

No. 12573

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

**Guarantee Agreement—*Tunisia Water Supply Project* (with
Loan Regulations No. 4, as amended). Signed at
Washington on 16 January 1969**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
14 June 1973.*

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

**Contrat de garantie — *Projet d'adduction d'eau pour la
Tunisie* (avec Règlement n° 4 sur les emprunts, tel
qu'il a été modifié). Signé à Washington le 16 janvier
1969**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le dévelop-
pement le 14 juin 1973.*

GUARANTEE AGREEMENT¹

AGREEMENT, dated January 16, 1969, between REPUBLIC OF TUNISIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith² between the Bank and Société Nationale d'Exploitation et de Distribution des Eaux (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifteen million dollars (\$15,000,000), 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;

WHEREAS by an agreement of even date³ (hereinafter called the Swedish Agreement) the Kingdom of Sweden has agreed to make available to the Guarantor a credit (hereinafter called the Swedish Credit) in a principal amount of twenty-six million Swedish Kronor (SKr 26,000,000), equivalent at present parity rate as near as possible to five million dollars (\$5,000,000), on the terms and conditions set forth in said Swedish Agreement; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961, as amended February 9, 1967,⁴ subject, however, to the modifications thereof set forth in Section 1.01 of the Loan Agreement (said Loan Regulations No. 4, as so modified, being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally 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, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable

¹ Came into force on 9 June 1969, upon notification by the Bank to the Government of Tunisia.

² The said Agreement entered into force on 9 June 1969. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Bank as document LN 581 TUN, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Guarantee Agreement.

³ See p. 175 of this volume.

⁴ See p. 169 of this volume.

cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out 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.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Central Bank of Tunisia or any other institution performing the functions of a central bank.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bonds to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The Guarantor covenants that it will cause the Borrower's tariffs to be set and maintained at such levels as may be required to enable the Borrower to carry out its obligations as provided in Section 5.09 of the Loan Agreement.

Section 3.06. The Guarantor shall take all steps required on its part to enable the Borrower 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 3.07. The Guarantor covenants that it will cause the Société Tunisienne de l'Electricité et du Gaz (STEG) to remit monthly to the Borrower all funds from water bills collected on the Borrower's behalf by STEG.

Section 3.08. The Guarantor shall promptly take all steps required on its part under its laws on the expropriation of land for public utility purposes in order to acquire or to enable the Borrower to acquire the ownership of all land not otherwise acquired by the Borrower which shall be necessary for the prompt construction of the facilities included in the Project.

Section 3.09. The Guarantor covenants that it will ensure that import licenses will be issued, within thirty days of any application by the Borrower or by suppliers if such application has been certified by the Borrower, 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 Loan or of the Swedish Credit.

Section 3.10. The Guarantor covenants that it will complete or cause to be completed the construction of the Gdir el Goulla treatment plant and related works and the Sahel C pipeline not later than December 31, 1970, and shall transfer the title to and responsibility for the operation of such plant and related works and the pipeline to the Borrower promptly thereafter.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The *Secrétaire d'Etat au Plan et à l'Economie Nationale* of the Guarantor and such person or persons as he shall appoint in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Guarantor:

Secrétariat d'Etat au Plan et à l'Economie Nationale
Place du Gouvernement
Tunis, Tunisia

Cable address:

Secrétariat d'Etat au Plan et à l'Economie Nationale
Tunis, Tunisia

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Intbafrad
Washington, D.C.

Section 5.02. The *Secrétaire d'Etat au Plan et à l'Economie Nationale* of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Tunisia:

By RACHID DRISS
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK
TO BORROWERS OTHER THAN MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series*, vol. 598, p. 270.]