

No. 10548

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

Guarantee Agreement—*Third Development Finance Company Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Société nationale d'investissement). Signed at Washington on 24 December 1969

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 15 June 1970.

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

Contrat de garantie — *Troisième projet de société financière de développement* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et la Société nationale d'investissement). Signé à Washington le 24 décembre 1969

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 15 juin 1970.

GUARANTEE AGREEMENT¹

AGREEMENT, dated December 24, 1969, 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 herewith² 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, 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 the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,³ subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements as so modified being hereinafter called the General Conditions), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement 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

¹ Came into force on 5 May 1970, upon notification by the Bank to the Government of Tunisia.

² See p. 280 of this volume.

³ See p. 280 of this volume.

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; 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.

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 and free from all restrictions imposed under said laws; 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 Guarantor shall not amend the Government Agreement without the approval of the Bank.

Section 3.06. The Guarantor shall not take any action or permit any of its political subdivisions or any of its agencies or instrumentalities or any agency or instrumentality of any political subdivision to take any action which would prevent or materially interfere with the carrying on by the Borrower of its operations and enterprise in an efficient and businesslike manner, or with the performance by the Borrower of any of its covenants, agreements and obligations in the Loan Agreement contained, and shall take or cause to be taken all reasonable action which shall be required on its part in order to enable the Borrower to perform such covenants, agreements and obligations.

Section 3.07. 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 General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The *Secrétaire d'État aux Finances*

of the Guarantor and such person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

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

Cable address:

Secrétariat d'État 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

Cable address:

Intbafrad
Washington, D.C.

Section 5.02. The Secrétaire d'Etat aux Finances of the Guarantor is designated for the purposes of Section 10.03 of the General Conditions.

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 HAMED AMMAR
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated December 24, 1969, 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

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

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

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

(b) "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 as the same may be amended from time to time;

(c) "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;

(d) "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

¹ See above.

to make or shall have made an investment in accordance with and as provided in Section 3.01 of this Agreement;

(e) "Private Investment Enterprise" means an Investment Enterprise which is controlled by private investors;

(f) "Investment Project" means a specific project to be carried out by an Investment Enterprise as approved, or in respect of which withdrawals from the Loan Account shall have been authorized, by the Bank pursuant to Section 2.03 (b) of this Agreement;

(g) "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 in an Investment Enterprise for an Investment Project;

(h) "Dinars" and the symbol "D" means dinars in the currency of the Guarantor;

(i) "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) "Corporation" means the International Finance Corporation;

(k) "Statement of Policies" means the Statement of General Policies and Operations of the Borrower adopted by a resolution of its Board of Directors on July 4, 1966 as amended by such a resolution adopted on June 7, 1969; and

(l) "Previous Loan Agreements" means the loan agreements dated May 16, 1966¹ and September 14, 1967² between the Bank and the Borrower.

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

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 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

¹ United Nations, *Treaty Series*, vol. 584, p. 155.

² *Ibid.*, vol. 639, p. 147.

in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. (a) Subject to the provisions of paragraph (b) and (c) of this Section, the Borrower shall be entitled to withdraw from the Loan Account: (i) amounts expended for the reasonable cost of goods and services required for carrying out the Investment Project in respect of which the withdrawal is requested; and (ii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods and services.

(b) No amount shall be withdrawn from the Loan Account in respect of an Investment Project unless it shall have been approved by the Bank, provided, however, that, except as the Bank and the Borrower shall otherwise agree, such withdrawals may be made in respect of sub-loans for Investment Projects of Private Investment Enterprises, described to and authorized by the Bank for financing hereunder in accordance with the provisions of Section 3.02 (b) of this Agreement but only up to an amount in respect of each such Investment Project which, together with any amount or amounts previously approved, requested or credited to a loan account for such Investment Project under this Agreement or for the same project under any prior loan agreement, and not repaid, shall not exceed the equivalent of \$200,000 or of such other limit as shall from time to time be determined by the Bank.

(c) Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made by an Investment Enterprise for any Investment Project subject to the Bank's approval more than ninety days prior to the date on which the Bank shall have received in respect of such Project the application required under Section 3.02 (a) of this Agreement or, in the case of any other Investment Project, more than ninety days prior to the date on which the Bank shall have received the description thereof pursuant to Section 3.02 (b).

Section 2.04. It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account may be made on account of payments in the currency of the Guarantor, or for goods produced in, or services supplied from, the territories of the Guarantor; provided, however, that (i) said withdrawals shall not exceed, in the aggregate, the equivalent of one million dollars (\$1,000,000), and (ii) no withdrawal shall be made on account of payments for taxes imposed by the Guarantor or any of its political subdivisions on, or in connection with, the importation, sale or supply of goods or services required for carrying out the Investment Project in respect of which the withdrawal is requested.

Section 2.05. 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 withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn and 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 in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required to: (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to the sub-loans and investments in respect of which withdrawals from the Loan Account shall have been approved or authorized pursuant to Section 3.02 of this Agreement and (ii) take into account any cancellation pursuant to Article VI of the General Conditions and any repayments made by the Borrower under Section 2.09 of this Agreement, except that repayments due hereunder shall be made on May 1 and November 1 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on prepayments and redemption, if required.

(b) The amortization schedule applicable to each Investment Project shall provide for an appropriate period of grace, and, unless the Bank and the Borrower shall otherwise agree (i) shall not extend beyond fifteen years from the date of approval by the Bank of such Investment Project or of authorization by the Bank to make withdrawals from the Loan Account in respect of such Investment Project and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal, semi-annual, or more frequent, 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 equal to the amount so repaid to, or disposed of by, the Borrower, but not exceeding the amount withdrawn from the Loan Account in respect of such sub-loan or investment, 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 3.05 (c) of the General Conditions 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 paid or disposed of.

(c) The first sentence of Section 3.05 (b) of the General Conditions shall not apply to any repayment made under paragraph (a) of this Section.

Article III

DESCRIPTION OF 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 economic development in Tunisia through loans for productive purposes to enterprises in Tunisia and through other productive investments in such enterprises, all for specific development projects, in accordance with the Statutes and Statements of Policies of the Borrower and in furtherance of the corporate purposes of the Borrower as therein set forth. The aggregate amount of sub-loans and investments in Investment Enterprises other than Private Investment Enterprises should not exceed 35% of the amount of the Loan.

Section 3.02. (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 the terms and conditions of the sub-loan to or investment in the Investment Enterprise including the schedule of amortization proposed therefor and such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of sub-loans for Investment Projects not requiring approval by the Bank shall contain a summary description of the Investment Enterprise and the Investment Project, including a description of the cost thereof, and of the terms and conditions of the sub-loan for such Investment Projects.

(c) Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Projects pursuant to the provision of Section 3.02 (a) of this Agreement and requests for authorizations to withdraw from the Loan Account pursuant to the provision of Section 3.02 (b) of this Agreement shall be submitted on or before December 31, 1971.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of

the Loan as provided in Article VIII of the General Conditions.

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 for the purposes of Section 8.10 of the General Conditions.

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 unless the Bank shall otherwise agree, any sub-loan or investment will be made on terms whereby the Borrower shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any such sub-loan and, to the extent that it shall be appropriate in the case of any such investment: (i) 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, financial and managerial standards and to maintain adequate records; (ii) the right to require that the goods and services to be financed out of the proceeds of the Loan shall be used exclusively in the carrying out of the Investment Project; (iii) the right of the Bank and the Borrower to inspect such goods and 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 the acquisition, transportation and delivery of 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 the 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 of

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 in 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 incurring of any such debt, the consolidated debt of the Borrower

and all its subsidiaries then incurred and outstanding would be greater than four times the consolidated capital and surplus of the Borrower and all its 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 guaranteed by the Borrower pursuant to the Government Agreement.

(b) 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 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 at 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 all its subsidiaries" means the total amount of debt of the Borrower and all its subsidiaries, excluding: (i) any debt owned by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary, and (ii) the amount referred to in paragraph (e) (iii) of this Section.

(e) The term "consolidated capital and surplus of the Borrower and all its subsidiaries" means the aggregate of: (i) the total unimpaired paid-in capital, surplus and free reserves of the Borrower and all its subsidiaries after excluding such items of capital, surplus and reserves as shall represent equity interests of the Borrower in any subsidiary or of any subsidiary in the Borrower or any other subsidiary; (ii) the amount of the grant made by the Guarantor pursuant to the Government Agreement; and (iii) the amount of the loan from the Government pursuant to the Government Agreement, at the time outstanding but only to the extent that any maturity thereof does not fall due prior to the last maturity of any sub-loan or investment made out of the proceeds of the previous Loan Agreements or of the present one.

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 provisions 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 suspend, abrogate or 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, 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; MODIFICATION OF PRIOR LOAN AGREEMENTS

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon; and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Section 6.02. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified: demand shall have been made for prepayment by the Borrower 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.

Section 6.03. Section 5.05 of both Prior Loan Agreements is hereby amended to read as Section 5.05 of the present one.

Article VII

TERMINATION; MISCELLANEOUS

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

Section 7.02. The date of March 31, 1970 is hereby specified for purposes of Section 11.04 of the General Conditions.

Section 7.03. The following addresses are specified for the purpose of Section 10.01 of the General Conditions:

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 HAMED AMMAR
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>
November 1, 1971	26,000	November 1, 1979	372,000
May 1, 1972	30,000	May 1, 1980	342,000
November 1, 1972	140,000	November 1, 1980	270,000
May 1, 1973	160,000	May 1, 1981	260,000
November 1, 1973	354,000	November 1, 1981	176,000
May 1, 1974	392,000	May 1, 1982	172,000
November 1, 1974	570,000	November 1, 1982	90,000
May 1, 1975	626,000	May 1, 1983	86,000
November 1, 1975	736,000	November 1, 1983	66,000
May 1, 1976	776,000	May 1, 1984	62,000
November 1, 1976	802,000	November 1, 1984	56,000
May 1, 1977	788,000	May 1, 1985	52,000
November 1, 1977	716,000	November 1, 1985	48,000
May 1, 1978	682,000	May 1, 1986	44,000
November 1, 1978	538,000	November 1, 1986	32,000
May 1, 1979	508,000	May 1, 1987	28,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION
ON 17-YEAR LOAN* AT 7% INTEREST

<i>Time of Prepayment or Redemption</i>	<i>Premiums</i>
Not more than three years before maturity.....	1¼ %
More than three years but not more than six years before maturity.....	2½ %
More than six years but not more than eleven years before maturity.....	4%
More than eleven years but not more than fifteen years before maturity.....	5¾ %
More than fifteen years before maturity.....	7%

* The life of the Loan is calculated from the date of signing of the Loan Agreement until the date of the last maturity rounded to the nearest year.

SCHEDULE 2

MODIFICATIONS OF THE GENERAL CONDITIONS

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

1. The following subparagraph (*d*) is added to Section 3.05:

“(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 paragraph (*b*) of Section 3.05 and in Section 8.15.”

2. The words “Investment Projects” are substituted for the word “Project” in Section 5.01 and for the words “the Project” at the end of Section 5.03.

3. Section 6.03 is deleted and replaced by the following new Section:

“6.03. *Cancellation by the Bank.* If (*a*) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days or (*b*) by the date specified in Section 3.02 (*c*) of the Loan Agreement no applications for approval or requests for authorization to withdraw from the Loan Account in respect of any portion of the Loan shall have been received by the Bank, or having been so received, shall have been denied, or (*c*) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to request such approvals and authorizations or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled.”

4. Paragraph (*d*) of Section 7.01 is amended to read as follows:

“(d) A default shall occur in the performance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement,

the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any other guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.”
