

**OFFICIAL  
DOCUMENTS**

P473-52

**The World Bank**  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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May 21, 2015

Honorable Martin Dlamini  
Minister of Finance  
Ministry of Finance  
P.O. Box 443  
Mbabane  
The Kingdom of Swaziland

Re: Kingdom of Swaziland: Advance Agreement for Preparation of Proposed  
Private Sector Competitiveness Project  
Preparation Advance No. P4730

Excellency:

In response to the request for financial assistance made on behalf of the Kingdom of Swaziland ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed four hundred twenty-nine thousand five hundred Dollars (\$429,500) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to support increased private investments, exports, and jobs, especially in the agribusiness and tourism sectors ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By Asad Alam  
Asad Alam  
Country Director for Swaziland

AGREED:  
KINGDOM OF SWAZILAND

By [Signature]  
Authorized Representative

Name MARTIN C. SHAMIRI

Title Minister of Finance

Date: 10<sup>th</sup> July 2015

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated May 1, 2006.

**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following terms have the definitions set forth below:

- (a) “Doing Business Report” means the Recipient’s annual Doing Business Report.
- (b) “Investor Road Map” means the Recipient’s strategic plan for improving key aspects of its business environment and investment climate, launched on April 27, 2012.
- (c) “Investor Road Map Unit” means the team within the Recipient’s Ministry of Commerce, Industry and Trade responsible for implementation of the Investor Road Map.
- (d) “Operating Costs” means the reasonable incremental incurred on account of the implementation of the Activities, including office rent, office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, travel, per diem, and excluding the salaries of the Recipient’s civil service.
- (e) “SIPA” means the Swaziland Investment Promotion Authority, established and operating pursuant to the Swaziland Investment Promotion Act, or any successor thereto.
- (f) “Swaziland Investment Promotion Act” means the Swaziland Investment Promotion Act, 1998, of the laws of the Recipient, as amended.
- (g) “Training” means the costs associated with the training and workshops under the Activities, including travel costs for training participants, costs associated with securing the services of trainers, rental of facilities, preparation and reproduction of training materials, and other costs related to course preparation and implementation, including study tours.

**Article II**  
**Execution of the Activities**

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

- (a) Provision of technical assistance for a review of the Recipient's regulatory framework for commercial activity, and preparation of recommendations for reforms required to achieve the objectives of the Investor Road Map objectives.
- (b) Provision of training on the Doing Business Report survey methodology, provision of technical assistance to the Investor Road Map Unit, and preparation of an implementation plan for the Investor Road Map.
- (c) Provision of technical assistance to SIPA for the development of a trade promotion and facilitation strategy.
- (d) Carrying out of a demand survey and analysis for the establishment of a catalytic financing facility for the provision of support to enterprises in the agribusiness and tourism sectors.
- (e) Preparation of safeguards instruments for the Project.
- (f) Strengthening the capacity of the Recipient for the preparation and implementation of the Project, including through the recruitment of a financial management specialist and a technical advisor for private sector development.
- (g) Provision of training for the Recipient's officials, including study tours, to build skills and knowledge related to the design and implementation of the Project.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the Aid Coordination and Management Services unit of its Ministry of Economic Planning and Development, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.

2.03. **Safeguards.** The Recipient shall ensure that the terms of reference for any technical assistance, training or studies to be carried out under the Activities are prepared in form and substance satisfactory to the World Bank, and consistent with the World Bank's environmental and social safeguards policies, as well the Recipient's own laws relating to environmental and social matters.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

- (b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
- (c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06. **Procurement**

- (a) General. All goods, non-consulting services and consultants' services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in:
  - (i) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 (revised July 2014) ("Procurement Guidelines"), in the case of goods and non-consulting services;
  - (ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Consultant Guidelines") in the case of consultants' services; and
  - (iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").
- (b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

- (c) Particular Methods of Procurement of Goods and Non-consulting Services
  - (i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
  - (ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.
- (d) Particular Methods of Procurement of Consultants' Services
  - (i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
  - (ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Selection based on Consultants' Qualifications; (B) Least Cost Selection; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.
- (e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### **Article III Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects", dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Advance Allocated (expressed in Dollars)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, non-consulting services, consultants' services, Training and Operating Costs under the Activities	429,500	100%
<b>TOTAL AMOUNT</b>	<b>429,500</b>	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is September 30, 2016.

**Article IV  
Terms of the Advance**

4.01. **Interest.** The Recipient shall pay interest on the Withdrawn Advance Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread. Interest shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. The Interest Period Determination Dates are January 1 and July 1 in each year.

4.02. **Repayment.** The Withdrawn Advance Balance, together with interest accrued thereon shall be repaid by the Recipient to the World Bank in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

- (a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with interest accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such interest, in accordance with the provisions of the Refinancing Agreement.
- (b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by this date, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed US\$50,000, it shall be repaid by the Recipient to the World Bank (together with interest accrued on the Withdrawn Advance Balance to the date of repayment), on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds US\$50,000, it (together with interest accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than sixty (60) days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay interest on the Aggregate Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread, payable in arrears on each Payment Date. Notwithstanding the foregoing, if any amount of the Aggregate Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified above in this subparagraph (ii) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

**Article V**  
**Recipient's Representative; Addresses**

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its minister responsible for finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance  
P.O. Box 443  
Mbabane  
Swaziland

Telex:  
2109 WD

Facsimile:  
+268 240 43187



5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

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