

LOAN AGREEMENT

10/297
R37m

in respect of

GREATER KLERKSDORP INFRASTRUCTURE DEVELOPMENT
PROGRAMME 2 (LOAN FACILITY)

entered into by and between

CITY COUNCIL OF KLERKSDORP

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

[Handwritten signatures]
R37m

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SUMMARY

1. LOAN AMOUNT : R37 000 000-00.
2. LOAN PERIOD : 15 years.
3. INTEREST RATE :
- 3.1 INITIAL FIXED RATE : 11,20%, nominal, per annum, payable six-monthly;
4. GRACE PERIOD FOR CAPITAL REPAYMENT : Nil.
5. CAPITAL REPAYMENT : 30 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. : NW 101297.




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" City Council of Klerksdorp;
- 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" Greater Klerksdorp Infrastructure Development Programme 2 (Loan Facility), 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 first day of January to the 30th day of June and/or from the first day of July to the 31st day of December during the same 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 January, 1 April, 1 July or 1 October (as the case may be), of each calendar year. The first Interest Period shall

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begin running from the date of the first disbursement to whichever of the above dates immediately following 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 6 (six) months, running from the date of a disbursement to one of the above dates, immediately following such first disbursement, shall be deemed to be an Interest Period;

- 1.1.12 "the Initial Fixed Rate Portion of the 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 Initial Fixed 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.
- 1.4 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:-

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- 2.1.1 an amount not exceeding, in aggregate, R37 000 000-00 (thirty seven million 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

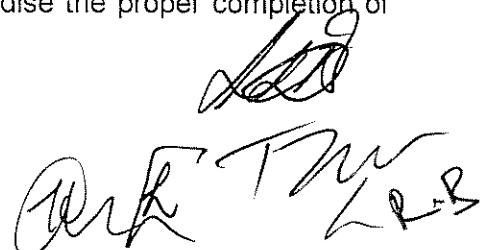
3.1 The Loan shall bear interest on the amounts outstanding, from time to time, at the Initial Fixed Rate:

3.2 Interest, pursuant to the Initial Fixed Rate, on the amount outstanding, from time to time, shall be compounded six-monthly and payable on the last Business Day of each Half-year. Payment shall commence on the last Business 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.

3.3 The interest rate for each Interest Period 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.

4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

4.1 The capital amount of the Loan shall be repaid in 30 (thirty) 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 Loan, 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 the Borrower shall not be entitled to make any repayments prior to the date on which the first instalment shall fall due, in terms of this Agreement and provided, further, that this shall not jeopardise the proper completion of the Project.

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4.2 An instalment shall be:-

4.2.1 an 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, together with interest at the rate set out in clause 3, above, in 30 (thirty) 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 Portion of the Loan, to charge a commitment fee of 0,5% (nought comma five per centum), per annum, on all the undisbursed portions of the Loan, as follows:-

5.1.1 in the case where the Borrower has elected the Initial Fixed Rate option, the DBSA shall be entitled to charge such commitment fee, effective 3 (three) months from the date of signature of this Agreement; or

5.1.2 in the case where the Borrower has exercised the Conversion Option, the DBSA shall be entitled to charge such commitment fee, effective 3 (three) months from the date of the exercise of the Conversion Option, by the Borrower.

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.

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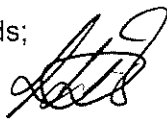

- 6.2 Penalty interest shall be calculated with regard to the actual period during which the amount payable remained unpaid, at the ruling prime overdraft rate, charged by The Standard Corporate and Merchant Bank, Sandton, South Africa, on its overdraft accounts, from time to time. Penalty interest shall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

7. EARLY REPAYMENT

- 7.1 In respect of the Fixed Interest Rate, the Borrower may prepay all, or part of, the Loan, on payment dates and subject to prior written notice of, at least, 30 (thirty) days. The amount prepaid shall be equal to a full payment of any instalments, of the Loan. In such case:
- 7.1.1 where the Loan interest rate 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, 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 Clause 7.1, above:-
- 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;


 R-B

- 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.

- 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 due on a Saturday, Sunday or Public Holiday under the laws to which either of the Parties are subject, 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.

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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.

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- 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 its 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,

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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. 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.

14.2. DOMICILIUM

14.2.1 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: City Council of Klerksdorp
Pretoria and Kerk Streets
KLERKSDORP
2570; or

Postal address: P O Box 99
KLERKSDORP
2570; or

Telefax number: (018) 464 2318

14.2.2 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.

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

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

14.2.3.2 is posted by prepaid registered post to the addressee at the addressee's domicilium, 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).

14.3. 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.

14.4. 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.

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14.5. 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.

14.6 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 R37 000 000-00. This is subject to submission, by the Borrower, to the DBSA, of fully documented proof of expenditure 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 KLERNSDORP ON THE 17th DAY OF JUNE 2004.

AS WITNESSES:

- 1. [Signature]
- 2. [Signature]

[Signature]

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

SIGNED AT KLERNSDORP ON THE 17 DAY OF JUNE 2004.

AS WITNESSES:

- 1. [Signature]
- 2. [Signature]

[Signature]

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

R.B

PROJECT DESCRIPTION

1. PROGRAMME OBJECTIVE

The loan facility, as the second element of the proposed programme, will consist of the upgrading, extension and new municipal and social infrastructure, to a total value of R37 million. All projects will comply with DBSA's mandate and appraisal criteria, in terms of the norms and standards in the programme description and according to the Borrower's IDP planning and approved capital expenditure budget.

The Borrower's infrastructure development programme aims at the implementation of its ID-identified priorities, through the provision of new service infrastructure and the rehabilitation of existing infrastructure, thereby, enhancing the social and economic development of a population of 456 662, in the Greater Klerksdorp magisterial district.

2. PROGRAMME OVERVIEW

This programme entails an investment loan of R37 million for infrastructure projects. The programme appraisal focuses on the financial position and institutional management of the Borrower, as well as specific criteria against which individual projects are to be appraised. These criteria are included in this Annexure A.

3. APPRAISAL OF PROGRAMME-SPECIFIC ISSUES

Project-specific issues on each element of the programme will be appraised after approval of this programme. Projects within the same sector, or on an individual project basis, will be appraised according to the set norms and standards. The Steering Committee and project team will be involved in monitoring, during the implementation of the various projects. Any significant deviation from the project description will be addressed through technical assistance.

4. NORMS AND CRITERIA

The projects allocated to the DBSA investment loan will comply with the following:

4.1 ECONOMIC

- An economic cost-benefit analysis to be performed for each project should indicate a positive net present value, at a discount rate of five per cent;

4.2 ENVIRONMENTAL

- Each cluster of projects, which form part of the programme, will be assessed in terms of potential environmental impact and in compliance with legal requirements;

4.3 SOCIAL

- All project elements to be funded under this programme are supportive of the expressed development priorities and needs of the intended beneficiaries;
- Evidence of the beneficiaries' willingness and commitment to cover the costs of the programme must be provided;
- Equal opportunities to all development opportunities to be created by the programme must be created for all, including women, disabled persons and the youth;

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- A comprehensive social appraisal will be done, during the implementation of the projects.

4.4 INSTITUTIONAL

- An adequate level of institutional capacity will be maintained within all departments/units responsible for the implementation of projects. Any reorganisation, re-skilling and other institutional capacity-building needs that arise, during implementation of the projects, will be addressed timeously.

4.5 TECHNICAL

- The design of infrastructure will be in accordance with national standards (Guidelines for the Provision of Engineering Services in Residential Townships), as amended and supplemented by the Borrowers other guidelines and norms;
- The Borrower recognises the need for small contractor development and their involvement, during the implementation of the programme;
- The infrastructure provided should be technically appropriate, in that it should be cost-effective, meet the demand requirements and be flexible enough to accommodate future needs.

4.6 FINANCIAL

- Infrastructure to be provided will be affordable to the Borrower, in terms of capital and recurrent costs;
- The principle of cost recovery on an equitable basis from the beneficiaries of trade services rendered will be adhered to;
- The Borrower will submit a detailed programme of contracts to be implemented and this programme being properly reconciled with the project elements, as contained in the Project Description.

5. IMPLEMENTATION FRAMEWORK AND INSTITUTIONAL ARRANGEMENTS

- 5.1 The projects within this programme will be implemented and managed by the Borrower.
- 5.2 A joint Programme Steering Committee (PSC) will be established for project-monitoring purposes. The Steering Committee will serve as a frame of reference in adjudicating the design and implementation of each project, in terms of the norms and criteria. The committee will consist of members from the Borrower and the DBSA, respectively, representing each of the areas to be evaluated.
- 5.3 The PSC will assume responsibility for the compilation of Project Descriptions and allocations of projects to the programme.

6. TECHNICAL ASSISTANCE

- 6.1 The Borrower, hereby, undertakes to enter into a Technical Assistance Grant agreement, for the Unaccounted-for-Water in the area.

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6.2 The Borrower, hereby, undertakes to implement Technical Assistance recommendations that are identified by the monitoring process. The DBSA will consider the financing of applications for Technical Assistance in the following areas of capacity-building:

- Credit control management system; and
- Environmental management.

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SOURCE AND APPLICATION OF FUNDS STATEMENT

LOAN FACILITY

DBSA LOAN		
Sector	R	%
Water	4,440,000-00	12
Sanitation	7,770,000-00	21
Energy	4,810,000-00	13
Roads / Storm water	5,920,000-00	16
Solid Waste	5,550,000-00	15
Other	8,510,000-00	23
Unaccounted-for-Water		
TOTAL	37,000,000-00	100%



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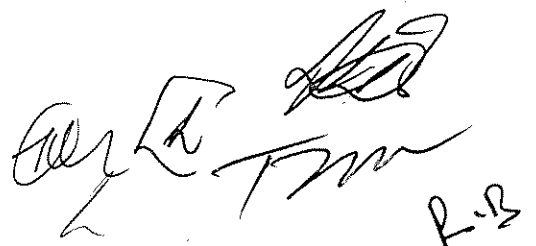
PROJECT CO-OPERATION

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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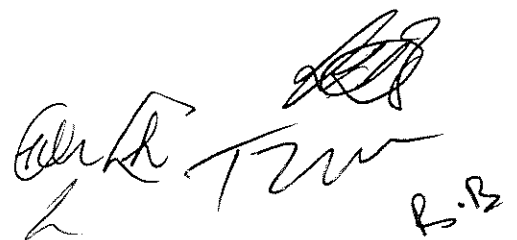
- 2.4 with regard to the procurement of goods and services for the Project, in consultation with the DBSA, invite participation, in tender or quotation procedures on an open bid basis (such documentation to be drawn up, in consultation with the DBSA's Project Team and ratified by the DBSA), from natural 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.

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LIST OF CONTRACTORS

Handwritten signatures and initials:
A large, stylized signature, possibly "R.B.", is written above the initials "R.B.". To the left, there are initials "L" and "T.M." written in a cursive style.

AUTHORISATION - BORROWER



Handwritten signatures and initials, including a large signature, the initials 'L.B.', and other illegible marks.

AUTHORISATIONDEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED**MANDLA SIZWE GANTSHO**

in his capacity as Chief Executive of the Development Bank of Southern Africa, in terms of authority delegated to the incumbent of this post by the Board of Directors of the Development Bank of Southern Africa on 19 September 1985, determined on 23 January 2004 that:

MANDLA SIZWE GANTSHO
in his capacity as Chief Executive

OR

JACOB HENRY DE VILLIERS BOTHA

OR

ABDUL-KADER MOHAMED

OR

LEWIS MAXWELL MUSASIKE

OR

ZANELE JOYCE MATLALA

OR

SNOWY JOYCE KHOZA
in their capacity as Executive Managers

OR

MAGARE LUTHER MASHABA
In his capacity as Chief Operating Officer, DBSA: Development Fund

OR

PULE LESAILANE MOKHOBO
in his capacity as Manager: Legal Services

OR

TLADI PHILEMON DITSHEGO

OR

Handwritten signatures and initials, including 'L.R.', 'T.M.', and 'R.B.', are present at the bottom right of the page.

LANDIWE JACKIE MAHLANGU

OR

CHRISTINA JOANNA GOLINO

OR

BANE MOEKETSI MALEKE

OR

MDUDUZI DENNIS NAPOLEON THABANENG

OR

PUMLA MANNYA

OR

TLADI JOSIAS RAMUSHU

OR

PHUTI MALABIE

OR

MAKGOTLA DANIEL PETER MOKUENA

OR

FRENCHEL FRANKTON GILLION

OR

JANINE THORNE

OR

REMBULUWANI BETHUEL NETSHISWINZHE

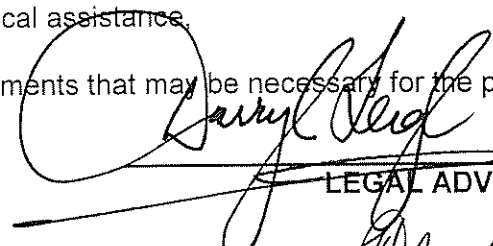
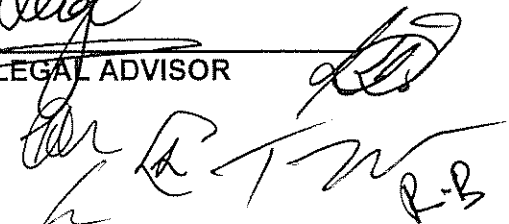
in their capacity as Managers: Business Units (DSP Related)

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

17/06/04
DATE


LEGAL ADVISOR


SUSPENSIVE TERMS AND CONDITIONS

1. The Borrower shall:-
 - 1.1 submit a certified copy of its Council's resolution, authorising the Borrower to conclude the Loan Agreement, in respect of the Programme, and approval of the funding arrangements thereof;
 - 1.2 submit copies of all necessary environmental and water permits or any other authorisation, to the DBSA, where applicable; and
 - 1.3 contemporaneously with the signing of this Agreement, sign the agreement, having, as its reference, NW 101297.

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FURTHER TERMS AND CONDITIONS

- 1.1 The Borrower, hereby, undertakes not to enter into any future debt obligations, which will result in a servicing of external loans in excess of 20% (twenty per centum) of the Borrower's operating income, without consulting with, and obtaining the written permission of, the DBSA.
- 1.2 The Borrower, hereby, undertakes to provide the DBSA with its audited Financial Statements, within 6 (six) months from the end of each financial year.
- 1.3 The Borrower, hereby, undertakes to comply with all relevant environmental legislation, including the National Environmental Management Act, 1998, for the Borrower's area of jurisdiction and to put a system and procedures in place, to ensure the implementation of such legislation.
- 1.4 The Borrower, hereby, agrees to a review process, which will be conducted formally by the DBSA, annually, regarding its environmental management capacity and the implementation of future Projects.

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