

No. 12613

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**INTERNATIONAL DEVELOPMENT ASSOCIATION,  
BOTSWANA and SWEDEN**

**Joint Financing Agreement—*Livestock Project* (with  
schedules). Signed at Washington on 30 June 1972**

*Authentic text: English.*

*Registered by the International Development Association on 14 June 1973.*

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**ASSOCIATION INTERNATIONALE DE  
DÉVELOPPEMENT, BOTSWANA et SUÈDE**

**Contrat de financement conjoint — *Projet relatif à l'élevage*  
(avec annexes). Signé à Washington le 30 juin 1972**

*Texte authentique: anglais.*

*Enregistré par l'Association internationale de développement le 14 juin  
1973.*

## JOINT FINANCING AGREEMENT<sup>1</sup>

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AGREEMENT, dated June 30, 1972, between REPUBLIC OF BOTSWANA (hereinafter called Botswana), the KINGDOM OF SWEDEN (hereinafter called Sweden) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) By a development credit agreement with Botswana of even date herewith,<sup>2</sup> Sweden has agreed to make available to Botswana a credit in an aggregate principal amount of eight million Swedish kroner (SKr 8,000,000) equivalent to about one million six hundred and fifty thousand dollars (\$1,650,000) for the purpose of assisting in the financing of the Project described in Schedule 1 to this Agreement;

(B) By an agreement with Botswana of even date herewith,<sup>3</sup> the Association has agreed to make available to Botswana a credit in an aggregate principal amount in various currencies equivalent to one million six hundred and fifty thousand dollars (\$1,650,000) for the same purpose; and

(C) The parties hereto have agreed on the allocation, withdrawal and use of the proceeds of the Swedish Credit and the IDA Credit and the execution of the Project to be financed thereby, as well as on other matters, as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I. DEFINITIONS*

*Section 1.01.* Wherever used in this Agreement unless the context otherwise requires, the several terms defined in the IDA Credit Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) The term “Swedish Credit Agreement” means the agreement between Sweden and Botswana referred to in Recital (A) to this Agreement, as from time to time amended.

(b) The term “IDA Credit Agreement” means the credit agreement between Botswana and the Association referred to in Recital (B) to this Agreement, as from time to time amended.

(c) The term “Swedish Credit” means the credit provided for in the Swedish Credit Agreement.

(d) The term “IDA Credit” means the credit provided for in the IDA Credit Agreement.

(e) The terms “Swedish Credit Account” and “IDA Credit Account” mean the respective accounts established under the Swedish Credit Agreement and the IDA Credit Agreement.

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<sup>1</sup> Came into force on 30 April 1973, upon notification by the Association to the Parties concerned.

<sup>2</sup> See p. 47 of this volume.

<sup>3</sup> See p. 3 of this volume.

(f) The term “Project” means the Project described in Schedule 1 to this Agreement.

(g) The term “beneficiary” means any individual, cooperative, or association to which Botswana proposes to make or has made a sub-loan.

(h) The term “NDB” means the National Development Bank of Botswana or any successor thereto.

(i) The term “sub-loan” means a loan made or proposed to be made by Botswana to a beneficiary for an Investment Project in accordance with this Agreement.

(j) The term “Investment Project” means a specific investment project, as approved or to be approved by Botswana pursuant to this Agreement, to be carried out by a beneficiary and to be financed in part by means of a sub-loan.

## *Article II.* ALLOCATION AND WITHDRAWALS OF PROCEEDS OF THE SWEDISH CREDIT AND THE IDA CREDIT

*Section 2.01.* Subject to the rights of suspension and cancellation set forth in the Swedish Credit Agreement and the IDA Credit Agreement and subject to the provisions of Section 2.02 of the IDA Credit Agreement, the amount of the Swedish Credit and the IDA Credit may be withdrawn from the Swedish Credit Account and the IDA Credit Account, respectively, in accordance with the provisions of this Agreement and with the allocation of the proceeds of the Swedish Credit and the IDA Credit set forth in Schedule 2 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between Botswana, Sweden and the Association.

*Section 2.02.* Withdrawals from the Swedish Credit Account and the IDA Credit Account shall be apportioned by the Association between the Swedish Credit and the IDA Credit, as nearly as practicable in the circumstances and taking into account the limitations provided for in Article 1, Section 2, of the Swedish Credit Agreement, in the ratio of 1 to 1, or such other ratio as shall be agreed between Sweden and the Association.

*Section 2.03.* (a) Botswana may withdraw any amount of the Swedish Credit or the IDA Credit by delivering to the Association a written application in such form and containing such statements and agreements as the Association shall reasonably request. Applications for withdrawal, with the necessary documentation, as hereinafter provided shall, except as Botswana and the Association shall otherwise agree, be made promptly in relation to expenditures for the Project.

(b) Botswana shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association has approved any withdrawal requested in the application.

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that Botswana is entitled to withdraw from the Swedish Credit Account or the IDA Credit Account the amount applied for and that such amount is to be used only for the purposes specified in this Agreement.

*Section 2.04.* (a) When the Association has approved an application by Botswana for withdrawal, the Association shall:

- (i) pay the amount, if any, which Botswana is entitled to withdraw from the IDA Credit Account to or on the order of Botswana in accordance with the provisions of the IDA Credit Agreement;
- (ii) promptly notify the Sveriges Riksbank, acting as agent for Sweden, in the manner and to the extent set forth in this Agreement, that it has received an application for withdrawal from the Swedish Credit Account and the IDA Credit Account in the aggregate amount specified in such notice, that it has approved payment of the portion, if any, to be withdrawn from the IDA Credit Account in the amount set forth in such notice and that the portion, if any, to be withdrawn from the Swedish Credit Account in the amount set forth in such notice is eligible for payment by the Sveriges Riksbank to the payee indicated therein.

(b) Upon receipt of such notice of the Association, the Sveriges Riksbank shall, subject to the rights of suspension and cancellation of the Swedish Credit set forth in the Swedish Credit Agreement, pay the amount so to be withdrawn from the Swedish Credit Account in the currency and to the payee stated in the notice and immediately advise Botswana of each such payment.

*Section 2.05.* If at any time the amount of the Swedish Credit or of the IDA Credit should be fully withdrawn or cancelled, applications by Botswana for further withdrawals shall be deemed to be requests for withdrawal of the full amount applied for from the IDA Credit Account or the Swedish Credit Account only and the provisions of this Article II shall continue to apply *mutatis mutandis* until the full amount credited or to be credited to such Account shall have been withdrawn or cancelled.

*Section 2.06.* Upon Botswana's request and upon such terms as shall be agreed between Botswana and the Association, the Association may enter into special commitments to pay amounts to Botswana or others in respect of the cost of goods or services required for the Project. Any such special commitment by the Association shall, once it has been notified to Sweden and the Sveriges Riksbank constitute an obligation on the part of Sweden to pay, notwithstanding any subsequent suspension or cancellation of the Swedish Credit and in conformity with the foregoing Sections 2.04 and 2.05, such portion of the total amount to be disbursed, in fulfillment of such special commitment, as agreed pursuant to Section 2.02 of this Agreement.

*Section 2.07.* If for purposes of this Agreement any proceeds of the Swedish Credit are to be withdrawn in a currency other than Swedish kroner, the Sveriges Riksbank shall remit the requested foreign currency amount and shall debit the Swedish Credit Account with the Swedish kroner equivalent of such amount calculated on the basis of the current market selling rate or, if no such rate applies, the par values established by the International Monetary Fund, or, if no such values have been established, such rate as shall be reasonably determined by the Sveriges Riksbank.

### *Article III.* EXECUTION OF THE PROJECT; USE OF PROCEEDS OF THE SWEDISH CREDIT AND THE IDA CREDIT

*Section 3.01.* Botswana shall carry out Parts C and D of the Project, and shall cause Parts A and B of the Project to be carried out, with due diligence and

efficiency and in conformity with sound administrative, agricultural, engineering and financial practices and shall provide, promptly as needed, the funds, facilities, staff, services and other resources required for the purpose.

*Section 3.02.* (a) In order to carry out Parts A and C of the Project, Botswana shall establish a Livestock Project Management Unit in the Ministry of Agriculture, having the organization and responsibilities as set forth in accordance with Schedule 3 to this Agreement.

(b) Botswana shall appoint a Project Manager, with qualifications and experience acceptable to the Association and on terms and conditions satisfactory to the Association, to be the head of the Livestock Project Management Unit and shall appoint a Field Manager for such Unit after consultation with the Association.

(c) In order to coordinate the implementation of the Project, Botswana shall, by December 31, 1972, establish a Livestock Project Coordinating Committee consisting of representatives from the Ministry of Agriculture, Ministry of Commerce, Industry and Water Affairs, Ministry of Finance and Development Planning, Ministry of Local Government and Lands, NDB, BLDC, Botswana Meat Commission and from such other entities as shall be designated by Botswana.

(d) In carrying out Part B of the Project, Botswana shall cause BLDC to appoint a General Manager with qualifications and experience acceptable to the Association and on terms and conditions satisfactory to the Association.

*Section 3.03.* (a) In carrying out Part B of the Project, Botswana shall relend part of the proceeds of the Swedish Credit and of the IDA Credit to BLDC under a loan agreement to be entered into between Botswana and BLDC on terms and conditions satisfactory to the Association.

(b) Botswana shall exercise its rights under the BLDC Loan Agreement in such manner as to protect the interests of Botswana, Sweden and the Association and to accomplish the purposes of the Swedish Credit and the IDA Credit, and except as Botswana and the Association shall otherwise agree, Botswana shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provisions of the BLDC Loan Agreement.

(c) Botswana shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable BLDC to perform all of its obligations under the BLDC Loan Agreement and shall not take or permit to be taken any action which might interfere with such performance.

*Section 3.04.* (a) In carrying out Part A of the Project, Botswana shall relend part of the proceeds of the Swedish Credit and the IDA Credit as sub-loans to beneficiaries on terms and conditions satisfactory to the Association and in accordance with the Operating Policies and Procedures set forth in Schedule 4 to this Agreement as such Schedule may be amended from time to time by agreement between Botswana, Sweden and the Association.

(b) For purposes of sub-section (a) hereof, Botswana shall appoint NDB as its agent on terms and conditions satisfactory to the Association.

*Section 3.05.* Botswana shall cause NDB:

(a) to establish and maintain a separate Project Account to be used exclusively for Part A of the Project; and

- (b) to record in such Project Account all receipts and payments for or in connection with Part A of the Project, in accordance with sound accounting principles consistently applied, including the following:
- (i) amounts received from and payments made to Botswana;
  - (ii) amounts disbursed to and received from beneficiaries under sub-loans; and
  - (iii) payments made for services under Part A of the Project.

*Section 3.06.* Botswana shall cause the goods and services (other than Consultants' services) required for the Project and to be financed out of the proceeds of the Swedish Credit and of the IDA Credit to be procured on competitive basis in conformity with the procurement procedures of the Government of Botswana.

*Section 3.07. (a)* Botswana shall cause to insure, or to make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Swedish Credit and the IDA Credit against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.

(b) Except as the Association shall otherwise agree, Botswana shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the Project.

*Section 3.08. (a)* Botswana shall furnish or cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, contract documents and construction schedules for Parts A, B and C of the Project, and any material modification thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) Botswana: (i) shall maintain, or cause to be maintained, records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Swedish Credit and the IDA Credit, and to disclose the use thereof in the Project; (ii) shall enable accredited representatives of Sweden and the Association to inspect the Project, the goods financed out of the proceeds of the Swedish Credit and the IDA Credit and any relevant records and documents; and (iii) shall furnish to Sweden and the Association all such information as Sweden and the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Swedish Credit and the IDA Credit and the goods and services financed out of such proceeds.

*Section 3.09.* Botswana shall make available, or cause to be made available, on terms and conditions satisfactory to Sweden and the Association all land and interests in respect of land as and when required:

- (i) to beneficiaries operating the breeding ranches and sheep farms included in Part A of the Project;
- (ii) to BLDC for the development of the fattening ranches included in Part B of the Project; and
- (iii) for the development of the fattening ranches included in Part C of the Project.

*Section 3.10.* (a) Botswana shall ensure that a competent manager will be employed for each breeding ranch under Part A of the Project and that all cattle brought to such breeding ranch will be managed as a single herd.

(b) Botswana shall take all necessary steps to prevent overstocking in the ranches and farms included in the Project and shall use its best effort to prevent overstocking in the commonage lands in the villages adjacent to such ranches and farms.

*Section 3.11.* Botswana shall, by June 30, 1973, make arrangements satisfactory to the Association to ensure that there shall be made available at rates not exceeding normal commercial rates:

- (i) short-term loans to finance the purchase by beneficiaries of feeder steers to stock the breeding ranches included in Part A of the Project;
- (ii) cash advances to farmers placing cattle on the fattening ranches included in Parts B and C of the Project; and
- (iii) short-term loans to finance the purchase of cattle to be placed on the fattening ranches included in Parts B and C of the Project.

*Section 3.12.* (a) In carrying out Item 2 (a) of Part D of the Project Botswana shall employ consultants acceptable to Sweden and the Association upon terms and conditions satisfactory to Sweden and the Association and shall ensure that each of the technical studies included in Items 2 and 3 of Part D of the Project shall be commenced within the period of 12 months from the date when the IDA Credit Agreement shall have become effective.

(b) In carrying out Part D of the Project other than Item 2 (a) thereof Botswana shall make available suitable qualified and experienced personnel upon terms of reference satisfactory to Sweden and the Association.

#### Article IV. OTHER COVENANTS OF BOTSWANA

*Section 4.01.* Botswana shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition, in respect of the Project, of the departments of agencies of Botswana responsible for carrying out the Project or any part thereof.

*Section 4.02.* (a) Botswana shall cause BLDC to maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of BLDC in respect of Part B of the Project.

(b) Botswana shall cause BLDC to: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Association; (ii) furnish to the Association as soon as available, but in any case not later than five months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and (iii) furnish to the Association such other information concerning the accounts, the financial statements and the audit thereof as the Association shall from time to time reasonably request.

*Article V. CONSULTATION AND INFORMATION*

*Section 5.01.* Botswana, Sweden and the Association shall cooperate fully to ensure that the purposes of the Swedish Credit and the IDA Credit will be accomplished. To that end, Botswana, Sweden and the Association shall from time to time, at the request of any party exchange views through their representatives with regard to the performance of their respective obligations under the Swedish Credit Agreement, the IDA Credit Agreement and this Agreement as well as the administration, operations and financial condition, in respect of the Project, of the departments or other agencies of Botswana responsible for carrying out the Project or any part thereof and other matters relating to the purposes of the Swedish Credit and the IDA Credit.

*Section 5.02.* The parties hereto shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Swedish Credit and the IDA Credit, the maintenance of the service thereof or the performance by any party of its obligations under the Swedish Credit Agreement, the IDA Credit Agreement and this Agreement.

*Article VI. MISCELLANEOUS*

*Section 6.01.* Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at such party's address specified below or at such other address as such party shall have designated by notice to the party giving such notice or making such request:

For Botswana:

Ministry of Finance and Development Planning  
Private Bag No. 8  
Gaborone, Botswana

Cable address:

Finance  
Gaborone

For Sweden:

(a) insofar as Sveriges Riksbank acts as agent for Sweden pursuant to Article II of this Agreement:

Sveriges Riksbank  
Box 2119  
Stockholm 2  
Sweden

Cable address:

Riksbanken  
Stockholm

(b) for all other purposes:

Swedish International Development Authority  
10525 Stockholm 1  
Sweden

Cable address:

Sida  
Stockholm

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Indevas  
Washington

*Section 6.02.* Botswana shall furnish to the Association sufficient evidence of the authority of the person or persons who will sign the applications provided for under Article II of this Agreement or who will, on behalf of the Association, take any other action or execute any other documents required or permitted to be taken or executed by Botswana under this Agreement, and the authenticated specimen signature of each such person.

*Section 6.03.* This Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

*Section 6.04.* (a) Except as shall be otherwise agreed by the parties hereto, this Agreement shall become effective on the earliest date upon which the Swedish Credit Agreement and the IDA Credit Agreement shall both be in effect.

(b) If the IDA Credit Agreement terminates for failure to become effective in accordance with its terms, this Agreement shall forthwith terminate and the Association shall promptly notify the other parties of such termination.

*Section 6.05.* This Agreement and all obligations of the parties thereto thereunder shall terminate on the date upon which the IDA Credit Agreement shall have terminated.

*Section 6.06.* Upon termination of the Swedish Credit Agreement or the IDA Credit Agreement only, Sweden or the Association, as the case may be, shall promptly notify the other parties hereto and, upon such notification, this Agreement shall continue to remain in force and effect only for the purpose of implementation of the Swedish Credit Agreement or the IDA Credit Agreement and of orderly settlement of matters of mutual interest to the parties hereunder, subject to such modifications of this Agreement as shall be agreed among the parties thereto or as shall be reasonably requested by Sweden or the Association for such purposes.

*Section 6.07.* Unless Sweden otherwise notifies Botswana and the Association, the Association shall represent Sweden in all matters relating to the implementation of, including amendments to, this Agreement.

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

Republic of Botswana:  
By AMOS M. DAMBE  
Authorized Representative

Kingdom of Sweden:  
By LEIF LEIFLAND  
Authorized Representative

International Development Association:  
By J. BURKE KNAPP  
Vice President

#### SCHEDULE 1

##### DESCRIPTION OF THE PROJECT

The Project is part of Botswana's program for livestock development and consists of the following parts:

- A. The development of about 30 breeding ranches in the Western State Lands and about 24 Karakul sheep farms in Southwest Botswana.
- B. The development by the Botswana Livestock Development Company of about 9 fattening ranches in Eastern Botswana and the Makalamabedi fattening ranch in the Northern State Lands.
- C. The development by Botswana of about 5 fattening ranches in the Western State Lands. The establishment and operation of three mobile borehole installation and maintenance units and the development of the following stock routes:
  1. Ghanzi to Lobatse;
  2. Maun to Francistown;
  3. Letlakeng to Gaborone;
  4. Seleka to Mahalapye; and
  5. Rakops to Palapye.
- D.
  1. the demarcation of village commonage lands adjacent to ranches and farms included in Parts A and C hereof on State Lands and surveys of Investment Projects;
  2. the completion of:
    - (a) a study on the rehabilitation of commonage lands of villages associated with the breeding ranches referred to in Part A hereof and a study on cattle marketing;
    - (b) a study on the effects of fencing and ranching on the migration of wildlife; and
  3. the completion of a study on the botanical effect of long-term grazing in the Project area, village commonage lands and undeveloped range lands in Western Kalahari, including, *inter alia*, the collection of meteorological and botanical data and the measurement of liveweight changes in cattle.

The Project is expected to be completed by June 30, 1977.

## SCHEDULE 2

ALLOCATION OF THE PROCEEDS OF THE SWEDISH CREDIT  
AND OF THE IDA CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Swedish Credit and of the IDA Credit, the allocation of amounts of such proceeds to each category and the percentage of eligible expenditures so to be financed in each category:

Category	Allocation (expressed in U.S. dollar equivalent)		% of Expenditures to be Financed
	IDA Credit	Swedish Credit	
I. (a) Equipment, material, supplies, breeding stock and borehole drilling for sheep farms under Part A of the Project	305,000	305,000	100% of total expenditures
(b) Equipment, material, supplies, breeding stock and borehole drilling for breeding ranches under Part A of the Project	305,000	305,000	100% of total expenditures
II. Equipment, material, supplies and borehole drilling for Part B of the Project	400,000	400,000	100% of total expenditures
III. Equipment, material, supplies and borehole drilling for fattening ranches under Part C	90,000	90,000	100% of total expenditures
IV. Equipment, material and supplies for mobile borehole units and development of stock routes	80,000	80,000	100% of total expenditures
V. Technical services under Part D of the Project	100,000	100,000	60% of total expenditures
VI. Management and Administration for Livestock Project Management Unit and BLDC	210,000	210,000	50% of total expenditures
VII. Unallocated	160,000	160,000	
TOTAL	1,650,000	1,650,000	

2. For the purposes of this Schedule:

(a) The term “foreign expenditures” means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than Botswana, provided, however, that if the currency of Botswana is also that of another country in the territories of which goods are produced or from the territories of which services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”;

(b) The term “local expenditures” means expenditures in the currency of Botswana, or for goods produced in, or services supplied from, the territories of Botswana; and

(c) The term “total expenditures” means the aggregate of foreign and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures prior to the date of this Agreement; and

(b) payments for taxes imposed under the laws of Botswana or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the fourth column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Swedish Credit or of the IDA Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the proceeds of the Swedish Credit and of the IDA Credit set forth in the second and third columns of the table in paragraph 1 above:

(a) if the estimate of the expenditures under any Category shall decrease, the amounts of the proceeds of the Swedish Credit and of the IDA Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amounts of the proceeds of the Swedish Credit and of the IDA Credit; and

(b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the fourth column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by Sweden and the Association at the request of Botswana, to such Category from the unallocated amounts of the proceeds of the Swedish Credit and of the IDA Credit, subject, however, to the requirements for contingencies, as determined by the Association in respect of any other expenditures.

5. Notwithstanding the percentages set forth in the fourth column of the table set out in paragraph 1 above, if the estimate of expenditures under Category I shall increase and no proceeds of the Swedish Credit and of the IDA Credit are available for reallocation to such Category, the Association may, by notice to Botswana, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

### SCHEDULE 3

#### ORGANIZATION AND RESPONSIBILITIES OF THE LIVESTOCK PROJECT MANAGEMENT UNIT

##### I. *Organization*

(a) The Livestock Project Management Unit shall be a separate unit headed by a Project Manager who shall be directly responsible to the Permanent Secretary of the Ministry of Agriculture.

(b) The Project Manager shall be assisted by a Field Manager based in Ghanzi, at least four field technicians and necessary supporting staff.

## II. *Responsibilities*

(a) The Livestock Project Management Unit shall:

- (i) develop the breeding ranches and fattening ranches included in Parts A and C of the Project;
- (ii) operate the fattening ranches included in Part C of the Project for the benefit of cattlemen in tribal communities;
- (iii) prepare detailed Investment Projects for the development of Karakul sheep farms and recommend these for approval;
- (iv) recommend to the State Land Board beneficiaries to be granted breeding ranches developed in the Western State Lands;
- (v) provide beneficiaries with extension and advisory services and to supervise proper operation of the breeding and fattening ranches included in Parts A and C of the Project; and
- (vi) prepare subsequent livestock development programs.

(b) The Project Manager shall:

- (i) ensure the carrying out of the responsibilities of the Livestock Project Management Unit;
- (ii) define the duties and responsibilities of all Livestock Project Management Unit staff and recommend for the appointment of such staff;
- (iii) provide such training, direction, supervision and technical assistance as is necessary for proper operation of each Investment Project;
- (iv) prepare and approve the technical feasibility and financial viability of all Investment Projects;
- (v) make recommendations on sub-loan approvals;
- (vi) ensure that adequate records of the Livestock Project Management Unit and the development and operations of ranches and farms included in Parts A and C of the Project are kept;
- (vii) ensure the preparation of quarterly and annual progress and expenditure reports under Parts A and C of the Project; and
- (viii) advise on the terms of reference for studies included in Part D of the Project.

## SCHEDULE 4

### OPERATING POLICIES AND PROCEDURES

The following operating policies and procedures shall apply to the carrying out of Part A of the Project:

#### I. *Sub-loan Submission and Investment Projects*

(a) *Development of Sheep Farms*

- (i) Sub-loan applications shall be filed with the Livestock Project Management Unit and shall be reviewed by NDB with regard to creditworthiness.
- (ii) Livestock Project Management Unit shall prepare detailed Investment Projects for creditworthy applicants.
- (iii) Only Investment Projects recommended by the Livestock Project Management Unit shall be submitted for sub-loan approval.

(b) Development of Breeding Ranches

- (i) The development of breeding ranches shall be carried out by the Livestock Project Management Unit.
- (ii) Sub-loan applications shall be filed with the Livestock Project Management Unit and shall be reviewed by NDB with regard to creditworthiness.
- (iii) Livestock Project Management Unit shall prepare detailed Investment Projects for creditworthy applicants.
- (iv) Sub-loan applications shall be reviewed by the Livestock Project Management Unit as to:
  - (1) ownership, organizational and financial structures of the applicant, including the charters, articles of association, or such other similar legal instruments for forming an association of the applicant;
  - (2) managerial competence of the applicant; and
  - (3) technical capacity of the applicant.
- (v) Only individuals, or cooperatives or associations organized by such individuals, engaging in livestock activities in the villages adjacent to the breeding ranches to be developed will be eligible for sub-loans.

II. *Sub-loan Approvals*

(a) Any sub-loan, the amount of which exceeds the equivalent of US\$50,000 or any sub-loan, the amount of which together with the outstanding amount of any other sub-loan made to the same beneficiary exceeds the equivalent of US\$50,000, shall not be approved by Botswana unless the Association shall have given its prior approval.

(b) Any sub-loan for the development of sheep farms shall not exceed the estimated cost of the Investment Project approved by the Livestock Project Management Unit.

(c) The amount of a sub-loan for breeding ranches shall be the actual costs incurred by Botswana for the development of such ranches. Sub-loan applications together with the recommendations of the Livestock Project Management Unit and NDB shall be submitted to the Permanent Secretary of the Ministry of Agriculture for final approval.

III. *Terms and Conditions of Sub-loans*

Botswana shall submit to Sweden and the Association for approval a standard form of sub-loan agreement to be used for Investment Projects. The sub-loan agreements shall include, among other things, the following matters:

- (a) an interest rate of 8% per annum on the amount withdrawn and outstanding for all sub-loans.
- (b) repayment terms that shall reflect the payment ability of the beneficiary and the cash flow position of an Investment Project and, in general, shall be as follows:
  - (i) in the case of breeding ranches, a repayment term of up to 18 years including a grace period of up to 4 years and with interest capitalized for the first two years; and
  - (ii) in the case of sheep farms, a repayment term of up to 14 years including a grace period of up to 6 years and with interest capitalized for the first year.
- (c) that the repayment of the principal shall be made on an annuity basis;
- (d) that the payments under the sub-loans shall be in the currency of the Borrower and that the beneficiary shall not bear any foreign exchange risk;
- (e) that the proceeds of the sub-loans shall be used exclusively in the carrying out of the Investment Projects;

- (f) that a beneficiary shall be required initially to move as a nucleus of a breeding herd of about 220 cattle from the village commonage lands to the breeding ranch to be financed by the sub-loan; and
- (g) that authorized representatives of Botswana, Sweden and the Association shall have the right to inspect the Investment Projects, the facilities financed by the sub-loans, the operations thereof and any relevant records and documents.

V. *Collateral*

The amount of a sub-loan shall be secured by hypothecation on the land made available by Botswana for the carrying out of the Investment Project, and by such other securities as provided for in the Agricultural Charges Act, 1967 of Botswana.

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