

LOAN NUMBER 3217 TUN

Loan Agreement

(Agricultural Research and Extension Project)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 24, 1990

LOAN NUMBER 3217 TU

LOAN AGREEMENT

AGREEMENT, dated September 24, 1990, between REPUBLIC OF TUNISIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project; and

WHEREAS (B) the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. 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) "MOA" means the Borrower's Ministry of Agriculture, or any successor thereto;

(b) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(c) "CRDA" means each of the Borrower's Regional Agricultural Development Commissions (Commissariats Regionaux de Developpement Agricole), established and operating in accordance with the provisions of the Borrower's Law No. 89-44, dated March 8, 1989;

(d) "DVPA" means the Borrower's Regional Extension Division (Division de la Vulgarisation et de la Promotion de la Production Agricole), established and operating in accordance with the provisions of the Borrower's Decree No. 89-832, dated June 29, 1989;

(e) "IRESA" means the Borrower's Institute of Agricultural Research and Higher Education to be established and maintained by the Borrower pursuant to the provisions of Part B (3) (a) of Schedule 5 to this Agreement;

(f) "Agency" means the central agency for agricultural extension and training, to be established by the Borrower pursuant to the provisions of Part C (1) of Schedule 5 to this Agreement;

(g) "CTV" means the Borrower's Sub-Regional Extension Unit (Cellule Territoriale de Vulgarisation), established and operating in accordance with the provisions of Article 22 of the Borrower's Decree No. 99-832, dated June 29, 1989; and

(h) "CRA" means the Local Extension Unit (Centre de Rayonnement Aricole), established and operating, pursuant to the provisions of the MOA's Ministerial Decision No. dated 19 .

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, various currencies that shall have an aggregate value equivalent to the amount of seventeen million dollars (\$17,000,000) as the sum of withdrawals of the proceeds of the Loan with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in the Central Bank of Tunisia on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1996, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this

Agreement, and, to this end, shall carry out the Project through MOA with due diligence and efficiency and in conformity with appropriate administrative, financial, economic and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied

upon to support the related withdrawals.

ARTICLE V

Effective Date; Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Borrower shall have established, or caused to be established, each of the research execution unit and extension execution unit referred to in Parts B. 1 and C. 2 of Schedule 5 to this Agreement, respectively.

Section 5.02. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Planning and Regional Development of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:
Ministry of Planning and
Regional Development
Place Ali Zouaoui
Tunis
Republic of Tunisia

Telex:

15117

For the Bank:

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

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

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

REPUBLIC OF TUNISIA

By /s/ Muntahla Nabli
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ W.A. Wahenhans
Regional Vice President
Europe, Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Works:		
(a) under Part A of the Project	1,000,000)	65%
(b) under Part B of the Project	1,000,000)	
(2) Goods:		100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for items procured locally
(a) under Part A of the Project	4,800,000)	
(b) under Part B of the Project	3,500,000)	
(3) Consultants' services and training:		
(a) under Part A of the Project	1,800,000)	100%
(b) under Part B of the Project	1,900,000)	
(4) Unallocated	3,000,000	
TOTAL	17,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$800,000, may be made in respect of Categories (1), (2) and (3) on accounts of payments made for expenditures before that date, but after January 1, 1990.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in the implementation of its strategy to improve the provision of agricultural research and extension services within its territory.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A:

1. Carrying out a program to improve the organization, financial and technical management, and monitoring and evaluation functions of agricultural research through, inter alia:

(a) the establishment of:

- (i) a national institute of agricultural research and higher education to consolidate and coordinate agricultural research activities in agricultural research establishments and higher education institutions within the Borrower's territory, and promote better coordination between agricultural research and extension and to incorporate within its organization six (6) agricultural research institutes and nine (9) establishments of agricultural higher education;
- (ii) three multi-disciplinary regional research centers in the Borrower's North-West, North-East and East-Central agricultural regions; and
- (iii) a national research and extension council to be responsible for policy advice, periodic assessments of agricultural research and the strengthening of linkages between agricultural research and extension services;

(b) the development and application of:

- (i) a national system for agricultural research programming and budgeting by objectives;
- (ii) an on-farm adaptive agricultural research program for each of the regional research centers referred to in Part A.1 (a) (ii) hereof; and
- (iii) suitable policies and procedures for improving the financial management of research activities through the transfer of the authority to manage investment credits for such activities to the institute referred to in Part A.1 (a) (i) hereof, and to establish financial authorities (regies d'avancesá) to manage current expenditure accounts in the respective regional centers carrying out these activities; and

(c) the strengthening of the capabilities of the entities referred to under Part A.1 (a) hereof through the provision of

adequate staff, technical assistance and staff training, equipment, vehicles and livestock and new and rehabilitated research facilities.

2. Carrying out of programs of research to:

(a) improve cultivation of cereals and grain legumes, forage crops, vegetables, citrus fruits and other fruit crops and olives; and

(b) identify and test technical innovations for improved forestry and soil conservation, farm mechanization, animal husbandry and livestock production, irrigation and arid zone farming.

Part B:

Carrying out a program to improve the organization and expand the provision of agricultural extension services through, inter alia:

1. the establishment of a central agency for agricultural extension and training, and the provision to said agency of adequate staff, technical assistance, staff training equipment and vehicles.

2. the establishment in 15 DVPAs of about 104 CTVS, and the strengthening of their @, and the provision therefor of adequate extension supervisors, a training program for such super-visors, equipment and vehicles;

3. the construction of about 54 GRA facilities, and the rehabilitation of about 30 existing facilities;

4. the strengthening of about 549 CRAS, referred to under Parts B.2 and B.3 hereof, through the provision of adequate staff, training, equipment and vehicles;

5. the development and carrying out of a pilot agricultural extension program for women, and the provision therefor of adequate women extensionists, technical assistance, training and vehicles; and

6. the strengthening and expansion of the extension services through the application of appropriate methodology based on the principles of training and visits, including the provision of related technical assistance and the carrying out of a program for the training of extension staff in adequate numbers.

* * * *

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each March 15 and September 15	
beginning September 15, 1995 through September 15, 2006	710,000
On March 15, 2007	670,000



