

K24 102956/4

LOAN AGREEMENT

in respect of

KWAZULU-NATAL MUNICIPAL PROPERTY RATES ACT LOAN SUPPORT

made and entered into by and between

eDUMBE LOCAL MUNICIPALITY

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

NP

A.M.T.

L.H.N



Handwritten signature and logo of the Development Bank of Southern Africa (DBSA). The logo includes the text "DBSA" and "Development Bank of Southern Africa".

TABLE OF CONTENTS

PAGE

MEMORANDUM OF LOAN

SUMMARY

ii

CLAUSE

1. INTERPRETATIONS 1

2. THE LOAN 3

3. INTEREST 4

4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST 4

5. COMMITMENT FEE 5

6. LATE PAYMENT 5

7. EARLY REPAYMENT FOR FIXED RATE LOANS 6

8. PAYMENT(S) 7

9. CANCELLATION/TERMINATION OF DRAWDOWNS 7

10. EVENTS OF DEFAULT 8

11. CONDITIONS PRECEDENT 9

12. FURTHER TERMS AND CONDITIONS 10

13. ARBITRATION 11

14. GENERAL 12

14.1 PROJECT NOTICE BOARDS 12

14.2 DOMICILIUM 12

14.3 WHOLE AGREEMENT 13

14.4 NON-VARIATION 14

14.5 NON-ENFORCEMENT/INDULGENCE 14

14.6 TERMS AND CONDITIONS OF DISBURSEMENT 14

SIGNATURE PAGE 15

ANNEXURE A PROJECT DESCRIPTION 16

ANNEXURE B SOURCE AND APPLICATION OF FUNDS STATEMENT 20

ANNEXURE C AUTHORISATION - BORROWER 21

ANNEXURE D AUTHORISATION - DBSA 22

A.M.T.
NP
LHN



SUMMARY

- | | | | |
|----|--|---|---|
| 1. | LOAN AMOUNT | : | R1 200 000.00. |
| 2. | LOAN PERIOD | : | 4 years. |
| 3. | FIXED INTEREST RATE | : | 6.75% (TIP). |
| 4. | GRACE PERIOD FOR
CAPITAL REPAYMENT | : | 2 Years. |
| 5. | GRACE PERIOD FOR
INTEREST REPAYMENT | : | None. |
| 6. | CAPITAL REPAYMENT | : | 4 (four) equal Six-monthly instalments,
commencing on the last day of the 5 th
Half-year after the Half-year during which
the first disbursement was advanced to
the Borrower. |
| 7. | INTEREST REPAYMENT | : | Payment shall commence on the last day
of the Half-year during which the first
disbursement was advanced to the
Borrower. |
| 8. | PROJECT FILE NO. | : | KZN 102954.4 |

D.M.T.
NP

LHN



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 eDumbe Local Municipality;
- 1.1.3 "Business Day" means any day other than a Saturday, Sunday and a Public Holiday;
- 1.1.4 "the DBSA" means the Development Bank of Southern Africa Limited, a juristic person reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act 13 of 1997;
- 1.1.5 "the DLGTA" means the KwaZulu-Natal Department of Local Government and Traditional Affairs;
- 1.1.6 "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;
- 1.1.7 "Half-year" or "Six-monthly" means 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;
- 1.1.8 "Interest Payment Date" means the last day of each Interest Period;

A.M.T.
NP
LHN



- 1.1.15 "Reset Date" means the first day of April and October 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, R1 200 000.00 (one million two hundred thousand Rand); and

A.M.T. NP
LHN


DBSA
Development Bank of Southern Africa

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 6.75% (TIP) per annum.

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

3.1.3 The interest rate for each Interest Period shall be compounded Six-monthly based on the actual number of days elapsed and a 365-day year (irrespective of whether it is a leap year) and shall be payable in arrears on each Interest Payment Date.

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

4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

4.1 The capital amount of the Loan shall be repaid in 4 (four) equal Six-monthly instalments, commencing on the last day of the 5th (fifth) Half-year following the

A.M.T. N.P.
LHN


DBSA
Development Bank of Southern Africa

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 5th (fifth) 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 5th (fifth) 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

A.M.T. NP. LHN



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.

A.M.T. NP LHN


DBSA
Deutsche Bank
South Africa

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

A.M.T. NP LHN


DBSA
Development Bank
of South Africa

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 5th (fifth) 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;

A.M.T. NP LHN



- 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

Before any disbursement of funding would occur, the Borrower would:

- 11.1 If applicable, settle all arrears debt payments with the DBSA, or make a written arrangement, which must be signed by the authorized representatives of the Borrower and the DBSA to settle such arrears debt payments.

A.M.T. NP.
LHN



- 11.2 Provide the DBSA and the DLGTA with written proof of all own contributions made by the Borrower, as well as all other contributions received from any other party towards the implementation of the Municipal Property Rates Act (MPRA).
- 11.3 Allow the DLGTA to assist the Borrower to create a ring fenced account, which will only be used for the purposes of the implementation of the Municipal Property Rates Act in the area of jurisdiction of the Borrower as agreed in this Agreement and provide the particulars of this account to the DBSA, in order to enable the DBSA to disburse the agreed amount into this ring fenced account.
- 11.4 Provide the DBSA with adequate proof that the Municipal Support Infrastructure Grant (MSIG) fund allocation for the benefiting Borrower had been ring fenced for the repayment of the total DBSA loan amount, which was granted for the implementation of the MPRA.
- 11.5 Provide the DBSA with a written statement from the National Government that there would be no objection to ring fence the MSIG Grant Allocations to the Borrowers taking up the DBSA loans to assist with the implementation of the MPRA and to repay the DBSA loans.
- 11.6 Provide the DBSA with any additional information to enable the DBSA to do a thorough assessment of the ability of the Borrower to repay the loan to be made available to the Borrower, should it be required.
- 11.7 Submit the proof of expenditure (invoice of the appointed service provider), as well as a clear and detailed time line of work flow, milestones and associated cost break down per milestone to the provincial Steering Committee for approval.
- 11.8 A ring fenced account to be used solely for the purpose as intended in this document, into which the DBSA would disburse the loan amount for the Borrower, needs to be established and fully functional.

12. FURTHER TERMS AND CONDITIONS

- 12.1 Should any of the milestones for the Borrower, or for the project as a whole, (Cost Estimates, Financial Considerations And Arrangements Of The Project Description) not be completed to the satisfaction of the Steering Committee and/or the DBSA, and no remedial measures could be agreed upon, the benefit to the Borrower, or the

A.M.T. NO
LHN


DBSA
Draaihoek Bank
Suidwes-Afrika

project as a whole could be terminated, in which case the DBSA could withdraw any unused portion of the loan funding and request the Borrower to repay any used portion of the loan funding.

- 12.2 The project should be completed (all milestones completed) in line with the agreed time line as agreed between the Parties and DLGTA.
- 12.3 Should the project not be completed as stipulated in paragraph 12.2 above, the project could be terminated, in which case the unused loan funding will be forfeited, unless the Borrower and the DBSA could a mutually acceptable written arrangement on the specific and final completion of all milestones.

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

A.M.T NP
LHN


DBSA
Development Bank
of Southern Africa

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

A.M.T. NP
LHN


DBSA
Development Bank of Southern Africa

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

Telefax number: (011) 313 3086

(ii) In case of the Borrower:-

Physical address: eDumbe Local Municipality
10 High Street
PAULPIETERSBURG
3180; or

Postal address: Private Bag X308
PAULPIETERSBURG
3180; or

Telefax number: (034) 995 1192

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

A.M.T. NP
LHN


DBSA
Development Bank of Southern Africa

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 The DBSA disbursement of funds or the bridging loan, will be effected subject to fully documented proof of expenditure approved by the MPRA Steering Committee, according to the loan amount allocated in the source and application of funds statement (Annexure B) read together with the Project Description (Annexure A) to the maximum amount of R1 200 000.00 (one million two hundred thousand Rand).

14.6.2 The Borrower will disburse to service providers only upon the achievement of each milestone and to the value of the particular milestone (not in one large amount prior to the achievement of any particular milestone).

14.6.3 The DLGTA needs to certify each draw down from the ring fenced account. Should the milestones not be achieved, arrangements would have to be in place to return the funds in the ring fenced account for all milestones not achieved to the DBSA.

A.M.T. NP

LHN


DBSA
Development Bank of South Africa

THIS DONE AND SIGNED AT PAULPETERSBURG ON THE 21ST DAY OF AUGUST 2008.

AS WITNESSES:

1. [Signature]

2. [Signature]

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

THIS DONE AND SIGNED AT Midrand ON THE 15 DAY OF September 2008.

AS WITNESSES:

1. [Signature]

2. [Signature]

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



PROJECT DESCRIPTION

1. PROJECT GOAL

The goal for financial support to this project is to:

- Provide financial assistance to 31 under-capacitated municipalities in KwaZulu-Natal, in order to address the shortfall in funding requirements to enable them to implement the requirements of the Municipal Property Rates Act.
- Reform the current system of property rating by municipalities and to introduce fundamental changes to the current system.
- To enhance certainty and uniformity in property rating aimed at providing local government with sufficient sources of revenue for fulfilling its local government responsibilities and to ensure economic and financial viability.

2. PROJECT OBJECTIVES AND OUTPUTS

2.1 The objectives of the project are to assist the listed municipalities in KwaZulu-Natal to:

- 2.1.1 Improve their financial viability;
- 2.1.2 Improve their ability to ensure better service delivery;
- 2.1.3 Increase their borrowing capacity;
- 2.1.4 Improve their loan servicing capacity (risk mitigation).

3. PROJECT OUTPUTS

For each of the recipients which would benefit from this initiative, the following outputs would be generated:

- 3.1 Procurement of a service provider to be designated as Municipal Valuator;
- 3.2 Compilation of the Property Register;
- 3.3 Public Participation Process for the property valuation;
- 3.4 Compilation of a General Valuation Roll;
- 3.5 Procurement of a Valuation System;
- 3.6 Public Notice to object;
- 3.7 Review of objections;
- 3.8 Appeal Process;

A.M.T. NP
LHN

DB
Department of Business, Economic and Environmental Affairs
KwaZulu-Natal

- 3.9 Maintenance of the Valuation Roll;
- 3.10 Interface of the General Valuation Roll with the municipality's billing system;
- 3.11 A billing system for first time rating municipalities;
- 3.12 Current and good resolution spatial imagery.

4. PROJECT DESCRIPTION, COST ESTIMATE AND BUDGET

This project would provide individual short term low interest loans of varying amounts to individual municipalities in KwaZulu-Natal as listed in Annexure B, which will add up to a total of R19,462,420 (including VAT), made available from the budget of the Mpumalanga and Kwazulu-Natal Operations Unit, to enhance the capacity of the listed municipalities to implement the requirements of the implementation plan for the Municipal Property Rates Act in KwaZulu-Natal.

The final allocations to individual municipalities will be finalized between the applicants and the DBSA project team and submitted to the DBSA for approval prior to the first disbursement. This will be integrated into the legal agreements between the DBSA, the applicants and the individual recipients.

5. PROPOSED INSTITUTIONAL ARRANGEMENTS FOR PROJECT MANAGEMENT OF THE MPRA SUPPORT PROGRAMME.

- 5.1 The existing DBSA-DLGTA Programme Steering Committee will be the decision making body regarding the MPRA funding and will mainly be involved in the approval of the funding policies and the basis for allocations. This project should be seen as a further leg to the existing DBSA funding support.
- 5.2 The management of the project will be the responsibility of a dedicated sub-committee of the DBSA-DLGTA Steering committee and be constituted of representatives from the DBSA, the Department and the benefiting municipalities through the contractual agreements between the DBSA, DLGTA and municipalities.
- 5.3 The Provincial Steering Committee of the MPRA comprises representatives of all the municipalities and interest groups will continue with it's present co-ordinating function. The MPRA project is managed by the Senior Manager, Municipal Finance, Mrs Joey Krishnan.
- 5.4 In the case of municipalities who are in shared service arrangements, a Project Team consisting of representatives from all the participating municipalities is responsible for the implementation of the MPRA. These teams are chaired by a person elected from the lead

A.M.T. NP

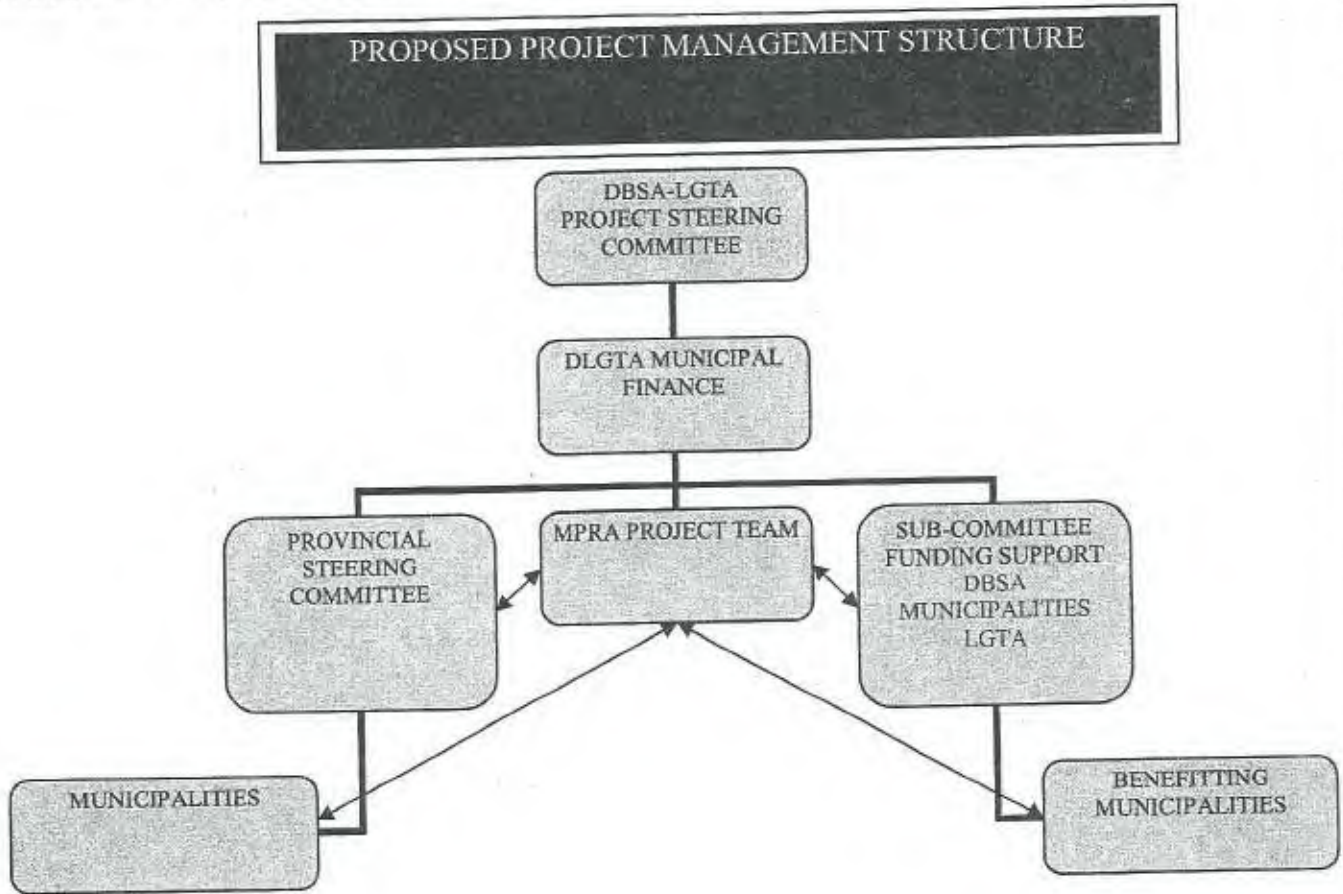
LHN


DBSA
Development Bank
of Southern Africa

municipality within the Shared Service.

5.5 The Department has engaged the services of a dedicated specialist service provider (MPRA Project Team) who provides support to the municipalities in the implementation process. It is proposed that a stringent condition is attached to the applicants for the grant/loan funding through which full disclosure is made of the counter funding to be contributed by the municipalities.

A diagram of the proposed structure is attached.



A.M.T. NP

LHN



LOG FRAME

PROJECT ACTIVITIES	INDICATOR	MEANS OF VERIFICATION	ASSUMPTIONS
<p>GOAL The goal for financial support to this project is to:</p> <ul style="list-style-type: none"> • Provide financial assistance to 31 under-capacitated municipalities in KwaZulu-Natal, in order to address the shortfall in funding requirements to enable them to implement the requirements of the Municipal Property Rates Act. • Reform the current system of property rating by municipalities and to introduce fundamental changes to the current system. • To enhance certainty and uniformity in property rating aimed at providing local government with sufficient sources of revenue for fulfilling its local government responsibilities and ensures economic and financial viability. 	Successful implementation of all the requirements of the Municipal Property Rates Act.	Project successfully completed and goal achieved.	That the goal of the project remains relevant and a priority.
<p>OBJECTIVES</p> <ul style="list-style-type: none"> a) Improve their financial viability; b) Improve their ability to ensure better service delivery; c) Increase their borrowing capacity; d) Improve their loan servicing capacity (risk mitigation). 	All objectives successfully achieved	All objectives successfully delivered.	That all objectives of the project remains relevant and a priority
<p>OUTPUTS</p> <ul style="list-style-type: none"> a) Procurement of a service provider to be designated as Municipal Valuator; b) Compilation of the Property Register; c) Public Participation Process for the property valuation; d) Compilation of a General Valuation Roll; e) Procurement of a Valuation System; f) Public Notice to object; g) Review of objections; h) Appeal Process; i) Maintenance of the Valuation Roll; j) Interface of the General Valuation Roll with the municipality's billing system; k) A billing system for first time rating municipalities; l) Current and good resolution spatial imagery. 	All outputs successfully achieved	Project successfully completed and outputs delivered.	That all outputs of the project remains relevant and a priority.

A.M.T. NP



DBSA
Development Bank of South Africa

AUTHORISATION
BORROWER

A.M.T. NP LHN



**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

A.M.T. NP LHN



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.

18 SEPTEMBER 2008
DATE


LEGAL SERVICES


DBSA
Development Bank of Southern Africa

A.M.T. NP LHN



Our Ref: KZN 102954.4

The Municipal Manager
eDumbe Local Municipality
Private Bag X308
PAULPIETERSBURG
3180

23 October 2008

Dear Sir

PRIORITY MAIL

PROPOSED LOAN AGREEMENT: EDUMBE LOCAL MUNICIPALITY – KWAZULU-NATAL MUNICIPAL PROPERTY RATES ACT LOAN SUPPORT

Attached please find an original 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


ZAMA MNGOMEZULU
LEGAL ADVISOR