

No. 12592

**INTERNATIONAL DEVELOPMENT ASSOCIATION,
TUNISIA, SWEDEN and SOCIÉTÉ NATIONALE
D'EXPLOITATION ET DE DISTRIBUTION DES EAUX**

**Joint Financing Agreement—*Second Tunisia Water Supply
Project* (with schedules). Signed at Washington on
30 June 1970**

Authentic text: English.

Registered by the International Development Association on 14 June 1973.

**ASSOCIATION INTERNATIONALE DE
DÉVELOPPEMENT, TUNISIE, SUÈDE et
SOCIÉTÉ NATIONALE D'EXPLOITATION ET DE
DISTRIBUTION DES EAUX**

**Contrat de financement conjoint — *Deuxième projet rela-
tif à l'adduction d'eau pour la Tunisie* (avec annexes).
Signé à Washington le 30 juin 1970**

Texte authentique : anglais.

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

JOINT FINANCING AGREEMENT¹

AGREEMENT, dated June 30, 1970, between REPUBLIC OF TUNISIA (hereinafter called Tunisia), the KINGDOM OF SWEDEN (hereinafter called Sweden), INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and SOCIÉTÉ NATIONALE D'EXPLOITATION ET DE DISTRIBUTION DES EAUX (hereinafter called SONEDE).

WHEREAS by a development agreement with Tunisia of even date herewith,² Sweden has agreed to make available to Tunisia, for relending to SONEDE a credit in a principal amount of eighteen million five hundred thousand Swedish Kronor (SKr 18,500,000), equivalent at present parity rate as nearly as possible to three million five hundred thousand United States dollars (\$3,500,000), for the purpose of assisting in the financing of a water supply project, consisting of part of the National Water Supply Program of Tunisia for 1968-1973, as such project is described in Schedule 1 to this Agreement;

WHEREAS by a development credit agreement with Tunisia of even date herewith,³ the Association has agreed to make a development credit available to Tunisia, for relending to SONEDE, in a principal amount in various currencies equivalent to ten million five hundred thousand United States dollars (\$10,500,000), for the same purpose; and

WHEREAS the Parties hereto have agreed on the allocation, withdrawal and use of the proceeds of such credits and the execution of the project to be financed thereby, as well as other matters, as hereinafter provided;

NOW THEREFORE the Parties hereto hereby agree as follows:

Article 1. DEFINITIONS

Section 1.01. Unless the context otherwise requires, the following terms wherever used in this Agreement shall have the following meanings:

(a) The term "Swedish Credit Agreement" means the agreement referred to in the first Recital to this Agreement, as from time to time amended.

(b) The term "Association Development Credit Agreement" means the development credit agreement between Tunisia and the Association referred to in the second Recital to this Agreement, as from time to time amended.

(c) The term "Swedish Credit" means the credit provided for in the Swedish Credit Agreement.

(d) The term "Association Development Credit" means the development credit provided for in the Association Development Credit Agreement.

(e) The terms "Swedish Credit Account" and "Association Credit Account" mean the respective accounts established under the Swedish Credit Agreement and the Association Development Credit Agreement.

(f) The term "Project" means the Project described in Schedule 1 to this Agreement.

¹ Came into force on 12 November 1970, upon notification by the Association to the Parties concerned.

² See p. 225 of this volume.

³ See p. 185 of this volume.

Article II. ALLOCATION AND WITHDRAWAL OF PROCEEDS OF SWEDISH CREDIT AND ASSOCIATION DEVELOPMENT CREDIT

Section 2.01. Subject to the rights of suspension and cancellation set forth in the Swedish Credit Agreement and the Association Development Credit Agreement and subject to the provisions of Section 2.02 (c) of the Association Development Credit Agreement, the amount of the Swedish Credit and the Association Development Credit may be withdrawn from the Swedish Credit Account and the Association Credit Account, respectively, in accordance with the provisions of this Agreement and with the allocation of the proceeds of the Swedish Credit and Association Development Credit set forth in Schedule 2 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between Tunisia and the Association.

Section 2.02. Tunisia shall be entitled to withdraw from the Swedish Credit Account and the Association Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under the Swedish Credit Agreement and the Association Development Credit Agreement:

- (a) such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Categories I, II and V of the allocation of the proceeds of the Swedish Credit and the Association Development Credit referred to in Section 2.01 of this Agreement; and
- (b) the equivalent of forty per cent of such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Categories III and IV of the allocation of proceeds of the Swedish Credit and the Association Development Credit referred to in Section 2.01 of this Agreement;

provided, however, that: (i) if there shall be an increase in the estimate of such payments for goods or services included in either of the Categories III and IV, the Association may by notice to Tunisia adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Swedish Credit and the Association Development Credit then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category; and (ii) if the ratio between the aggregate amount of the Swedish Credit and the Association Development Credit allocated to either of the Categories III and IV and the estimate of payments for goods and services included in any such Category exceeds the percentage applicable to such Category, the Association shall, upon request from Tunisia, increase such percentage to the extent necessary to permit full withdrawal of such aggregate amount or of an amount equal to 73% of the then estimated cost of the Project, whichever is the lower, provided, however, that such adjustment shall in no event result in withdrawals on account of payments for taxes imposed by Tunisia or any of its political subdivisions.

Section 2.03. No withdrawals from the Swedish Credit Account and the Association Development Credit Account shall be made under Categories I, II and V of the allocation of the proceeds of the Swedish Credit and the Association Development Credit referred to in Section 2.01 of this Agreement on account of payments in the currency of Tunisia, or for goods produced in, or services supplied from, the territories of Tunisia.

Section 2.04. (a) When Tunisia shall desire to withdraw any amount of the Swedish Credit and the Association Development Credit, Tunisia shall deliver to the Asso-

ciation a written application in such form and containing such statements and agreements as the Association shall reasonably request. Applications for withdrawal, with the necessary documentation, as hereinafter provided shall, except as Tunisia and the Association shall otherwise agree, be made promptly in relation to expenditures for the Project.

(b) Tunisia shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association shall have approved any withdrawal requested in the application.

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that Tunisia is entitled to withdraw from the Swedish Credit Account and the Association Credit Account the amount applied for and that such amount is to be used only for the purposes specified in this Agreement.

Section 2.05. Each such application by Tunisia for withdrawal shall be deemed to be a request to withdraw funds from the Swedish Credit Account and from the Association Credit Account and the funds to be withdrawn pursuant to such application shall be apportioned by the Association, as nearly as practicable in the circumstances, between the Swedish Credit and the Association Development Credit in the ratio of 1 to 3, or such other ratio as shall be agreed between Sweden and the Association.

Section 2.06. (a) When the Association shall have approved an application by Tunisia for withdrawal, the Association shall:

- (i) pay the amount, if any, which Tunisia is entitled to withdraw from the Association Credit Account to or on the order of Tunisia in accordance with the provisions of the Association Development Credit Agreement;
- (ii) promptly notify the Sveriges Riksbank, acting as agent for Sweden, in the manner and to the extent set forth in this Agreement, that it has received an application for withdrawal from the Swedish Credit Account and the Association Credit Account in the aggregate amount specified in such notice, that it has approved payment of the portion, if any, to be withdrawn from the Association Credit Account in the amount set forth in such notice, and that the portion to be withdrawn from the Swedish Credit Account in the amount set forth in such notice is eligible for payment by the Sveriges Riksbank.

(b) Upon receipt of such notice of the Association, the Sveriges Riksbank, shall, subject to the rights of suspension and cancellation of the Swedish Credit set forth in the Swedish Credit Agreement, pay the amount so to be withdrawn from the Swedish Credit Account in the currency and to the payee stated in the notice.

Section 2.07. If at any time the amount of the Swedish Credit or of the Association Development Credit shall have been fully withdrawn or cancelled, applications by Tunisia for further withdrawals shall be deemed to be requests for withdrawal of the full amount applied for from the Association Credit Account or the Swedish Credit Account only and the provisions of this Article II shall continue to apply *mutatis mutandis* until the full amount credited or to be credited to such Account shall have been withdrawn or cancelled.

Section 2.08. Upon Tunisia's request and upon such terms as shall be agreed between Tunisia and the Association, the Association may enter into special commitments to pay amounts to Tunisia or others in respect of the cost of goods required for the Project. Any such special commitment by the Association shall, once it has been notified to Sweden and the Sveriges Riksbank, constitute an obligation on the part of Swed-

en to pay, notwithstanding any subsequent suspension or cancellation of the Swedish Credit and in conformity with the foregoing Sections 2.06 and 2.07, such portion of the total amount to be disbursed, in fulfillment of such special commitment, as agreed pursuant to Section 2.05 of this Agreement.

Section 2.09. If for purposes of this Agreement any proceeds of the Swedish Credit are to be withdrawn in a currency other than Swedish Kronor, the Sveriges Riksbank shall remit the amount requested of such other currency and shall debit the Swedish Credit Account with the Swedish Kronor equivalent of such amount calculated on the basis of the current market selling rate or, if no such rate applies, such rate as shall be reasonably determined by the Sveriges Riksbank.

*Article III. THE PROJECT; USE OF PROCEEDS OF SWEDISH CREDIT
AND ASSOCIATION DEVELOPMENT CREDIT*

Section 3.01. SONEDE shall carry out the Project, described in Schedule 1 to this Agreement, with due diligence and efficiency and in accordance with sound engineering, public utility and financial practices.

Section 3.02. (a) SONEDE shall apply the proceeds of the Swedish Credit and the Association Development Credit to expenditures on the Project in accordance with the provisions of this Agreement.

(b) Except as the Association shall otherwise agree, for reasons of economy, efficiency or expediency, (i) the goods to be financed out of the proceeds of the Swedish Credit and the Association Development Credit shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Association in August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement, and (ii) all contracts for the procurement of such goods and services shall be subject to the prior approval of the Association except as otherwise provided in such Schedule 3.

(c) Tunisia undertakes to insure, or cause to be insured, the imported goods to be financed out of the proceeds of the Swedish Credit and the Association Development Credit against marine, transit and other hazards incident to 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 useable by Tunisia to replace or repair such goods.

(d) Except as the Association shall otherwise agree, Tunisia shall cause all goods financed out of the proceeds of the Swedish Credit or the Association Development Credit to be used exclusively in the carrying out of the Project.

Section 3.03. (a) SONEDE shall furnish to the Association, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein in such detail as the Association shall from time to time request.

(b) SONEDE shall maintain records adequate to identify the goods financed out of the proceeds of the Swedish Credit and the Association Development Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of SONEDE and shall enable Sweden's and the Association's representatives to inspect the Project, the goods, the facilities operated by SONEDE, and any relevant records and documents.

Article IV. PARTICULAR COVENANTS OF SONEDE

Section 4.01. (a) SONEDE shall at all times manage its affairs, maintain its financial position, plan its future expansion and carry on its operations, all in accordance with sound business, financial and public utility practices and under the supervision of experienced and competent management and shall consult with the Association before making any changes in its senior personnel and any material modifications in its organization and administrative structure.

(b) SONEDE shall continue to appoint, retain and promote sufficient qualified and experienced staff to enable SONEDE to conduct its operations efficiently.

(c) Except as the Association and SONEDE shall otherwise agree, SONEDE shall continue to employ a qualified adviser to the management upon terms and conditions satisfactory to the Association.

Section 4.02. (a) SONEDE shall cooperate fully with Sweden and the Association to assure that the purposes of the Swedish Credit and the Association Development Credit will be accomplished. To that end, Sweden, the Association and SONEDE shall from time to time, at the request of any party, exchange views through their representatives with regard to the performance by SONEDE of its obligations under this Agreement, the administration, organizational structure, operations and financial condition of SONEDE and any other matters relating to the purposes of the Swedish Credit and the Association Development Credit.

(b) SONEDE shall furnish to Sweden and the Association all such information as Sweden or the Association shall reasonably request concerning the expenditure of the proceeds of the Swedish Credit and the Association Development Credit, the goods financed out of such proceeds, the Project, and the administration, operations and financial condition of SONEDE.

(c) SONEDE shall promptly inform Sweden and the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Swedish Credit and the Association Development Credit, the maintenance or the performance by SONEDE of its obligations under this Agreement.

Section 4.03. SONEDE shall take out and maintain with responsible insurers or make other provisions satisfactory to the Association for insurance against such risks and in such amount as shall be consistent with sound practice.

Section 4.04. (a) SONEDE shall 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 of the Project.

(b) SONEDE 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 Association shall otherwise agree, SONEDE shall obtain title to all goods financed out of the proceeds of the Swedish Credit and the Association Development Credit free and clear of all encumbrances.

(d) SONEDE shall not, without the consent of the Association, sell, lease, transfer or otherwise dispose of its property or assets which shall be required for the efficient operation of its business and undertaking and shall not without the consent of the Association assign its exclusive rights for the distribution of water within the territories of Tunisia pursuant to Article 4 of Law No. 68-22 of Tunisia, dated July 2, 1968.

Section 4.05. SONEDE shall: (a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited by independent auditors acceptable to the Association in accordance with sound auditing principles consistently applied; (b) furnish to the Association, as soon as available but, in any case, not later than four months after the end of each such year, certified copies of its audited financial statements for such year and an audit report by the said auditors of such scope and in such detail as the Association shall have reasonably requested; and (c) furnish to the Association such other information concerning the accounts and financial statements of SONEDE and the audit thereof as the Association shall from time to time reasonably request.

Section 4.06. Except as the Association shall otherwise agree, SONEDE shall not incur any debt, other than for money borrowed for financing the Project, unless its net revenue for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall not have been less than 1.5 times the maximum debt service requirement for any succeeding fiscal year on all debt, including the debt to be incurred. For the purposes of this Section:

(a) The term "debt" shall mean all indebtedness of SONEDE including debt for the service of which SONEDE is responsible in accordance with Article 22 of Law No. 68-22 of Tunisia dated July 2, 1968 maturing by its terms more than one year after the date on which it is originally incurred.

(b) 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.

(c) The term "net revenue" shall mean gross revenue from all sources, adjusted to take account of SONEDE's rates in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenue relates, less all operating and administrative expenses and provision for taxes, if any, but before provision covering depreciation and interest and other charges on debt.

(d) The term "debt service requirement" shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt.

(e) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of Tunisia, debt payable in another currency, such valuation shall be made on the basis of 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.

Section 4.07. (a) For the period from the date of this Agreement to the end of 1972, SONEDE shall maintain its water rates at levels which will produce an average rate of at least 60 millimes per cubic meter of water delivered to consumers.

(b) SONEDE shall carry out a cost-user study in tourist areas where the cost of expanding the water supply capacity to meet growing peak demands becomes increasingly disproportionate to revenue derived therefrom, and shall within these areas apply graduated rates which shall be reasonably related to the costs of providing its services and facilities.

(c) SONEDE shall set and maintain water rates and other charges for its services and shall from time to time take all other necessary or desirable action which will provide revenues sufficient (i) to cover all operating and administrative expenses of SONEDE

(including adequate maintenance and provision for depreciation of assets at an average rate of not less than 2½% per annum) and taxes and payments in lieu of taxes, and (ii) to produce a reasonable annual return on SONEDE's net fixed assets in operation that will enable SONEDE out of its own funds, to meet amortization and interest payments on all its debt (including debt for the service of which SONEDE is responsible in accordance with Article 22 of Law No. 68-22 of Tunisia dated July 2, 1968) as they become due and to finance the cost of future investments.

(d) Unless the Association shall otherwise agree, such annual return on SONEDE's net fixed assets in operation shall be at a rate of not less than 5% in the years 1973, 1974 and 1975 and not less than 6% in each succeeding year.

(e) Such rate of return on SONEDE's net fixed assets in operation shall be calculated in each year by using as the numerator the total revenues arising from SONEDE's operations, less all operating and administrative costs (including adequate maintenance and provision for depreciation and for taxes and payments in lieu of taxes, if any, but excluding interest and other charges on debt) and as the denominator the average between the net current value of fixed assets in operation at the beginning and at the end of each year in question.

(f) "Net current value of fixed assets" shall mean the gross value of assets established under a method satisfactory to the Association at the time the calculation is made, less accumulated depreciation, based on the same gross value. Except as the Association shall otherwise agree, the gross value of SONEDE's fixed assets in operation as of December 31, 1968 is established at forty-five million five hundred fifty-five thousand Dinars (D. 45,555,000) and the accumulated depreciation as of December 31, 1968 is established at twenty million three hundred sixty-five thousand Tunisian Dinars (D. 20,365,000).

Article V. PARTICULAR COVENANTS OF TUNISIA

Section 5.01. (a) Tunisia, Sweden and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Swedish Credit and the Association Development Credit and the maintenance of the service thereof. Tunisia shall promptly inform Sweden and the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Swedish Credit and the Association Development Credit or the maintenance of the service thereof.

(b) Tunisia shall afford all reasonable opportunity for accredited representatives of Sweden and the Association to visit any part of the territories of Tunisia for purposes related to the Swedish Credit and the Association Development Credit.

Section 5.02. Tunisia shall take all such action within its power as will be necessary to enable SONEDE to obtain, and shall not take any action which would prevent SONEDE from obtaining, from time to time, such rate adjustment and revenues as described in Section 4.07 of this Agreement.

Section 5.03. Tunisia specifically shall undertake, whenever there is reasonable cause to believe that the funds available to SONEDE will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Association, promptly to provide SONEDE or cause SONEDE to be provided with such funds as are needed to meet such expenditures.

Section 5.04. Tunisia shall take all steps required on its part to enable SONEDE to receive full payment within 120 days of billing of all water charges incurred by all public authorities or agencies whether national, regional or municipal.

Section 5.05. Tunisia shall promptly take all steps required on its part under its laws on the expropriation or temporary occupation of land for public utility purposes in order to acquire or to enable SONEDE to acquire the ownership or the right of occupancy of all land of which SONEDE has not otherwise acquired the ownership or the right of occupancy and which shall be necessary for the Project.

Section 5.06. Tunisia covenants that it will ensure that import licenses will be issued, within thirty days of any application by SONEDE or by suppliers if such application has been certified by SONEDE, for all items (or for all materials necessary for the manufacturing of items) to be financed in part or in whole out of the proceeds of the Swedish Credit or of the Association Development Credit.

Section 5.07. Without limiting or restricting Tunisia's undertakings under its Law No. 68-22 dated July 2, 1968, Tunisia shall ensure to SONEDE the use of ground water resources in the Mateur, Kelibia and Gabes areas to the extent required for the Project.

Article VI. MISCELLANEOUS

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at such party's address specified below or at such other address as such party shall have designated by notice to the party giving such notice or making such request:

For Tunisia:

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

Alternative address for cables:

Secrétariat d'Etat au Plan
Tunis

For Sweden:

(a) insofar as Sveriges Riksbank acts as agent for Sweden for purposes of this Agreement:

Sveriges Riksbank
Box 2119
S-103 13
Stockholm 2

Alternative address for cables:

Riksbanken
Stockholm

(b) For all other purposes:

Swedish International Development Authority
S-105 25
Stockholm 1

Alternative address for cables:

Sida
Stockholm

For SONEDE:

Société Nationale d'Exploitation et de Distribution des Eaux
23, Rue Docteur Braquehay
Tunis, Tunisia

Alternative address for cables:

Sonede
Tunis 662

For the Association:

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

Alternative address for cables:

Indevas
Washington, D.C.

Section 6.02. Tunisia shall furnish to the Association sufficient evidence of the authority of the person or persons who will sign the applications provided for under article II of this Agreement or who will, on behalf of Tunisia take any other action or execute any other documents required or permitted to be taken or executed by Tunisia under this Agreement, and the authenticated specimen signature of each such person.

Section 6.03. The Secrétaire d'Etat au Plan of Tunisia or such person or persons as he shall designate in writing are designated as the representative of Tunisia to take any action or execute any documents required or permitted to be taken or executed by Tunisia under this Agreement.

Section 6.04. This Agreement may be executed in several counterparts each of which shall be an original. All such counterparts shall collectively be but one instrument.

Section 6.05. (a) Except as shall otherwise be agreed by the Parties hereto, this Agreement shall become effective on the earliest date upon which the Swedish Credit Agreement and the Association Development Credit Agreement shall both be in effect.

(b) If the Association Development Credit Agreement terminates for failure to become effective in accordance with its terms, this Agreement shall forthwith terminate and the Association shall promptly notify the other Parties of such termination.

Section 6.06. All the obligations of Tunisia, except those set forth under Section 5.01, and all the obligations of SONEDE, under this Agreement shall terminate on the date upon which both the Swedish Credit Agreement and the Association Develop-

ment Credit Agreement shall have terminated or on a date twenty-five years after the date of this Agreement, whichever shall be the earlier.

Section 6.07. Upon termination of the Swedish Credit Agreement or the Association Development Credit Agreement only, Sweden or the Association, as the case may be, shall promptly notify the other Parties hereto and, upon such notification, this Agreement shall continue to remain in force and effect only for the purpose of implementation of the Association Development Credit Agreement or the Swedish Credit Agreement and of orderly settlement of matters of mutual interest to the Parties hereunder, subject to such modifications of this Agreement as shall be agreed among the Parties thereto or as shall be reasonably requested by Sweden or the Association for such purposes.

Section 6.08. Unless otherwise notified to Tunisia, the Association and SONEDE by Sweden, the Association shall represent Sweden in all matters relating to the implementation of, including amendments to, this Agreement.

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 S. EL GOULLI
Authorized Representative

Kingdom of Sweden:

By HUBERT DE BESCHE
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

Société nationale d'exploitation et de distribution des eaux:

By S. EL GOULLI
Authorized Representative

SCHEDULE I

DESCRIPTION OF THE PROJECT

The Project which represents the second part of the National Water Supply Program of Tunisia for 1968-1973 consists of expansions and improvements of the water supply and distribution systems of the Bizerte region, the Cap Bon region, the Sahel region, the South Tunisia region, the city of Beja, the city of Gabes and neighbouring areas, the city and the tourist resorts of Kelibia and the Sfax Metropolitan area.

The Project includes:

- I. Supply and installation of pipes, fittings and related equipment (and construction of related structures) for:
 - (a) The Mateur-Bizerte transmission main and the related ground water collection systems.

- (b) The Hammam-Lif to Nabeul (Mamoura) transmission main and the distribution mains to tourist resorts of the Cap Bon area.
 - (c) The Sahel groundwater collection pipelines, the Sahel's main transmission pipeline, the mains of the Sahel's north and central branch systems, the Kairouan branch main, and the distribution mains in the Central Sahel and Kairouan.
 - (d) Sections of the South Tunisia pipeline and the distribution mains to the tourist resorts of Djerba and Zarzis.
 - (e) The Beja (Tahouna) groundwater collection system and the main connecting Beja to the Oued El Lil pipeline.
 - (f) The city of Gabes, the neighbouring tourist resorts and oasis.
 - (g) The town of Kelibia and the neighbouring tourist resort.
 - (h) The reinforcement of sections of the Sbeitla-Sfax transmission main and of the primary distribution main.
- II. Construction and supply of related hydromechanical and electrical equipment for:
- (a) boreholes and related pumping stations in the areas of Mateur, the Sahel, Gabes, Kelibia and Sbeitla;
 - (b) booster pumping stations and related structures in the areas of Jebel Tinja, Grombalia, Central Sahel, Kairouan, Beja, and Gabes;
 - (c) storage tanks and related structures with a total storage capacity of about 35,000 m³ at (or near) Bizerte Rhezala, Mateur, Nabeul, Kairouan, Beja, Gabes and Kelibia.
- III. Services of management and engineering consultants and advisers for the implementation and supervision of the National Water Supply Program and for the engineering of future water supply projects in Tunisia.
- The project works are expected to be completed by December 31, 1973.

SCHEDULE 2

ALLOCATION OF PROCEEDS OF SWEDISH CREDIT AND ASSOCIATION DEVELOPMENT CREDIT,
EQUIVALENT IN THE AGGREGATE TO U.S. \$14,000,000 ON THE BASIS OF THE PARITY RATE
BETWEEN THE SWEDISH KRONOR AND THE U.S. DOLLAR AT THE DATE OF THIS AGREEMENT

Category	(Allocation Expressed in U.S. Dollar Equivalent)	
	Association Development Credit	Swedish Credit
I. C.i.f. cost of imported pipes, fittings and related equipment under Part I of the Project	4,800,000	1,600,000
II. C.i.f. cost of imported pumps and related mechanical and electrical equipment under Part II of the Project	240,000	80,000
III. Ex-factory price of goods listed under Categories I and II of this Schedule, in case they are procured or produced in Tunisia	300,000	100,000
IV. Civil works, related supplies	3,300,000	1,100,000
V. Consultant services under Part III of the Project	360,000	120,000
VI. Unallocated	1,500,000	500,000
	<u>10,500,000</u>	<u>3,500,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to V shall decrease, the amount of the Swedish Credit and the Association Development Credit then allocated to, and no longer required for, such Category will be reallocated by the Association to Category VI.
2. If the estimate of the cost of the items included in any of the Categories I to V shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Swedish Credit and the Association Development Credit will be allocated by the Association, at the request of Tunisia, to such Category from Category VI, subject, however, to the requirements for contingencies, as determined by the Association, in respect of the cost of the items in the other Categories.
3. Amounts in Category VI which may become no longer required for contingencies, as determined by the Association from time to time shall be allocated to Categories III and IV.
4. The U.S. dollar equivalent of the Swedish Credit is shown on the basis of the present parity rate between the Swedish Kronor and the U.S. dollar. Should such rate change, any increase of the U.S. dollar equivalent of the Swedish Credit will be reallocated by the Association to Category VI and any decrease in such equivalent shall, in the first instance, be charged against such Category.

SCHEDULE 3

SUPPLEMENTARY PROCUREMENT PROCEDURES

1. With respect to goods and services in Categories I, II, III and IV of the allocation of the proceeds of the Swedish Credit and Association Development Credit set forth in Schedule 1 to this Agreement, and required to be procured on the basis of international competitive bidding under Section 3.02 (b) of this Agreement, identical or similar items to be procured shall be grouped together wherever practicable for the purposes of bidding and procurement, and such grouping of items shall be subject to the approval of the Association.
2. With respect to (i) civil works contracts expected to cost more than the equivalent of U.S.\$100,000 and (ii) contracts for the supply of equipment expected to cost more than the equivalent of U.S.\$80,000:
 - (a) If prequalification of bidders is used, notices of prequalification and a description of the prequalification and advertising procedures to be followed will be submitted to the Association for review and approval prior to the issuance of notices of prequalification.
 - (b) Invitations to bid, specifications, the proposed terms and conditions of contracts, the text of proposed bid advertisements to be published and all other tender documents will be submitted to the Bank for review and approval prior to the issuance of invitations to bid, together with a description of the advertising procedures to be followed.
 - (c) After bids have been received and analyzed, a copy of the *procès-verbal* of the public opening of the tenders, the analysis of bids, recommendations of the Consultants where applicable and Tunisia's proposals for awards, together with the reasons for such proposals, will be submitted to the Association for review and approval prior to any award of contract or issuance of any letter of intent.
 - (d) If the proposed final contract differs materially from the terms and conditions contained in the respective documents approved by the Association under sub-paragraphs (a) and (b) above, then the text of the proposed changes will be submitted to the Association for its review and approval prior to the execution of such contract or issuance of any letter of intent.
 - (e) One conformed copy of any letter of intent issued and of any contract executed under this paragraph 2 will be sent to the Association promptly after its issuance or execution.

3. In respect of (i) civil works contracts expected to cost not more than the equivalent of U.S.\$100,000 and (ii) contracts for the supply of equipment expected to cost not more than the equivalent of U.S.\$80,000, copies of all tender documents, including invitations to bid, bid analyses and evaluations and a copy of the *procès-verbal* of the public opening of the tenders, as well as one conformed copy of any contract or letter of intent relating to the procurement of such items or groups of items, shall be sent to the Association promptly after the execution of any such contract or issuance of any such letter of intent and prior to the submission to the Association of the first application for withdrawal of funds from the Swedish Credit Account and the Association Development Credit Account in respect of any such contracts or letters of intent.

4. Whenever a contract under the Project is awarded to a supplier, contractor or consultant not registered in Tunisia, Tunisia will facilitate the accomplishment by such supplier, contractor or consultant of all regulatory formalities which may be required to enable it to carry out such contract.

5. Comparison of bids between local and foreign suppliers will be done on the following basis:

- (a) For foreign bids: the portion of foreign bid representing the c.i.f. price of the goods shall be increased by 15% thereof or the actual rate of customs duties and similar levies, whichever is lower.
 - (b) For local bids: the ex-factory price of the goods including all taxes except production and consumption taxes.
 - (c) For all bids: the cost specified therein for inland transportation, to the same point of delivery, shall be added.
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