
LOAN NUMBER 1108 SW

Loan Agreement

(Second Highway Project)

BETWEEN

KINGDOM OF SWAZILAND

AND

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

DATED MAY 15, 1975

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LOAN AGREEMENT

AGREEMENT, dated May 15, 1975, between KINGDOM OF SWAZILAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated March 15, 1974, with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to seven million dollars (\$7,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

Section 2.03. Except as the Bank shall otherwise agree, the goods, works and services (other than consultants' services) for the Project to be financed out of the proceeds of the Loan, shall be procured in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1978 or such other date as shall be agreed between the Borrower and the Bank.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of eight and one-half per cent (8-1/2%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower shall carry out the Project through the Roads Branch of its Ministry of Works, Power and Communications with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. In order to assist the Borrower in supervising the execution of the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the Project.

Section 3.04. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications, reports, contract documents and work and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank shall reasonably request.

(b) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan, and to disclose the use thereof in the Project; (ii) shall enable the Bank's accredited representatives to visit the facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably

request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Section 3.05. The Borrower shall take all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Bank, promptly after such acquisition, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Project.

Section 3.06. Except as the Bank shall otherwise agree, the general design standards for the roads included in the Project shall be those set forth in Schedule 5 to this Agreement.

ARTICLE IV

Other Covenants

Section 4.01. (a) It is the policy of the Bank, in making loans to, or with the guarantee of, its members not to seek, in normal circumstances, special security from the member concerned but to ensure that no other external debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member. To that end, if any lien shall be created on any public assets (as hereinafter defined), as security for any external debt, which will or might result in a priority for the benefit of the creditor of such external debt in the allocation, realization or distribution of foreign exchange, such lien shall, unless the Bank shall otherwise agree, *ipso facto* and at no cost to the Bank, equally and ratably secure the principal of, and interest and other charges on, the Loan, and the Borrower, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that, if for any constitutional or other legal reason such provision cannot be made with respect to any lien created on assets of any of its political or administrative subdivisions, the Borrower shall promptly and at no cost to the Bank secure the principal of, and interest and other charges on, the Loan by an equivalent lien on other public assets satisfactory to the Bank.

(b) The foregoing undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) As used in this Section, the term "public assets" means assets of the Borrower, of any political or administrative subdivision thereof and of any entity owned or controlled by, or operating for the account or benefit of, the Borrower or any such subdivision, including gold and other foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Borrower.

Section 4.02. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.03. The Borrower shall: (a) take such steps as shall be reasonably required to ensure that the dimensions and axle-loads of vehicles using its highway system are consistent with the structural and geometric design standards of the roads; (b) improve and expand its traffic count methods to provide an adequate basis for future road planning; (c) ensure that by the Closing Date the management of its Central Transport Organization, or any other entity performing the same function, operates along lines agreed with the Bank in order to ensure the most economic and effective utilization of its road maintenance equipment and vehicles.

Section 4.04. The Borrower shall periodically consult with the Bank in order to determine the progress and implementation of its road maintenance programs, and shall take all steps necessary to have the financial requirements thereof met.

ARTICLE V

Termination

Section 5.01. The date of August 31, 1975, is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance and Economic Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance and
Economic Planning
Box 443
Mbabane, Swaziland

Cable address:

MINFIN
Mbabane

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

KINGDOM OF SWAZILAND

By /s/ J.L.F. Simelane

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ S. Shahid Husain

*Regional Vice President
Eastern Africa*

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
(1) Civil Works	5,000,000	70%
(2) Consultants' Services	500,000	100% of foreign expenditures
(3) Unallocated	1,500,000	
	<hr/>	
TOTAL	7,000,000	
	<hr/> <hr/>	

2. For the purposes of this Schedule the term "foreign expenditures" means expenditures for goods or services supplied from the territory, and in the currency, of any country other than the Borrower: provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures".

3. The disbursement percentages have been calculated in compliance with the policy of the Bank that no proceeds of the Loan shall be disbursed on account of payments for taxes levied by, or in the territory of, the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof; to that end, if any event occurs which shall affect the amount of any such taxes included in the cost of any item to be financed out of the proceeds of the Loan, the Bank may, by notice to the Borrower, correspondingly adjust the disbursement percentage then applicable to such item.

4. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of expenditures prior to the date of this Agreement.

5. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if the Bank has reasonably estimated that the amount of the Loan then allocated to any Category will be insufficient to finance the agreed percentage of all expenditures in that Category, the Bank may, by notice to the Borrower: (i) reallocate to such Category to the extent required to meet the estimated shortfall proceeds of the Loan which are then allocated to another Category and which in the opinion of the Bank are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

6. If the Bank shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in this Agreement, no expenditures for such item shall be financed out of the proceeds of the Loan and the Bank may, without in any way restricting or limiting any other right, power or remedy of the Bank under the Loan Agreement, by notice to the Borrower, cancel such amount of the Loan as in the Bank's reasonable opinion represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Loan.

SCHEDULE 2

Description of the Project

The Project consists in the improvement of the (i) Tshaneni-Mlaula and (ii) Helehele-Phuzumoya roads to two lane bitumen paved standards, and in the supervision of the improvement works by consultants.

* * * *

The Project is expected to be completed by December 1977.

SCHEDULE 3
Amortization Schedule

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
June 1, 1978	70,000
December 1, 1978	75,000
June 1, 1979	75,000
December 1, 1979	80,000
June 1, 1980	80,000
December 1, 1980	85,000
June 1, 1981	90,000
December 1, 1981	95,000
June 1, 1982	95,000
December 1, 1982	100,000
June 1, 1983	105,000
December 1, 1983	110,000
June 1, 1984	115,000
December 1, 1984	120,000
June 1, 1985	125,000
December 1, 1985	130,000
June 1, 1986	135,000
December 1, 1986	140,000
June 1, 1987	145,000
December 1, 1987	155,000
June 1, 1988	160,000
December 1, 1988	165,000
June 1, 1989	175,000
December 1, 1989	180,000
June 1, 1990	190,000
December 1, 1990	195,000
June 1, 1991	205,000
December 1, 1991	215,000
June 1, 1992	225,000
December 1, 1992	230,000
June 1, 1993	240,000
December 1, 1993	250,000
June 1, 1994	265,000
December 1, 1994	275,000
June 1, 1995	285,000
December 1, 1995	300,000
June 1, 1996	310,000
December 1, 1996	325,000
June 1, 1997	340,000
December 1, 1997	345,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Premiums on Prepayment

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05(b) of the General Conditions:

<i>Time of Prepayment</i>	<i>Premium</i>
Not more than three years before maturity	1%
More than three years but not more than six years before maturity	2-1/4%
More than six years but not more than eleven years before maturity	4%
More than eleven years but not more than sixteen years before maturity	5-1/2%
More than sixteen years but not more than nineteen years before maturity	7-1/4%
More than nineteen years but not more than twenty-one years before maturity	8%
More than twenty-one years before maturity	8-1/2%

SCHEDULE 4**Procurement****A. General Procedures**

1. Contracts shall be let under procedures consistent with those set forth in the "Guidelines for Procurement under World Bank Loans and IDA Credits" published by the Bank in April 1972, as revised in October 1972 (hereinafter called the Guidelines), on the basis of international competitive bidding.
2. Bidders for the civil works included in the Project shall be prequalified as described in part 2.2 of the Guidelines.

B. Review of Procurement Decisions by Bank

1. Review of prequalification. The Borrower shall, before qualification is invited, inform the Bank in detail of the procedure to be followed and shall introduce such modifications in said procedure as the Bank shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications and, where applicable, of their eligibility for domestic preference under Part B.1 above and of the reasons for the exclusion of any applicant for prequalification and for such eligibility shall be furnished by the Borrower to the Bank for its comments before the applicants are notified, and the Borrower shall make such additions to, deletions from, or modifications in, the said list as the Bank shall reasonably request.
2. Review of invitation to bid and of proposed awards and final contracts:

With respect to all civil works contracts:

(a) Before bids are invited, the Borrower shall furnish to the Bank, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedures as the Bank shall reasonably request. Any further modification to the bidding documents shall require the Bank's concurrence before it is issued to the prospective bidders.

(b) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Bank of the name of the bidder to which it intends to award the contract and the reasons for the intended award

SCHEDULE 5

Design Standards

	<i>Helehele-Phuzumoya Road</i>		
	<i>Tshaneni-Mlaula Road</i>	<i>Helehele-Siphofaneni</i>	<i>Siphofaneni-Phuzumoya</i>
- design speed	100 km/h	80 km/h	100 km/h
- minimum horizontal radius	450 m	200 m	450 m
- maximum gradient	5%	7%	5%
- width of carriageway	7.30 m	6.70 m	7.30 m
- width of shoulders	2.40 m	1.80 m	2.40 m
- pavement design			
- wheel load	3,850 kg	3,850 kg	3,850 kg
- structures: loading	BS 153 Part 3A (HA loading)	BS 153 Part 3A (HA loading)	BS 153 Part 3A (HA loading)
width	8.50 m	7.90 m	8.50 m