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A.I.D. Loan Number: 698H010

LOAN AGREEMENT

between the

KINGDOM OF SWAZILAND

and the

UNITED STATES OF AMERICA

for the

Agricultural Sector

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Dated: October 13, 1971

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LOAN AGREEMENT dated the thirteenth day of October 1971, between the Kingdom of Swaziland ("Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTICLE I

The Loan

SECTION 1.01. The Loan. Pursuant to the Foreign Assistance Act of 1961 as amended, A.I.D. hereby agrees to lend Borrower an amount not to exceed Two Million Two Hundred Thousand United States dollars (\$2,200,000) ("Loan") which Loan shall be used exclusively to finance the foreign exchange and local currency costs of goods and services in accordance with the terms and conditions of this Agreement. Goods and services financed hereunder are hereinafter referred to as "Eligible Items". The aggregate amount disbursed hereunder is hereinafter referred to as "Principal".

SECTION 1.02. The Purpose of the Loan. The purpose of the Loan is to assist the Borrower in financing the foreign exchange and local currency costs of equipment, materials and technical services required for the development of agricultural areas, and of subloans to intermediate credit institutions in Swaziland for purposes related to the agricultural sector. The assistance financed hereunder is more fully described in Annex I hereto which Annex may be modified in writing by the parties hereto.

ARTICLE II

Loan Terms

SECTION 2.01. Interest. Borrower shall pay A.I.D. interest, which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter, on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 6.04) and shall be computed on the basis of a 365-day year. Interest shall be payable semi-annually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.02. Repayment. Borrower shall repay the Principal to A.I.D. within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (9-1/2) years after the date on which the first interest payment is due in accordance with Section 2.01. A.I.D. shall provide Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 2.03. Application, Currency, and Place of Payment. All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise

specify in writing, all such payments shall be made to the Controller, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the Office of the Controller.

SECTION 2.04. Prepayment. Upon payment of all interest and refunds then due, Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

SECTION 2.05. Renegotiation of the Terms of the Loan. Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, acceleration of the repayment of the Principal in the event that there is any significant improvement in the internal and external economic and financial position of the Borrower.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Initial Disbursement. Prior to the first disbursement or the issuance of a commitment document under the Loan, Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of the Attorney General or of other counsel satisfactory to A.I.D. that this Agreement has been fully authorized or ratified by, and executed on behalf of Borrower and constitutes a valid and legally binding obligation of Borrower in accordance with its terms;

(b) The name of the person or persons who will act as the

representative or representatives of Borrower pursuant to Section 8.02 together with evidence of his or their authority and a specimen signature of each person; and

(c) Evidence of parallel United Kingdom development activities in the Agricultural Sector to which this Loan is complementary, specifically, that land development activities have been authorized under the United Kingdom/Swaziland loan for 1970.

SECTION 3.02. Condition Precedent to Disbursement for Equipment and Procurement Services. Prior to any disbursement or to the issuance of a commitment document under the Loan with respect to Eligible Items which are equipment or procurement services, Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Any proposed procurement services, any proposed invitation for bids prior to issuance, and any proposed contract prior to any award or signature;

(b) Evidence of allocations of sufficient resources by Borrower to cover maintenance and operation of heavy equipment to be financed hereunder;

(c) A plan for the acquisition and use of equipment to be financed hereunder; and

(d) Such other information as A.I.D. may request with respect to the Project.

SECTION 3.03. Conditions Precedent to Disbursement for Technical Services. Unless A.I.D. otherwise agrees in writing, pri-

to any disbursement or to the issuance of a commitment document under the Loan with respect to Eligible Items which are technical services, Borrower shall furnish A.I.D. in form and substance satisfactory to A.I.D.:

(a) A plan describing the functions, responsibilities and number of technical service personnel to be financed hereunder,

(b) Evidence that arrangements have been made for the assignment of Borrower counterpart personnel to work with technical service personnel financed hereunder;

(c) Prior to signature, any proposed contract between Borrower and technical service personnel.

SECTION 3.04. Condition Precedent to Disbursement for Support Related to Grant Financed Technical Assistance. Unless A.I.D. otherwise agrees in writing, prior to any disbursement or to the issuance of a commitment document under the Loan with respect to Eligible Items which are support related to U.S. grant-financed technical assistance, Borrower shall execute a project agreement for the provision of such technical assistance.

SECTION 3.05. Condition Precedent to Financing of Subloans. Unless A.I.D. otherwise agrees in writing, prior to any disbursement or to the issuance of a commitment document under the Loan to finance subloans of intermediate credit institutions, Borrower shall furnish to A.I.D. such information and documents as A.I.D. may request.

SECTION 3.06. Terminal Date for Meeting Conditions Precedent to Initial Disbursement. If all of the conditions specified in Section 3.01 shall not have been met within one hundred and twenty (120)

days from the date of this Agreement, or by such later date as A.I.D. may agree to in writing, A.I.D., at its option, may at any time thereafter cancel this Agreement by giving notice to Borrower.

SECTION 3.07. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in each of Sections 3.01 through 3.05 have been met.

ARTICLE IV

Covenants and Warranties

SECTION 4.01. Execution of the Project. Borrower shall carry out the procurement and importation of Eligible Items with due diligence and efficiency in conformity with sound financial and administrative practices and with all plans, specifications, contracts, schedules, and other arrangements and all modifications thereto, approved by A.I.D. pursuant to this Agreement.

SECTION 4.02. Continuing Consultation. Borrower and A.I.D. shall cooperate fully to assure that the purpose of this Agreement will be accomplished. To this end, Borrower and A.I.D. shall from time to time, at the request of either party, exchange views with regard to the progress achieved under the Loan, the performance of the consultants, contractors, and suppliers financed hereunder, and other matters relating to this Agreement.

SECTION 4.03. Taxation. This Agreement, the amount agreed to be lent hereunder, and any evidences of indebtedness issued in connection herewith shall be free from, and the Principal and interest

shall be paid without deduction and free from, any taxation or fees imposed under any laws in effect within Swaziland. No clearly identifiable taxes, tariffs, duties, or other levies of any nature whatsoever imposed under any laws in effect in Swaziland may be financed hereunder

To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Swaziland, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 7.05(b) of this Agreement with funds other than those provided under the Loan.

SECTION 4.04. Utilization of Eligible Items. Borrower shall use its best efforts to prevent commodities financed hereunder from being used to promote or assist any project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Book as in effect at the time of such projected use without the prior written consent of A.I.D.

SECTION 4.05. Disclosure of Material Facts and Circumstances Borrower represents and warrants that all representations that it has made to A.I.D. in the course of obtaining the Loan are accurate and complete and that it has disclosed to A.I.D., accurately and completely all facts and circumstances that might materially affect the utilization of the Loan and Eligible Items and the discharge of obligations under

this Agreement. Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise which materially effect, or that it is reasonable to believe might materially affect, the utilization of the Loan or Eligible Items or the discharge of Borrower's obligation under this Agreement.

SECTION 4.06. Commissions, Fees, and Other Payments.

(a) Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) The Borrower warrants and covenants that no payments have been or will be received by the Borrower, or any official of the Borrower, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in the country of the Borrower.

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SECTION 4.07. Records and Inspections. Borrower shall maintain or cause to be maintained books, records, and other documents pertaining to this Agreement and transactions hereunder and shall enable A.I.D. to inspect such records and documents and also to make inspections with respect to goods financed hereunder.

SECTION 4.08. Reports. Borrower shall furnish A.I.D. such information and reports relating to the Loan and to Eligible Items as A.I.D. may reasonably request.

SECTION 4.09. Inspections. Authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the utilization of all Eligible Items and all books, records, and other documents and papers relating to Eligible Items, the Loan, and this Agreement. Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit authorized representatives of A.I.D. to visit any part of Swaziland for any purpose relating to the Loan.

SECTION 4.10. Continuance of Representations and Matters Furnished to Satisfy Conditions Precedent. Unless A.I.D. otherwise agrees in writing, any representation made or opinion or agreement provided to satisfy a Condition Precedent under this Agreement shall continue in force and effect for the life of this Agreement, exactly as originally made or furnished.

SECTION 4.11. Undertaking. Borrower covenants that it will provide adequate budgetary support to the Ministry of Public Works, Ministry of Agriculture and the Central Transport Organization in order to insure proper operation and maintenance of Eligible Items

financed hereunder.

SECTION 4.12. Special Account. (a) In the event of an interest and/or term differential between this Agreement and a reloan agreement or agreements, Borrower shall establish a Special Account in a manner satisfactory to A.I.D. for the purpose of receiving repayments of Principal and payment of interest under the Reloan Agreement(s) required by Section 3.05. Borrower shall deposit in the Special Account interest payments and principal repayments received in Borrower's legal currency ("Rand") and shall promptly furnish to A.I.D. documentation showing the date and amount of all Rand so deposited.

(b) Borrower shall use the Rand in the Special Account, as follows:

(i) To the extent necessary sums in the Special Account may be used to purchase or exchange for United States dollars to make repayment of Principal and payment of interest of the Loan.

(ii) Any amount in the Special Account not then required for (i) above shall be used in a manner to be agreed upon in writing by Borrower and A.I.D. for activities in the agricultural sector.

ARTICLE V

Procurement

SECTION 5.01 Eligible Items. Goods and services may be financed under this Loan, subject to the restrictions indicated herein and in any Implementation Letter issued hereunder. A.I.D. may decline to finance any specific goods or services when, in its judgment, such

financing would be inconsistent with the purposes of this Loan or of the Foreign Assistance Act of 1961, as amended.

SECTION 5.02. Source of Procurement.

Except as A.I.D. may otherwise agree in writing, expenditures made pursuant to Section 6.01, except those for marine insurance, shall be used exclusively to finance the procurement for the project of goods and services having both their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into therefor. Transportation services shall be deemed to have their source and origin in a country included in Code 941 of the A.I.D. Geographic Code Book if procured from a flag carrier registered in any such country. Marine insurance may be financed under the loan provided (I) such insurance is placed at the lowest available competitive rate in Swaziland or in any country included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of placement, and (II) claims thereunder are payable in freely convertible currency.

SECTION 5.03. Eligibility Date. Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to date of this Agreement.

SECTION 5.04. Goods and Services Not Financed Under Loan. Goods and services procured for agricultural sector activities supported by the Loan, but not financed under the Loan, shall have their source and origin in countries included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

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SECTION 5.05. Implementation of Procurement Requirements.

The definitions applicable to the eligibility requirements of Sections 5.02 and 5.04 will be set forth in detail in Implementation letters.

SECTION 5.06. Plans, Specifications, and Contracts.

(a) Except as A.I.D. may otherwise agree in writing, the Borrower shall furnish to A.I.D. promptly upon preparation, all plans, specifications, procurement schedules, bid documents, and contracts financed hereunder, and any modifications therein.

(b) Except as A.I.D. may otherwise agree in writing, all of the plans, specifications, and procurement schedules furnished pursuant to subsection (a) above shall be approved by A.I.D. in writing.

(c) All bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be approved by A.I.D. in writing prior to their issuance. All plans, specifications, and other documents relating to goods and services financed under the Loan shall be approved by A.I.D. in writing prior to their issuance. All plans, specifications, and other documents relating to goods and services financed under the Loan shall be in terms of United States standards and measurements, except as A.I.D. may otherwise agree in writing.

(d) The following contracts financed under the Loan shall be approved by A.I.D. in writing prior to their execution:

(i) contracts for engineering and other professional

services,

(ii) contracts for procurement services,

(iii) contracts for such other services as A.I.D.

may specify, and

(iv) contracts for such equipment and materials as

A.I.D. may specify.

In the case of any of the above contracts for services, A.I.D. shall also approve in writing the contractor and such contractor personnel as A.I.D. may specify. Material modifications in any of such contracts and changes in any of such personnel shall also be approved by A.I.D. in writing prior to their becoming effective.

SECTION 5.07. Reasonable Price. No more than reasonable prices shall be paid for any goods or services financed in whole or in part, under the Loan, as more fully described in Implementation Letters. Such items shall be procured on a fair and, except for professional services, on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

SECTION 5.08. Shipping and Insurance.

(a) Goods financed under the Loan shall be transported to the country of the Borrower on flag carriers of any country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

(b) At least fifty percent (50%) of the gross tonnage of all goods financed under the Loan (computed separately for dry bulk carriers, dry cargo liners, and tankers) which shall be transported on ocean vessels shall be transported on privately owned United States flag commercial vessels unless A.I.D. shall determine that such vessels are not available at fair and reasonable rates for United

States flag commercial vessels. No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(c) If in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the country of the Borrower, by statute, decree, rule, or regulation, favors any marine insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, goods procured from the United States and financed under the Loan shall during the continuance of such discrimination be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any state of the United States of America.

(d) The Borrower shall insure, or cause to be insured, all goods financed under the Loan against risks incident to their (1) transit to the point of use, and (2) use in the activities supported by this Loan. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed or in any freely convertible currency. Any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacements acquired

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within 18 months from the date of original purchase shall have their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into (on such replacements) and shall otherwise be subject to the provisions of this Agreement.

SECTION 5.09. Notification to Potential Suppliers. In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

SECTION 5.10. United States Government-owned Excess Property. The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of activities supported by the Loan and as may be available within a reasonable period of time. The Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan. Prior to the procurement of any goods, other than Excess Property, financed under the Loan and after having

sought such A.I.D. assistance, the Borrower shall indicate to A.I.D. in writing, on the basis of information then available to it, either that such goods cannot be made available from reconditioned United States Government-owned Excess Property on a timely basis or that the goods that can be made available are not technically suitable for the use intended.

SECTION 5.11. Information and Marking. Borrower shall give publicity to the Loan as a program of United States aid, identify the sites of activities supported by the Loan, and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VI

Disbursements

SECTION 6.01. Commitment Documents. To obtain disbursements, Borrower may from time to time request A.I.D. to issue commitment documents to one or more banks in the United States, designated by Borrower and satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made, through letters of credit or otherwise, to Borrower or any designee of Borrower, pursuant to such documentation as A.I.D. may prescribe. Banking charges incurred in connection with commitment documents and disbursements shall be for the account of Borrower and will be financed hereunder unless the Borrower notifies A.I.D. to the contrary.

SECTION 6.02. Other Forms of Disbursement. Disbursements may also be made through such other means as Borrower and A.I.D. may agree to in writing.

SECTION 6.03. Terminal Date for Requests and for Disbursements.

Except as A.I.D. may otherwise agree in writing, no commitment documents shall be issued in response to requests received from Borrower after December 31, 1973, and no disbursement shall be made against documentation received after June 30, 1974.

SECTION 6.04. Disbursement for Local Currency Costs.

Upon satisfaction of conditions precedent, the Borrower may, from time to time, request disbursement by A.I.D. of local currency costs of goods, services and subloans eligible for local currency financing under the terms and conditions of this Agreement by submitting to A.I.D. such supporting documentation as A.I.D. may prescribe in Implementation Letters. A.I.D. shall make such disbursements from local currency of the country of the Borrower owned by the U.S. Government and obtained by A.I.D. with United States dollars. The United States dollar equivalent of the local currency made available hereunder will be the amount of United States dollars required by A.I.D. to obtain the currency of the country of the Sub-Borrower.

SECTION 6.05. Date of Disbursement. Disbursement by A.I.D. shall be deemed to occur on the date on which A.I.D. makes a disbursement to the Borrower, to its designee, or to a banking institution pursuant to a letter of commitment.

ARTICLE VII

Cancellation and Suspension

SECTION 7.01. Cancellation by the Borrower. The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan (i) which, prior to the giving of

such notice, A.I.D. has not disbursed or committed itself to disburse or (ii) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

SECTION 7.02. Events of Default; Acceleration. If any one or more of the following events ("Events of Default") shall occur:

- (a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out activities supported by the Loan with due diligence and efficiency;
- (c) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D., or any of its predecessor agencies,

then A.I.D. may, at its option, give to the Borrower notice that all or any part of the unrepaid Principal shall be due and payable sixty (60) days thereafter and, unless the Event of Default is cured within such sixty (60) days:

- (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; provided that in exercising such right A.I.D. agrees that if

Borrower shows to A.I.D.'s satisfaction that it is financially incapable of making such payment immediately, Borrower shall make such payment in whole or in part as soon as funds are available; A.I.D. hereby agrees that Borrower may use such available funds to pay its external creditors on a pari passu basis.

- (ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

SECTION 7.03. Suspension of Disbursement. In the event that at any time:

- (a) An Event of Default has occurred;
- (b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement; or
- (c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.;
- (d) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies:

Then A.I.D. may, at its option:

- (i) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit, in which event A.I.D. shall give notice to the Borrower promptly thereafter;
- (ii) decline to make disbursements other than under outstanding commitment documents;
- (iii) decline to issue additional commitment documents;
- (iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the country of the Borrower, are in a deliverable state and have not been offloaded in ports of entry of the country of the Borrower. Any disbursement made or to be made under the Loan with respect to such transferred goods shall be deducted from Principal.

SECTION 7.04. Cancellation by A.I.D. Following any suspension of disbursements pursuant to Section 8.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then either disbursed or subject to irrevocable Letters of Credit.

SECTION 7.05. Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

SECTION 7.06. Refunds

- (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within thirty days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.
- (b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any other third party connected with the Loan, with respect to goods or services financed under the Loan,

and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of goods and services procured hereunder, to the extent justified, the remainder to be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder.

SECTION 7.07. Expenses of Collection. All reasonable costs incurred by A.I.D. other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 7.08. Nonwaiver of Remedies. No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any of such rights, powers, or remedies.

ARTICLE VIII

Miscellaneous

SECTION 8.01 Communications. Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable, or radiogram and shall be deemed to have been duly given, made,

or sent to the party to which it is addressed when it shall be delivered to such party by hand or by mail, telegram, cable, or radiogram at the following addresses:

TO BORROWER:

Mail Address: Ministry of Finance
P.O. Box 443
Mbabane, Swaziland.

Cable Address: Minfin
Mbabane, Swaziland.

TO A.I.D.:

Mail Address: East Africa Regional Capital Development Office
Agency for International Development
% American Embassy
Nairobi, Kenya.

Cable Address: AmEmbassy¹ NAIROBI

Borrower, in addition, shall provide the USAID Mission in Swaziland with a copy of each communication sent to A.I.D. Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in English, except as A.I.D. may otherwise agree in writing.

SECTION 8.02. Representatives. For all purposes relative to this Agreement, the Borrower will be represented by the individual

holding or acting in the office of The Ministry of Finance. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

SECTION 8.03. Implementation Letters. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

SECTION 8.04. Promissory Notes. At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or such other evidences of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

SECTION 8.05. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

IN WITNESS WHEREOF, Borrower and the United States of America, each acting through its respective duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

By: Samuel C. Adams Jr.

Title: Asst. Administrator, Bus. Affairs
A. I. D.
UNITED STATES OF AMERICA

By: S. M. Xumalo

Title: Acting Minister of Finance
KINGDOM OF SWAZILAND

ANNEX I

DESCRIPTION OF ACTIVITY

The purpose of the Loan is to support the Government of Swaziland in its effort to develop the agricultural sector in general and achieve the goals of the Land Purchase and Development Program in particular. The Loan will finance heavy equipment, materials and related technical services, as well as the intermediate lending activities, needed to carry out the physical transformation (such as construction of dams, access roads, rural water supplies, village and cooperative centers, and erosion control schemes) of the presently underutilized pasture and arable land area in Rural Development and associated areas, and similar projects. The financing hereunder augments that being provided by the United Kingdom over the period 1970 to 1973.