

No. 8924

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
TUNISIA**

**Development Credit Agreement—*Cooperative Farm Project*  
(with related letters and annexed Credit Regulations  
No. 1). Signed at Washington, on 21 February 1967**

*Official text: English.*

*Registered by the International Development Association on 17 January 1968.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
TUNISIE**

**Contrat de crédit de développement — *Projet relatif à la  
création de coopératives agricoles* (avec lettres y rela-  
tives et, en annexe, le Règlement n° 1 sur les crédits de  
développement). Signé à Washington, le 21 février 1967**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 17 janvier 1968.*

No. 8924. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (*CO-OPERATIVE FARM PROJECT*) BETWEEN THE REPUBLIC OF TUNISIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 21 FEBRUARY 1967

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AGREEMENT, dated February 21, between REPUBLIC OF TUNISIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Borrower has requested the Association to provide a credit to it in an aggregate principal amount equivalent to six million dollars (\$6,000,000) to assist the Borrower in financing a cooperative farm project;

(B) the Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to make a loan to it to provide additional assistance towards financing such project;

(C) by an agreement of even date herewith between the Borrower and the Bank (hereinafter called the Loan Agreement<sup>2</sup>), the Bank is agreeing to make such a loan to the Borrower;

(D) the Borrower, the Association, and the Bank intend to enter into an arrangement enabling the Bank to process applications for withdrawal of part of the proceeds of the financing to be provided severally by the Association and the Bank; and

WHEREAS the Association has agreed, upon the basis of the foregoing, to provide a credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE, it is hereby agreed as follows :

*Article I*

CREDIT REGULATIONS; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,<sup>3</sup> with the same force and effect as if they were fully set forth herein subject,

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<sup>1</sup> Came into force on 3 July 1967, upon notification by the International Development Association to the Government of Tunisia.

<sup>2</sup> See p. 40 of this volume.

<sup>3</sup> See p. 86 of this volume.

however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Credit Regulations) :

(a) The second sentence of Section 2.02 is amended by deleting the words “ at the same rate ” and substituting therefor the words “ at the rate of one-half of one percent ( $\frac{1}{2}$  of 1%) per annum ”.

(b) Section 3.01 is deleted and the following new Section is substituted therefor :

“ SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“ (b) The proceeds of the Credit shall be withdrawn from the Credit Account :

- (i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;
- (ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“ (c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made. ”

(c) A new Section 3.04 is inserted after Section 3.03 as follows :

“ SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03. ”

(d) Section 3.04 is renumbered as Section 3.05.

(e) Section 8.04 is deleted.

*Section 1.02.* Wherever used in this Development Credit Agreement, unless the context otherwise requires, the terms defined in the Loan Agreement shall have the same meanings as in such Loan Agreement.

*Article II*

## THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to six million dollars (\$6,000,000).

*Section 2.02.* The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Credit Regulations.

*Section 2.03.* Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Credit Account :

- (a) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been paid for the reasonable cost of goods to be financed out of the proceeds of the Credit; and
- (b) if the Association shall so agree, such amounts as shall be required to meet payments under (a) above;

provided, however, that no withdrawals shall be made on account of expenditures prior to the date of this Agreement.

*Section 2.04.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

*Section 2.05.* Service charges shall be payable semi-annually on April 15 and October 15 in each year.

*Section 2.06.* The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each April 15 and October 15 commencing April 15, 1977 and ending October 15, 2016, each installment to and including the installment payable on October 15, 1986 to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ( $1\frac{1}{2}$ %) of such principal amount.

*Article III*

## USE OF THE PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project

described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

*Section 3.02.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used exclusively in the carrying out of the Project.

#### *Article IV*

##### PARTICULAR COVENANTS

*Section 4.01.* (a) Sections 5.01, 5.02 and 5.03 of the Loan Agreement are hereby incorporated into this Development Credit Agreement with the same force and effect as if they were fully set forth herein; provided, however, that (i) all references to the Bank in such Sections or in any of them shall be deemed to be references to the Association, and (ii) all references in such Sections or in any of them to the Loan shall be deemed to be references to the Credit.

(b) So long as any part of the loan provided for under the Loan Agreement or the Bonds executed and delivered pursuant to the provisions of Article IV of such Loan Agreement shall remain outstanding and unpaid, all action taken, including approvals given, by the Bank pursuant to the Sections of the Loan Agreement enumerated in the foregoing paragraph shall be deemed to be taken or given in the name and on behalf of both the Bank and the Association; and all information furnished by the Borrower to the Bank pursuant to the provisions of such Sections, shall be deemed to be furnished to both the Bank and the Association.

*Section 4.02.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.03.* The Development Credit Agreement 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, delivery or registration thereof.

*Article V*

## REMEDIES OF THE ASSOCIATION

*Section 5.01.* (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Credit Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Credit Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, or (iii) if the event specified in Section 5.02 (a) of this Agreement, shall occur, then at any subsequent time the Association, at its option, may declare the principal of the Credit 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 to the contrary notwithstanding.

*Section 5.02.* The following are specified as additional events for the purposes of Section 5.02 (j) of the Credit Regulations :

- (a) the outstanding principal of the loan provided for in the Loan Agreement shall have been declared, or become, due and payable in advance of the agreed maturity thereof;
- (b) the Borrower shall have cancelled any part of the loan provided for in the Loan Agreement without cancelling a corresponding proportionate amount of the Credit;
- (c) failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under this Agreement or under any other development credit agreement between the Borrower and the Association or under any loan agreement or guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement even though payment has been made by other persons; and
- (d) the Decree establishing the Commission, the Decree establishing OTD or the Circular establishing the Bureau shall have been abrogated, suspended or materially modified without the agreement of the Association.

*Article VI*

## EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 8.01(b) of the Credit Regulations, namely that the Loan Agreement shall have become effective in accordance with its terms.

*Section 6.02.* If this Development Credit Agreement shall not have come into force and effect by May 17, 1967 this Development Credit Agreement and all obligations of the parties hereunder shall terminate, unless the Association,

after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such later date.

*Article VII*

MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 1971, or such other date as may from time to time be agreed between the Borrower and the Association.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Credit Regulations :

For the Borrower :

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

Alternative address for cablegrams and radiograms :

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

For the Association :

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

Alternative address for cablegrams and radiograms :

Indevas  
Washington, D.C.

*Section 7.03.* The *Secrétaire d'État au Plan et à l'Économie Nationale* of the Borrower is designated for the purposes of Section 7.03 of the Credit Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Development Credit 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 Development Association :

By J. Burke KNAPP  
Vice President

## SCHEDULE

## DESCRIPTION OF THE PROJECT

The Project is a part of a ten-year program of the Borrower for the establishment of Cooperatives on some one million hectares of the Governates of Tunis, Bizerte, Beja, Djendouba, Le Kef and Nabeul and includes :

1. The consolidation of the 213 Cooperatives existing prior to September 1966 on about 185,000 hectares to which Cooperatives loans shall be made for :

- (a) the construction of farm buildings, largely for centralized livestock production;
- (b) the purchase of farm machinery for large-scale mechanized grain production and harvesting and for forage harvesting;
- (c) the purchase of small-scale irrigation equipment to pump underground water for spray irrigation;
- (d) the establishment of tree crops;
- (e) the regeneration of existing range pasture land; and
- (f) the purchase of cattle and sheep.

2. The establishment of new Cooperatives on about 160,000 hectares, each on an average of about 1,000 hectares, within the period from September 1966 to September 1968, each to include livestock production, and to which loans shall be made for :

- (a) the construction of farm buildings, largely for centralized livestock production units;
- (b) the purchase of farm machinery for large-scale mechanized grain production and harvesting and for forage harvesting;
- (c) the purchase of small-scale irrigation equipment to pump underground water for spray irrigation;
- (d) the establishment of tree crops;
- (e) the regeneration of existing range pasture land;
- (f) the purchase of sheep and cattle; and
- (g) the purchase of imported bulls of dairy breeds.

3. The maintenance of agricultural productivity of OTD farms on about 300,000 hectares which might be transferred to Cooperatives to be established after September, 1968, to which loans shall be made for the purchase of farm machinery and agricultural equipment.

4. The provision of technical and advisory services for :

- (a) the preparation of feasibility studies for the Cooperatives to be established under part 2 of the Project;
- (b) the organizing of such Cooperatives; and
- (c) the supervising of the management of all the Cooperatives.

## LETTERS RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

## LETTER No. 1

[For the text of this letter, see p. 62 of this volume.]

## LETTER No. 2

REPUBLIC OF TUNISIA

February 21, 1967

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433

Re : *Credit No. 99 TUN (Cooperative Farm Project)*  
*Currency of Payment*

Dear Sirs :

We refer to the Development Credit Agreement (*Cooperative Farm Project*) of even date between us and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

(i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in the currency of the United States of America.

(ii) If at any time we shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that specified in (i) or than one theretofore designated pursuant to this clause (ii) or selected pursuant to this clause (iv), we shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.

(iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of this letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.

(iv) Within thirty days from the date of such notice, we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty-day period, be payable in the currency so selected.

(v) For the purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Sincerely yours,

Republic of Tunisia :  
By Rachid DRISS  
Authorized Representative

*Confirmed:*

International Development  
Association :

By S. Noel McIVOR  
Deputy Director, Africa Department

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER  
GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 415. p. 68.*]