



SWAZILAND
GOVERNMENT GAZETTE
EXTRAORDINARY

VOL. LVI]

MBABANE, Monday, JUNE 25th 2018

[No. 85

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THE EUROPEAN INVESTMENT BANK LOAN
(LOWER USUTHU SMALLHOLDER IRRIGATION PROJECT “LUSIP II”) BILL,
2018

(Bill No. 08 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 for Finance to raise a loan not exceeding **Thirty-Six Million Four Hundred Thousand Euros (EUR 36,400, 000.00)** from the European Investment Bank to finance the Lower Usuthu Smallholder Irrigation Project “LUSIP II”.

S. M. KHUMALO
ATTORNEY GENERAL

A BILL
ENTITLED

AN ACT to authorise the Minister for Finance to raise a loan not exceeding **Thirty-Six Million Four Hundred Thousand Euros (EUR 36,400, 000.00)** from the European Investment Bank to finance the Lower Usuthu Smallholder Irrigation Project “LUSIP II”.

ENACTED by the King and Parliament of Eswatini.

Short Title and Commencement.

1. (1) This Act may be cited as the European Investment Bank Loan (Lower Usuthu Smallholder Irrigation Project “LUSIP II”) 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 agreement referred to in section 3 and includes any document related to the agreement;

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

“Lender” means the European Investment Bank;

“Loan” means the loan raised by the Minister pursuant to section 3;

“Minister” means the Minister responsible for Finance;

“Project” means the Lower Usuthu Smallholder Irrigation Project “LUSIP II”.

Authority to raise a Loan

3. The Minister, acting on behalf of Government of the Kingdom of Eswatini, is hereby authorised to enter into an Agreement with the Lender for the purpose of raising a Loan not exceeding Thirty-Six Million Four Hundred Thousand Euros (EUR 36,400, 000.00) from the Lender to finance the Project upon the terms and conditions specified in this Act and such Agreement.

Proceeds of the Loan

4. The proceeds of the Loan shall be paid into, and shall form part of the Consolidated Fund or such other public fund whether existing or specifically established for the purpose of the Loan, as the Minister may determine.

Loan Repayment

5. (1) The Loan shall be disbursed in not more than ten (10) tranches payable over a period of twenty (20) years after a grace period of five (5) years for each and every tranche from the date of disbursement.

(2) During the five year grace period the borrower will be paying only interest on disbursed amounts of various tranches.

(3) The Borrower shall pay to the Lender a fixed interest rate of 1.8% per annum on every disbursed outstanding amount on each an every tranche.

Charging of the Loan

6. The Loan shall be charged upon the Consolidated Fund and the assets of the Borrower.

Application of Loan

7. The Proceeds of the Loan shall be used for the financing of the Project.