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PART A

THE LOAN (URBAN DEVELOPMENT PROJECT) BILL, 1994

(Bill No. 15 of 1994)

(To be presented by the Minister for Finance)

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is to authorize the Minister for Finance to raise a loan in various currencies that shall have an aggregate value equivalent to no more than twenty nine million US dollars (US\$29,000,000) from the International Bank for Reconstruction and Development (IBRD) for financing the rehabilitation and upgrading of the urban infrastructure for Mbabane and Manzini as well as consultancy services for policy and institutional reform and training for urban sector institutions.

S.H. ZWANE

Attorney-General

A BILL

entitled

An act to authorize the Minister for Finance to raise a loan for financing the rehabilitation and upgrading of the urban infrastructure for Manzini and Mbabane as well as the consultancy services for policy and institutional reform and training for urban sector institutions.

Short title.

1. This Act may be cited as the Loan (Urban Development Project) Act, 1994.

Interpretation.

2. In this Act unless the context otherwise requires -

"Agreement" means the Agreement referred to in Section 3 and includes any document related thereto;

"Borrower" means the Government of the Kingdom of Swaziland;

"Lender" means the International Bank for Reconstruction and Development (IBRD);

"Loan" means the loan raised by the Minister under Section 3;

"Minister" means the Minister responsible for Finance.

Authority to raise loan.

3. The Minister is hereby authorised to enter into an Agreement with the Lender for the purpose

of raising a loan not exceeding twenty-nine million United States Dollars (US\$29,000,000) upon the terms and conditions as the Government may consider appropriate.

Loan charges and repayment.

4. (1) The Borrower shall repay the loan in fifteen (15) years in thirty (30) consecutive semi-annual instalments commencing from 15th January, 2000 and ending on 15th July, 2014.

(2) The Borrower shall pay interest on the principal amount of the loan withdrawn and outstanding from time to time, at a rate for each interest period equal to the cost of qualified borrowings determined in respect of the preceding semester, plus one-half of one percent ($\frac{1}{2}$ of 1%).

(3) For purposes of section 4 (2) -

"interest period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of the Agreement, beginning with the interest period in which the Agreement is signed.

"cost of qualified borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund -

(a) bank's investments; and

(b) loans which may be made by the Bank after July 1, 1989 bearing interest rate determined otherwise than as provided in sub-section (2).

"Semester" means the first six months or the second six months of a calendar year.

(4) On each of the dates specified in Section 2.06 of the Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding interest period, calculated at the rate applicable during such interest period.

(5) The Borrower shall pay to the lender a commitment charge at the rate of three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

(6) The Borrower shall pay the Lender the commitment charge, the interest and the interest on arrears of repayment, if any, semi annually on 15th January and 15th July respectively.

(7) The Borrower shall repay the principal amount of the loan in accordance with the authorization Schedule set forth in Schedule 3 to the Agreement.

Charging of loan.

5. The loan shall be charged upon the Consolidated Fund and the assets of the Borrower.

Application of loan.

6. The proceeds of the loan shall be used for financing the rehabilitation and upgrading of the urban infrastructure for Mbabane and Manzini as well as the consultancy services for policy and institutional reform for the urban sector institutions under the Ministry of Housing and Urban Development.