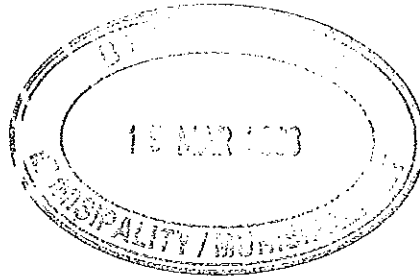




**DBSA**

Development Bank  
of Southern Africa

29 February 2008



Our Ref: WC 102932

The Municipal Manager  
Bergrivier Municipality  
P O Box 60  
Piketberg  
7320

Attention: Mr G W Louw

**PRIORITY MAIL**

Dear Sir

**RE: LOAN AGREEMENT: DBSA/BERGRIVIER MUNICIPALITY : INFRASTRUCTURE 2007/08**

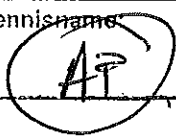
**Loan Amount: R6 070 000-00**

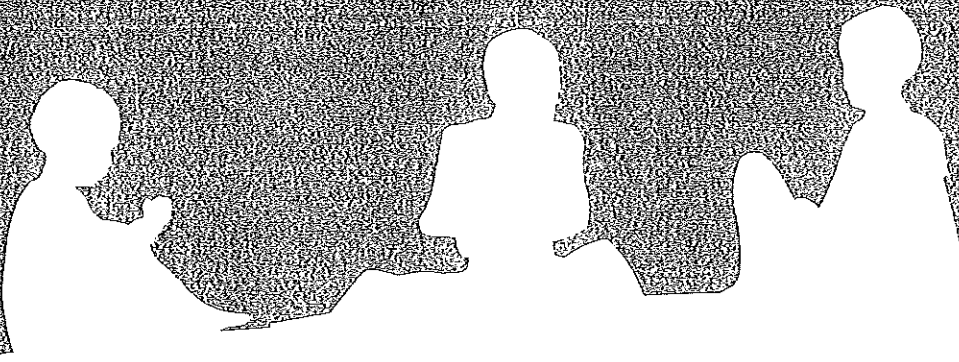
Attached please find a duplicate original of the signed Loan Agreement regarding the abovementioned project for your records.

Please acknowledge receipt by signing the attached copy of this letter and returning it to us at the above address.

Yours faithfully

  
**DENNIS MADELA  
LEGAL SERVICES**

Leër 5/5/3; Sekuriteite
Afhandel: <i>Dir. Finansiële</i>
Kennisname: 



# Agreement



DBSA

Development Bank  
of Southern Africa

LOAN AGREEMENT

in respect of

BERGRIVIER MUNICIPALITY INFRASTRUCTURE 2007/08

made and entered into by and between

BERGRIVIER MUNICIPALITY

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

*[Handwritten signatures]*



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*Handwritten signatures and initials*

SUMMARY

1. LOAN AMOUNT : R6 070 000.00.
2. LOAN PERIOD : 10 years.
3. FIXED INTEREST RATE : R157 plus 127 basis points per annum (final rate to be determined two days prior to the date of signing of this agreement by the Borrower).
4. GRACE PERIOD FOR CAPITAL REPAYMENT : 1 Year.
5. CAPITAL REPAYMENT : 18 (Eighteen) equal Six-monthly instalments, commencing on the last day of the 3<sup>rd</sup> (third) Half-year after the Half-year during which the first disbursement was advanced to the Borrower.
6. PROJECT FILE NO. : WC 102932.

## 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 Bergrivier 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, reconstituted and incorporated in terms of Section 2 of the Development Bank of Southern Africa Act No. 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 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;
- 1.1.7 "Interest Payment Date" means the last day of each Interest Period;
- 1.1.8 "Interest Period" means each period of 6 (six) months commencing on 1 January or 1 July of each calendar year. The first Interest Period shall begin to run from the date of the first disbursement to 30 March 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 Infrastructure 2007/2008, as described in more detail in Annexure A attached hereto;

1.1.14 "Reference Banks"

means four major Banks in the Johannesburg Interbank market selected by the DBSA;

1.1.15 "Reset Date"

means the first Business Day of January and July of each calendar year or such other dates as may be agreed to in writing by the Parties;

- 1.1.16 "Reset Period" means a period of 6 (six) months commencing from each Reset Date; and
- 1.1.17 "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 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, R6 070 000.00 (six million and seventy thousand 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 unless provided for in this Agreement.

### 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 R157 plus 127 basis points per annum (final rate to be determined two days prior to the date of signing of this agreement by the Borrower).
- 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 18 (eighteen) equal Six-monthly instalments, commencing on the last day of the 3<sup>rd</sup> (third) 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 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 3<sup>rd</sup> (third) 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 above. Should, at the outset of the said 3<sup>rd</sup> (third) 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 to charge a commitment fee of 0.5% (nought comma five per centum) per annum on all the undisbursed portion of the Loan effective 3 (three) months from the date of conclusion of this Agreement.

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.
- 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.

## 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 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 supra shall be reduced pro rata.

- 9.2 If the DBSA reasonably concludes, after consultation with the Borrower, that any portion(s) of the Loan will not be required to finance the Project, the DBSA may by 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 supra 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 3<sup>rd</sup> (third) 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 sub-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 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.

## 11. CONDITIONS PRECEDENT

- 11.1 The Borrower shall furnish the DBSA with a certified copy of the Council Resolution, authorizing the Borrower to conclude the Loan Agreement with the DBSA.

11.2 The Borrower shall cede, to the DBSA, security in the form of a cession over its income stream, covering the installments outstanding, plus interest and collection charges, at any time during the term of the loan.

## 12. FURTHER TERMS AND CONDITIONS

12.1 In the event that funding for the Projects, as set out in the Project Description, is secured from other sources of funding, amounts so received shall be utilised towards the Loan Agreement, which shall be reduced pro-rata. In the event of such funds being received prior to the final disbursements of the Loan, to the Borrower, the provisions of Clause 7 of the Loan Agreement shall become applicable.

12.2 The Borrower, hereby, warrants that it has obtained from all Government, Provincial, and other Authorities, the necessary licences, permits and other authorisations required in terms of environmental legislation, the Water Act and the Health and Safety legislation, for the construction, operation and maintenance of the projects.

12.3 The Borrower, hereby, undertakes to comply with acceptable environmental management principles and to ensure that a system is in place, which adheres to environmental requirements, throughout the lifetime of the Projects, and to ensure compliance with all environmental legal requirements.

12.4 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.

12.5 The Borrower will ensure the proper maintenance of the assets created through this loan, including water loss control and make the necessary budgetary provision.

12.6 The Borrower, hereby, undertakes to ensure that the disbursement of the Loan amount will be in accordance with the Disbursement Schedule attached to the Project Description.

12.7 The Borrower, hereby, undertakes to arrange for suitable insurance in order to cover any possible damage during and after construction of the Projects and any

other assets financed through this Loan. Proof must be provided that the following insurances are in place:

- 12.7.1 All Risk insurance;
  - 12.7.2 Material and Consequential loss caused by machinery and site breakdown;
  - 12.7.3 Damage during construction;
  - 12.7.4 Public Liability Cover; and
  - 12.7.5 Force Majeure.
- 12.8 The Borrower shall ensure that the construction and design of the building complies with the National Building Regulations and Building Standards Act 103 of 1977, the applicable Town Planning Legislation and sound engineering practices as contained in the applicable South African Bureau of Standards.
- 12.9 The Borrower undertakes that no construction activities will include the use of asbestos materials.
- 12.10 The Borrower will address and attend to improvement of the internal control measures and processes; a performance audit committee; and local economic development support. DBSA will, in consultation with the Borrower, attend to the provision of the necessary technical assistance to support the Borrower in this regard.
- 12.11 The Borrower will provide DBSA with summarised financial management accounts on a quarterly basis.
- 12.12 Any event of default under this Agreement shall be tantamount to an event of default in respect of all other existing Loan Agreements the Borrower has with DBSA and vice versa and the DBSA shall accordingly, when it becomes aware of the relevant facts or circumstances, be entitled to exercise any of its rights in terms of this Agreement and the said other existing Loan Agreements. 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, in law, have against the Borrower,



including the right to demand specific performance by the Borrower of its obligations in terms of the Agreement.

### 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 the terms/conditions of this Agreement which is not resolved 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.
- 13.2 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.
- 13.3 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.
- 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/her 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 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: Bergrivier Municipality  
Church Street  
PIKETBERG  
7320; or

Postal address: P O Box 60  
PIKETBERG  
7320; or

Telefax number: (022) 913 1380

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 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).

### 14.3 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.

### 14.4 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.

#### 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 right in respect of which such indulgence was granted.

#### 14.6 TERMS AND CONDITIONS OF DISBURSEMENT

14.6.1 Claims will be made 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 R6 070 000.00.

14.6.2 Disbursement is subject to submission to DBSA of fully documented proof of expenditure by the Borrower to supplier(s), consultant(s) and/or contractor(s), of actual claims (or in-house expenses incurred), as approved by the Borrower or its authorised representative. Each progress claim is to be in the itemised format as depicted in Annexure B.

THUS DONE AND SIGNED AT RIKETBERG ON THE 30th DAY OF JANUARY 2008.

AS WITNESSES:

1. [Signature]

2. [Signature]

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

THUS DONE AND SIGNED AT MORAND ON THE 16th DAY OF FEBRUARY 2008.

AS WITNESSES:

1. [Signature]

2. [Signature]

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



## PROJECT DESCRIPTION

## 1. PROJECT GOAL

The Project goal is to provide municipal services to the communities residing within the Bergrivier Municipality area, through the funding of part of the Municipality's 2007/08 Capital Expenditure Budget.

## 2. PROJECT OBJECTIVE

The Project objective is to support socio-economic development in the greater Bergrivier area, through the provision of new and upgrading of existing service infrastructure, to directly benefit approximately 1 000 households. The implementation of the project will contribute towards the communities' and Municipality's objective of improving existing services and service delivery, as well as addressing backlogs, thereby improving the living conditions of all the communities in the area.

## 3. PROJECT OUTPUTS

The project entails the rehabilitation, upgrading, and extension of municipal services (buildings), recreational facilities, electricity and water service infrastructure, comprising the external capital funding budget of the Bergrivier Municipality for 2007/08 with an expected loan contribution of R 6 070 000 from the DBSA, and the balance of R 32 008 800 from the Municipality. Further details are as follows:

SUMMARY DESCRIPTION	LOCATION	PROJECT TOTAL AMOUNT	DBSA LOAN
CAPITAL PROGRAMME 2007/08			
Buildings: Municipal offices	Piketberg	R 1 500 000	R 1 500 000
Recreational Facilities: Swimming pool	Porterville	R 800 000	R 800 000
Electricity projects: Various	P'ville, V'drif, P'berg	R 520 000	R 520 000
Sewer pipeline project	Eendekuil	R 300 000	R 300 000
Water Projects: De Plaat Pipe Network	Velddrif	R 2 950 000	R 2 950 000
<b>Total</b>		<b>R 6 070 000</b>	<b>R 6 070 000</b>

#### 4. PROJECT IMPLEMENTATION MATTERS

4.1 The Borrower shall ensure that the following principles are adhered to, during the planning, design and construction phases of the various project elements as applicable:

4.1.1 Public tendering procedures will be applied, in accordance with the Borrowers Financial By-Laws as well as Supply Chain Management policies and all government Procurement Policy or Regulations and in this regard;

4.1.2 All works will be planned, designed, documented and procured to optimally accommodate the principles of labour-based construction and employment creation and the Expanded Public Works Programme. Effective public communication will underpin this. Projects will be implemented on this basis and monitoring put in place to ensure that value is earned and works are completed in accordance with this principle.

#### 5. INSTITUTIONAL ARRANGEMENTS

The project will be monitored by visits of the project team and appropriate reporting. Monitoring and surveillance reporting on progress made with implementation, operation, maintenance and delivery of services shall be made available by the borrower to the DBSA, on a quarterly basis.

#### DISBURSEMENT SCHEDULE

Fixed Assets	Disbursement (R '000)	
	Q 4: 2007	Q 1: 2008
Infrastructure	2 000	4 070

## LOGFRAME

	SUMMARY	INDICATORS	VERIFICATION	ASSUMPTIONS
GOAL	To improve the provision of municipal services to the communities residing within the Bergvriër Municipality, through the funding of a portion of the 2007/08 Capital Budget of the Municipality. This will contribute to the improvement of socio-economic conditions of these communities.	Services both appropriate and affordable.	Bi-annual monitoring by DBSA team as part of Project Monitoring.	Bergvriër accepts the DBSA loan agreement.
PURPOSE	To support socio-economic development in the Bergvriër municipal area, through the provision of new infrastructure and upgrading of existing infrastructure, which will benefit the communities served.	Increase consumer base. Alignment with Provincial/ National directives.	Bi-annual monitoring as part of Project Monitoring.	All developments are approved by stakeholders.
OUTPUTS	Provision of services:  Buildings Recreational Electricity Sanitation Water	Improved service delivery. Community utilisation. Electricity and water consumption.	Improved living conditions. Reduced hygiene related diseases. Household consumption.	Increased water usage. Improved health conditions. Increased purchasing of electrical appliances.
ACTIVITIES	Project elements implemented according to engineering specifications.	Monitoring of project implementation.	Construction and quality to be verified by responsible consulting engineers.	All role players required for successful implementation will be involved.



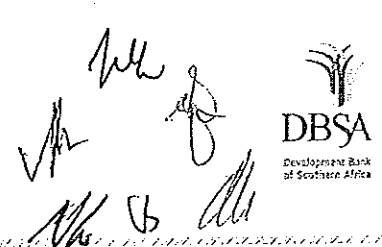
## SOURCE AND APPLICATION OF FUNDS STATEMENT

DESCRIPTION	PROJECT COST	DBSA LOAN	BORROWER
Buildings: Municipal offices Piketberg	R 1 500 000	R 1 500 000	0
Recreational Facilities: Swimming pools Porterville	R 800 000	R 800 000	0
Electricity projects: Various P'ville, V'drif, P'berg	R 520 000	R 520 000	0
Sewer pipeline project Eendekuil	R 300 000	R 300 000	0
Water Projects: De Plaat Pipe Network Velddrif	R 2 950 000	R 2 950 000	0
<b>Total</b>	<b>R 6 070 000</b>	<b>R 6 070 000</b>	<b>0</b>



## 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;


  
 DBSA
   
 Development Bank
   
 of Southern Africa

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

AUTHORISATION  
BORROWER

*[Handwritten signatures]*  
  
DBSA  
Development Bank  
of Southern Africa

**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

**LEONIE VAN LELYVELD**  
in her capacity as Chief Risk officer  
and Acting as Chief Financial Officer

OR

**ADMASU YILMA TADESSE**

OR

**SAMSON GWEDE MANTASHE**

OR

**ERNEST ARTHUR DIETRICH**

OR

**LOYISO PITYANA**

OR

**LEWIS MAXWELL MUSASIKE**

OR

**SNOWY JOYCE KHOZA**

OR

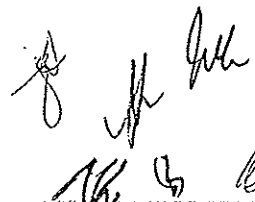

**MAGARE LUTHER MASHABA**

OR

**JEANETTE SIBONGILE NHLAPO**  
in their capacities as Executive Managers

OR

**SAMUEL RAPULANE MOGOTOTOANE**  
in his capacity as Manager: Legal Services

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OR

CHRISTINA JOANNA GOLINO

OR

BANE MOEKETSI MALEKE

OR

PUMLA MANNYA

OR

MAKGOTLA DANIEL PETER MOKUENA

OR

CHUCHEKA BEN MHLONGO

OR

EMILE DU TOIT

OR

JANINE THORNE

OR

REMBULUWANI BETHUEL NETSHISWINZHE

OR

JAMES MFANVELI TWANA NDLOVU

OR

TSHOKOLO PETRUS NCHOCHO

OR

SOLOMON ASAMOAH

in their capacities as Managers: Business Units


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 contracts or any other documentation in connection therewith that may be necessary for the purpose.

28/02/08

DATE

  
LEGAL SERVICES