

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

**Guarantee Agreement—*El Borma-Gabes Gas Pipeline Project*
(with annexed General Conditions Applicable to Loan and
Guarantee Agreements and Loan Agreement between the
Bank and the Société tunisienne de l'Electricité et du Gaz).
Signed at Washington on 25 February 1971**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development
on 22 June 1971*

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

**Contrat de garantie — *Projet relatif au gazoduc El Borma-
Gabès* (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 tunisienne de l'Électricité et du
Gaz). Signé à Washington le 25 février 1971**

Texte authentique: anglais.

*Enregistré par la Banque internationale pour la reconstruction et le
développement le 22 juin 1971.*

GUARANTEE AGREEMENT¹

AGREEMENT, dated February 25, 1971, between REPUBLIC OF TUNISIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith² between the Bank and Société Tunisienne de l'Electricité et du Gaz (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to seven million five hundred thousand dollars (\$7,500,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; 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

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, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the modification thereof set forth in Section 1.01 of the Loan 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 this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth.

Article II

GUARANTEE; BONDS; PROVISION OF FUNDS

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby uncondi-

¹ Came into force on 12 May 1971, upon notification by the Bank to the Government of Tunisia.

² See p. 150 of this volume.

³ *Ibid.*

tionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. 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 *Ministre du Plan* of the Guarantor and such other 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.

Section 2.03. The Guarantor undertakes to make available to the Borrower, by a date not later than June 30, 1971, or such other date as shall be acceptable to the Bank, overdraft facilities in an amount of not less than one million (1,000,000) Tunisian dinars.

Section 2.04. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes : (i) whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures; (ii) whenever funds available to the Borrower are inadequate to meet its financial obligations, to provide the Borrower with such funds as are needed for this purpose.

Article III

OTHER COVENANTS

Section 3.01. (a) It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Guarantor (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt, and (ii) undertakes that if any such lien shall be created, it 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 in the creation of any such lien express provision will be made to that effect. The Guarantor shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing representation and undertaking shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section, the term "governmental assets" means assets of the Guarantor, of any of its political subdivisions, of any agency of the Guarantor or of any such political subdivision, and assets of the Central Bank of Tunisia or any institution performing the functions of a central bank for the Guarantor.

Section 3.02. The Guarantor (i) shall not take or concur in the taking of any action terminating, amending, suspending, waiving or assigning any of the Guarantor's rights under the Convention dated December 7, 1970 between the Guarantor and Société Italo-Tunisienne d'Exploitation Pétrolière without the prior approval of the Bank, and (ii) shall exercise all its rights under the said Convention as required to assure the efficient carrying out and operation of the Project.

Section 3.03. The Guarantor shall exempt, in accordance with Law No. 68-3 of March 8, 1968, the Borrower from all taxes, import duties or other charges, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on capital goods imported for the execution of the Project as well as of the Borrower's power plant at Rhennouch.

Article IV

CONSULTATION AND INFORMATION

Section 4.01. The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Guarantor and the Bank shall from time to time, at the request of either party : (i) exchange views through their representatives with regard to the performance of their respective obligations under the Guarantee Agreement and other matters relating to the purposes of the Loan; and (ii) 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, including its balance of payments, and the external debt of the Guarantor, of any of its political subdivisions and of any agency of the Guarantor or of any such political subdivision.

Section 4.02. (a) 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.

(b) 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.

Article V

TAXES AND RESTRICTIONS

Section 5.01. 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 foregoing 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 5.02. The 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 5.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls or moratoria of any nature imposed under the laws of the Guarantor or laws in effect in its territories.

Article VI

REPRESENTATIVE OF THE GUARANTOR; ADDRESSES

Section 6.01. The *Ministre du Plan* of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Guarantor :

Ministère du Plan

1 Rue de Béja

Tunis, Tunisia

Cable address :

Ministère du Plan

1 Rue de Béja

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.

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 delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Tunisia :

By SALAHEDDINE EL GOULLA

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 February 25, 1971, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SOCIÉTÉ TUNISIENNE DE L'ÉLECTRICITÉ ET DU GAZ (hereinafter called the Borrower).

WHEREAS the Republic of Tunisia (hereinafter referred to as the Guarantor) and the Borrower have requested the Bank and the Kuwait Fund for Arab Economic Development (hereinafter referred to as the Kuwait Fund) to assist in the financing of a gas pipeline project more particularly described in Schedule 3 to this Agreement;

WHEREAS by a loan agreement dated February 18, 1971 (hereinafter called the Kuwait Fund Loan Agreement), the Kuwait Fund has agreed to make available to the Borrower for the same project a loan (hereinafter called the Kuwait Fund Loan) in a principal amount of nine hundred thousand Kuwaiti Dinar (KD900,000) equivalent

at present parity rate as near as possible to two million five hundred twenty thousand dollars (\$2,520,000), on the terms and conditions set forth in said Kuwait Fund Loan Agreement;

WHEREAS the Bank has agreed, on the basis *inter alia* of the foregoing, to make a loan to the Borrower 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 Loan and Guarantee Agreements of the Bank, dated January 31, 1969¹ with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Section 5.01 thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, 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 have the respective meanings therein set forth.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to seven million five hundred thousand dollars (\$7,500,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Loan Agreement; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Closing Date shall be December 31, 1973, or such other date as shall be agreed between the Bank and the Borrower.

Section 2.04. 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 2.05. The Borrower shall pay interest at the rate of seven and one-quarter per cent ($7\frac{1}{4}\%$) per annum on the principal amount of the Loan withdrawn, and outstanding from time to time.

¹ See p. 150 of this volume.

Section 2.06. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Section 2.08. 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 2.09. The *Président Directeur Général* of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, public utility, financial and administrative practices.

Section 3.02. In order to assist the Borrower in the preparation of plans, specifications and bidding documents for the Project and the supervision of the construction thereof, the Borrower shall continue to employ engineering consultants acceptable to the Bank upon terms and conditions satisfactory to the Bank.

Section 3.03. In carrying out the Project, the Borrower shall employ contractors acceptable to the Bank upon terms and conditions satisfactory to the Bank.

Section 3.04. (a) Except as the Bank shall otherwise agree, the goods and services (other than consultants' services) to be financed out of the proceeds of the Loan shall be procured on the basis of international competition consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with, and subject to, the provisions set forth in Schedule 4 to this Agreement.

(b) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(c) Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the Project.

Section 3.05. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project, and any material modifications or amplifications thereof, in such detail as the Bank shall reasonably request.

(b) The Borrower : (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed

out of the proceeds of the Loan, and to disclose the use thereof in the Project; (ii) shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Article IV

MANAGEMENT AND OPERATIONS OF THE BORROWER

Section 4.01. (a) The Borrower shall at all times manage its affairs, plan its future expansion and carry on its operations, all in accordance with sound business, financial and public utility practices, under the supervision of experienced and competent management.

(b) The Borrower shall keep the staffing position under continuous review, implement policies to improve utilization of manpower and continue to retain and promote sufficient qualified and experienced staff in order to enable the Borrower to conduct its operations efficiently.

(c) The Borrower shall continue to collect and record statistical and accounting information to such an extent and in such a form as shall be required to ensure effective management control of the Borrower's various functions.

Section 4.02. (a) The Borrower shall at all times maintain its corporate existence and right to carry on its operations, and take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business and for the execution and operation of the Project.

(b) The Borrower shall at all times operate and maintain its plant, equipment and property and promptly make all necessary repairs and renewals thereof, in accordance with sound engineering and public utility practices.

(c) Except as the Bank shall otherwise agree, the Borrower shall obtain title to all goods financed out of the proceeds of the Loan free and clear of all encumbrances.

(d) Except in the normal course of its business, the Borrower shall not, without the prior approval of the Bank, sell, lease, transfer or otherwise dispose of any of its property or assets which shall be required for the efficient operation of its business and undertaking unless the Borrower shall first pay or redeem, or make adequate provision satisfactory to the Bank for repayment or redemption of, all of the Loan and the Bonds which shall then be outstanding and unpaid.

Section 4.03. (a) Before the Borrower shall take any action to create any subsidiary, the Borrower shall first have satisfied the Bank that such action would not adversely affect the Project.

(b) The obligations of the Borrower expressed in this Agreement shall be applied to any subsidiary of the Borrower as though such obligations were binding on any such subsidiary, and the Borrower shall cause any such subsidiary to carry out such obligations.

Section 4.04. The Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound practice.

Article V

FINANCIAL COVENANTS

Section 5.01. The Borrower shall maintain records adequate to reflect in accordance with consistently maintained sound accounting practices its operations and financial condition.

Section 5.02. The Borrower shall maintain separate records adequate to reflect in accordance with consistently maintained sound accounting practices the capital and operating costs of the gas pipeline to be financed in part out of the proceeds of the Loan.

Section 5.03. The Borrower shall : (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than four months after the end of each such year except for the fiscal years 1971 and 1972 for which this period will be six months, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Section 5.04. The Borrower undertakes that, as soon as practicable but not later than January 1, 1973, its electricity tariffs and other charges shall be comprehensive and reasonably related to the cost of providing its services and facilities.

Section 5.05. Except as the Bank shall otherwise agree, the Borrower shall not reduce electricity tariffs.

Section 5.06. (a) Should, starting from January 1, 1973, the ratio of operating surplus to current value of net fixed assets in operation fall below 10% in any fiscal year, the Borrower shall take, within the following fiscal year, all such action as may be necessary to restore such ratio to at least 10%.

(b) For the purposes of this Section :

- (i) "Operating surplus" shall be calculated by deducting the Borrower's operating expenses, exclusive of depreciation and interest on debt for the fiscal year under consideration, from the Borrower's gross operating revenues.
- (ii) The term "value of net fixed assets in operation" means the original cost of all fixed assets in operation, adjusted from time to time to reflect the current replacement value of such assets, less accumulated depreciation thereon.

Section 5.07. (a) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt, other than for money borrowed for financing the Project, if such debt would raise the Borrower's debt equity ratio above 45:55.

(b) For the purposes of this Section :

- (i) The term " debt " means all debt of the Borrower, including debt for the service of which the Borrower is responsible, maturing by its terms more than one year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred on the date of execution and delivery of a contract, loan agreement or other instrument providing for such debt.
- (iii) The term " equity " means the total capital and surplus of the Borrower and its subsidiaries, determined in accordance with sound accounting practices.

Section 5.08. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any 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 the date on which it is originally incurred.

Section 5.09. The Borrower shall consult with the Bank prior to making any substantial investment in other than electricity and gas operations.

Article VI

CONSULTATION; INFORMATION AND INSPECTION

Section 6.01. 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 performance of their respective obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purpose of the Loan.

Section 6.02. The Bank and the Borrower shall promptly inform each other 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 either of them of its obligations under the Loan Agreement.

Section 6.03. The Borrower shall enable the Bank's representatives to inspect all plants, sites, works, properties and equipment of the Borrower and any relevant records and documents.

Article VII

TAXES

Section 7.01. 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 the territories of the

Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement¹ 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 7.02. 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 VIII

REMEDIES OF THE BANK

Section 8.01. If any event specified in Section 7.01 of the General Conditions or in Section 8.02 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 and the Guarantor 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 the Loan Agreement or in the Bonds notwithstanding.

Section 8.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified : (a) the law of April 3, 1962 of the Guarantor establishing the Borrower, as the same has been or may be amended from time to time, or any other legislation or regulation of the Guarantor governing the establishment, organization, powers, financial structure and operations of the Borrower shall have been materially amended, suspended, abrogated, repealed or waived, or shall cease to be enforced, so as to materially affect the operations of the Borrower, without the prior approval of the Bank; and (b) the outstanding principal of the Kuwait Fund Loan shall have been declared, or become, due and payable in advance of the agreed maturity thereof.

Section 8.03. For the purposes of Section 6.01 of the General Conditions, the following additional event is specified, namely that the right of the Borrower to withdraw the proceeds of the Kuwait Fund Loan shall have been suspended in whole or in part.

Article IX

EFFECTIVE DATE; TERMINATION

Section 9.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions, namely :

¹ See p. 142 of this volume.

- (a) that the Borrower shall have certified in writing to the Bank that, as of a date to be agreed between the Bank and the Borrower (which shall be prior to the date set forth in Section 9.02 of this Agreement), there has been no material adverse change in its condition since the date of this Agreement;
- (b) that the conditions precedent to the effectiveness of the Kuwait Fund Loan Agreement shall have been fulfilled, subject only to the effectiveness of this Agreement.

Section 9.02. The date May 26, 1971, is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article X

ADDRESSES

Section 10.01. The following addresses are specified for the purposes 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.

Telex : 440098

For the Borrower :

Société Tunisienne de l'Electricité et du Gaz

38 Rue Kamal Ataturk

Tunis

Cable address :

Gazelec

Tunis

Telex : 720

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.

International Bank for Reconstruction and Development :

By J. BURKE KNAPP

Vice President

Société Tunisienne de l'Électricité et du Gaz :

By SALAHEDDINE EL GOULLA

Authorized Representative

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the categories of imported items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each category :

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Procurement and installation of pipe	4,452,000	75% of foreign expenditures
II. Procurement and installation of gas compression and treatment	1,800,000	75% of foreign expenditures
III. Consultants' services for engineering and supervision	659,000	75% of foreign expenditures
IV. Unallocated	589,000	
TOTAL	7,500,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of :

- (a) expenditures in currency of the Guarantor, or for goods produced in, or services supplied from, the territories of the Guarantor;
- (b) expenditures prior to the date of this Agreement, except that withdrawals may be made in respect of Category III on account of expenditures incurred after January 1, 1970; and
- (c) payments for taxes imposed under the laws of the Guarantor or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof.

3. Notwithstanding the allocation of an amount of the Loan set forth in the second column of the table in paragraph 1 above :

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Loan then allocated to such Category and no longer required therefor will be reallocated by the Bank by increasing correspondingly the unallocated amount of the Loan;
- (b) if the estimate of the expenditures under any Category shall increase, a corresponding amount will be allocated by the Bank, at the request of the Borrower, to such Category from the unallocated amount of the Loan, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of any other expenditures.

SCHEDULE 2

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 15, 1974	180,000	November 15, 1980	285,000
November 15, 1974	185,000	May 15, 1981	295,000
May 15, 1975	190,000	November 15, 1981	305,000
November 15, 1975	200,000	May 15, 1982	315,000
May 15, 1976	205,000	November 15, 1982	325,000
November 15, 1976	215,000	May 15, 1983	340,000
May 15, 1977	220,000	November 15, 1983	350,000
November 15, 1977	230,000	May 15, 1984	365,000
May 15, 1978	235,000	November 15, 1984	375,000
November 15, 1978	245,000	May 15, 1985	390,000
May 15, 1979	255,000	November 15, 1985	405,000
November 15, 1979	265,000	May 15, 1986	420,000
May 15, 1980	275,000	November 15, 1986	430,000

* 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

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium†</i>
Not more than three years before maturity	1½%
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 fourteen years before maturity	6%
More than fourteen years before maturity	7½%

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project is the installation of facilities necessary to provide approximately 28.8 million cubic feet per day of dry gas for use in the Gabes area from the El Borma oil field. The Project includes :

1. The installation of approximately 294 km of 10½" transmission pipeline including ancillary facilities.
2. The installation of approximately 4 km of 12½" pipe from the El Borma field to the compression and treatment plant.

3. The installation of approximately 3 km of 12½" pipe, and 5 km of 4½" pipe from the transmission pipeline to the sales points.
4. The installation of approximately 3,300 horsepower of gas engine driven compressors and ancillary facilities.
5. The installation of gas treatment facilities at El Borma.
6. The installation of operating buildings and employee houses with electrical, gas, water and communication systems at El Borma.

The Project is expected to be completed by December 31, 1972.

SCHEDULE 4

PROCUREMENT

1. With respect to any contract for civil works or equipment estimated to cost \$200,000 equivalent or more :

- (a) If bidders are required to pre-qualify, the Borrower shall, before qualification is invited, inform the Bank in detail of the procedure to be followed and shall introduce such modifications in said procedure as the Bank shall reasonably request. The list of pre-qualified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for pre-qualification, shall be furnished by the Borrower to the Bank for its comments before the applicants are notified and the Borrower shall make such additions or deletions from the said list as the Bank shall reasonably request.
- (b) Before bids are invited, the Borrower shall furnish to the Bank, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedure to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Bank shall reasonably request. Any further modification or addition to the bidding documents shall require the Bank's concurrence before it is issued to the prospective bidders.
- (c) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Bank of the name of the bidder to whom it intends to award the contract and shall furnish to the Bank, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the reasons for the intended award. The Bank shall promptly inform the Borrower whether it has any objection to the intended award and shall state the reasons for any objection it may have.
- (d) If the contract shall be awarded over the Bank's objection or if its terms and conditions shall, without the Bank's concurrence, materially differ from those on which bids were asked, no expenditures thereunder shall be financed out of the proceeds of the Loan.
- (e) Copy of the contract shall be furnished to the Bank promptly after its execution.

2. With respect to any other contract for civil works or equipment, the Borrower shall, promptly after the contract is awarded, furnish to the Bank copy of the contract as well as copy of the record of public opening of the bids and the bid evaluation report. The Bank shall promptly inform the Borrower if it finds that the award of the contract is not consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* and, in such event, no expenditures under such contract shall be financed out of the proceeds of the Loan.
