No. 8924

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TUNISIA

Development Credit Agreement—*Cooperative Farm Project* (with related letters and annexed Credit Regulations No. 1). Signed at Washington, on 21 February 1967

Official text: English.

Registered by the International Development Association on 17 January 1968.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
TUNISIE

Contrat de crédit de développement — *Projet relatif à la création de coopératives agricoles* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 21 février 1967

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 17 janvier 1968.

No. 8924. DEVELOPMENT CREDIT AGREEMENT[1] (*CO-OPERATIVE FARM PROJECT*) BETWEEN THE REPUBLIC OF TUNISIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 21 FEBRUARY 1967

AGREEMENT, dated February 21, between REPUBLIC OF TUNISIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Borrower has requested the Association to provide a credit to it in an aggregate principal amount equivalent to six million dollars ($6,000,000) to assist the Borrower in financing a cooperative farm project;

(B) the Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to make a loan to it to provide additional assistance towards financing such project;

(C) by an agreement of even date herewith between the Borrower and the Bank (hereinafter called the Loan Agreement[2]), the Bank is agreeing to make such a loan to the Borrower;

(D) the Borrower, the Association, and the Bank intend to enter into an arrangement enabling the Bank to process applications for withdrawal of part of the proceeds of the financing to be provided severally by the Association and the Bank; and

WHEREAS the Association has agreed, upon the basis of the foregoing, to provide a credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE, it is hereby agreed as follows :

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

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,[3] with the same force and effect as if they were fully set forth herein subject,

[1] Came into force on 3 July 1967, upon notification by the International Development Association to the Government of Tunisia.
[2] See p. 40 of this volume.
[3] See p. 86 of this volume.

however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Credit 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 percent ($^1/_2$ 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;

(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*) Section 8.04 is deleted.

Section 1.02. Wherever used in this Development Credit Agreement, unless the context otherwise requires, the terms defined in the Loan Agreement shall have the same meanings as in such Loan Agreement.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to six million dollars ($6,000,000).

Section 2.02. The Association shall open a Credit Account 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, this Agreement and the Credit Regulations.

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

(*a*) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been paid for the reasonable cost of goods to be financed out of the proceeds of the Credit; 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 the date of this Agreement.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($^3/_4$ 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 semi-annually on April 15 and October 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each April 15 and October 15 commencing April 15, 1977 and ending October 15, 2016, each installment to and including the installment payable on October 15, 1986 to be one-half of one per cent ($^1/_2$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1^1/_2$%) 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 exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (*a*) Sections 5.01, 5.02 and 5.03 of the Loan Agreement are hereby incorporated into this Development Credit 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.

(*b*) So long as any part of the loan provided for under the Loan Agreement or the Bonds executed and delivered pursuant to the provisions of Article IV of such Loan Agreement shall remain outstanding and unpaid, all action taken, including approvals given, by the Bank pursuant to the Sections of the Loan Agreement enumerated in the foregoing paragraph 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 to the Bank pursuant to the provisions of such Sections, shall be deemed to be furnished to both the Bank and the Association.

Section 4.02. 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 4.03. The Development Credit 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, delivery or registration thereof.