

No. 7827

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
TUNISIA**

Loan Agreement—*Port Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 5 June 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 18 June 1965.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
TUNISIE**

Contrat d'emprunt — *Projet de travaux portuaires* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 5 juin 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 18 juin 1965.

No. 7827. LOAN AGREEMENT¹ (*PORT PROJECT*) BETWEEN THE REPUBLIC OF TUNISIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 5 JUNE 1964

AGREEMENT, dated June 5, 1964, between REPUBLIC OF TUNISIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

NOW THEREFORE it is hereby agreed as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITION

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² subject, however, to the modifications thereof set forth in Section 1.03 of this Agreement with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

Section 1.02. Wherever used in this Agreement or any Schedule thereto :
The term "Office" shall mean the Office des Ports Nationaux Tunisiens to be established by the Borrower pursuant to Section 5.04 of this Agreement.

Section 1.03. For the purposes of this Agreement the last sentence of Section 4.01 of the Loan Regulations shall be deemed to be modified as follows :

" Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to January 1, 1964, or (b) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower or (c) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories. "

¹ Came into force on 9 June 1965, upon notification by the Bank to the Government of Tunisia.

² See p. 150 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to seven million dollars (\$7,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five and one half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The *Secrétaire d'État au Plan et aux Finances* of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out or cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) In the carrying out of the Project, the Borrower shall employ or cause to be employed competent and experienced consultants and contractors under terms and conditions satisfactory to the Borrower and the Bank.

(c) The Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

(d) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, and to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Office and, to the extent that they relate to the Project, of any other agency of the Borrower responsible for the construction or operation of the Project or any part thereof; shall enable the Bank's representatives to inspect the properties and operations of the Office or of such agency, the sites, works and construction included in the Project, the goods and any relevant records and documents; and shall cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, and the administration, operations and financial condition of the

Office and, to the extent that they relate to the Project, of any other agency of the Borrower responsible for the construction or operation of the Project or any part thereof.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof or the implementation of the arrangements provided for in Section 5.08.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.03. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the

Borrower or of any such political subdivision, including the Central Bank of Tunisia or any institution performing the functions of a central bank.

Section 5.04. The Borrower undertakes that :

(a) it shall establish the Office as an autonomous authority : (i) functioning under a charter in form and substance satisfactory to the Borrower and the Bank; (ii) operating under competent and experienced management; and (iii) having such powers, resources and capital structure as, in the opinion of the Borrower and the Bank, are necessary to enable it to carry out its responsibilities efficiently; and

(b) except as the Borrower and the Bank shall otherwise agree, the Borrower shall not amend, permit or cause the charter of the Office to be amended.

Section 5.05. The Borrower shall cause the Office to operate its undertaking and to maintain, renew, repair and operate its facilities, machinery, equipment and property, including the facilities in the Project, all in accordance with sound engineering, financial and port management standards and practices.

Section 5.06. Whenever there is reasonable cause to believe that the funds available to the Office will be inadequate to meet the costs (including debt service) of operating, maintaining, and developing its undertaking and facilities, including the facilities in the Project, the Borrower shall make reasonable arrangements promptly to provide the Office, or cause the Office to be provided with, such funds as are needed to meet such expenditures.

Section 5.07. Except as the Borrower and the Bank shall otherwise agree :

(a) promptly after the date on which the Office shall have begun operations, the Borrower shall transfer or cause to be transferred, to the Office the commercial port facilities at Bizerte, La Goulette-Rades, Tunis, Sousse and Sfax and all assets and liabilities relating thereto;

(b) as and when each of the facilities included in the Project is commissioned for operation, the Borrower shall transfer, or cause to be transferred, to the Office, for operation and maintenance, each such facility;

(c) not later than the date of completion of the construction of all the facilities referred to in paragraph (b) of this Section, the Borrower shall transfer, or cause to be transferred, to the Office all such facilities and all assets and liabilities relating thereto; and

(d) the Borrower shall take all steps necessary to ensure that each of the transfers referred to in this Section is made on terms and conditions which will enable the Office to carry out its responsibilities efficiently.

Section 5.08. When all the transfers provided for in Section 5.07 of this Agreement shall have been made :

(a) the Borrower and the Office shall settle all accounts outstanding between them and shall make arrangements satisfactory to the Bank for the payment of any outstanding balance other than the obligation referred to in paragraph (b) of this Section :

(b) the Office shall become obligated to the Borrower in an amount in currency of the Borrower equivalent to the aggregate of all amounts withdrawn by the Borrower from the Loan Account. Such obligation shall be repaid on substantially the same terms and conditions as those regarding the repayment of the principal of the Loan;

(c) the equivalent in currency of the Borrower of amounts in any other currency withdrawn by the Borrower from the Loan Account shall be determined on the basis of the official rate of exchange for such currency on the date on which such amounts were withdrawn from the Loan Account.

Section 5.09. The Borrower covenants that it will from time to time grant and maintain, or cause to be granted and maintained, port charges and rates designed to produce to the Office, revenues sufficient, taking one year with another, to cover all operating costs, including maintenance, depreciation and interest on debt and, on a cash basis, provide sufficient funds for renewals and replacement of facilities, including the facilities in the Project, amortization of debt and to leave a reasonable surplus for financing future expansion of port facilities within the jurisdiction of the Office.

Section 5.10. (a) As used in this Section, the term " access roads " shall mean public roads within the jurisdiction of the Borrower necessary for the efficient operation of the facilities included in the Project and the terms " construct " and " construction " shall mean construct, reconstruct and improve and construction, reconstruction and improvement, respectively.

(b) The Borrower undertakes that it will promptly take or cause to be taken all such action as shall be required to construct access roads or cause such roads to be constructed.

(c) The Borrower shall at all time maintain and repair access roads, or cause such roads to be maintained and repaired, in accordance with sound engineering and highway practices.

Section 5.11. (a) Except as shall be otherwise agreed between the Borrower and the Bank, the Borrower shall cause to be insured the goods financed out of the proceeds of the Loan against risks incident to their purchase and transportation to the site of the Project. Such insurance shall be consistent with sound commercial practice and shall be payable in the currency in which

the cost of the goods insured thereunder shall be payable or in any other currency which the Borrower can convert into such currency.

(b) In addition, the Borrower shall cause the Office to take out and maintain with good and reputable insurers insurance against such risks and in such amounts as shall be consistent with sound business practices.

Section 5.12. The Borrower shall furnish or cause to be furnished to the Bank, from time to time upon their preparation, programs (including the proposed financing thereof) for the construction of new ports and the expansion of existing ports within the jurisdiction of the Office and shall afford the Bank an opportunity to exchange views with the Borrower with respect thereto.

Section 5.13. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.14. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.15. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Article VI

REMEDIES OF BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option,

may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations, namely, that the law authorizing the creation of the Office shall have been duly enacted.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely, that the law referred to in Section 7.01 of this Agreement has been duly enacted.

Section 7.03. A date ninety days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be June 30, 1967 or such other date as shall be agreed between the Borrower and the Bank as the Closing Date.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Secrétariat d'État au Plan et aux Finances
Place du Gouvernement
Tunis, Tunisia

Alternative address for cablegrams and radiograms :

Secrétariat d'État au Plan et aux Finances
Tunis, Tunisia

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 8.03. The *Secrétaire d'État au Plan et aux Finances* of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

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

Republic of Tunisia :
By Rachid DRISS
Authorized Representative

International Bank for Reconstruction and Development :
By J. Burke KNAPP
Vice President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
August 1, 1967	\$ 85,000	August 1, 1978	\$150,000
February 1, 1968	85,000	February 1, 1979	155,000
August 1, 1968	90,000	August 1, 1979	160,000
February 1, 1969	90,000	February 1, 1980	165,000
August 1, 1969	95,000	August 1, 1980	170,000
February 1, 1970	95,000	February 1, 1981	175,000
August 1, 1970	100,000	August 1, 1981	180,000
February 1, 1971	100,000	February 1, 1982	185,000
August 1, 1971	105,000	August 1, 1982	190,000
February 1, 1972	105,000	February 1, 1983	195,000
August 1, 1972	110,000	August 1, 1983	200,000
February 1, 1973	115,000	February 1, 1984	205,000
August 1, 1973	115,000	August 1, 1984	210,000
February 1, 1974	120,000	February 1, 1985	215,000
August 1, 1974	120,000	August 1, 1985	220,000
February 1, 1975	125,000	February 1, 1986	230,000
August 1, 1975	130,000	August 1, 1986	235,000
February 1, 1976	135,000	February 1, 1987	240,000
August 1, 1976	135,000	August 1, 1987	250,000
February 1, 1977	140,000	February 1, 1988	255,000
August 1, 1977	145,000	August 1, 1988	260,000
February 1, 1978	150,000	February 1, 1989	265,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENTS AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	½%
More than three years but not more than six years before maturity	1%
More than six years but not more than eleven years before maturity	1 ½%
More than eleven years but not more than sixteen years before maturity	2 ½%
More than sixteen years but not more than twenty-one years before maturity	3 ½%
More than twenty-one years but not more than twenty-three years before maturity	4 ½%
More than twenty-three years before maturity	5 ½%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the development, construction and operation of the port of Tunis-La Goulette. It includes :

A. *Structures and Buildings*

The extension of the existing 730 m. long quay wall at La Goulette by constructing additional 370 m. of quay with a water depth alongside of about 12 m.; relocation of the breakwater covering the port inlet; and erection of 7 transit sheds, 3 warehouses, passenger terminal, administration building, hiring center, fire station, a guard house, 2 transformer stations, a pilot house, wine storage tanks, two weighbridges and public facilities.

B. *Dredging and Reclamation*

Demolition of various old buildings, removal of about 50,000 m³ of spoil, dredging and transportation of about 1,200,000 m³ of sand and gravel for refilling and levelling of the 60 ha. stacking area.

C. *Roads and Utilities*

Relocation of the fishing channel at La Goulette, the construction of a road bridge and a railway bridge across the channel, relocation of the access road to the port, installation of electric cables and telephone lines to the buildings and the quays; telecommunications; and provision in the port of roads and paved areas, pipelines, railway and crane tracks, water mains, fire fighting equipment, sewers and other necessary services to all buildings, and fencing of the custom area.

D. *Services*

Engineering design, supervision of construction and other consulting services.

The construction of the Project is expected to be completed by the end of 1966.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

LOAN REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268.]