

No. 8903

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TUNISIA**

**Development Credit Agreement—*Second Education Project*
(with related letters and annexed Development Credit
Regulations No. 1). Signed at Washington, on 16 Sep-
tember 1966**

Official text: English.

Registered by the International Development Association on 9 January 1968.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
TUNISIE**

**Contrat de crédit de développement — *Deuxième projet re-
latif à l'enseignement* (avec lettres y relatives et, en
annexe, le Règlement n° 1 sur les crédits de développe-
ment). Signé à Washington, le 16 septembre 1966**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 9 janvier 1968.

No. 8903. DEVELOPMENT CREDIT AGREEMENT¹ (*SECOND EDUCATION PROJECT*) BETWEEN THE REPUBLIC OF TUNISIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 16 SEPTEMBER 1966

AGREEMENT, dated September 16, 1966, between the REPUBLIC OF TUNISIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,² with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

(a) The second sentence of Section 2.02 is amended by deleting the words “ at the same rate ” and substituting therefor the words “ at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum ”.

(b) Section 3.01 is deleted and the following new Section is substituted therefor :

“ SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn*

“ (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“ (b) The proceeds of the Credit shall be withdrawn from the Credit Account :

(i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

¹ Came into force on 20 December 1966, upon notification by the Association to the Government of Tunisia.

² See p. 314 of this volume.

(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made.”

(c) A new Section 3.04 is inserted after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency*

“If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03.”

(d) Section 3.04 is renumbered as Section 3.05.

(e) Paragraph (j) of Section 5.02 is deleted and the following new paragraph is substituted therefor :

“(j) Failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under the Development Credit Agreement or under any other development credit agreement between the Borrower and the Association or under any loan agreement or guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement even though payment has been made by other persons.”

(f) Section 8.04 is deleted.

(g) Section 8.05 is renumbered as Section 8.04.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to thirteen million dollars (\$13,000,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. 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, the Development Credit Agreement.

Section 2.03. Except as the Association and the Borrower shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account :

- (a) such amounts as shall be the equivalent of 66 per cent (or such other percentage as may from time to time be established by agreement between the Borrower and the Association) of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project; and
- (b) if the Association shall so agree, such amounts as shall be required to meet payments under (a) above;

provided, however, that no withdrawals shall be made on account of expenditures prior to April 1, 1966.

Section 2.04. 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 2.05. Service charges shall be payable semiannually on May 15 and November 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semiannual installments payable on each May 15 and November 15 commencing November 15, 1976 and ending May 15, 1986, each installment to and including the installment payable on May 15, 1986, 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

USE OF THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall (i) carry out or cause the Project to be carried out with due diligence and efficiency, in conformity with sound technical standards and with due regard to economy; (ii) cause the schools included in the Project to be operated under sound and qualified administration and to be provided with qualified teachers in adequate numbers; and (iii) provide, promptly as needed, funds, facilities, services and other resources required for these purposes.

(b) The Borrower shall cause the buildings and equipment of the schools included in the Project to be adequately maintained and shall cause all necessary renewals and repairs to be made thereto.

(c) Except as the Association shall otherwise agree, in the carrying out of the Project the Borrower shall employ or cause to be employed qualified and experienced architects, engineers and other consultants acceptable to the Borrower and the Association, upon terms and conditions satisfactory to the Borrower and the Association.

(d) Except as the Association shall otherwise agree, the Borrower shall cause the Project to be carried out by contractors acceptable to the Borrower and the Association employed under contracts satisfactory to the Borrower and the Association.

(e) Except as the Association shall otherwise agree, the Borrower shall furnish or cause to be furnished to the Association for its approval promptly upon their preparation the plans, specifications, contracts and work schedules for the construction included in the Project and any material modification subsequently made therein, in such detail as the Association shall request.

Section 4.02. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the 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 the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods and the administration, operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.