

No. 12077

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TUNISIA**

**Development Credit Agreement—*Agricultural Credit Project*
(with schedules and General Conditions Applicable to
Development Credit Agreements). Signed at Washington
on 12 July 1971**

Authentic text: English.

Registered by the International Development Association on 17 October 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
TUNISIE**

**Contrat de crédit de développement — *Projet relatif au
crédit agricole* (avec annexes et Conditions générales
applicables aux contrats de crédit de développement).
Signé à Washington le 12 juillet 1971**

Texte authentique: anglais.

*Enregistré par l'Association internationale de développement le 17 octobre
1972.*

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated July 12, 1971, between REPUBLIC OF TUNISIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Banque Nationale de Tunisie (hereinafter called BNT), respectively, have requested the Association and the Bank to assist in the financing of the foreign exchange cost of the Project described in Schedule 1 to this Agreement;

WHEREAS by an agreement of even date herewith² between the Bank and BNT (hereinafter called the Loan Agreement) the Bank has agreed to make a loan to BNT in an amount in various currencies equivalent to five million dollars (\$ 5,000,000), on the terms and conditions set forth in said Loan Agreement, but only on condition that the Borrower agrees to guarantee the obligations of BNT in respect of such loan;

WHEREAS by an agreement of even date herewith³ between the Borrower and the Bank (hereinafter called the Guarantee Agreement) the Borrower has agreed to guarantee the obligations of BNT; and

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit 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 Development Credit Agreements of the Association, dated January 31, 1969,⁴ with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Sections 5.01 and 6.02 (h) thereof and to the renumbering of Section 6.02 (i) into 6.02 (h) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Article II. THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to three million dollars (\$ 3,000,000).

¹ Came into force on 25 January 1972, upon notification by the Association to the Government of Tunisia.

² See footnote 2 on p. 144 of this volume.

³ See p. 144 of this volume.

⁴ See p. 160 of this volume.

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 2 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association 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 Development Credit Agreement; provided, however, that, except as the Association 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. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Credit, shall be procured in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be September 30, 1975 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. 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 2.06. Service charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 15 and September 15 commencing September 15, 1981 and ending March 15, 2021 each installment to and including the installment payable on March 15, 1991 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.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. The Director General of BNT is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of the Agreement and Article V of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall cause BNT to duly and punctually perform all obligations provided to be performed by it pursuant to Sections 3.01, 3.02, 3.03, 3.04, 3.05, 3.06, 3.07, 4.01, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 5.01, 5.02 and 5.03 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 3.02. Sections 3.02, 3.03, 3.04, 3.05, 3.06, 3.07, 3.08, 4.01 and 4.02 of the Guarantee Agreement are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein; 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, (iii) all references to the Borrower in such Sections or in any of them shall be deemed to be references to BNT, and (iv) all references to the Loan in such Sections or in any of them shall be deemed to be references to the Credit.

Section 3.03. So long as any part of the Loan provided for under the Loan Agreement or the Bonds 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 3.01 of this Agreement, or pursuant to the Sections of the Guarantee Agreement enumerated in Section 3.02 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 BNT to the Bank pursuant to the provisions of such Sections, shall be deemed to be furnished to both the Bank and the Association.

Section 3.04. Except as the Association shall otherwise agree, the Borrower shall relend the proceeds of the Credit or the equivalent thereof to BNT on the following terms: (i) interest at 1% per annum on the principal amount outstanding from time to time and (ii) amortization in fifteen years including five years of grace.

Article IV. TAXES AND RESTRICTIONS

Section 4.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article V. REMEDIES OF THE ASSOCIATION

Section 5.01. If any event specified in Section 7.01 of the General Conditions or in Section 5.03 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 Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 5.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified: (a) Any part of the principal amount of any loan to BNT having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable.

(b) The BNT Statutes shall have been amended or repealed so as to affect materially and adversely the operations or financial condition of BNT.

(c) A change, which in the judgment of the Association would materially and adversely affect the objectives, financial condition or operations of the BNT, shall have been made in the Statement of Policy without the Association's consent.

(d) A subsidiary or any other entity shall have been created or acquired or taken over by BNT, if such creation, acquisition or taking over would adversely affect the conduct of the BNT's business or BNT's operations or financial situation or the carrying out of the Project.

Section 5.03. For the purposes of Section 7.01 of the General Conditions the following events are specified: (a) Any event specified in Section 5.02 (a), (b) or (c) shall occur.

(b) The event specified in Section 5.02 (d) of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

Article VI. EFFECTIVE DATE; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of the 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 3.04 of this Agreement shall have been accepted and agreed upon by the Borrower and BNT; 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 3.04 of this Agreement is valid and binding on the part of the Borrower and BNT.

Section 6.03. The date October 15, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 6.04. The provisions of the Sections of the Loan Agreement enumerated in Section 3.01 of this Agreement, and of the Sections of the Guarantee Agreement enumerated in Section 3.02 of this Agreement, except Sections 4.01 and 4.02, and all obligations of the parties thereunder shall terminate on the date when the entire proceeds of the Credit shall have been repaid by BNT to the Borrower in accordance with the agreement entered into between them pursuant to Section 3.04 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.

Article VII. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 7.01. The Ministre du Plan of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions :

For the Borrower :

Le Ministre du Plan
Ministère du Plan
Tunis, Tunisia

Cable address :

Ministre du Plan
1 Rue de Béja
Tunis

For the Association :

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

Cable address :

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 SLAHEDDINE EL GOULLI
Authorized Representative

International Development Association :

By J. BURKE KNAPP
Vice President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project is part of the Borrower's agricultural lending program for commercial farmers investing in grain farm mechanization and dairy farm development in Northern Tunisia and for STIL investing in date palm development in Southern Tunisia, and consists of the following :

Part A. The provision of medium and long-term subloans to assist the said farmers in financing investments in on-farm improvements including land preparation, machinery and equipment, planting materials, livestock and other agricultural inputs, for the development and expansion of their farms for the production of the aforementioned commodities, and the provision of long-term sub-loans to assist STIL in developing date-palm plantations in Southern Tunisia, including groundwater development, irrigation and drainage network, land preparation, nursery stock, transplanting and maintenance

of windbreak trees and date palms, machinery and equipment, buildings for field office, storage, and packaging, and housing for staff and permanent laborers.

Part B. The provision of experts to train and supervise the technical staff of the Borrower's Agricultural Credit Division and of STIL's technical staff engaged in date-palm operations, and vehicles for technical services.

SCHEDULE 2

WITHDRAWAL OF THE PROCEEDS OF THE LOAN AND OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Loan and the Credit, the allocation of amounts of the Loan and the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Loan and the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Disbursements actually effected by the Borrower on account of sub-loans for investments in:		75% of such disbursements
(A) Grain farms	6,000,000	
(B) Dairy farms	980,000	
(C) Date-palm plantations	810,000	
II. Salaries and other expenditures approved by the Bank for the experts referred to in Part B of the Project and vehicles for technical services .	210,000	100% of foreign exchange expenditures
TOTAL	<u>8,000,000</u>	

2. The amount of the Credit shall be withdrawn from the Credit Account as provided under Article II of this Agreement, and shall be applied to expenditures incurred under any sub-category or category hereof until the total withdrawals and commitments in respect of such expenditures shall have reached the equivalent of \$3,000,000.

3. 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 sub-category or category hereof, provided, however, that such amount shall only be applied to expenditures incurred after the amount of the Credit shall have been fully withdrawn or committed.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3 above:

- (i) no withdrawals shall be made in respect of expenditures prior to the date of this Agreement; and
- (ii) no withdrawal shall be made under Category I in respect of any sub-loan made by the Borrower exceeding \$100,000 equivalent principal amount unless the Bank and the Association shall have approved the making of such sub-loan.

5. If the estimate of the disbursements or expenditures under any sub-category or category shall decrease, the amount of the Loan and the Credit then allocated to, and no longer required for, such sub-category or category will be reallocated, at the request of the Borrower, to any other sub-category or category, subject, however, to the requirements for contingencies, as determined by the Bank and the Association, in respect of the items in the other subcategories or category.

SCHEDULE 3

PROCUREMENT

1. Contracts for drilling and construction for deep wells for date-palm plantations under Schedule 2, I(C) shall be awarded on the basis of international competition under procedure consistent with the Guidelines for Procurement under World Bank Loans and IDA Credits published by the Bank in August 1969.

With regard to said contracts the Borrower shall send to the Bank and to the Association:

- (a) copies of tender documents for comments before bids are called for; and
- (b) analysis of the bids and the Borrower's recommendations for approval by the Bank and the Association.

2. The Bank and the Association agree however, that contracts to be executed before the end of August 1971 for drilling and construction of four deep wells in the Project area be awarded in accordance with the Borrower's procurement procedures and not to exceed in the aggregate D 50,000. Copies of such contracts would be transmitted to the Bank and the Association upon award.

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. 244.*]
