

No. 12591

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
TUNISIA**

**Development Credit Agreement—*Second Tunisia Water Supply Project* (with General Conditions Applicable to Development Credit Agreements). Signed at Washington on 30 June 1970**

*Authentic text: English.*

*Registered by the International Development Association on 14 June 1973.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
TUNISIE**

**Contrat de crédit de développement — *Deuxième projet relatif à l'adduction d'eau pour la Tunisie* (avec Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 30 juin 1970**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 14 juin 1973.*

## DEVELOPMENT CREDIT AGREEMENT<sup>1</sup>

AGREEMENT, dated June 30, 1970 between REPUBLIC OF TUNISIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

(A) WHEREAS the Borrower and the Société Nationale d'Exploitation et de Distribution des Eaux (hereinafter called SONEDE) have requested the Association and the Kingdom of Sweden (hereinafter referred to as Sweden) to assist in the financing of a project, consisting of part of the National Water Supply Program of the Borrower for 1968-1973;

(B) WHEREAS SONEDE will, with the Borrower's assistance, carry out said project and, as part of such assistance, the Borrower will make available to SONEDE the proceeds of the development credit provided herein;

(C) WHEREAS by a development credit agreement of even date herewith<sup>2</sup> (hereinafter called the Swedish Agreement) Sweden has agreed to make available to the Borrower, for relending to SONEDE, for the same project a credit (hereinafter called the Swedish Credit) in a principal amount of eighteen million five hundred thousand Swedish Kronor (SKr18,500,000) equivalent at present parity rate as near as possible to three million five hundred thousand dollars (\$3,500,000), on the terms and conditions set forth in said Swedish Agreement;

(D) WHEREAS by an agreement of even date herewith,<sup>3</sup> the Borrower, Sweden, the Association and SONEDE have agreed on the allocation, withdrawal and use of the proceeds of the development credit and the Swedish Credit and the execution of the project to be financed thereby, as well as other matters; and

(E) WHEREAS the Association has agreed, on the basis of the foregoing, to make a development credit available on 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 Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,<sup>4</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) The following sub-paragraph is added to Section 2.01:

“13. The term Joint Financing Agreement has the meaning set forth in the Development Credit Agreement.”

(b) The third sentence of Section 3.02 is deleted.

(c) Article V is deleted.

(d) Section 6.01 is deleted and the following new Section is substituted therefor:

<sup>1</sup> Came into force on 12 November 1970, upon notification by the Association to the Government of Tunisia.

<sup>2</sup> See p. 225 of this volume.

<sup>3</sup> See p. 197 of this volume.

<sup>4</sup> See p. 191 of this volume.

“SECTION 6.01. *Cancellation by the Borrower.* The Borrower may by notice to the Association cancel any amount of the Credit which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Credit in respect of which the Association shall have entered into a special commitment pursuant to Section 2.07 of the Joint Financing Agreement.”

(e) Section 6.04 is deleted and the following new Section is substituted therefor:

“SECTION 6.04. *Amounts Subject to Commitment Not Affected by Cancellation or Suspension by the Association.* No cancellation or suspension by the Association shall apply to amounts subject to any special commitment entered into by the Association pursuant to Section 2.08 of the Joint Financing Agreement.”

(f) The words “, the Joint Financing Agreement” are added after the words “the Development Credit Agreement” in Section 6.06.

(g) The words “and the Joint Financing Agreement” are added after the words “the Development Credit Agreement” wherever they appear in Section 8.01.

(h) The words “or the Joint Financing Agreement” are added after the words “the Development Credit Agreement” and the word “either” is replaced by the word “any” in Section 8.02.

*Section 1.02.* Wherever used in this Development Credit 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) “Joint Financing Agreement” means the agreement of even date herewith, referred to in recital (D) to this Agreement, between the Borrower, Sweden, the Association and SONEDE, as the same may be amended from time to time by agreement of the parties thereto.

(b) “Previous Loan Agreement” means the Loan Agreement dated January 16, 1969<sup>1</sup> between the Bank and SONEDE.

## *Article II. THE CREDIT*

*Section 2.01.* The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to ten million five hundred thousand dollars (\$10,500,000).

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

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in accordance with Article II of the Joint Financing Agreement.

(c) No withdrawals from the Credit Account 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 (including services supplied from) such territories.

<sup>1</sup> See foot-note 2, p. 166 in United Nations, *Treaty Series*, vol. 876.

*Section 2.03.* The Borrower shall pay a commitment charge at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the portion to be paid out of the Credit Account of the principal amount of any special commitment entered into by the Association pursuant to Section 2.07 of the Joint Financing Agreement and outstanding, if under such special commitment the Association at the request of the Borrower shall have agreed to pay such principal amount notwithstanding any subsequent suspension or cancellation of the Credit.

*Section 2.04.* The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

*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 May 15 and November 15 in each year.

*Section 2.07.* The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each May 15 and November 15 commencing November 15, 1980 and ending May 15, 2020, each installment to and including the installment payable on May 15, 1990 to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ( $1\frac{1}{2}\%$ ) of such principal amount.

### *Article III.* JOINT FINANCING AGREEMENT

*Section 3.01.* The Borrower shall duly perform all its obligations set forth in the Joint Financing Agreement.

### *Article IV.* PARTICULAR COVENANTS

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

*Section 4.02.* This Development Credit Agreement and the Joint Financing Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 4.03.* Except as the Association shall otherwise agree, the Borrower shall make the proceeds of the Credit, or the equivalent thereof, available to SONEDE on the basis of repayment by SONEDE over a period of twenty-five years from the Effective Date of this Development Credit Agreement, including therein a period of grace of five years, and subject to interest at seven per cent (7%) per annum on the aggregate amounts of the proceeds of the Credit so made available and outstanding from time to time.

### *Article V.* REMEDIES OF THE ASSOCIATION

*Section 5.01.* If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, 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, together with such charges, shall

become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

*Section 5.02.* For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) Any provision of Law No. 68-22 of the Borrower, dated July 2, 1968, establishing SONEDE, shall have been amended, suspended or abrogated so as to affect adversely the operations or financial condition of SONEDE or the performance of its obligations under the Joint Financing Agreement;
- (b) Any provision of the *Accord Relatif à l'Apport du Gouvernement de la République Tunisienne au Capital de la Société Nationale d'Exploitation et de Distribution des Eaux* dated November 7, 1968, between the Borrower and SONEDE, shall have been amended, modified, suspended or abrogated without the prior approval of the Association;
- (c) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower or SONEDE under the Joint Financing Agreement and such default shall have continued for a period of sixty days;
- (d) The outstanding principal of the credit provided for in the Swedish Agreement shall have been declared, or become, due and payable in advance of the agreed maturity thereof in accordance with the terms of the said Agreement; and
- (e) A default shall have occurred under the Previous Loan Agreement other than in respect of the payment of the principal or interest or any other payment required thereunder and such default shall have continued for a period of sixty days.

*Section 5.03.* For the purposes of Section 6.02 of the General Conditions, the following additional event is specified:

The right of the Borrower to withdraw the proceeds of the credit provided for in the Swedish Agreement shall have been suspended, or the Borrower shall have been unable to withdraw such proceeds, in whole or in part, and the Borrower shall have failed to obtain funds from other sources in substitution therefor, on terms and conditions satisfactory to the Association, or to make other arrangements equally satisfactory to the Association, and such event shall have continued for a period of 120 days.

#### *Article VI.* EFFECTIVE DATE; TERMINATION

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

- (a) that SONEDE and the Société Tunisienne d'Electricité et du Gaz shall have concluded an agreement satisfactory to the Association determining the amounts of accounts pending between them and the terms and conditions of payment thereof; and
- (b) that the execution and delivery of the Joint Financing Agreement on behalf of the Borrower shall have been duly authorized or ratified by all necessary governmental action.

*Section 6.02.* The following are specified as additional matters, 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:

- (a) that the Joint Financing Agreement has been authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms; and
- (b) that the Swedish Agreement has been duly authorized and delivered on behalf of the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

*Section 6.03.* The date of October 1, 1970, is hereby specified for the purposes of Section 10.04 of the General Conditions.

*Article VII. MISCELLANEOUS*

*Section 7.01.* The Closing Date shall be December 31, 1974 or such other date as shall be agreed between the Borrower and the Association.

*Section 7.02.* The *Secrétaire d'Etat au Plan* of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

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

For the Borrower:

Secrétariat d'Etat au Plan  
1 Rue de Béja  
Tunis, Tunisia

Cable address:

Secrétariat d'Etat au Plan  
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 Development Credit 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 S. EL GOULLI  
Authorized Representative

International Development Association:

By J. BURKE KNAPP  
Vice President

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.*]