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07. The African Development Bank of Credit Loan Guarantee (Swaziland Development Finance Corporation) Bill, 2018 S1

THE AFRICAN DEVELOPMENT BANK OF CREDIT LOAN GUARANTEE
(SWAZILAND DEVELOPMENT FINANCE CORPORATION) BILL, 2018

(Bill No. 07 of 2018)

(to be presented by the Minister for Finance)

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is to authorise the Minister of Finance to issue a loan guarantee not exceeding **Two Hundred and Thirty Million Rands (ZAR 230 000,000)** in respect of a loan from the African Development Bank (AfDB) to the Swaziland Development Finance Corporation for the purpose of funding the Micro, Small and Medium-sized Enterprises, re-lending project and other incidental matters.

S. M. KHUMALO
ATTORNEY-GENERAL

A BILL
ENTITLED

AN ACT to authorise the Minister of Finance to issue a guarantee not exceeding **Two Hundred and Thirty Million Rands (ZAR 230 000,000)** in respect of a loan from the African Development Bank (AfDB) to the Swaziland Development Finance Corporation for the purpose of funding the Micro, Small and Medium-sized Enterprises, Re-lending project and other incidental matters.

ENACTED by the King and the Parliament of Eswatini.

Short title and commencement.

1. (1) This Act may be cited as the African Development Bank of Credit Loan Guarantee (Swaziland Development Finance Corporation) Act, 2018.
- (2) This Act shall come into force on the date of publication in the Gazette.

Interpretation.

2. In this Act unless the context otherwise requires-

“Agreement” means the Guarantee agreement between the Kingdom of Eswatini and the African Development Bank (line of credit provided by the African Development Bank to the Swaziland Development Finance Corporation;

“bank” means the African Development Bank (AfDB);

“borrower” means the Swaziland Development Finance Corporation;

“Government” means the Government of the Kingdom of Eswatini;

“Guarantee” means the guarantee which is pursuant to the agreement as referred to in section 3;

“Guarantee Agreement” means the Agreement referred to in section 3 and includes any related document;

“guarantor” means the Government of the Kingdom of Eswatini;

“lender” means the African Development Bank (AfDB);

“loan” means the loan which is pursuant to the agreement as referred to in section 3; and

“Minister” means the Minister responsible for Finance.

Authority to enter into a guarantee agreement.

3. The Minister, acting on behalf of the Government of the Kingdom of Eswatini, is hereby authorized to enter into a Guarantee Agreement with the lender for a loan not exceeding Two Hundred and Thirty Million Rands (ZAR 230 000,000) provided by the lender to the Swaziland Development Finance Corporation upon the terms and conditions as are specified in this Act and the agreement.

Obligation of borrower.

4. After the Bank has deposited the loan to the borrower, the borrower shall repay the loan to the Bank-

- (a) after the lapse of a two-years grace period;
- (b) over sixteen (16) semi-annual instalments;
- (c) over a period of eight (8) years; and
- (d) at an interest rate of the Johannesburg Inter-Bank Average Rate (JIBAR) plus margin of eighty (80) basis points.

Guarantee and loan repayment.

5. (1) Where the borrower fails to repay the Loan in accordance with the agreement, the Guarantor hereby guarantees to pay the lender-

- (a) the sum of the disbursed outstanding balance at that particular time; and
- (b) the amount of all costs and expenses, including legal fees which may be incurred by the Bank in connection with the enforcement of, or the preservation of the rights of the Bank under the Agreement.

(2) The liability of the Guarantor under the agreement shall not be discharged upon receipt of payment in full of every amount due under the agreement.

Charging of the guaranteed amount.

6. The guaranteed amount shall be charged upon the Consolidated Fund and the assets of Government.

Application of this Guarantee.

7. The benefit of the guarantee, which is the Loan under this Act, shall be used for the financing the Micro, Small and Medium-sized Enterprises, re-lending project.