 31<sup>st</sup> March, or 30<sup>th</sup> September, whichever date immediately follows such first disbursement. Each Interest Period, thereafter, shall begin running from the date of expiry of the preceding Interest Period, notwithstanding that such first day of such Interest Period is not a Business Day. Notwithstanding the foregoing, any period less than six months, running from the date of a disbursement to the date of 31<sup>st</sup> March, or 30<sup>th</sup> September (as the case may be), immediately following such first disbursement, shall be deemed to be an Interest Period;

1.1.12 "the Fixed Rate Loan"

that amount of the Loan, disbursed, and outstanding, from time to time, in respect of which the Initial Fixed Rate is applicable;

1.1.13 "the Fixed Interest Rate"

the fixed interest rate, as determined in Clause 3.1 of the Summary;

1.1.14 "this Agreement"

this Agreement, together with any Annexures hereto.

1.2 Headings to the Clauses of this Agreement and the Table of Contents are for reference purposes only and are not intended to affect the interpretation hereof.

1.3 Any reference to:-

1.3.1 the singular shall include the plural and vice versa;

1.3.2 a natural person shall include an artificial or corporate person and vice versa;

1.3.3 one gender shall include the other.

1.5 This Agreement shall bind the Borrower and its successors-in-title and/or successors-in-law.

## 2. THE LOAN

2.1 The Loan shall be:-

2.1.1 an amount not exceeding, in aggregate, R3,951,600-00 (three million, nine hundred and fifty one thousand and six hundred Rand); and

2.1.2 utilised exclusively for the Project, and the Borrower, hereby, undertakes that it shall comply with all provisions of this Agreement.

2.2 The Loan proceeds shall be paid by the DBSA to, and on the order of, the Borrower in such disbursements and in accordance with all provisions contained in this Agreement.

2.3 No On-Lending shall be effected by the Borrower, unless provided for in this Agreement.

## 3. INTEREST

3.1 The Loan shall bear interest on the amounts outstanding, from time to time, at the Fixed Interest Rate.

3.2 Interest on the amount outstanding, from time to time, shall be compounded six-monthly, based on the actual number of days elapsed and a 365- day year and shall be payable, in arrears on each Interest Payment Date. Payment shall commence on the last day of the Half-year following the Half-year during which the first disbursement was advanced to the Borrower from the proceeds of the Loan.

## 4. REPAYMENT OF CAPITAL

4.1 The capital amount of the Loan shall be repaid in 40 (forty) equal six-monthly instalments, commencing on the last day of the 1st (first) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan, and, thereafter, at the end of each succeeding Half-year, until the capital, together with interest thereon, shall have been fully repaid. Provided that, subject to the provisions of Clause 7, the Borrower may, with 1 (one) month's written notice to the DBSA, make repayments in excess of the abovementioned or repay the full amount outstanding, provided, further, that this shall not jeopardise the proper completion of the Project.

4.2 An instalment shall be:-

- 4.2.1 a fixed amount, determined as at the outset of the 1st (first) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan;
- 4.2.2 calculated as being sufficient to amortise the outstanding capital amount, plus interest at the rate set out in clause 3, above, in 40 (forty) equal six-monthly payments.

4.3 Should, at the outset of the said 1st (first) Half-year, part of the Loan still not be drawn by the Borrower, the amount of instalments shall be adjusted, as and when drawings take place, in order to achieve amortisation over the original period of the Loan.

## 5. COMMITMENT FEE

5.1 The DBSA shall be entitled, in respect of the Fixed Rate Loan, to charge a commitment fee of 0,5% (nought comma five per centum), per annum, on all the undisbursed portions of the Loan effective 3 (three) months from the date of signature of this Agreement.

5.2 Payment shall be made on the same terms and conditions as the other amount due in terms of this Agreement.

## 6. LATE PAYMENT

6.1 The Borrower shall be liable, to the DBSA, for the payment of penalty interest on all amounts payable, yet unpaid, in terms of this Agreement, should the Borrower:-

6.1.1 fail to pay, on the due date for payment thereof, any amount owing, or which may become owing, to the DBSA, in terms of this Agreement; or

6.1.2 with the DBSA's written consent, defer the payment of any amount so owing.

6.2 Penalty interest shall be calculated with regard to the actual period during which the amount payable remained unpaid, at the ruling prime overdraft rate, charged by The Standard Corporate and Merchant Bank, Sandton, South Africa, on its overdraft accounts, from time to time. Penalty interest shall be compounded six-monthly and shall be payable, on demand.

## 7. EARLY REPAYMENT

7.1 The Borrower may prepay all, or part of, the Loan on payment dates and subject to prior written notice of, at least, 1 (one) month. In the event of a partial prepayment the amount prepaid shall be equal to a full payment of any number of instalments of the Loan.

In such case:

7.1.1 where the interest rate of the Loan is less than, or equal to, the reinvestment rate, defined below, no prepayment fee shall be payable;

7.1.2 where the interest rate of the Loan is greater than the reinvestment rate, defined below, each prepayment shall give rise to payment, by the Borrower to the DBSA, of a prepayment fee, equal to the difference calculated, on a present value basis, to the DBSA's prejudice, between the interest which the Loan would have produced, had there been no prepayment, and the interest which would be produced by a reinvestment of the same amount, having the same amortisation schedule, as the prepaid portion of the Loan.

7.2 For the purposes of this Clause:-

7.2.1 the reinvestment rate shall be the rate at which the DBSA lends out funds to Borrowers, at the date of such prepayment;

7.2.2 the discount rate shall be equal to the reinvestment rate, used above. The date used for the present value calculation shall be that of the prepayment;

7.2.3 payment of the prepayment and prepayment fee shall take place for value on the payment date.

## 8. PAYMENTS/REPAYMENTS

8.1 All payments, in terms of this Agreement:-

8.1.1 to, or by, the Parties shall be effected in South African Rands;

8.1.2 to the Borrower, shall be effected to the credit of such banking account of the Borrower, as the Borrower may, from time to time, direct, in writing;

8.1.3 to the DBSA, shall be effected to the credit of such banking account of the DBSA, as the DBSA may, from time to time, direct, in writing;

8.1.4 to the DBSA, shall be effected without deduction and free from any taxes, charges, fees or other costs, whatsoever.

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- 8.2 The Borrower shall furnish the DBSA, in writing, with all the necessary information regarding its officials, who are authorised to apply for drawdowns, on the Borrower's behalf.
- 8.3 Whenever any payment falls to be made due on a day, which is not a Business Day, such payment shall be made on the next succeeding Business Day.

9. **CANCELLATION/TERMINATION OF DRAWDOWNS**

- 9.1 The Borrower may, by giving 30 (thirty) days' written notice to the DBSA, cancel any undrawn portion of the Loan, provided that such cancellation shall not jeopardise the proper completion of the Project, it being understood that, upon the giving of such notice, the instalments referred to in clause 4.1, above, shall be reduced pro rata.
- 9.2 If the DBSA, after consultation with the Borrower, reasonably concludes that any portion of the Loan will not be required to finance the Project, the DBSA may, by written notice to the Borrower, terminate the right of the Borrower to make drawdowns in respect of such undrawn portion, it being understood that, upon giving of such notice, the instalments referred to in clause 4.1, above, shall be reduced pro rata.
- 9.3 If the DBSA has not received a final application for a drawdown under the Loan from the Borrower at the end of the 1st (first) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan, the DBSA may terminate further disbursements to the Borrower on 30 (thirty) days' written notice to the Borrower, unless the DBSA, after consideration of the reasons for the delay, has determined a later date for the purposes of this Clause. The DBSA shall only consider an extension on receipt of a written request from the Borrower and shall notify the Borrower of its decision.

10. **EVENTS OF DEFAULT**

- 10.1 The DBSA shall be entitled, after giving the Borrower 30 (thirty) days' written notice, to suspend drawdowns from the Loan, or to terminate this Agreement, and to claim, from the Borrower, immediate payment of all the outstanding amounts, should the Borrower commit any breach of this Agreement, provided that the DBSA may, at its entire discretion, dispense with the giving of the 30 (thirty) days' notice.
- 10.2 Without derogating from the generality of the foregoing, the DBSA shall be entitled to exercise its rights in terms of clause 10.1, above, upon the happening of any of the following events:

- 10.2.1 the Borrower failing to repay the capital amount and to pay interest in terms hereof, and failing to remedy such breach within the notice period referred to in 10.1, above, requiring it to do so;
  - 10.2.2 any attachment being made, or any execution being levied, against the Borrower;
  - 10.2.3 the Borrower failing to repay any of the DBSA's loans or breaching any agreement entered into between the Borrower and the DBSA;
  - 10.2.4 any fact or circumstance shall have occurred, which, in the opinion of the DBSA, may affect the ability, or willingness, of the Borrower to comply with all, or any, of its obligations, pursuant to this Agreement;
  - 10.2.5 the Borrower proposing any rescheduling, reorganisation or rearrangement of the whole, or part, of its indebtedness with the DBSA, or any of the Borrower's creditors;
  - 10.2.6 the Borrower's business operations, or any significant part thereof, being interrupted for a continuous period of, at least, 3 (three) months;
  - 10.2.7 any approval, licence, authorisation, or other requirement, necessary to enable the Borrower to comply with any of its obligations, in terms of this Agreement, is modified, revoked or withdrawn, whilst this Agreement is still in force;
  - 10.2.8 any order is made, or resolution passed, or other action taken, for the dissolution, or termination, of the existence of the Borrower; and
  - 10.2.9 any representation, warranty or statement made in, or in connection with, this Agreement, or any opinion delivered by, or on behalf of, the Borrower, pursuant to this Agreement, is found to be incorrect.
- 10.3 The exercise of the rights by the DBSA, in terms hereof, shall be without prejudice and/or in addition to any other rights which the DBSA may, then, have against the Borrower, in law, including the right to demand specific performance by the Borrower of the Borrower's obligations in terms of this Agreement.

## 11. SUSPENSIVE TERMS AND CONDITIONS

The Suspensive Terms and Conditions are set out in Annexure F.

## 12. FURTHER TERMS AND CONDITIONS

The Further Terms and Conditions are set out in Annexure G.

### 13. ARBITRATION

- 13.1 Any dispute arising out of, or relating to, this Agreement, concerning the interpretation of the terms and conditions of this Agreement, or of compliance, by any Party, with any terms and conditions of this Agreement, which is not resolved amicably, through consultation or negotiation, shall, subject to the other provisions of this Clause, be settled by arbitration, in terms of the Arbitration Act No. 42 of 1965, as amended, from time to time. Provided that a claim by the DBSA for the repayment of any monies due, in terms of this Agreement, shall not be regarded as a dispute for the purpose of this Clause and neither Party shall, therefore, be obliged to refer such a claim to arbitration.
- 13.2 In the case of arbitration, a tribunal shall be comprised of one arbitrator, who shall be appointed by the Parties, by agreement, or, failing such agreement, by the chairperson of the Association of Arbitrators, who shall, in appointing such arbitrator, have regard to the qualifications and experience of the appointee in relation to the nature of the dispute over which he has to adjudicate. In the event that the arbitrator resigns, or becomes unable to act, a successor shall be appointed in the same manner as prescribed, above, for the appointment of the original arbitrator and the successor shall have all the powers and duties of his predecessor.
- 13.3 The arbitration shall be held at Johannesburg, and in accordance with whatever procedures, the arbitrator considers appropriate. In particular, the arbitrator, may, if he deems appropriate, conduct the arbitration in an informal and summary manner and without requiring pleadings or discovery of documents and without observing the rules of evidence. The proceedings shall be confidential and, neither the Parties, nor the arbitrator, shall disclose to third parties, any information, regarding the proceedings, the award, or settlement terms, unless the Parties otherwise agree, in writing.
- 13.4 After the institution of arbitration proceedings, the tribunal may proceed with the arbitration, notwithstanding any failure, neglect or refusal of either Party to comply with the provisions hereof, or to take part, or to continue to take part, in the arbitration proceedings. The arbitrator shall, within 30 (thirty) days of the termination of the proceedings, render a final and binding written award, including interest and costs, and furnish the Parties with written reasons for his judgment.
- 13.5 The provisions of this Clause may be invoked by any Party, by delivering, to the other Party, a demand, in writing, that an arbitrator be appointed, to adjudicate in respect of a specified dispute.

## 14 GENERAL

### 14.1 YEAR 2000 COMPLIANCE

The Borrower shall comply with the requirements, in regard to this sub-Clause, which requirements are set out in Annexure F.

### 14.2. PROJECT NOTICE BOARDS

The Borrower shall, at its own cost, ensure that, immediately upon commencement of construction/building operations, contemplated by this Agreement, if it is decided to erect a project notice board, the said board shall clearly advertise the fact that such construction/building operations, have been financed or co-financed, as the case may be, by the DBSA.

### 14.3. DOMICILIUM

14.3.1 The Parties, hereby, choose domicilium citandi et executandi ("domicilium"), for all purposes arising from, or pursuant to, this Agreement, as follows:

In case of the DBSA:

Physical address: Development Bank of Southern Africa Limited  
1258 Lever Road  
Headway Hill  
MIDRAND  
SOUTH AFRICA; or

Postal address: P O Box 1234  
HALFWAY HOUSE  
1685; or

Telefax number: (011) 313 3086

In case of the Borrower:

Physical address: Klerksdorp City Council  
Corner Commissioner and Pretoria Streets  
**KLERKSDORP**  
2570; or

Postal address: P O Box 99  
**KLERKSDORP**  
2570

14.3.2 Each of the Parties shall be entitled, from time to time, by written notice to the other, to vary its domicilium to any other address, which is not a Post Office or Poste Restante.

14.3.3 Any notice addressed by either Party to the other ("the addressee"), which:-

14.3.3.1 is delivered by hand, during the normal business hours of the addressee, at the addressee's domicile, for the time being, shall be presumed to have been received by the addressee at the time of delivery;

14.3.3.2 is posted by prepaid registered post to the addressee at the addressee's domicile, for the time being, shall be presumed to have been received by the addressee on the seventh day, after the date of posting. Provided that the Parties may agree that all other forms of correspondence and/or requests may be effected, via telefax and/or electronic mail (e-mail).

#### 14.4. WHOLE AGREEMENT

This Agreement constitutes the entire agreement between the Parties and no representations, warranties, undertakings or promises, of whatever nature, which may have been made by any of the Parties, their agents or employees, other than those hereincontained, shall be binding or enforceable against them.

#### 14.5. NON-VARIATION

No variation, amendment, consensual cancellation or addition to this Agreement shall be valid, unless the same has been reduced to writing and signed by, or on behalf, of the Parties.

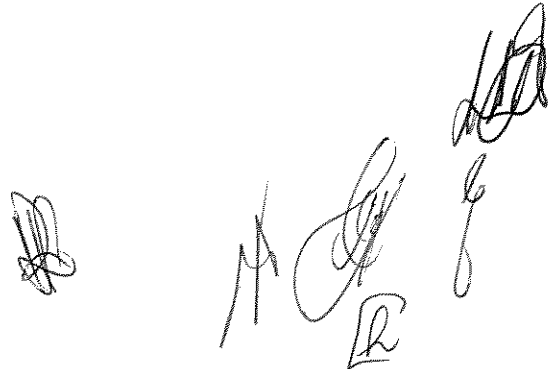
#### 14.6. NON-ENFORCEMENT/INDULGENCE

The non-enforcement of any provision of this Agreement, or any indulgence which either Party may grant to the other Party, shall be without prejudice to the rights of such first-mentioned Party to insist upon strict compliance by such other Party with all the provisions of this Agreement, or to enforce its rights, in respect of which such indulgence was granted.

The image shows several handwritten signatures in black ink, arranged in a cluster on the right side of the page. There are approximately five distinct signatures, some appearing to be initials or full names in cursive script.

**14.7 TERMS AND CONDITIONS OF DISBURSEMENT**

Disbursement of each progress claim, in respect of the amount financed by the DBSA, is to be effected as a ratio of the actual cost of each item (for each phase), in accordance with the Application and Source of Funds Statement (Annexure B), read together with the Project Description (Annexure A), to the maximum amount of R3,951,600-00. This is subject to submission, by the Borrower, to the DBSA, of fully documented proof of payment by the Borrower to the supplier, consultant and/or contractor, of actual claims (or in-house expenses incurred), as approved by the Borrower, or its authorised representative. Each progress claim shall be in the itemised format, as depicted in Annexure B.

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SIGNED AT KLERKSAORP ON THE 30 DAY OF MAY 2000.

AS WITNESSES:

1. [Signature]  
2. [Signature]

[Signature]  
FOR AND ON BEHALF OF THE BORROWER, DULY AUTHORISED THERETO, IN TERMS OF ANNEXURE D.

SIGNED AT MIDRAID ON THE 31<sup>ST</sup> DAY OF MAY 2000.

AS WITNESSES:

1. [Signature]  
2. [Signature]

[Signature]  
FOR AND ON BEHALF OF THE DBSA, DULY AUTHORISED THERETO, IN TERMS OF ANNEXURE E.

[Signature]

## PROJECT DESCRIPTION

### 1. PROJECT OBJECTIVE

#### Overall aim:

To supply the daily energy requirements of urban households in a safe, convenient and healthy way and at an affordable cost.

#### Specific objectives:

- To bring about electricity consumption of between 90kWh and 300kWh per household per month to approximately 1,612 houses in Jouberton Extension 20, the remainder of Extension 22 and a portion of Alabama;
- To provide an electricity connection of maximum 60 Amp capacity to every household consumer (1,612);
- To reduce the expenditure on the purchasing of other forms of energy, such as fossil fuels, candles and gas and thereby reduce environmental degradation;
- To supply this service at a capital cost of not more than R4,375 per household connection;
- To supply electrical energy at a cost of not more than the current tariff at which the Klerksdorp CC supplies electricity, as revised from time to time, which presently is 32.886c per kWh (excluding VAT).

### 2. PHYSICAL DESCRIPTION

In accordance with the proposed master plan for the electrification of Jouberton, dated July 1992, Phase 4 of the electrification plan for Jouberton includes the following:

#### 2.1 TOTAL NUMBER OF STANDS

Jouberton Extension 20	1,054
Jouberton Extension 22 (remaining part not in Phase 3)	396
Portion of Alabama	162

#### 2.2 MEDIUM VOLTAGE BULK SUPPLY:

One new 20MVA switching station to be established namely:

- Jouberton North switching substation, for the electrification of the northern areas.

The switching substation will be fed from the main substation where the MV bulk supply is adequate.

#### 2.3 MV AND LV RETICULATION AND SERVICE CONNECTIONS

Voltage regulation	424V + 6, - 10 %
Medium Voltage (11kV)	Deployment of new backbone bare overhead 3-phase "mink" lines in Delta configuration, on 11-meter concrete or wooden poles.



Transformers	11kV/420V, 200kVA transformers.
No of consumers per transformer	± 100
Low voltage (400/231V)	Deployment of new backbone overhead aerial bundled conductor (ABC) 35 mm <sup>2</sup> and 70 mm <sup>2</sup> , on 9 meter street-side concrete or wooden poles.
Service connections	Overhead 10 mm <sup>2</sup> Cu Airdac on 7 meter concrete or wooden mid-block poles, where necessary.
Metering	Energy controllers

The expected life span of the scheme is more than 20 years.

### 3. OPERATIONAL ARRANGEMENTS

The financial and institutional requirements for the maintenance and operation of the electricity scheme will be provided by the Klerksdorp TLC from its annual budget and existing staff complement.

### 4. LABOUR UTILISATION

Although the electricity scheme is of specialised nature, a number of opportunities for labour intensive construction exist. These have been exploited fully. The excavation of cable trenches and the planting of poles will provide for the use of labour intensive methods. The installation cost, which represents the main opportunity for labour intensive work, is approximately 20% (R1,410,640) of the total construction cost (between 50 and 70 jobs for 5 to 7 months) The portion of the construction cost to be performed by small contractors is 68%.

Labour	Skilled	Unskilled
<b>Number of Man-days</b>	<b>9000</b>	<b>5000</b>

### 5. COST ESTIMATE (excluding VAT)

The cost estimates is as follows:

ITEM No	EXTENSION	NO. OF STANDS	ESTIMATED COST PER STAND	ESTIMATED TOTAL COST
1	Extension 20	1054	R3,600	R3,794,400
2	Extension 22	396	R3,600	R1,425,600
3	Alabama Portion	162	R3,600	R583,200
4	Substation Jouberton North			R1,250,000
5	Total (excluding VAT)			R7,053,200

### 6. DESIGN PRINCIPLES AND PARAMETERS

The design of the infrastructure followed good and sound engineering as contained in the applicable SABS design codes and specifications.

Transformers	11kV/420V, 200kVA transformers.
No of consumers per transformer	± 100
Low voltage (400/231V)	Deployment of new backbone overhead aerial bundled conductor (ABC) 35 mm <sup>2</sup> and 70 mm <sup>2</sup> , on 9 meter street-side concrete or wooden poles.
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## 7. PROJECT RESOURCE MATRIX

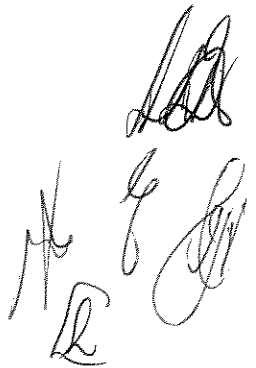
Project component	Description	Contractor
Design and supervision	Existing firms of Professional services	1. Deltaplan (Pty) Ltd 2. V3 Consulting Engineers Inc
LV reticulation and service connections	Existing labour only contractor	1. Letlhabile Electrical Contractors CC
Project management including supply of equipment and vehicles on site	Existing contractor, equipment and transport	1. Malesela Transmission and Distribution I
Supply and delivery of all material and equipment	Existing supply contracts	1. Stilfontein Mining Supplies 2. Stas Contractors 3. CBI

The contract(s) will be advertised for public tendering and be awarded in accordance with the Borrower's Financial Regulations.

## APPLICATION AND SOURCE OF FUNDS STATEMENT

KLERKSDORP: JOUBERTON ELECTRICAL RETICULATION PHASE 4 (13637/1/1)

Description	Total (R)	DBSA (R)	%	Borrower (R)	%	Other (R)	%
FIXED ASSETS							
L1 CONSTR. COSTS (INCL. P/FEEES)	7,053,200	3,951,600	56.0	3,101,600	44.0	0	0.0
Totals	7,053,200	3,951,600	56.0	3,101,600	44.0	0	0.0

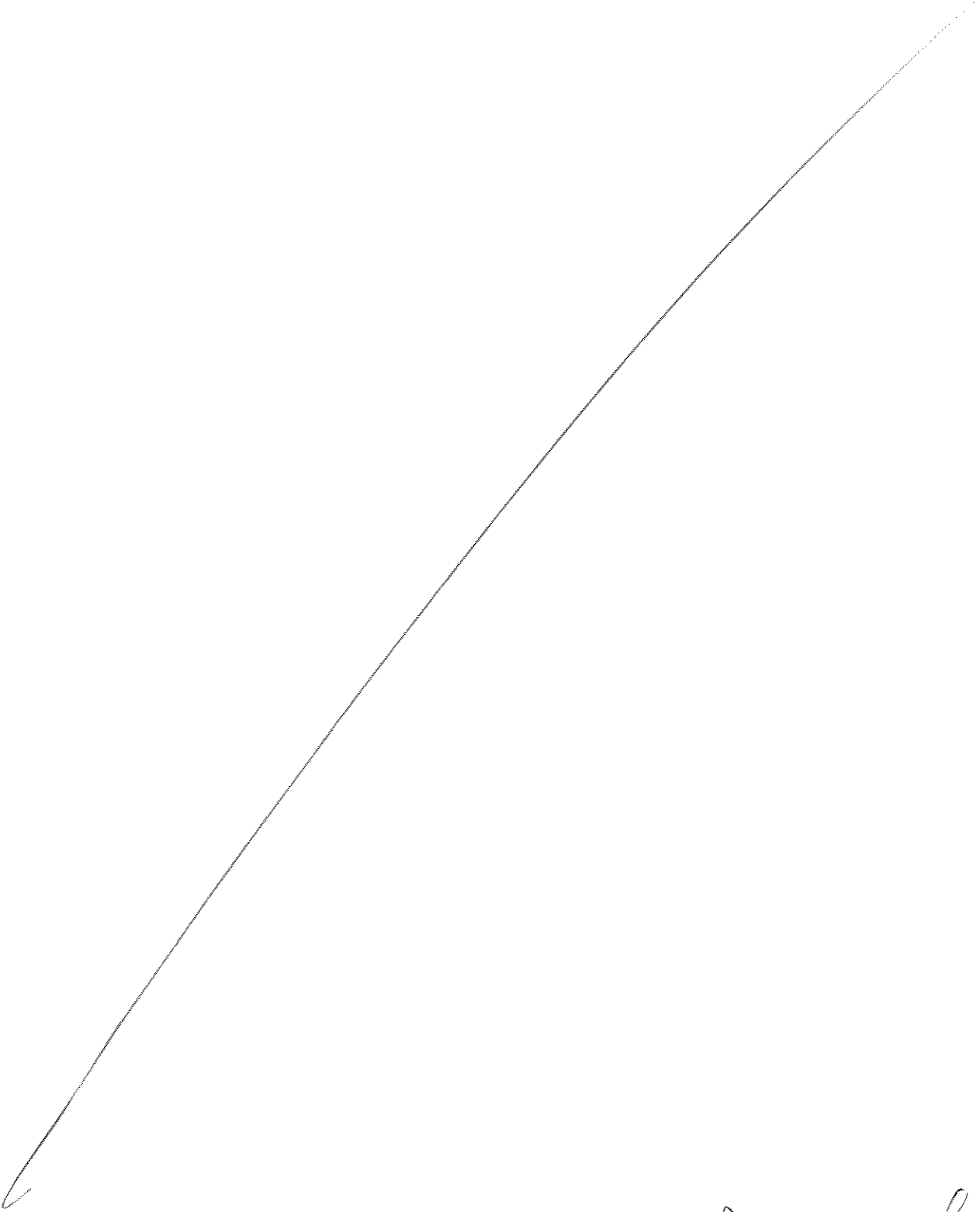
**PROJECT CO-OPERATION**

1. To ensure that the purposes of the Loan are accomplished, the Parties shall:-
  - 1.1 periodically, and at the request of either Party,:-
    - 1.1.1 exchange views, with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations, in terms of this Agreement, as well as other matters relating to the purposes of the Loan; and
    - 1.1.2 furnish each other with all such information, as may be reasonably requested, with regard to the progress of the Project, the benefits derived therefrom and the general status of the Loan;
  - 1.2 promptly inform each other of any fact, which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Loan, any related matter, and, in particular, the performance, by either Party, of its obligations, in terms of this Agreement;
  - 1.3 confirm that they have determined the technical, financial and organisational requirements, in respect of planning, management and control of the Project, to ensure the efficient and effective execution and maintenance of the Project and related matters; and
  - 1.4 jointly, determine the criteria to be taken into consideration, when awarding contracts for items and services to be financed by the Loan.
2. The Borrower shall:-
  - 2.1 grant representatives of the DBSA the opportunities reasonably necessary, to visit any relevant area, for purposes related to the Loan;
  - 2.2 in addition to the amount made available, in terms of this Agreement, be responsible for the provision of all other funds necessary for the successful execution of the Project, as set out in Annexure B, including funds to be supplied by third parties, as reflected in the said Annexure B;
  - 2.3 be responsible for the management and maintenance of work carried out, within the context of the Project;

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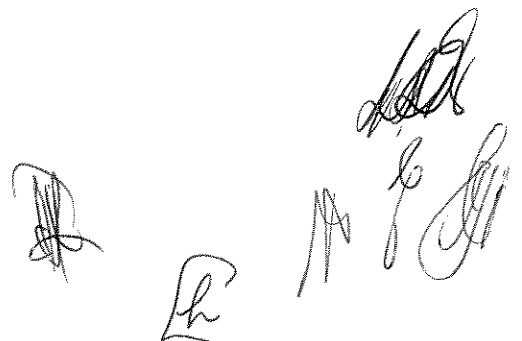
- 2.4 with regard to the procurement of goods and services for the Project, in consultation with the DBSA, invite participation, in tender or quotation procedures on an open bid basis (such documentation to be drawn up, in consultation with the DBSA's Project Team and ratified by the DBSA), from natural persons and bodies corporate, respectively;
- 2.5 ensure that contractors, to whom contracts are awarded, are insured, and remain insured, in terms of contractors-all-risk-insurance policies, in a manner reasonably acceptable to the DBSA;
- 2.6 insure, and keep insured at the replacement value thereof, such of its interests in the Project, against such risks, as may be agreed upon by the Parties;
- 2.7 maintain, or cause to be maintained, records, adequate to identify the operations carried out by means of the Loan, and furnish the DBSA with all such information (e.g. progress reports), concerning the implementation of the Project;
- 2.8 apply the Loan, in accordance with Annexure B;
- 2.9 require each contractor, to whom a contract is awarded, to furnish a performance guarantee acceptable to the DBSA, in terms whereof the completion of such contract is guaranteed; and
- 2.10 preserve all documents and accounting records, relating to the Project, up to the expiry of a period of 3 (three) years, after completion of the Project, and shall allow the DBSA, at the DBSA's cost, at any reasonable time, to have such documents and records audited by a person, nominated by the DBSA.
3. Where the Parties agree that the further appointment of consultants, or the revision of the brief of appointed consultants, is necessary, the following criteria shall obtain:-
- promotion and/or support of the SMME sector;
  - past experience with similar projects;
  - knowledge of local conditions;
  - abilities and qualifications;
  - membership of professional institutions.
4. It is, hereby, placed on record that the Borrower has appointed the contractors, listed in Annexure C I, in respect of the Project, and these are acceptable to the DBSA.

LIST OF CONTRACTORS



*[Handwritten signatures and initials]*

AUTHORISATION - BORROWER

Handwritten signatures and initials in black ink, including a large signature on the right and several smaller initials or signatures on the left and bottom.



**AUTHORISATION****DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED****IAN ANDREW GOLDIN,**

in his capacity as Chief Executive of the Development Bank of Southern Africa, in terms of authority delegated to the incumbent of his post by the Board of Directors of the Development Bank of Southern Africa on 19 September 1985, determined on 9 June 1999 that:

**IAN ANDREW GOLDIN**

in his capacity as Chief Executive

OR

**JACOB HENRY DE VILLIERS BOTHA**

OR

**MANDLA SIZWE GANTSHO**

OR

**MAKAZIWE PHUMLA MANDELA**

in their capacity as Executive Managers

OR

**PULE LESAILANE MOKHOBO**

in his capacity as Manager: Legal Services

OR

**TLADI PHILEMON DITSHEGO**

OR

**LANDIWE JACKIE MAHLANGU**

OR

**JOHN PATRICK BARTON-BRIDGES**OR**CHRISTINA JOANNA GOLINO**

OR

**SNOWY JOYCE KHOZA MOLOSANKWE**

OR

**BANE MOEKETSI MALEKE**

OR

**MAGARE LUTHER MASHABA**

OR

**FAZAL MEHMOOD SAIB**

OR

**JENNIFER DAPHNE TYOBEKA**

OR

**DENNIS MDUDUZI ZIMU**

in their capacity as Managers: Business Units (DSP Related)

be authorised for and on behalf of the Development Bank of Southern Africa to enter into agreements in terms whereof money is:-

1. lent; or
2. granted for the purpose of technical assistance,

and to perform all acts and sign all documents that may be necessary for the purpose.

5/06/2000

DATE

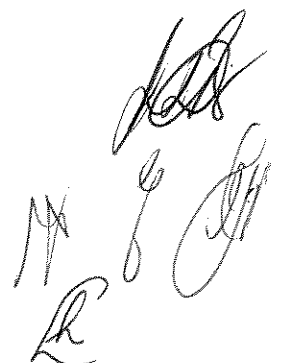


LEGAL SERVICES BUSINESS UNIT

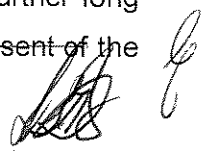


**SUSPENSIVE TERMS AND CONDITIONS**

1. The operation of this Agreement is subject to the Borrower:-
  - 1.1 submitting written proof, acceptable to the DBSA, that the Borrower's Information Technology is year 2000 (Y2K) compliant; and
  - 1.2 contemporaneously, with the signing of this Agreement, signing the letter in which it accepts technical assistance grant, having as its reference 13638.



**FURTHER TERMS AND CONDITIONS**

- 1.1 The Borrower shall not, until the DBSA loan has been fully repaid, make any further long term financial commitments without first consulting with ~~and obtaining written consent of the~~ DBSA. 
  
- 1.2 The Project, for which the technical assistance grant has been furnished, by the DBSA, to the Borrower, shall be implemented to the reasonable satisfaction of the DBSA.

