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WC 1034644

DOCSEP

LOAN AGREEMENT

in respect of

BEAUFORT WEST: INFRASTRUCTURE 2009

made and entered into by and between

BEAUFORT WEST MUNICIPALITY

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

DBSA
Development Bank of Southern Africa

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DBSA Development Bank of Southern Africa	**DEVELOPMENT BANK OF SOUTHERN AFRICA** **GROUP LEGAL SERVICES**

LOAN INTEREST RATE

PROJECT NUMBER:	WC 103464.4
PROJECT TITLE:	BEUFORT WEST INFRASTRUCTURE 09
LOAN PERIOD:	5 YEARS
CLIENT SIGNATURE DATE:	11 JUNE 2009
INTEREST RATE TYPE:	THE AMORTIZING SWAP RATE FOR 5 YEAR MATURITY
INTEREST RATE DETERMINATION DATE:	**26 JUNE 2009**
INITIAL RATE:	8.33%
RISK MARGIN/BASIS POINTS:	2.47%
TOTAL CALCULATED RATE:	10.80%
INTEREST RATE CONFIRMED BY:	SEJENG MADIGOE
SIGNATURE:	SgMadigoe
DATE:	29/06/2009

The amortizing swap rate for 5 year maturity

SUMMARY

1.	LOAN AMOUNT	:	**R180 000**
2.	LOAN PERIOD	:	5 years.
3.	INTEREST RATE		
	3.1 FIXED INTEREST RATE	:	5 Year Amortising Swap Rate plus 2,47%
4.	GRACE PERIOD FOR CAPITAL REPAYMENT	:	Nil
5.	CAPITAL REPAYMENT	:	Ten (10) equal Six-monthly installments, 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.	:	WC 103464.4

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1. INTERPRETATIONS

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

1.1.1	"this Agreement"	means this Agreement together with any Annexures thereto;
1.1.2	"Borrower"	means Beaufort West Municipality;
1.1.3	"Business Day"	means any day other than a Saturday, Sunday and a Public Holiday;
1.1.4	"the DBSA"	means the Development Bank of Southern Africa Limited, a juristic person reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act 13 of 1997;
1.1.5	"Fixed Rate Loan"	means the amount of Loan disbursed and outstanding from time to time in respect of which the Fixed Interest Rate as determined in clause 3.1 shall apply;
1.1.6	"Half-year" or "Six-monthly"	means from the first day of July to the 31st day of December and/or from the first day of January to the 30th day of June during the next calendar year;
1.1.7	"Interest Payment Date"	means the last day of each Interest Period;

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1.1.8	"Interest Period"	means each period of 6 (six) months commencing on 1 July or 1 January of each calendar year. The first Interest Period shall begin to run from the date of the first disbursement to 30 June or 31 December, whichever immediately follows disbursement. Each Interest Period thereafter shall begin to run from the date of expiry of the preceding Interest Period, even if the first day of this 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 30 June or 31 December immediately following this disbursement shall be deemed an Interest Period;
1.1.9	"Loan"	means the financing granted to the Borrower in terms of clause 2;
1.1.10	"On-lending"	means the transfer, by the Borrower, of any amount(s) to any third parties, from the proceeds of the Loan, excluding payments for the procurements of goods and services;
1.1.11	"Parties"	means collectively, the Borrower and the DBSA;
1.1.12	"Project Agent"	means a person nominated in writing by the Borrower to act on its behalf in respect of the Project;
1.1.13	"Project"	means Beaufort West Infrastructure 2009, as described in more detail in Annexure A attached hereto;
1.1.14	"Unwinding Costs"	means any and all actual costs, expenses and disbursements incurred by the DBSA in taking out a new hedge position, closing out, settling or

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unwinding any hedge transaction deposits or funding transactions that may have been entered into by the DBSA or reacquiring any negotiable instruments that have been issued by the DBSA, in respect of funding any part or all of the Loan;

1.2 Headings to the clauses of this Agreement, the table of contents and summary are for reference purposes only and are not intended to affect the interpretation thereof.

1.3 Any reference to the singular shall include the plural and vice versa.

1.4 Any reference to a natural person shall include an artificial or corporate person and vice versa.

1.5 Any reference to one gender shall include the other.

1.6 This Agreement shall bind the Borrower and its successors-in-title.

2. THE LOAN

2.1 The Loan shall be:-

2.1.1 an amount not exceeding, in aggregate, R180 000 (one hundred and eighty thousand); 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 unless provided for in this Agreement.

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3. INTEREST

The Loan shall bear interest on the amount from time to time outstanding at a Fixed Rate, as follows:

3.1 FIXED INTEREST RATE

3.1.1 The capital shall bear interest on the amount from time to time outstanding at a nominal fixed rate of a 5 year amortizing swap rate plus 2,47% per annum.

3.1.2 Interest on the amount from time to time outstanding shall be compounded Six-monthly and shall be due and payable on the last day of each Half-year. If payment of interest falls on a day other than a Business Day, such interest shall be payable on the next succeeding Business Day.

3.1.3 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 (irrespective of whether it is a leap year) and shall be payable in arrears on each Interest Payment Date.

3.1.4 Payment shall commence on the last day of the Half-year during which the first disbursement was advanced to the Borrower.

4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

4.1 The capital amount of the Loan shall be repaid in ten (10) equal Six-monthly installments, 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 be fully repaid; provided that subject to the provisions of clause 7, the Borrower may, with 30 (thirty) days 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

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make any repayments prior to the date on which the first instalment shall fall due in terms of this Agreement; provided further that this shall not jeopardise the proper completion of the Project.

4.2 An instalment shall be 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; calculated as being sufficient to amortise the outstanding amount, plus interest at the rate set out in clause 3.1. 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 No commitment fee will be levied provided the Borrower furnishes the DBSA with a disbursement schedule upon signature of the Loan agreement, and does not deviate materially from the disbursement schedule. Should there be any material deviation for the disbursement schedule; commitment fee of 0.5 % per annum will be levied on all undisbursed amounts, effective from the date of such deviation.

5.2 Payment of the commitment fee shall be made on the same terms and conditions as the other amounts 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 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 Fixed Interest Rate of the Loan plus 2% (two per centum). Penalty interest shall be compounded Six-monthly and payable on demand.

7. EARLY REPAYMENT

7.1 FIXED RATE LOANS

7.1.1 The Borrower shall, subject to thirty (30) days written notice to the DBSA, be entitled to prepay any portion or the entire principal amount of the DBSA Loan, subject to the payment of a prepayment fee on the principal amount being prepaid. The prepayment fee shall be determined or calculated as follows:

7.1.1.1 where the interest rate of the Loan is less than or equal to the Reinvestment Rate (defined herein below), the Borrower shall be liable to pay Unwinding Costs only (if any) on the prepaid amount;

7.1.1.2 where the interest rate of the Loan is greater than the Reinvestment Rate, the Borrower shall pay to the DBSA an amount equal to the difference (calculated on a present value basis to the DBSA's prejudice) between the interest which the prepaid principal amount 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 repayment schedule as the prepaid principal amount of the Loan as well as any Unwinding Costs.

7.1.2 The Reinvestment Rate shall be the rate at which the DBSA can invest the funds in the relevant Interbank Market, for the period equal to the remaining Loan Period as determined at the relevant Interest Payment Date of such prepaid principal amount.

7.1.3 The discount rate used shall be equal to the Reinvestment Rate.

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8. PAYMENT(S)

8.1 All payments to or by the Parties under this Agreement shall be effected in South African Rand.

8.2 All payments under this Agreement to the Borrower shall be effected to the credit of such banking account(s) of the Borrower as the Borrower may from time to time direct, in writing.

8.3 The Borrower shall furnish the DBSA with all the necessary information regarding its officials who are authorised to apply for drawdowns on the Borrower's behalf.

8.4 All payments under this Agreement to the DBSA shall be effected to the credit of such banking account(s) of the DBSA as the DBSA may from time to time direct, in writing.

8.5 Payments to the DBSA in terms of this Agreement shall be effected without deduction and free from any taxes, charges, fees or other costs whatsoever.

8.6 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 By the DBSA

9.1.1 The DBSA may, by notice to the Borrower at any time after the receipt of a Disbursement Request but prior to the Disbursement Date, in whole or in part suspend the making of the Disbursement if a Material Adverse Event has occurred.

9.1.2 Such suspension shall continue until the DBSA notifies the Borrower that it may again submit a Disbursement Request.

9.1.3 The DBSA may suspend or cancel the right of the Borrower to Disbursements if an Event of Default or Potential Event of Default has occurred or is continuing, in which case the right of the Borrower to any further

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Disbursement shall be suspended or cancelled, as the case may be. The exercise by the DBSA of its right of suspension shall not preclude the DBSA from exercising its right of cancellation, as provided for in the *Suspension / Cancellation of Disbursements*, either for the same or any other reason, and shall not limit any other rights of the DBSA under this Agreement or in law.

9.1.4 Any amount of Capital undrawn at the end of the Availability Period shall be automatically cancelled.

9.2 Cancellation by the Borrower

9.2.1 The Borrower may at any time upon 30 (thirty) days' written notice to the DBSA, request the DBSA to cancel all or a portion of the undisbursed portion of the Capital on the date specified in such request.

9.2.2 If, after having received a notice in accordance with clause 12.2.1 above, the DBSA is satisfied that the Borrower has sufficient long-term funding available on terms satisfactory to the DBSA, to complete the Project (whilst complying with the provisions of this Agreement); then the DBSA shall, by notice to the Borrower, cancel the requested amount of the undisbursed portion of the Capital effective as of such specified date.

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 aforegoing, 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;

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10.2.2 any attachment being made or any execution being levied against the Borrower;

10.2.3 any failure to repay any of the DBSA's loans or breach of any agreement entered into between the Borrower and the DBSA and/or with any other lender/creditor;

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 under 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 its 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 under 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 its obligations in terms of this Agreement.

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11. CONDITIONS PRECEDENT

The operation of the Agreement is subject to:

11.1 The Borrower submitting a certified copy of its Council's resolution, authorizing the Borrower to conclude the Agreement, in respect of this Loan.

11.2 The Borrower shall furnish the DBSA with proof of compliance with Section 46 (3) of the Municipal Finance Management Act.

12. FURTHER TERMS AND CONDITIONS

12.1 The Borrower, hereby, undertakes to provide the DBSA with its Audited Annual Financial Statements within six (6) months from the end of its financial year.

12.2 The Borrower, hereby, undertakes to furnish the DBSA with Disbursement Schedules upon signature of the Loan agreement and to ensure that the disbursement of the Loan amount will be in accordance with the Disbursement Schedules.

12.3 The Borrower shall ensure proper maintenance of the assets funded through this Loan by including it in a maintenance plan which must be part of an asset management plan.

12.4 The procurement of any services, relative to the Projects, shall be subject to an open tender process, in line with Government policies and the requirements of the Municipal Finance Management Act (No. 56 2003) pertaining to supply chain management.the reduction of water losses in the potable water systems, yield the expected results.

13 INCREASED COSTS

13.1 Increased Costs for Change in Law

Except as provided in clause 13.3 below, the Borrower must pay to the DBSA the amount of any Increased Cost incurred by the DBSA as a result of:

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13.1.1 the introduction of, or any change in, or any change in the interpretation, administration or application of, any law or regulation; or

13.1.2 compliance with any law or regulation made after the date of this Agreement, but only to the extent that such law or regulation applies generally to banks operating in South Africa.

13.2 Increased Costs for Economic Failure and Material Adverse Event

If an Economic Failure and/or Material Adverse Change occurs which in the reasonable opinion of the DBSA:

13.2.1 may reduce the rate of return which the DBSA may receive on its capital under any Finance Documents then, at the DBSA's sole discretion:

13.2.2 the DBSA may demand in writing that the Borrower shall pay to the Lender an additional amount as will be sufficient to compensate DBSA for such reduction in return; or

13.2.3 the DBSA shall be entitled to increase the Relevant Rate of the relevant Facility by such percentage as shall be necessary to compensate DBSA for such reduction in return. The increase in the Relevant Rate pursuant to the *Increased Costs clause* shall take effect from the date specified in a written notice delivered by the DBSA to the Borrower but in any event not less than 30 (thirty) days after the date of such written notice, or

13.2.4 effects the DBSA's ability to make any advance or to maintain any funding previously advanced, including, for the avoidance of doubt, the Lender being unable to obtain matched funding in the market for its obligations under this Agreement, the DBSA shall be entitled to withhold such advance (including, without limitation, be entitled to cancel any available commitment),in each event subject to the Parties having entered into negotiations for a period of 30 (thirty) days to restructure this Agreement and/or amend the terms of this Agreement to avoid such effect, failing which the Borrower shall repay the Loan to the DBSA within 10 (ten) Business Day.

"**Material Adverse Effect**" means an event, circumstance or matter (or combination of events, circumstances or matters) which has or is likely to have a material adverse effect on:

- the business, operations, property, condition (financial or otherwise) or prospects of the Borrower; or
- the ability of the Borrower to perform its obligations in terms of this Agreement; or
- the validity or enforceability of this Agreement or the rights or remedies of the DBSA hereunder; or
- the right or remedies of DBSA in terms of and pursuant to this Agreement; or
- South African or international monetary, financial, political, or economic conditions or the DBSA's access to the relevant local or international capital markets;

"**Economic Failure**" means any adverse change, determined in the sole discretion of the DBSA, in the South African or international capital markets or in South African or international monetary, financial, political or economic conditions which adversely affect the DBSA's access to the relevant local or international capital markets or which renders it unlawful or impossible for the DBSA to advance any portion of the Capital on any Disbursement Date.

13.3 Exceptions

The Borrower need not make any payment for an Increased Cost to the extent that the Increased Cost is:

13.3.1 attributable to a Tax Deduction required by law to be made by the Borrower; or

13.3.2 attributable to the DBSA failing to comply with any law or regulation.

14. ARBITRATION

14.1 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 the terms/conditions of this Agreement which is not resolved

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amicably through consultations or negotiations shall, subject to the other provisions of this Agreement, 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 under 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.

14.2 In case of arbitration a tribunal shall be composed 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/she has to adjudicate. In case the arbitrator resigns or becomes unable to act, a successor shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and the successor shall have all the powers and duties of his/her predecessor.

14.3 The arbitration shall be held at the place and in accordance with whatever procedures the arbitrator considers appropriate. In particular, the arbitrator, may, if he/she 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.

14.4 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/her judgment.

14.5 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.

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15. GENERAL

15.1 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.

15.2 DOMICILIUM

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

(i) 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

(ii) In case of the Borrower:-

Physical address: Municipal Offices
112 Donkin Street
BEAUFORT WEST;
6970: or

Postal address: Private Bag 582
BEAUFORT WEST
6970; or

Telefax number: 023 415 1373

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15.2.2 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.

15.2.3 All notices made by either Party to the other ("the addressee") which:-

(i) 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;

(ii) 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 agree that all other forms of correspondence and/or requests may be done through fax and/or electronic mail (e-mail).

15.3 WHOLE AGREEMENT

This Agreement (including the Annexures) 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 herein contained, shall be binding or enforceable against them.

15.4 NON-VARIATION

No variation, amendment 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.

15.5 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 right in respect of which such indulgence was granted.

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15.6 TERMS AND CONDITIONS OF DISBURSEMENT

Disbursements of each progress claim in respect of the amount financed by DBSA is to be effected as a ratio of 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 **R180 000 (one hundred and eighty thousand rand).** This is subject to submission to the DBSA of fully documented proof of expenditure by the Borrower to supplier, consultant and/or contractor, of actual claims (or in-house expenses incurred), as approved by the Borrower or its authorized representative. Each progress claim is to be in the itemized format as depicted in Annexure B.

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THUS DONE AND SIGNED AT Bronkhorstspruit ON THE 11 DAY OF JUNE 2009.

AS WITNESSES:

1. _____

2. _____

_____

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

THUS DONE AND SIGNED AT MIDRAND ON THE 15th DAY OF JUNE 2009.

AS WITNESSES:

1. _____

2. _____

_____

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

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ANNEXURE A

PROJECT DESCRIPTION

1. PROGRAMME GOAL

To capacitate Beaufort West Municipality to improve service delivery and address development needs within its communities through the upgrading of existing and installation of new bulk and reticulation infrastructure in support of the priorities identified through the Integrated Development Planning process.

2. PROGRAMME OBJECTIVE

To support socio-economic development in the greater Beaufort West area through the provision of new and upgrading of existing municipal infrastructure, benefiting approximately 1,850 households, as well as the replacement of outdated specialised service support vehicles. The implementation of the projects and provision of specialised service support vehicles will furthermore contribute towards the communities' expectations and the Municipality's objectives of improving existing services, addressing backlogs and creating job opportunities, thereby, ensuring a higher standard of living for all.

3. PROGRAMME OUTPUTS

This element of the Beaufort West: Infrastructure 2009 Programme consists of the purchasing of one specialised services support vehicle for electrical services, namely a Tractor Generator.

4. INSTITUTIONAL ARRANGEMENTS

4.1 A Project Committee (PC), on which the DBSA will be represented, shall be operational to manage the purchasing of the moveable asset to be procured.

4.2 The Borrower shall ensure that copies of the Tender documentation, information on the Suppliers are available to the DBSA.

4.3 The Borrower shall have the responsibility for maintaining and operating the assets after delivery.

5. PARAMETERS AND GUIDELINES

5.1 The specifications shall be in accordance with the requirements of the applicable Municipal and user requirements.

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6. IMPLEMENTATION FRAMEWORK

6.1 Formal tender documents, with comprehensive specifications will be completed, before going out to tender. Preference shall be given to local suppliers, depending on availability, price and assurance of timeous delivery.

7. DISBURSEMENT SCHEDULE

ITEM	DBSA LOAN AMOUNT	DISBURSEMENTS 2009/10 (DBSA FY)			
		Q1 01/04 to 30/06	Q2 01/07 to 30/09	Q3 01/10 to 31/12	Q4 01/01 to 31/03
Moveable Assets	180,000	180,000			
Total Amount	**R 180,000**	**R 180,000**	**R Nil**	**R Nil**	**R Nil**

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LOG FRAME

BEAUFORT WEST: INFRASTRUCTURE 2009

	SUMMARY	INDICATORS	VERIFICATION	ASSUMPTIONS
GOAL	To capacitate Beaufort West Municipality to improve service delivery and address development needs within its communities through the upgrading of existing and installation of new bulk and reticulation infrastructure in support of the priorities identified through the Integrated Development Planning process.	Services both appropriate and affordable	Monthly monitoring by DBSA team as part of Project Monitoring	Beaufort West Municipality approves the DBSA Loan Offer and sign the Loan Agreement.
PURPOSE	To support socio-economic development in the greater Beaufort West area through the provision of new and upgrading of existing municipal infrastructure, benefiting approximately 1,850 households, as well as the replacement of outdated specialised service support vehicles. The implementation of the projects and provision of specialised service support vehicles will furthermore contribute towards the communities' expectations and the Municipality's objectives of improving existing services, addressing backlogs and creating job opportunities, thereby, ensuring a higher standard of living for all.	• Increase consumer base. • Improve service provision. • Alignment with Provincial/ National directives	Monthly monitoring as part of Project Monitoring	Developments are approved by stakeholders / direct beneficiaries
OUTPUTS	• Provision of bulk and	• Continuation	• Reduced	Financial and

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	reticulatory services • Upgrading of municipal buildings • Purchase of Specialised services support vehicles	with housing development programme • Improved service provision	water shortages • Increase in the number of housing units	human resources available for implementation of 2008/09 Capital Expenditure Programme
ACTIVITIES	Monitoring project implementation	Project elements implemented according to project description, applicable legislation and engineering specifications	Construction and quality to be verified by responsible consultants engineers, local and Provincial authorities	All role players that can contribute to a successful implementation will be involved

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ANNEXURE B

SOURCE AND APPLICATION OF FUNDS STATEMENT

BEAUFORT WEST: INFRASTRUCTURE 2009 (5-years) – 103464/4

SECTOR	DBSA LOAN	MUN	OTHER	TOTAL
Moveable Assets	180,000			180,000
TOTAL	**R 180,000**	**R 0**	**R 0**	**R 180,000**

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ANNEXURE C

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, determines 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

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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;

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 9 (nine) years, after signature of this Agreement, 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:-

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- promotion and/or support of the SMME sector;
- past experience with similar projects;
- knowledge of local conditions;
- abilities and qualifications;
- membership of professional institutions.

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ANNEXURE D

AUTHORISATION

BORROWER

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ANNEXURE E

DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED: DELEGATIONS OF SIGNING AUTHORITIES FOR INVESTMENT LOANS AND TECHNICAL ASSISTANCE

PAUL CAMBO BALOYI

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 Limited on 20 March 1997, as amended and read with section 5 of the Development Bank of Southern Africa Act No 13 of 1997, determined on 1 October 2006 that:

PAUL CAMBO BALOYI
in his capacity as Chief Executive Officer
and Managing Director

OR

HEINZ WEILERT
in his capacity as Chief Operating Officer

OR

LEONIE VAN LELYVELD
in her capacity as Chief Risk officer

OR

PIETER DE LA REY
in his capacity as Chief Financial Officer

OR

ADMASSU YILMA TADESSE

OR

ERNEST ARTHUR DIETRICH

OR

LOYISO NDLOVU

OR

SNOWY JOYCE KHOZA

OR

RAVINDRA NAIDOO

OR

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