

No. 10287

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TUNISIA**

**Development Credit Agreement—*Railway Project* (with annexed
General Conditions Applicable to Development Credit Agree-
ments). Signed at Washington on 4 June 1969**

Authentic text: English.

Registered by the International Development Association on 3 February 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
TUNISIE**

**Contrat de crédit de développement — *Projet relatif aux chemins
de fer* (avec, en annexe, les Conditions générales applicables
aux contrats de crédit de développement). Signé à Wash-
ington le 4 juin 1969**

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 3 février 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 4, 1969, between REPUBLIC OF TUNISIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Société nationale des chemins de fer Tunisiens (hereinafter called SNCFT) have requested the Association and the International Bank for Reconstruction and Development (hereinafter called the Bank) to assist in the financing of a railway project more particularly described in Schedule 2 to this Agreement;

WHEREAS by an agreement of even date herewith between the Bank and SNCFT (hereinafter called the Loan Agreement²) the Bank has agreed to make a loan to SNCFT in an amount in various currencies equivalent to eight million five hundred thousand dollars (\$8,500,000), on the terms and conditions set forth in said Loan Agreement, but only on condition that the Borrower agree to guarantee the obligations of SNCFT in respect of such loan;

WHEREAS by an agreement of even date herewith between the Borrower and the Bank (hereinafter called the Guarantee Agreement²) the Borrower has agreed so to guarantee such obligations of SNCFT; and

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to make available to the Borrower a development credit upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of

¹ Came into force on 16 September 1969 upon notification by the Association to the Government of Tunisia.

² See p. 285 of this volume.

the Association dated January 31, 1969,¹ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements being hereinafter called the General Conditions).

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

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to eight million five hundred thousand dollars (\$8,500,000).

Section 2.02. (a) The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit.

(b) 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 Development Credit Agreement and in accordance with the allocation of the proceeds of the Loan and of the Credit set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

Section 2.03. The Borrower shall be entitled to withdraw from the Credit Account such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under this Development Credit Agreement.

Section 2.04. (a) Except as shall be otherwise agreed between the Borrower and the Association, no withdrawals from the Credit Account shall

¹ See p. 346 of this volume.

be made on account of expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

(b) Pursuant to Section 5.01 of the General Conditions, it is hereby agreed that withdrawals from the Credit Account may be made on account of expenditures made prior to the date of this Agreement under Category 4 of the allocation of the proceeds of the Loan and of the Credit set forth in Schedule 1 to this Agreement but after January 1, 1969.

Section 2.05. The currency of the Republic of France is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.06. 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 2.07. Service charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each April 15 and October 15 commencing October 15, 1979 and ending April 15, 1989, each installment to and including the installment payable on April 15, 1989 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 PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied in accordance with the provisions of this Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan and of the Credit shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement or as shall be agreed between the Borrower and the Associa-

tion, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Association.

Section 3.03. Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan and of the Credit to be used exclusively in carrying out the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall cause SNCFT to duly and punctually perform all obligations provided to be performed by it pursuant to Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.07, 5.08, 5.09, 5.10, 5.11, 5.12 and 5.13 of the Loan 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.

Section 4.02. Sections 2.02, 3.02, 3.05, 3.06 and 3.07 of the Guarantee Agreement are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth therein; provided, however, that : (i) all references to the Guarantor in such Sections or in any of them shall be deemed to be references to the Borrower, (ii) all references to the Bank in such Sections or in any of them shall be deemed to be references to the Association, and (iii) all references to the Borrower in such Sections or in any of them shall be deemed to be references to SNCFT.

Section 4.03. 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 actions taken, including approvals given, by the Bank pursuant to the Sections of the Loan Agreement enumerated in Section 4.01 of this Agree-

ment, or pursuant to the Sections of the Guarantee Agreement enumerated in Section 4.02 of this Agreement, 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 or SNCFT to the Bank pursuant to the provisions of such Sections, shall be deemed to be furnished to both the Bank and the Association.

Section 4.04. Except as the Association shall otherwise agree, the Borrower shall relend the proceeds of the Credit or the equivalent thereof to SNCFT on the following terms: (i) interest at $6\frac{1}{2}\%$ per annum on the principal amount outstanding from time to time and (ii) amortization in twenty-five years including four years of grace.

Section 4.05. The provisions of the Sections of the Loan Agreement enumerated in Section 4.01 of this Agreement, and of the Sections of the Guarantee Agreement enumerated in Section 4.02 of this Agreement, except Section 3.02, and all obligations of the parties thereunder shall terminate on the date when the entire proceeds of the Credit shall have been repaid by SNCFT to the Borrower in accordance with the agreement entered into between them pursuant to Section 4.04 of this Agreement or on the date when the Loan Agreement and the Guarantee Agreement and all obligations of the parties thereunder shall terminate, whichever is later.

Section 4.06. 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 4.07. This 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. If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Agreement shall occur and shall continue

for the period if any therein set forth, the principal of the Credit then outstanding, together with the service charges thereon, shall become due and payable immediately upon declaration notified by the Association to the Borrower, as provided in Section 7.01 of the General Conditions.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified: Decree No. 14 shall have been amended, suspended, or abrogated so as to affect adversely the operations and financial condition of SNCFT or the performance by the Borrower of its obligations under the Development Credit Agreement.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) The terms and conditions for the relending of the proceeds of the Credit, or the equivalent thereof, in accordance with Section 4.04 of this Agreement shall have been accepted and agreed upon by the Borrower and SNCFT; and
- (b) The conditions precedent to the effectiveness of the Loan Agreement shall have been fulfilled, subject only to the effectiveness of this Development Credit Agreement.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

The relending agreement referred to in Section 4.04 of this Agreement is valid and binding on the part of the Borrower and SNCFT.

Section 6.03. The date July 31, 1969 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1973 or such other date as shall be agreed between the Borrower and the Association.

Section 7.02. The Secretary of State for Planning and National Economy of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 7.03. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Secrétariat d'État au plan et à l'économie nationale
Place du Gouvernement
Tunis, Tunisia

Alternative address for cables:

Secrétariat d'État au plan et à l'économie nationale
Tunis

For the Association:

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

Alternative address for cables:

Indevas
Washington, D.C.

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

Republic of Tunisia:

By Rachid DRISS

Authorized Representative

International Development Association:

By J. Burke KNAPP

Vice President

SCHEDULE 1

ALLOCATION OF THE PROCEEDS OF THE LOAN AND OF THE CREDIT

<i>Category</i>	<i>Amounts Expressed in US \$ Equivalent</i>
1. Rails, sleepers and fittings, track maintenance equipment and bridge materials	7,620,000
2. Diesel locomotives, railcars, trailers and ballast cars including spare parts and components for manufacture of freight cars	6,515,000
3. Workshop equipment	360,000
4. Consulting services	400,000
5. Interest and other charges on the Loan	1,360,000
6. Unallocated	745,000
TOTAL	17,000,000

ALLOCATION OF THE PROCEEDS OF THE CREDIT

1. The amount of the Credit shall be withdrawn from the Credit Account as provided under Articles II of this Agreement, and shall be applied to expenditures incurred under any of the Categories 1, 2, 3 and 4 until the total of withdrawals and commitments in respect of such expenditures shall have reached the equivalent of \$8,500,000.

ALLOCATION OF THE PROCEEDS OF THE LOAN

2. The amount of the Loan may be withdrawn from the Loan Account as provided under Article II of the Loan Agreement and shall be applied to expenditures incurred under any of the Categories hereof, provided, however, that such amount shall only be applied to expenditures incurred under any of the Categories 1, 2, 3 and 4 after the amount of the Credit shall have been fully withdrawn or committed.

REALLOCATION UPON CHANGE IN COST ESTIMATES

3. If the estimate of the cost of the items included in any of the Categories 1 to 5 shall decrease, the amount then allocated to, and no longer required for, such Category will be reallocated by the Bank and the Association to Category 6.

4. If the estimate of the cost of the items included in any of the Categories 1 to 5 shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan and the Credit will be allocated by the Bank and the Association, at the request of the Borrower, to such Category from Category 6, subject, however, to the requirements for contingencies, as determined by the Bank and the Association, in respect of the cost of the items in the other Categories.

SCHEDULE 2

DESCRIPTION OF INVESTMENT PLAN AND PROJECT

A. *The Investment Plan*

The Investment Plan consists of:

	<i>Estimated Cost Expressed in Tunisian Dinars</i>
(i) The Project	15,350,000
(ii) The Gafsa-Gabes Line	6,000,000
(iii) Signalling Works and Equipping	2,000,000
(iv) Tunis Railway Station.	1,400,000
(v) Manoubia Tunnel	300,000
(vi) By-passing of Sousse	300,000
TOTAL	<u>25,350,000</u>

B. *The Project*

The purpose of the Project is to improve the Borrower's operations and finances, and to rehabilitate and modernize the Railways. Such improvements, rehabilitation and modernization are urgently needed to meet present traffic requirements efficiently.

The Project consists of:

A. Track renewal and acquisition and installation of bridge material for lines 1/4, TA, 5 and 6, and branch lines Gafsa to M'Dilla and Redeyef to Tabeditt to Seldja-Moulares.

B. Acquisition and introduction in service of:

- (i) main line diesel locomotives;
- (ii) railcars, trailers and ballast cars;
- (iii) track maintenance equipment;
- (iv) workshop equipment.

C. Acquisition of components for, manufacture of, and introduction in service of, freight cars.

D. The following studies:

- (i) reorganization and modernization of workshops;
- (ii) costing and rates;
- (iii) motive power and rolling stock;
- (iv) modernization of the Tunis area and Metlaoui stations;
- (v) managerial services.

The Project is expected to be completed by the end of 1972.

SCHEDULE 3

PROCUREMENT

Pursuant to Section 3.02 of this Agreement the goods to be financed out of the proceeds of the Loan and of the Credit will be procured on the basis of international competitive bidding in accordance with the procedures set forth in the Guidelines referred to in the said Section 3.02 and in the following supplementary provisions; provided, however, that, on grounds of standardization requirements, the contracts for the procurement of elastic fastenings for Roger Sonnevillie type concrete sleepers amounting in the aggregate to about 300,000 dollars equivalent will be awarded on a negotiated basis to the sole concessionaire for the manufacture of this equipment:

1. In respect of contracts amounting to more than 100,000 dollars equivalent:
 - (a) One copy of the invitation to bid and the bid advertisements to be published, the draft forms of contract, the specifications, and all other bid documents together with a complete description of the advertising procedure to be used (including list of publications in which the advertisement will appear and the time to be allowed for bid preparation) will be submitted to the Association for its review and approval before bids are invited.
 - (b) After bids have been received and analyzed, one copy of the analysis of bids and recommendation for the contract award, together with the reasons for such recommendation, will be furnished to the Association for its review and approval of the proposed award prior to the award of the contract or the issuance of a letter of intent.
 - (c) If the proposed final contract differs materially from the terms and conditions contained in the respective documents approved by the Association under subparagraphs (a) and (b) above, then the text of the proposed changes will be submitted by the Borrower to the Association for its review and approval prior to the execution of the contract.
 - (d) The Borrower will furnish the Association with a signed copy of the final contract promptly after execution.

2. Contracts amounting to less than 100,000 dollars equivalent will not be subject to the Association's approval, however, all bidding documents, including the bid evaluation report and a signed copy of the final contract, will be submitted to the Association promptly after execution.

3. Prices of non-Tunisian bids will be compared on a c.i.f. landed Tunisian port of entry, exclusive of import duties and similar taxes. If bids incorporate a price escalation clause, a statement of an upper limit of the escalation percentage must be required from bidders and bids which do not meet this requirement must be rejected.

Such upper limit will be fully added to the price for purposes of comparison between bids.

4. Prices of Tunisian and non-Tunisian bids will be compared on the basis of the ex-factory price of the Tunisian bids and the c.i.f. landed Tunisian port of entry price of non-Tunisian bids increased by 15% thereof or the actual rate of customs duties and similar taxes, whichever is lower. Production and consumption taxes which are equally levied on Tunisian and non-Tunisian goods will be excluded for purposes of price comparison between Tunisian and non-Tunisian bids.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 217.*]
