

DEVELOPMENT BANK OF SOUTHERN AFRICA

LEGAL SERVICES BUSINESS UNIT

MEMORANDUM

TO: LEN HONEYBORNE	G225	FROM: DENNIS MADELA
CC: CORPORATE ACCOUNTING	2030	
REGISTRY	B10	
REF: MPL 13273		DATE: 15 DECEMBER 1998

RE: SIGNED AGREEMENT

MALELANE INFRASTRUCTURE UPGRADING

Attached please find a copy of the signed agreement regarding the abovementioned project:

Loan Amount: R4 153 000

Signed: 15th December 1998


DENNIS MADELA
LEGAL SERVICES

LOAN AGREEMENT

in respect of

MALELANE INFRASTRUCTURE UPGRADING

Entered into by and between

MALELANE TRANSITIONAL LOCAL COUNCIL

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

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S U M M A R Y

1. LOAN AMOUNT : R4 153 500
2. LOAN PERIOD : 20 years
3. INTEREST : 16,50 per centum nominal per annum.
4. GRACE PERIOD FOR CAPITAL REPAYMENT : 1 year
5. CAPITAL REPAYMENT : 38 equal six-monthly instalments, commencing on the last day of the 3rd Half-year after the Half-year during which the first disbursement was advanced to the Borrower.
6. PAYMENT OF INTEREST : Interest on the amount outstanding shall be compounded six-monthly and payable at the end of each Half-year.
7. PROJECT FILE NO. : MPL 13273

MEMORANDUM OF LOAN AGREEMENT

in respect of

MALELANE INFRASTRUCTURE UPGRADING

Entered into by and between

MALELANE TRANSITIONAL LOCAL COUNCIL

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

In fulfillment of the role of the Development Bank of Southern Africa Limited to support development in Southern Africa, it is hereby agreed as follows:

Clg *R. MC* *CS*

1. DEFINITIONS AND HEADINGS

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

- 1.1.1 "Borrower" Malelane Transitional Local Council;
- 1.1.2 "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 "Parties" the Borrower and DBSA;
- 1.1.4 "Project" Malelane Infrastructure Upgrading, as described in more detail in Annexure A attached hereto;
- 1.1.5 "Loan" the financing granted to the Borrower in terms of clause 3;
- 1.1.6 "On-Lending" the transfer of any amounts by the Borrower to third parties out of the proceeds of the Loan, excluding payments for the procurement of goods and services;
- 1.1.7 "Project Agent" a person nominated in writing by the Borrower to act on its behalf in respect of the Project;
- 1.1.8 "Half-year" from the first day of April to the 30th day of September and/or from the first day of October to the 31st day of March during the next calendar year.

1.2 Headings to the clauses of this agreement, the table of contents and summary are for reference purposes only and do not form part of this agreement.

AK CG CS

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2. PROJECT CO-OPERATION

2.1 To ensure that the purposes of the Loan are accomplished the Parties shall:

2.1.1 periodically and at the request of either Party:

2.1.1.1 exchange views with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations under this agreement as well as other matters relating to the purposes of the Loan; and

2.1.1.2 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;

2.1.2 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 under this agreement;

2.1.3 jointly determine the technical, financial and organisational requirements in respect of planning, management and control of the Project in order to ensure the efficient and effective execution and maintenance of the Project and related matters; and

2.1.4 jointly determine the criteria to be taken into consideration when awarding contracts for items and services to be financed by the Loan, bearing in mind that preference shall be given to the involvement of natural persons and bodies corporate respectively resident and registered in South Africa.

2.2 The Borrower shall:

2.2.1 grant representatives of DBSA the opportunities reasonably necessary to visit any relevant area for purposes related to the Loan;

2.2.2 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 that Annexure;

2.2.3 be responsible for the management and maintenance of work carried out within the context of the Project, provided that DBSA shall be consulted in this regard when reasonably necessary;

2.2.4 with regard to the procurement of goods and services for the Project, in consultation with DBSA, invite participation in tender or quotation procedures on equal terms from natural persons and bodies corporate respectively resident and registered in South Africa and, unless otherwise agreed to by the Parties, follow the following procedures in respect of tenders and quotations:

2.2.4.1 tender documents or invitations for quotations shall be drawn up in consultation with DBSA's project team and ratified by DBSA;

2.2.4.2 the tenders and quotations shall be invited and, after completion of the steps described in clause 2.2.4.4, adjudicated by the Tender Board, or other responsible body, of the Borrower;

2.2.4.3 open tenders shall be open to all interested parties falling within the description contained in clause 2.2.4, and it shall not necessarily be a pre-requisite that the tenderer be a member of any particular association;

2.2.4.4 after consultation with and formal ratification by DBSA, the evaluation and recommendation for appointment of a tenderer shall be submitted to the Borrower's Tender Board or other responsible body by the Project Agent. If this recommendation, in part or whole is not acceptable to the Borrower's Tender Board or other responsible body, that Board or body may make amendments, but such amendments may be implemented only after ratification by DBSA; and

2.2.4.5 strict tender procedures shall be adhered to. Where deemed necessary advice and support on possible improvements will be forthcoming from DBSA;

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- 2.2.5 ensure that contractors to whom contracts are awarded are insured and remain insured in terms of contractors-all-risk-insurance policies acceptable to DBSA;
- 2.2.6 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;
- 2.2.7 maintain or cause to be maintained records adequate to identify the operations carried out by means of the Loan and furnish DBSA with all such information (e.g. progress reports) concerning the implementation of the Project;
- 2.2.8 submit a statement reasonably acceptable to DBSA, certified on behalf of the Borrower, reflecting the expenditure incurred against goods and services financed in respect of the Project, within 6 (six) months after the end of each financial year of the Borrower during which a drawing is made on the Loan;
- 2.2.9 apply the Loan in accordance with Annexure B;
- 2.2.10 require each contractor to whom a contract is awarded to furnish a performance guarantee acceptable to DBSA, in terms whereof the completion of such contract is guaranteed; and
- 2.2.11 preserve all documents and accounting records pertaining to the Project up to the expiry of a period of 3 (three) years after completion of the Project, and shall allow DBSA at DBSA's cost at any reasonable time to have such documents and records audited by a person or persons nominated by DBSA.
- 2.3 It is hereby placed on record that the consultants and contractors mentioned in Annexure C hereto have been appointed by the Borrower in respect of the Project, and are acceptable to DBSA.
- 2.4 Where the Parties agree that the further appointment of consultants or the revision of the brief of appointed consultants is necessary, the following procedures shall be followed unless otherwise agreed to by the Parties:

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2.4.1 Before the formal appointment of any consultant for the Project it will be necessary for the Borrower, in the person of the Project Agent and his/her supporting staff, and with the approval of DBSA, to formulate the terms of reference required for such consultant. Particular attention should be given to the following:

- a precise statement of the objectives for the assignment;
- the scope and timing of the required services;
- the inputs to be provided by the Borrower;
- particulars of the outputs (that is reports, drawings, etc.) required of the consultants; and
- identification of a specific person who will be responsible, in the case where the consultant is a firm or a company.

2.4.2 The Borrower will then prepare a short list of capable consultants to be approved by DBSA, utilising the following criteria:

- past experience with similar projects;
- knowledge of local conditions;
- abilities and qualifications;
- membership of professional institutions;
- curriculum vitae of key personnel in the local office in the territory of the Borrower or other office of the consultant from where the work will be carried out.

2.4.3 DBSA's information on capable consultants will be made available to the Borrower for this purpose.

2.4.4 The short list shall include a cost estimate of the services to be provided.

2.4.5 The Borrower will then appoint one of the consultants from the short list, subject to the approval of DBSA.

2.4.6 Should arrangements be made to the effect that DBSA will provide funds to remunerate any consultant, such consultant shall not be appointed without the prior written consent of DBSA.

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- 2.5 DBSA shall use its best endeavours to make technical assistance available to the Borrower within the limits of its resources and upon such terms and conditions as agreed to by the Parties when and if the need for such assistance is identified by the Parties in terms of the provisions of clause 2.1.3 supra.

3. THE LOAN

- 3.1 DBSA shall lend to the Borrower on the terms and conditions set forth in this agreement an amount not exceeding in aggregate R4 153 500 (four million one hundred and fifty three thousand five hundred Rand) at the rate of interest set forth in clause 4 hereunder.
- 3.2 The Loan shall be utilised exclusively for the purpose of the Project as set out in Annexure A, and the Borrower shall ensure that any provisions contained in Annexure A are complied with.
- 3.3 DBSA shall pay the Loan proceeds to and on the order of the Borrower in such disbursements and on such terms and conditions as set forth in Annexure B attached hereto.
- 3.4 The Borrower shall furnish DBSA with particulars regarding officials authorised to apply for withdrawals on its behalf.
- 3.5 The capital amount of the Loan shall be repaid in 38 (thirty eight) equal six-monthly instalments commencing at the end of the 3rd (third) Half-year after the Half-year during which the first advance 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 the Borrower may, with 1 (one) month written notice to DBSA, make repayments in excess of the abovementioned or repay the full amount outstanding. An instalment shall be a fixed amount, determined as at the outset of the 3rd (third) Half-year after the Half-year during which the first advance was made to the Borrower from the proceeds of the Loan, calculated as being sufficient to amortise the outstanding amount in 38 (thirty eight) equal six-monthly payments. Should, at the outset of the said 3rd (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.

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- 3.6 The Borrower may by notice to DBSA cancel any undrawn portion(s) 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 3.5 supra shall be reduced pro rata.
- 3.7 If DBSA reasonably concludes, after consultation with the Borrower, that any portion(s) of the Loan will not be required to finance the Project, DBSA may by notice to the Borrower terminate the right of the Borrower to make drawings in respect of such undrawn portion(s); it being understood that upon giving of such notice the instalments referred to in clause 3.5 supra shall be reduced pro rata.
- 3.8 If DBSA has not received a last claim for an advance under the Loan from the Borrower at the end of the 3rd (third) Half-year after the Half-year during which the first advance was made to the Borrower, DBSA may terminate further disbursements to the Borrower on 30 (thirty) days written notice to the Borrower unless DBSA, after consideration of the reasons for the delay, has determined a later date for the purposes of this sub-clause. DBSA shall only consider an extension on receipt of a written request from the Borrower and shall notify the Borrower of its decision. A claim shall not be regarded as having been received if it is defective to such an extent that DBSA would not be obliged to make an advance in terms thereof.

4. INTEREST

- 4.1 The Loan shall bear interest on the amount from time to time outstanding at a nominal fixed rate of 16,50% (sixteen comma five per centum) per annum.
- 4.2 Interest on the amount from time to time outstanding shall be compounded six monthly and payable at the end of each Half-year. Payment shall commence on the last day of the Half-year after the Half-year during which the first disbursement was advanced to the Borrower from the proceeds of the Loan.

5. COMMITMENT FEE

The DBSA shall charge a commitment fee of 0,5% (nought comma five) per annum on all the undisbursed portion(s) of the Loan effective 3 months from the date of the last signature of the Loan Agreement. Payment shall be made on the same terms and conditions as the other amounts due in terms of this Agreement.

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6. LATE PAYMENT FEE

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:-

- fail to pay on the due date any amount owing or which may become owing to the DBSA in terms of this Agreement; or
- with the DBSA's written agreement to defer the payment of any amount so owing.

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

7. PAYMENTS

- 7.1 All payments to or by the Parties under this agreement shall be effected in South African Rands.
- 7.2 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.
- 7.3 All payments under this agreement to DBSA shall be effected to the credit of such banking account(s) of DBSA as DBSA may from time to time direct, in writing.
- 7.4 Payments in terms of this agreement shall be effected without deduction for and free from any taxes, charges, fees or other costs whatsoever.
- 7.5 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.
- 7.6 For purposes of the calculation of interest and repayments, any disbursement for technical assistance, previously approved and forming part of the Loan, paid out before

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signature of this agreement, shall be deemed to have been paid out on the same date as the first disbursement after signature hereof.

8. ON-LENDING

No On-Lending shall be effected unless provided for in Annexure A.

9. ACCELERATION OF MATURITY AND IMPROBABILITY OF PERFORMANCE

Should DBSA, after consultation with the Borrower, be able to show that the Borrower will probably not be in a position to perform its financial obligations in terms of this agreement, then DBSA may, after giving the Borrower 30 (thirty) days notice of its intention to do so, demand immediate repayment of all amounts owing by the Borrower in terms of this agreement.

10 SUSPENSION AND TERMINATION

- 10.1 DBSA shall be entitled to suspend withdrawals from the Loan or to terminate this agreement, in the event and for so long as the Borrower fails to comply with any provision of this agreement after having given the Borrower 30 (thirty) days written notice to comply with any provision of this agreement and the Borrower thereafter continuing thus to remain in default, in which latter event the full amount owing will become payable.
- 10.2 The Borrower shall be entitled to terminate this agreement after having given DBSA 30 (thirty) days written notice to comply with any provision of this agreement and DBSA thereafter continuing to remain in default, in which event repayments shall be effected over the same period and at the same interest rate as referred to in clauses 3.5 and 4.1 above respectively, in instalments reduced to the extent that the Loan amount has not been taken up in full but subject to the Borrower's rights to make payments in excess of such instalments or to repay the full amount outstanding as provided for in clause 3.5.
- 10.3 If any suspensive condition contained herein has not been fulfilled on expiry of the last day of the fifth month after the month during which the agreement has been concluded, then this agreement and all obligations of the Parties shall terminate, unless DBSA after consideration of the reasons for the delay, has determined a later date for the purposes of this sub-clause. DBSA shall only consider an extension on receipt of a written request from the Borrower and shall notify the Borrower of its decision.

- 10.4 If DBSA has not received a first claim for an advance under the Loan from the Borrower on expiry of the last day of the fifth month after the month during which this agreement has been concluded, then this agreement and all obligations of the Parties shall terminate, unless DBSA, after consideration of the reasons for the delay, has determined a later date for the purposes of this sub-clause. DBSA shall only consider an extension on receipt of a written request from the Borrower and shall notify the Borrower of its decision. A claim shall not be regarded as having been received if it is defective to such an extent that DBSA would not be obliged to make an advance in terms thereof.

11. ARBITRATION

- 11.1 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 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 DBSA for the repayment of any monies due under the loan 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.
- 11.2 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.
- 11.3 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.

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- 11.4 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, without furnishing reasons unless otherwise agreed by the Parties in writing.
- 11.5 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.

12. GENERAL

- 12.1 Any notice or request to be given or made in terms of this agreement shall be in writing and shall be deemed to have been duly given or made when in the case of DBSA, addressed to the Executive Manager and received at:

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

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

Telex number: 4-25546
SOUTH AFRICA

Telefax number: 011-3133086

and in the case of the Borrower, when addressed to the Borrower and received at the following address:

Physical address: Malelane Transitional Local Council
1 Park Street
Malelane; or

Postal address: P O Box 101
Malelane
1320; or

Telefax number: (013) 790 0886

Either of the Parties shall be entitled to change the abovementioned addresses by giving notice to such effect by registered post.

- 12.2 No amendment of, 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, with the understanding that Annexures A, B and C hereto can be changed by agreement reached through correspondence.
- 12.3 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.
- 12.4 This contains 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.

13 YEAR 2000 COMPLIANCE

The Borrower shall provide the DBSA with proof that it is either already compliant with the year 2000 changeover or that it has put steps in place to ensure such compliance.

14. PROJECT NOTICE BOARDS

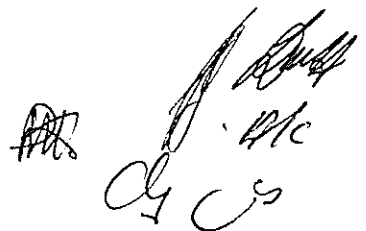
The Borrower shall, at its own cost, ensure that, immediately upon commencement of construction/building operations, contemplated by this Agreement, if it is decided to erect a project notice board(s), the said board(s) shall clearly advertise the fact that such construction/building operations, have been financed by the DBSA

15. FURTHER TERMS AND CONDITIONS

- 15.1 The Borrower will submit written confirmation to the DBSA to the effect that the Provincial Government is fully informed of this Project.
- 15.2 The Borrower undertakes not to enter into any further debt obligations without consulting and obtaining the written consent of the DBSA.

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- 15.3 The Borrower undertakes to provide the DBSA with its audited financial statements within 6 (six) months from the end of its financial year.
- 15.4 The Borrower will furnish the DBSA with a report on progress with the Masakhane campaign and cost recovery for service charges in its area of jurisdiction, on a six-monthly basis.
- 15.5 The Borrower undertakes not to employ departmental construction teams on projects to be funded in terms of this Agreement, unless the DBSA is satisfied that the work cannot be contracted out more cost effectively and efficiently by the Borrower.

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THUS DONE AND SIGNED AT MAIELANE ON THE 2 DAY OF DECEMBER 1998

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 MIDRAND ON THE 15th DAY OF DECEMBER 1998

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 DEVELOPMENT OBJECTIVE

The provision of internal infrastructure in support of integrated and sustainable urban development.

2. PHYSICAL DESCRIPTION

The Project entails the:

- upgrading of streets in Malelane and Hectorspruit,
- electrical connection to 15 commercial sites (Malelane extension 9),
- electrical connection to affordable housing sites (Malelane extension 6) and light industrial area,
- extensions to the Civic centre in Malelane,
- Modifications to the sewerage disposal works,
- provision of lighting along the N4 Witbank-Komatiepoort-Maputo road, and
- Supply and installation of 1320 prepaid water meters and 73 new water connections in Kamhlushwa.

2.2 The total Project cost is estimated to be R4 153 500.

2.3 The Project includes roads, stormwater drainage, sewerage and electricity works. The work covers civil engineering, mechanical plant, electrical and building components for development projects as described in the Borrowers infrastructure strategic planning and programming documents.

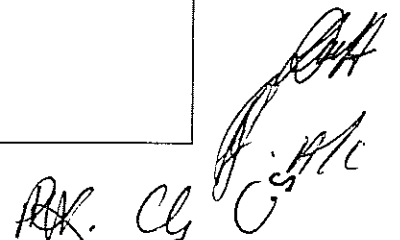
2.4 It also encompasses the Borrower's in-house design engineering, consultants and contractor's documentation, equipment supplier's specifications, cost estimates and construction programmes, which cover the Project elements in more detail.

2.5 The Project and its documentation described above all comply with SABS and Red Book municipal standards where applicable; also Eskom standards, DWA water permit and NER and electricity supply licensing requirements.

2.6 The work where applicable comprises the design, specification and quantifying of materials supply, equipment procurement and construction/installation, connecting, start-up and commissioning of the following Project elements.

3. DETAILED DESCRIPTION OF PROJECT.

Element	Project details	Loan portion
Roads and stormwater drainage	<p>Upgrading of streets in Malelane and Hectorspruit,.</p> <p>Comprises i) the upgrading of Air, Park and Rooibok Streets, stormwater system and eroded street shoulders and edges, and the re-alignment/reconstruction. Air Street is the main entry to Malelane and because of high ground slope, severe stormwater disposal problems are being experienced, meaning that the road surface is under much water logging pressure requiring an efficient drainage system avoiding for instance the risk of house flooding. ii) the</p>	R900 000



	provision of a concrete lined canal alongside the street shoulder which will tie in with the stormwater drainage system under the railway line and the re-alignment/reconstruction of part of Park Street in an area where it falls outside the street reserve. iii) the upgrading of Factory and Buffel Streets where the existing medium course seal is badly eroded, cracked and rutted due to the increased use by heavy vehicles and beyond salvaging, meaning incipient failure. Upgrading consists of ripping and blading the base and lime stabilising, with provision of kerbing to ensure edge protection.	
Sewerage	Modifications to sewage purification works. Includes the provision and installation of mechanical aerators to extend the life of the sewage works to avoid overloading, until such time as funds are available to upgrade the existing works to a conventional sewage plant. Associated civil, piping and valves, electrical, instrumentation works are also included.	R200 000
Electricity	Electrical connection to Malelane extension 6 and 9 Consisting of the connection of i) an affordable housing scheme in extension 6 and ii) light industrial stands in extension 9; both by connecting to the main electricity supply via a new cable network tapped off the existing ring main and the provision of new switchgear.	R508 000
Buildings	Extensions to Civic Centre. This work includes the provision of a 286 m2 extension to the existing civic centre. Designed with free access for the disabled, it comprises a reinforced concrete framed structure with brick infill panels and concrete floors and roof designed for future extension.. Low maintenance finishes are incorporated. Air conditioning will be provided by individual room units and services include hot and cold water pipes and fittings, electricity points and interior/exterior lighting, toilets and dry wall demountable partitions.	R500 000
Highway lighting	N4 Route Highway lighting The lighting includes poles mounted in the highway garden reserve area. The lighting poles are of the "scissors" type to allow ease of maintenance and no disruption to traffic. Luminosity level will be in accordance with SABS standards for national routes, which will provide better night vision and reduce accidents.	R193 000
Prepaid water meters	Water meters and new connections This element includes the supply and installation of 1320 Bambamanzi prepaid water meters as supplied "off the shelf" by the manufacturers. The 70 new water connections will be according to the existing SABS and municipal standards.	R1 852 500
TOTAL		R4 153 500

4. USE OF LOCAL LABOUR and SMALL CONTRACTORS

- 4.1 The Borrower will employ labour intensive methods and provide as much work as possible to local community people and local small contractors. This typically includes unskilled labour to help with road and stormwater drainage excavation and pipe handling and laying trench digging for electricity power cable extensions to the network.

AM *CS* *J. 14/10* *CS*

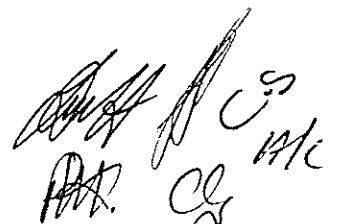
Skilled/semi skilled people will also assist in bricklaying, concreting, shuttering carpentry and fixing steel reinforcement.

- 4.2 Wherever possible the Borrower will promote/request small contractors to tender for projects and use local labour in work packages designed to allow capacity building and skills transfer. Contracts to small contractors will be awarded after an open tender process has been followed.

5. INSTITUTIONAL ARRANGEMENTS FOR IMPLEMENTATION OF THE PROJECT

The Borrower has the requisite capacity in its works and maintenance department to manage, operate and maintain the infrastructure elements, in conjunction with its consultants and contractors and will:

- Keep the community fully informed of the progress with the Project and maintain a two way communication channel through a Project steering committee;
- Ensure, as far as it is still possible, that local labour and emerging contractors be involved in the Project; and
- Provide equal opportunities for women and youths to participate in the implementation of the Project
- The DBSA will monitor implementation of the Project through the attendance of site meetings and scrutiny of site meeting minutes to ensure compliance with Project terms and conditions.



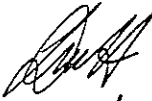
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APPLICATION AND SOURCE OF FUNDS STATEMENT

MALELANE INFRASTRUCTURE UPGRADING

(13273/1/1)

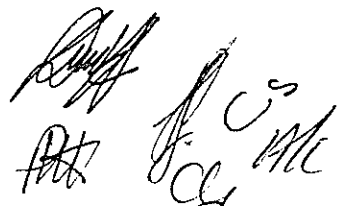
Description	Total (R)	DBSA (R)	%	Borrower (R)	%	Other (R)	%
ROADS AND STORMWATER	900,000	900,000	100.0	0	0.0	0	0.0
SEWERAGE	200,000	200,000	100.0	0	0.0	0	0.0
ELECTRICITY	508,000	508,000	100.0	0	0.0	0	0.0
BUILDINGS	500,000	500,000	100.0	0	0.0	0	0.0
HIGHWAY LIGHTING	193,000	193,000	100.0	0	0.0	0	0.0
PREPAID WATER METERS	1,852,500	1,852,500	100.0	0	0.0	0	0.0
Totals	4,153,500	4,153,500	100.0	0	0.0	0	0.0

 C/S

II. TERMS AND CONDITIONS OF DISBURSEMENT

Disbursement 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 B1), read together with the Project Description (Annexure A), to the maximum amount of R4 153 500 (four million one hundred and fifty three thousand five hundred Rand). This is subject to submission to DBSA of fully documented proof of payment(s) 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 B1.

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LIST OF CONSULTANTS AND
CONTRACTORS ALREADY APPOINTED

AUTHORISATION - BORROWER

AUTHORISATION

DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

IAN ANDREW GOLDIN

in his capacity as Chief Executive of the Development Bank of Southern Africa, in terms of authority delegated to the incumbent of his post by the Board of Directors of the Development Bank of Southern Africa on 19 September 1985, determined on 17 November 1998 that:

IAN ANDREW GOLDIN
in his capacity as Chief Executive

OR

JACOB HENRY DE VILLIERS BOTHA

OR

MANDLA SIZWE GANTSHO

OR

MAKAZIWE PHUMLA MANDELA
in their capacity as Executive Managers

OR

PULE LESAILANE MOKHOBO
in his capacity as Manager: Legal Services

OR

JOHN PATRICK BARTON-BRIDGES

OR

CHRISTINA JOANNA GOLINO

OR

CHRISTIAAN STEPHANUS HEYMANS

OR

BANE MOEKETSI MALEKE

OR



MAGARE LUTHER MASHABA

OR

FAZAL MEHMOOD SAIB

OR

JENNIFER DAPHNE TYOBEKA

OR

DENNIS MDUDUZI ZIMU

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

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

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

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

15/12/98

DATE



LEGAL SERVICES BUSINESS UNIT