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**LOAN NUMBER 7244 - TUN**

# **Loan Agreement**

**(Information and Communication Technologies  
Sector Development Project)**

**between**

**REPUBLIC OF TUNISIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated July 2, 2004**

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**LOAN NUMBER 7244 - TUN**

**LOAN AGREEMENT**

AGREEMENT, dated July 2, 2004, 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 (the "Project"), 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 for Fixed-Spread Loans" of the Bank, dated September 1, 1999 (as amended through May 1, 2004) (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 and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "ANSI" means the Borrower's national agency for electronic security (Agence nationale de sécurité informatique) or any successor thereto;

(b) "ATI" means the Borrower's national internet agency (Agence Tunisienne de l'Internet) or any successor thereto;

(c) "Category" means, individually, a category of items set forth in the table in Paragraph 1 of Schedule 1 to this Agreement, and the term "Categories" means, collectively, more than one Category;

(d) “Central Bank” means the Central Bank of Tunisia (Banque Centrale de Tunisie) established and operating pursuant to the Borrower’s Law No. 58-90 dated September 19, 1958, as the same may be amended from time to time;

(e) “CNI” means the Borrower’s national computer center (Centre national de l’informatique) or any successor thereto;

(f) “Coordinating Committee” means the Coordinating Committee for the Project within MCTT, referred to in paragraph 2 of Schedule 5 to this Agreement;

(g) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(h) “Fiscal Year” means, individually, the twelve (12)-month period corresponding to any of the Borrower’s fiscal years, which period commences on January 1 and ends on December 31 in each calendar year, and the term “Fiscal Years” means, collectively, more than one Fiscal Year;

(i) “ICT” means information and communication technologies;

(j) “INT” means the Borrower’s national telecommunications agency (“Instance Nationale des Télécommunications”) or any successor thereto;

(k) “ISET’Com” means the Borrower’s training institute for higher studies in communications (Institut Supérieur des Etudes Technologiques et de Communication) or any successor thereto;

(l) “MCTT” means the Borrower’s Ministry of Communication Technologies and Transport (Ministère des Technologies de la Communication et du Transport) or any successor thereto;

(m) “Ministry of Culture, Youth and Leisure” means the Borrower’s Ministry of Culture, Youth and Leisure (Ministère de la Culture, de la Jeunesse et des Loisirs), or any successor thereto;

(n) “Ministry of Justice and Human Rights” means the Borrower’s Ministry of Justice and Human Rights (Ministère de la Justice et des Droits de l’Homme), or any successor thereto;

(o) “Ministry of Social Affairs and Solidarity” means the Borrower’s Ministry of Social Affairs and Solidarity (Ministère des Affaires Sociales et de la Solidarité), or any successor thereto;

(p) “PMU” means the Project Management Unit to be established by the Borrower within MCTT pursuant to Section 5.01 (a) of this Agreement;

(q) “Procurement Plan” means the Borrower’s procurement plan, included in the Project Implementation Plan, covering the initial 18 month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation;

(r) “Project Implementation Plan” means the Project implementation plan to be submitted by the Borrower to the Bank pursuant to Section 5.01 (b) of this Agreement, setting forth the procedures governing the administrative, procurement, disbursement, financial management, monitoring and evaluation and reporting arrangements for the Project;

(s) “SERA” means the Borrower’s State Secretariat for Administrative Reform (Secrétariat d’Etat à la Réforme Administrative) within the Prime Minister’s Office, or any successor thereto;

(t) “Special Account” means the account referred to in Section 2.02 (b) of, and Schedule 6 to, this Agreement;

(u) “SUP’Com” means the Borrower’s technical university for communications (Ecole Supérieure des Communications) or any successor thereto;

(v) “WSIS” means the World Summit on the Information Society; and

(w) “WSIS Commission” means the Borrower’s National Commission for WSIS, or any successor thereto.

## **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 the Loan Agreement, an amount equal to ten million eight hundred thousand Euros (EUR10,800,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

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 and in respect of the front-end fee referred to in Section 2.04 of this

Agreement and any premium in respect of an Interest Rate Cap or Interest Rate Collar payable by the Borrower in accordance with Section 4.04 (c) of the General Conditions.

(b) The Borrower shall, for the purposes of the Project, open and maintain in Euros a special deposit account in its Central Bank 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, 2009, 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 front-end fee in an amount equal to one hundred eight thousand Euros (EUR108,000). On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of such fee. Such fee shall be payable not later than 60 days after the Effective Date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (i) eighty-five one hundredths of one percent (0.85%) per annum from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (ii) seventy-five one hundredths of one percent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, in respect of each Interest Period at the Variable Rate; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest and other charges shall be payable semiannually in arrears on January 15 and July 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.09. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency;

- (ii) a change of the interest basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in Section 2.01(7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar in respect of which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for such purpose in the table in paragraph 1 of Schedule 1 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 with due diligence and efficiency and in conformity with appropriate administrative, economic, financial, and information and communication technology practices.

(b) The Borrower shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(c) Without limitation upon the provisions of paragraphs (a) and (b) 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 and the Project Implementation Plan.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods and 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, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower shall update the Procurement Plan in accordance with terms of reference acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank's approval.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan for the future operation of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

#### **ARTICLE IV**

##### **Financial Covenants**

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with consistently applied auditing standards acceptable to the Bank, 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 (or such other period agreed to by the Bank), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited, and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Bank may 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 for the Project, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for, or covering, 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 with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the Borrower's reporting obligations set out in the preceding Section 4.01 and in paragraphs 6 and 7 of Schedule 5 to this Agreement, the Borrower shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Loan, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation ; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.



(b) The first Financial Monitoring Report shall be furnished to the Bank not later than 45 days after the end of the first calendar semester after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar semester; thereafter, each Financial Monitoring Report shall be furnished to the Bank not later than 45 days after each subsequent calendar semester, and shall cover such calendar semester.

## **ARTICLE V**

### **Effective Date; Termination**

Section 5.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01(c) of the General Conditions:

(a) the Borrower shall have established the PMU with adequate staffing and on the basis of experience and qualifications satisfactory to the Bank, including a procurement specialist, a project management specialist and an ICT expert; and

(b) the Borrower shall have adopted the Project Implementation Plan, in form and substance satisfactory to the Bank.

Section 5.02. The date one hundred and 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 Development and International Cooperation 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 Development and International Cooperation  
Place Ali Zouaoui  
Tunis  
Republic of Tunisia

Cable Address:	Telex:	Facsimile:
MCCIIIE	18060	216-71-351666 216-71-799069

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:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

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/ Hatem Atallah  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Christiaan Poortman  
Regional Vice President  
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:

	<u>Category</u>	<u>Amount of the Loan Allocated Expressed in Euros</u>	<u>% of Expenditures to be Financed</u>
(1)	Goods	3,900,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of local expenditures for other items procured locally
(2)	Consultants' services	5,200,000	87% consultants domiciled within the territory of the Borrower and 79% for services of other consultants
(3)	Training, workshops and seminars	700,000	100%
(4)	Front-end fee	108,000	Amount due under Section 2.04 of this Agreement
(5)	Unallocated	892,000	
	TOTAL	<u>10,800,000</u>	

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 EUR 500,000 may be made in respect of Categories (1), (2) or (3) set forth in the table in paragraph 1 of this Schedule on account of payments made for expenditures before that date but after May 31, 2004.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than \$350,000 equivalent per contract; (b) services of individual consultants under contracts costing less than \$50,000 equivalent per contract; (c) services of consulting firms under contracts costing less than \$100,000 equivalent per contract; and (d) training, workshops and seminars, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower in promoting the development of its ICT sector by: (a) supporting ICT institutional and sector reforms; (b) improving its e-security mechanisms; (c) developing e-government applications; and (d) promoting the participation of the private sector in the ICT sector.

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: ICT Sector Strategy, Policy and Regulation

Carrying out a program of studies with a view to promoting competition and private sector participation in the ICT sector, through the provision of technical assistance, training and goods, including, *inter alia*:

1. the development of a long-term (2020) strategic plan for the development of the Borrower's ICT sector;
2. assistance in the preparation and award of telecommunication licenses; and
3. support to INT in the regulation of the Borrower's ICT sector: (a) by strengthening INT's internal personnel, budget, procedures and organizational capacity, including the identification of training needs; (b) in the area of interconnection, tariff policy, cost accounting, numbering plan and analysis of the Borrower's ICT market; and (c) in the preparation of comparative ("benchmarking") analysis.

#### Part B: E-government Strategy, Services and Applications

Carrying out a program of e-government services and applications, through the provision of technical assistance, training and goods, including, *inter alia*:

1. formulating an e-government strategy including: (a) the carrying out of a comparative ("benchmarking") analysis for the development of e-government applications; (b) the carrying out of an assessment of planning and delivery of e-government services; (c) the review of procedures and of the regulatory and institutional framework governing e-government services; (d) the preparation of an action plan to increase the offering, through the Internet, of e-government services; and (e) the evaluation of potential efficiency gains through the implementation of inter-departmental e-government processes;

2. developing e-government applications in the Borrower's Ministry of Justice and Human Rights, with a view to promoting access to justice, including: (a) the development of a portal and an intranet; (b) the establishment of a case law database; (c) the development of on-line services; (d) the provision of on-line access to said Ministry's libraries; (e) the establishment of data protection mechanisms; and (f) training of said Ministry's staff in the use of said applications;
3. developing e-government applications in the Borrower's Ministry of Culture, Youth and Leisure, with a view to promoting the Borrower's cultural heritage, including: (a) the development of a portal; (b) the development of numeric and on-line products; and (c) the production and on-line dissemination of publications;
4. support to the Borrower's Ministry of Social Affairs and Solidarity, with a view to promoting access by handicapped persons to ICT, including: (a) the establishment of specialized equipment in schools and pilot centers to facilitate access by handicapped persons to education programs; (b) establishment of specialized equipment in the Borrower's social services agencies to facilitate access to on-line services; and (c) the equipment of a laboratory for training trainers in facilitating the use of ICT by handicapped persons;
5. the establishment of a virtual ICT library within MCTT;
6. support to ISET'Com in strengthening its training capacity in the ICT sector; and
7. support to ATI in the development of a domain name system (DNS) in the Arabic language.

#### Part C: E-security

Strengthening the Borrower's e-security systems, through the provision of technical assistance, training and goods, including, *inter alia*:

1. assistance to ANSI in strengthening the Borrower's computer risk prevention capacity, including: (a) the development of a strategy for computer risk prevention; (b) the establishment of computer emergency prevention and response mechanisms; and (c) the carrying out of training activities in the area of information systems security;
2. the development of an e-security research and training capacity within SUP'Com; and
3. the carrying out of a risk assessment analysis, the design of an emergency plan and the establishment of a data back-up center within CNI to ensure continuity of the Borrower's critical computer applications.

Part D: Project Management and Support to the Preparation of WSIS 2005

Strengthening the Borrower's capacity in Project management and support to the Borrower in the preparation of WSIS 2005, through the provision of technical assistance, training and goods and the organization of workshops and seminars, including, *inter alia*:

1. support to MCTT in developing and implementing a technological, strategic, economic and statistical monitoring and evaluation system with a view to measuring progress in the reform of the Borrower's ICT sector;
2. strengthening the PMU's capacity in managing, monitoring and evaluating Project activities;
3. support to MCTT and the WSIS Commission in the preparation of WSIS 2005, through the carrying out of studies, the organization of workshops and seminars related to the development of the ICT sector and the promotion of private sector participation in said sector; and
4. support to the Borrower in the implementation of the Project, including, *inter alia*, the preparation of studies and the carrying out of training in relation to the Borrower's ICT sector.

\* \* \*

The Project is expected to be completed by December 31, 2008.



### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Date</u>	<u>Installment Share Expressed as a %</u>
July 15, 2009- July 15, 2020	4.17%
January 15, 2021	4.09%

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule;

(b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank shall adopt a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## **SCHEDULE 4**

### **Procurement**

#### Section I. General

A. All goods and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### Section II. Particular Methods of Procurement of Goods and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower.

#### B. Other Procurement Procedures

1. Limited International Bidding. Goods which the Bank agrees can only be purchased from a limited number of suppliers may be procured under contracts awarded on the basis of Limited International Bidding.

2. National Competitive Bidding. Goods estimated to cost less than \$350,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding in accordance with the provisions of paragraphs 3.1, 3.3, and 3.4 of the Guidelines and the following additional provisions:

- (i) Bids are advertised in national newspapers with wide circulation.
- (ii) The bid document clearly explains the bid evaluation, award criteria and bidder qualification criteria.

- (iii) Bidders are given adequate response time to prepare and submit bids (four (4) weeks minimum).
- (iv) Bids may be submitted, at the bidders option, in person or by courier service, and the disclosure of their identity on the outer envelope is not grounds for bid rejection.
- (v) Technical and financial bids are publicly and simultaneously opened.
- (vi) Bids shall be evaluated on price and any other criteria disclosed in the bid documents and quantified in monetary terms and contracts are awarded to the qualified bidder with the lowest evaluated responsive bid.
- (vii) No eligible bidder is precluded from participation.
- (viii) No domestic preference is applicable to domestic bids.
- (ix) No foreign bidder is forced to submit a bid in association with domestic firms as a condition for bidding.
- (x) Prior to issuing the first call for bids, a draft standard bidding document to be used under National Competitive Bidding procurement must be submitted to, and found acceptable, by the Bank.

3. Shopping. Goods estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$100,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Quality-based Selection. Services for assignments which the Bank agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the

provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines and the Procurement Plan.

2. Selection Under a Fixed Budget. Services for assignments which the Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines and the Procurement Plan.

3. Selection Based on Consultants' Qualifications. Services may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines pursuant to the provisions of the Procurement Plan.

4. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines and the Procurement Plan.

5. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines and the Procurement Plan. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis, subject to prior approval of the Bank.

#### Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank: (a) the first two (2) contracts procured on the basis of Shopping and each contract for goods and services (other than consultants' services) estimated to cost the equivalent of \$350,000 or more; and (b) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more. In addition, the record of justification referred to in paragraph 5 of Appendix 1 to the Consultant Guidelines for each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more shall be subject to Prior Review by the Bank. All other contracts shall be subject to Post Review by the Bank.

## **SCHEDULE 5**

### **Implementation Program**

Without any limitation or restriction upon any other provision of this Agreement, for the purposes of Section 3.01 (c) of this Agreement, the Implementation Program for the Project shall consist of the following provisions:

1. The Borrower shall carry out the Project in accordance with the Project Implementation Plan and, except as the Bank shall otherwise agree, the Borrower shall not amend or waive any provision of the Project Implementation Plan if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.
2. Responsibility for general policy guidance and overall coordination of the carrying out of the Project shall be vested in the Coordinating Committee, chaired by the Minister of Communication Technologies and Transport or his representative, and including, *inter alia*, representatives of, respectively, the Borrower's Ministries of Development and International Cooperation, Finance, Justice and Human Rights, Social Affairs and Solidarity, Culture, Youth and Leisure, SERA, ANSI, ATI, INT, ISET'Com, SUP'Com, CNI, WSIS Commission and the Project Coordinator. The Borrower shall maintain said Committee throughout the duration of the Project with membership and terms of reference at all times satisfactory to the Bank, and thereafter, shall cause said Committee to meet at least on a semiannual basis to review progress in the carrying out of the Project.
3. Responsibility for coordination, implementation and supervision of the Project shall be vested in MCTT. To this end, MCTT shall be assisted by the PMU, to be maintained by the Borrower throughout the duration of the Project with qualified staff in sufficient number at all times satisfactory to the Bank. The PMU shall be headed by a Project Coordinator and shall be responsible for the administrative, procurement, disbursement, financial management, monitoring and evaluation and reporting arrangements under the Project. To this end, the PMU shall coordinate with the relevant participating ministries and entities to the Project and provide, as needed, assistance to said ministries and entities.
4. The PMU, through the Project Coordinator, shall be responsible for monitoring and evaluating progress in implementation of Project activities by each participating ministry and entity, on the basis of performance indicators agreed between the Borrower and the Bank.
5. No later than September 30, 2004, the Borrower shall recruit for the PMU a procurement specialist to review all procurement-related documentation under the Project, on the basis of experience, qualifications and terms of reference satisfactory to the Bank.

6. No later than December 31 of each year, the Borrower, through the PMU, shall submit to the Bank an annual monitoring and evaluation report, in form and substance satisfactory to the Bank, setting forth the progress achieved in the implementation of Project activities and the program of activities for the subsequent 12-month period.

7. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the carrying out of the Project and the achievement of the objectives of the Project;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about June 30, 2006, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by September 30, 2006, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

## **SCHEDULE 6**

### **Special Account**

1. For the purposes of this Schedule:
  - (a) The term “Eligible Categories” means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule to this Agreement;
  - (b) the term “Eligible Expenditures” means expenditures 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 allocated from time to time to the Eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
  - (c) the term “Authorized Allocation” means an amount equivalent to EUR1,500,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to EUR1,000,000 until the aggregate amount of withdrawals from the Loan Account allocated to Categories (1), (2) and (3), plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions for the Project, shall be equal to or exceed the equivalent of EUR3,000,000.
2. Payments out of the Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.
3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
  - (a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.
  - (b)
    - (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.
    - (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the



basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the Eligible Categories for the Special Account, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.