

No. 9149

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INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
TUNISIA

Guarantee Agreement — *Second Development Finance Company Project* (with annexed Loan Regulations No. 4, as amended, and Loan Agreement between the Bank and the Société Nationale d'Investissement). Signed at Washington, on 14 September 1967

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 5 July 1968.*

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BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
TUNISIE

Contrat de garantie — *Deuxième projet de sociétés financières de développement* (avec, en annexe, le Règlement n°4 sur les emprunts, tel qu'il a été modifié, et le Contrat d'emprunt entre la Banque et la Société nationale d'investissement). Signé à Washington, le 14 septembre 1967

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 5 juillet 1968.*

No. 9149. GUARANTEE AGREEMENT<sup>1</sup> (*SECOND DEVELOPMENT FINANCE COMPANY PROJECT*) BETWEEN REPUBLIC OF TUNISIA AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 14 SEPTEMBER 1967

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AGREEMENT, dated September 14, 1967, between REPUBLIC OF TUNISIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Société Nationale d'Investissement (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to ten million dollars (\$ 10,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment of the principal of and interest and other charges on such loan ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower ;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961, as amended February 9, 1967,<sup>2</sup> subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

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<sup>1</sup> Came into force on 4 June 1968, upon notification by the Bank to the Government of the Republic of Tunisia.

<sup>2</sup> See p. 156 of this volume.

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations shall have the respective meanings therein set forth.

### *Article II*

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of, and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

### *Article III*

*Section 3.01.* It is the mutual intention of the Guarantor 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 Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor 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 Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Central Bank of Tunisia or any other institution performing the functions of a central bank.

*Section 3.02.* (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan shall 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 Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor 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 Guarantor 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.

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

*Section 3.03.* 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 Guarantor 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 Guarantor.

*Section 3.04.* This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* 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 Guarantor or laws in effect in its territories.

*Section 3.06.* The Guarantor shall not amend the Government Agreement without the approval of the Bank.

*Section 3.07.* The Guarantor covenants that it will not take, cause or permit to be taken, any action which would prevent or materially interfere with the carrying on by the Borrower of its operations and affairs in accordance with sound financial and investment standards and practices, or with the performance by the Borrower of its covenants, agreements and obligations under the Loan Agreement, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations.

*Section 3.08.* The Guarantor shall make arrangements, satisfactory to the Bank, to protect the Borrower against any loss in connection with the

payment of interest or other charges on or the repayment of principal of the Loan or the Bonds as a result of a change in the rate of exchange between Dinars and the foreign currency or currencies in which such payments are to be made.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement and of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The *Secrétaire d'État au Plan et à l'Économie Nationale* of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

#### *Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Secrétariat d'État au Plan et à l'Économie Nationale  
Place du Gouvernement  
Tunis, Tunisia

Cable address :

Secrétariat d'État au Plan et à l'Économie Nationale  
Tunis, Tunisia

For the Bank :

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

Cable address :

Intbafrad  
Washington, D.C.

*Section 5.02.* The *Secrétaire d'État au Plan et à l'Économie Nationale* of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

*Section 5.03.* If the Loan Agreement terminates pursuant to Section 7.01 thereof, this Guarantee Agreement and all obligations of the parties hereunder shall terminate.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS  
OTHER THAN MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 598, p. 270.]

## LOAN AGREEMENT

### (SECOND DEVELOPMENT FINANCE COMPANY PROJECT)

AGREEMENT, dated September 14, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SOCIÉTÉ NATIONALE D'INVESTISSEMENT (hereinafter called the Borrower), a company duly incorporated under the laws of the Guarantor.

#### *Article I*

#### LOAN REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, as amended February 9, 1967,<sup>1</sup> with the same force and effect as if they were fully set forth herein, subject,

<sup>1</sup> See above.

however, to the modifications thereof set forth in Schedule 2 to this Agreement (said Loan Regulations No. 4, as so modified, being hereinafter called the Loan Regulations).

*Section 1.02.* Unless the context otherwise requires, the following terms wherever used in this Agreement have the following meanings:

(a) The term "Statutes" means the statutes of the Borrower, as the same may be amended from time to time;

(b) The term "Government Agreement" means collectively and separately Conventions No. 1 and No. 2 dated November 16, 1965 and No. 3 dated March 23, 1966, between the Guarantor and the Borrower, and (i) the letter dated November 17, 1965 and (ii) the Letter of Establishment dated April 11, 1966, from the Secrétaire d'État au Plan et à l'Économie Nationale of the Guarantor to the Borrower, as the same may be amended from time to time;

(c) The term "Investment Enterprise" means an enterprise to which the Borrower shall propose to make or shall have made a sub-loan, or in which it shall propose to make or shall have made an investment in accordance with and as provided in Section 3.01 of this Agreement;

(d) The term "Investment Project" means a specific investment project to be carried out by an Investment Enterprise, as submitted to the Bank for approval pursuant to Section 3.02 of this Agreement, or in respect of which a request for a credit to the Loan Account shall have been made pursuant to the provisions of Section 2.02 (b) of this Agreement;

(e) The term "sub-loan" means a loan or credit made or proposed to be made by the Borrower out of the proceeds of the Loan to an Investment Enterprise for an Investment Project;

(f) The term "investment" means an investment, other than a sub-loan, made or proposed to be made by the Borrower out of the proceeds of the Loan to an Investment Enterprise for an Investment Project;

(g) The term "Dinars" and the symbol "D" mean currency of the Guarantor;

(h) The term "foreign currency" means any currency other than currency of the Guarantor;

(i) The term "subsidiary" means any company of which a majority of the outstanding voting stock is owned, or which is effectively controlled, by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries;

(j) The term "Corporation" means the International Finance Corporation;

(k) The term "Statement of Policies" means the Statement of General Policies and Operations of the Borrower adopted by resolution of its Board of Directors on July 4, 1966; and

(l) The term "First Loan Agreement" means the loan agreement (Development Finance Company Project) between the Bank and the Borrower dated May 16, 1966.<sup>1</sup>

Words importing the singular number include the plural number and *vice versa*.

<sup>1</sup> United Nations, *Treaty Series*, Vol. 584, p. 155.

## Article II

## THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to ten million dollars (\$ 10,000,000).

*Section 2.02.* The Bank shall open a Loan Account on its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account in installements as follows :

(a) Upon approval by the Bank of any Investment Project as in Article III of this Agreement provided, there shall be credited such portion of the Loan as the Borrower shall have requested and the Bank shall have approved ; provided, however, that, unless the Bank shall otherwise agree, such portion of the Loan shall not exceed the estimated costs in foreign currency of such Investment Project.

(b) There shall also be so credited, as of the date of dispatch of notice by the Bank to the Borrower relating thereto, in respect of any Investment Project for which the Borrower is to make or has made a sub-loan and for which no application has been submitted pursuant to Section 3.03 (a) and no credit has been made to the Loan Account pursuant to paragraph (a) of this Section, such portion of the Loan as the Borrower shall from time to time request ; provided, however, that such portion to be so credited in respect of any Investment Project shall not by itself or together with any portion or portions previously credited for such Investment Project hereunder or under the First Loan Agreement and not theretofore repaid exceed such limit as shall from time to time be determined by the Bank ; and provided further that, unless the Bank shall otherwise agree, such portion of the Loan shall not exceed the estimated costs in foreign currency of such Investment Project.

(c) Except as the Bank shall otherwise agree, no credit shall be made to the Loan Account pursuant to paragraph (a) of this Section in respect of any portion of the Loan the proceeds of which are to be invested by the Borrower other than by way of loan, until the Bank and the Borrower shall have agreed upon the terms and conditions of such investment and upon an amortization schedule for the repayment of such portion of the Loan by the Borrower to the Bank.

(d) Any amount credited to the Loan Account pursuant to paragraph (a) or paragraph (b) of this Section may, upon request of the Borrower, be reduced, as of the date of dispatch of notice by the Bank to the Borrower relating thereto, by any amount which will not be required for the Investment Project in respect of which it was so credited. No such reduction before the Closing Date shall be deemed *ipso facto* to be a cancellation of any such amount.

*Section 2.03.* Amounts credited to the Loan Account in respect of an Investment Project may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement, and



shall be applied exclusively for loans for, or investments in, the Investment Project in respect of which such amounts were credited to the Loan Account.

*Section 2.04.* Three-eighths of one per cent ( $\frac{3}{8}$  of 1 %) per annum is specified for the purposes of Section 2.02 of the Loan Regulations as the rate of commitment charge payable on the unwithdrawn amount of the Loan.

*Section 2.05.* The Borrower shall pay interest on the principal amount of each part of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower at the time when such part of the Loan was credited to the Loan Account, or at such other time or times as shall have been agreed upon between the Bank and the Borrower, as being the rate then generally applicable to new Bank loans of the same maturity to similar borrowers. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

*Section 2.06.* Except as the Bank and the Borrower 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 2.07.* Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

*Section 2.08.* (a) The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such schedule shall be amended from time to time by the Bank and as reasonably required (i) to conform in relevant part substantially to the aggregate of the amortization schedules applicable to the sub-loans and investments; and (ii) to take into account any cancellations pursuant to Article V of the Loan Regulations, any reductions under Section 2.02 (d) of this Agreement and any payments made by the Borrower under Section 2.09, except that payments due hereunder shall be made on May 1 and November 1 in each year. Such amendments of Schedule 1 shall include amendments of the premiums on prepayment and redemption if required.

(b) The amortization schedules applicable to the Investment Projects shall provide for appropriate periods of grace, and, unless the Bank and the Borrower shall otherwise agree, (i) shall not extend beyond fifteen years from the date when the corresponding amounts are credited to the Loan Account and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal plus interest, or payments of principal.

*Section 2.09.* Unless the Bank and the Borrower shall otherwise agree:

(a) (i) If a sub-loan or any portion thereof shall be repaid to the Borrower in advance of maturity, or (ii) if the Borrower shall sell, transfer, assign or otherwise dispose of a sub-loan or investment or any portion thereof, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date an amount of the Loan equivalent to the amount withdrawn from

the Loan Account and at the time outstanding in respect of such sub loan or investment, or to such portion thereof, as the case may be, together with the premium specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.08 (a). The policy stated in Section 2.05 (c) of the Loan Regulations with respect to premiums shall apply to any such repayment.

(b) Any amount so repaid by the Borrower shall be applied by the Bank to the maturity or maturities of the principal amount of the Loan corresponding to the maturity or maturities of the sub-loan or investment or portion thereof so repaid or disposed of.

### Article III

#### DESCRIPTION OF THE PROJECT ; USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Project for which the Loan is granted is the financing by the Borrower of development in Tunisia through loans for productive purposes to enterprises in Tunisia which are controlled by private investors, and through other productive investments in such enterprises, all for specific development projects, in accordance with the Statutes and Statement of Policies of the Borrower and in furtherance of the corporate purposes of the Borrower as therein set forth.

*Section 3.02.* Except as the Bank and the Borrower shall otherwise agree : (a) the proceeds of the Loan shall be applied exclusively to the foreign currency cost of goods required to carry out Investment Projects in respect of which amounts shall have been credited to the Loan Account pursuant to the provisions of Section 2.02 of this Agreement ; and (b) no withdrawals shall be made on account of expenditures made by any Investment Enterprise for any such Investment Project more than 90 days prior to the date on which the Bank shall have received the application for approval under Section 3.03 (a) of this Agreement or the request for credit to the Loan Account under Section 2.02 (b) of this Agreement.

*Section 3.03.* (a) When submitting an Investment Project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with a description of such Investment Project and of the terms and conditions of the Borrower's sub-loan to or investment in the Investment Enterprise, including the amortization schedule proposed therefor, and such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for a credit to the Loan Account pursuant to paragraph (b) of Section 2.02 of this Agreement shall contain a summary of the Investment Project for which the portion of the Loan to be credited is requested

and of the terms and conditions of the sub-loan for such Investment Project including the amortization schedule thereof.

(c) Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Projects pursuant to the provisions of Section 3.03 (a) of this Agreement and requests for credits to the Loan Account pursuant to the provisions of Section 2.02 (b) of this Agreement shall be submitted to the Bank on or before March 31, 1970.

#### 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 Président Directeur Général 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 (a) of the Loan Regulations.

#### Article V

##### PARTICULAR COVENANTS

*Section 5.01.* The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, under the supervision of qualified and experienced management and in accordance with its Statutes and Statement of Policies.

*Section 5.02.* (a) The Borrower shall exercise its rights in relation to each Investment Project financed in whole or in part out of the proceeds of the Loan in such manner as to protect the interests of the Bank and of the Borrower.

(b) The Borrower undertakes that any sub-loan will be granted on terms whereby the Borrower shall obtain, by written agreement or other appropriate legal means : (i) rights adequate to protect the interests of the Bank and the Borrower, including the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical and financial standards and to maintain adequate records ; (ii) the right to require that the goods to be financed with the proceeds of the Loan shall be used exclusively in the carrying out of the Investment Project ; (iii) the right of the Bank to inspect, jointly with the Borrower, such goods, the sites, works, plants and construction included in the Investment Project, the operation thereof and any relevant records and documents ; (iv) the right to require that the Investment Enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover marine,

transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the Investment Enterprise to replace or repair such goods ; (v) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of such Investment Enterprise ; and (vi) the right of the Borrower to suspend or terminate access by the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its agreement with the Borrower.

(c) The Borrower shall at all times make adequate provision to protect itself against any loss resulting from changes in the rate of exchange between Dinars and the currency or currencies in which the Borrower shall be obligated to make repayments of the principal of the Loan and the Bonds and payments of interest and other charges thereon.

*Section 5.03.* (a) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Investment Enterprises, the Investment Projects, the sub-loans and investments and the administration, operations and financial condition of the Borrower.

(b) The Borrower shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower, and shall enable the Bank's representatives to examine such records.

(c) The Borrower shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accounting firm acceptable to the Bank and shall, promptly after their preparation and not later than five months after the close of the fiscal year of the Borrower to which they apply, transmit to the Bank certified copies of such statements and a signed copy of the accounting firm's report.

*Section 5.04.* (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan.

(b) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

*Section 5.05.* Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any debt if, after the incurrence of any such debt, the consolidated debt of the Borrower and its subsidiaries then incurred and outstanding would be greater than three times the consolidated capital and surplus of the Borrower and subsidiaries.

For the purposes of this Section :

(a) The term " debt " means any debt incurred by the Borrower or a subsidiary maturing more than one year after the date on which it is originally incurred, including debts assumed or guaranteed by the Borrower or a subsidiary but not including debts guaranteed by the Borrower which are covered by provisions of the Government Agreement.

(b) The term " incur " with reference to any debt includes any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a loan contract or agreement, on the date and to the extent it is drawn down pursuant to such loan contract or agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(c) Whenever in connection with this Section it shall be necessary to value in terms of Dinars debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

(d) The term " consolidated debt of the Borrower and its subsidiaries " means the total amount of debt of the Borrower and subsidiaries excluding debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary and excluding debt referred to in paragraph (e) (iii) of this Section.

(e) The term " consolidated capital and surplus of the Borrower and subsidiaries " means the aggregate of (i) the total unimpaired capital, surplus and free reserves of the Borrower and subsidiaries after excluding such items of capital, surplus and free reserves as shall represent equity interest by the Borrower or any subsidiary in the Borrower or any subsidiary ; (ii) the amount of the grant made by the Guarantor pursuant to the Government Agreement ; and (iii) the amount at the time outstanding but not yet due for repayment of the loan from the Guarantor pursuant to the Government Agreement.

*Section 5.06.* The Borrower undertakes that, except as the Bank shall otherwise agree :

(a) If the Borrower shall create any lien on any of its assets as security for any debt, such lien will 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 ; and

(b) If any lien shall be created on any assets of the Borrower, other than under (a) above, the Borrower shall create in favor of the Bank an equivalent lien satisfactory to the Bank which shall secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds ; 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 ; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

*Section 5.07.* (a) The Borrower shall duly perform all its obligations under the Government Agreement. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Government Agreement.

(b) The Borrower shall not, without the approval of the Bank, make any payment in respect of the loan from the Guarantor pursuant to the Government Agreement, except at the times and in the amounts therein originally provided.

*Section 5.08.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not amend its Statutes or its Statement of Policies.

*Section 5.09.* The Borrower shall cause each of its subsidiaries to observe and perform the obligations of the Borrower hereunder to the extent to which such obligations shall or may be applicable thereto, as though such obligations were binding upon such subsidiary.

*Section 5.10* Subject to the exemptions conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement,<sup>1</sup> the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder ; 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 Guarantor.

*Section 5.11.* The Borrower shall pay or cause to be paid all 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 on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

## Article VI

### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days, or (ii) if a default

<sup>1</sup> See p. 148 of this volume.

shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) 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.

*Section 6.02.* The following additional events are specified for the purposes of paragraph (l) of Section 5.02 of the Loan Regulations :

- (a) demand shall have been made for repayment in advance of maturity of any part of the principal amount of any loan with an original maturity of one year or more by reason of any default on the part of the Borrower or otherwise as provided in the relative contractual instruments or any security constituted thereunder shall have become enforceable ; and
- (b) a resolution shall have been passed for the dissolution or liquidation of the Borrower.

## *Article VII*

### TERMINATION ; MISCELLANEOUS

*Section 7.01.* If this Agreement shall not have come into force and effect by December 20, 1967, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

*Section 7.02.* The Closing Date shall be March 31, 1972, or such other date as shall be agreed upon between the Bank and the Borrower.

*Section 7.03.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

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

Cable address :

Intbafrad  
Washington, D.C.

For the Borrower :

Société Nationale d'Investissement  
68 Avenue Habib Bourguiba  
Tunis, Tunisia

Cable Address :

Snitun  
Tunis, Tunisia

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.

International Bank for Reconstruction and Development :

*By* J. Burke KNAPP  
Vice President

Société Nationale d'Investissement :

*By* Ahmed FEKIH  
Authorized Representative



## 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>
May 1, 1969 . . . . .	\$ 26,000	November 1, 1977 . . . . .	\$ 340,000
November 1, 1969 . . . . .	30,000	May 1, 1978 . . . . .	268,000
May 1, 1970 . . . . .	140,000	November 1, 1978 . . . . .	258,000
November 1, 1970 . . . . .	160,000	May 1, 1979 . . . . .	174,000
May 1, 1971 . . . . .	354,000	November 1, 1979 . . . . .	170,000
November 1, 1971 . . . . .	392,000	May 1, 1980 . . . . .	88,000
May 1, 1972 . . . . .	570,000	November 1, 1980 . . . . .	84,000
November 1, 1972 . . . . .	626,000	May 1, 1981 . . . . .	64,000
May 1, 1973 . . . . .	736,000	November 1, 1981 . . . . .	60,000
November 1, 1973 . . . . .	776,000	May 1, 1982 . . . . .	54,000
May 1, 1974 . . . . .	802,000	November 1, 1982 . . . . .	50,000
November 1, 1974 . . . . .	788,000	May 1, 1983 . . . . .	46,000
May 1, 1975 . . . . .	716,000	November 1, 1983 . . . . .	44,000
November 1, 1975 . . . . .	682,000	May 1, 1984 . . . . .	32,000
May 1, 1976 . . . . .	538,000	November 1, 1984 . . . . .	28,000
November 1, 1976 . . . . .	508,000	May 1, 1985 . . . . .	24,000
May 1, 1977 . . . . .	372,000		

\* To the extent that any portion 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 PREPAYMENT 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>Premiums</i>
Not more than three years before maturity . . . . .	1½ %
More than three years but not more than six years before maturity . . . . .	1½ %
More than six years but not more than eleven years before maturity . . . . .	2½ %
More than eleven years but not more than fourteen years before maturity . . . . .	3½ %
More than fourteen years but not more than sixteen years before maturity . . . . .	5 %
More than sixteen years before maturity . . . . .	6 %

## SCHEDULE 2

## MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967, shall be further modified as follows:

(a) By the deletion of Sections 2.01 and 2.03.

(b) The first sentence of Section 2.05 (b) shall not apply to any repayment by the Borrower in accordance with paragraph (a) of Section 2.09 of the Loan Agreement.

(c) By the addition to Section 2.05 of the following new paragraph as paragraph (d) :

“ (d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in the provisions of paragraph (b) of Section 2.05 and Section 6.16 of these Regulations. ”

(d) By the deletion of the second sentence of Section 4.01 and the substitution thereof of the following sentence :

“ Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor or (b) 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. ”

(e) By the substitution in the second sentence of Section 4.03 of the words “ Investment Projects ” for the word “ Project ”.

(f) By the deletion in sub-paragraph (b) of Section 5.03 of the words “ from the Loan Account ”.

(g) By the deletion of Section 5.05 and the substitution thereof of the following Section :

“ SECTION 5.05. *Application of Reduction of Loan Account and of Cancellation to Maturities.* Except as otherwise agreed between the Bank and the Borrower : (i) any cancellation pursuant to this Article of amounts credited to the Loan Account and any reduction of the Loan Account pursuant to Section 2.02 (d) of the Loan Agreement, in respect of any part of the Loan credited to the Loan Account, shall be applied *pro rata* to the principal amounts of the several maturities which reflect such part of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount so cancelled of any such maturity shall not exceed the amount of such maturity remaining after deducting therefrom the principal amount of Bonds of such maturity theretofore delivered or requested pursuant to Article VI and the Bonds or portions of the Loan of such maturity theretofore sold or agreed to be sold by the Bank ; and (ii) any cancellation pursuant to this Article of any amount of the Loan not credited to the Loan Account shall be applied *pro rata* to the principal amounts of the several maturities of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount so cancelled of any maturity of the Loan shall not exceed the amount of such maturity remaining after deducting the principal amount of any part or parts of the Loan reflected in such maturity. ”

(h) By the deletion of Section 6.04 and the substitution therefor of the following Section :

“ SECTION 6.04. *Interest on Bonds ; Service Charge.* The Bonds shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the portion of the Loan represented by such Bonds. If the rate of interest on any Bond shall be less than the rate of interest on the portion of the Loan represented by such Bonds, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of such portion of the Loan at a rate equal to the difference between the interest rate on such portion of the Loan and the interest rate on such Bond. Such service charges shall be payable on the dates on which and in the currency in which such interest is payable. ”

(i) By the addition of the following sentence at the beginning of Section 6.09 :

“ Except as the Bank and the Borrower shall otherwise agree, Bonds shall be dated as hereinafter in this Section provided. ”

(j) By the deletion of paragraph (a) of Section 6.11 and the substitution therefor of the following :

“ (a) Bonds representing a portion of the Loan and bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on such portion of the Loan. ”

(k) By the deletion of paragraph (b) of Section 6.16 and the substitution therefor of the following paragraph :

“ (b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the portion of the Loan represented by such Bond, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid at such date on the principal amount of such portion of the Loan represented by such Bond. ”

(l) By the deletion of paragraph 4 of Section 10.01 and the substitution therefor of the following paragraph :

“ The term ‘ Loan ’ means the Loan provided for in the Loan Agreement, and the term ‘ part of the Loan ’ means the portion of the Loan credited to the Loan Account in respect of an Investment Project. ”

(m) By the deletion of paragraph 10 of Section 10.01 and the substitution therefor of the following paragraph :

“ The term ‘ Loan Account ’ means the account on the books of the Bank to which the amount of each part of the Loan is to be credited as provided in the Loan Agreement. ”

(n) By the deletion of paragraph 11 of Section 10.01 and the substitution therefor of the following paragraph :

“ The term ‘ Project ’ means the project for which the Loan is granted, as described in Section 3.01 of the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower. ”

(o) By the deletion of the first sentence of paragraph 12 of Section 10.01 and the substitution thereof of the following sentence :

“ The term ‘ goods ’ means equipment, supplies and services required by Investment Enterprises to carry out Investment Projects financed out of the proceeds of the Loan. ”