
LOAN NUMBER 9657-TN

Loan Agreement

(Second Additional Financing to the Emergency Food Security Response Project)

between

REPUBLIC OF TUNISIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF TUNISIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of three hundred million Dollar (USD 300,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall ensure that the Project is carried out by the *Office des Céréales* (“OC”), in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:

- (a) the OC Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of OC to perform any of its obligations under the Subsidiary Agreement; and
 - (b) any of the Regulatory Frameworks or any provisions thereof shall have been amended, suspended, abrogated, repealed, waived or not enforced in such a manner so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to achieve the objectives of the Project and/or perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any of the events specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following, namely that the Subsidiary Agreement has been executed on behalf of the Borrower, through the Ministry of Finances, and the OC and is in full force and effect.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is the minister in charge of economy and planning.
- 6.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Ministry of Economy and Planning
Avenue Cheikh Mohamed Fadhel Ben Achour Tour « A »
Centre Urbain Nord
1082 Tunis; and

- (b) the Borrower's Electronic Address is:

Facsimile:

(+216) 71 799 069

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex: 248423(MCI) or Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF TUNISIA

By



Authorized Representative

Name: Feryel Ouerghi

Title: Minister

Date: 26-Mar-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Alexandre Arrobbio

Title: Country Manager

Date: 22-Mar-2024

SCHEDULE 1

Project Description

The objectives of the Project are: (a) to ensure, in the short-term, the supply of (i) agricultural inputs for farmers to secure the next cropping seasons and for continued dairy production, and (ii) wheat for uninterrupted access to bread and other grain products for poor and vulnerable households; and (b) to strengthen Tunisia's resilience to food crises by laying the ground for reforms of the grain value chain.

The Project consists of the following components:

Component 1. Emergency Support to Farmers

1. Purchase of barley for Smallholder Dairy Producers.
2. (a) Purchase of quality wheat and leguminous seeds for Smallholder Grain Producers to secure the 2022/2023, 2024/2025, 2025/2026 and 2026/2027 cropping seasons; and (b) the payment of the processing costs of quality wheat and leguminous seeds.

Component 2. Emergency Purchase of Wheat for Food Security

1. Purchase of wheat for food security to ensure continued access to bread and other grain products to poor and vulnerable households through Eligible Stakeholders.

Component 3. Improving Resilience to Food Security Shocks and Project Management

1. Provision of support for Project implementation, management, coordination, monitoring and evaluation, including: (a) the carrying out of field visits and surveys to monitor: (i) quality wheat and leguminous seed and barley availability and accessibility to Smallholder Dairy Producers and Smallholder Grain Producers under Component 1, and (ii) bread and other grain products availability and accessibility to poor and vulnerable households, including surveys of Eligible Stakeholders in connection with the purchase of wheat under Component 2; and (b) the carrying out of consultations with key stakeholders and the carrying out of relevant strategic studies.
2. (a) the carrying out of extension and communication activities targeted to relevant stakeholders (including producers and value chain stakeholders, and the general public); (b) the carrying out of activities to improve sector knowledge, including: (i) the establishment of a farm database to support the agricultural census, and (ii) provision of support to the strengthening of the national agriculture statistics system; (c) the carrying out of activities to support digitized processes, including (i) the establishment of a digital system for the seed value chain; and (ii) the setting-up of a digital platform for traceability of durum wheat distribution circuit; (d) the construction of one barley seed conditioning unit, including the purchase and installation of equipment; and (e) the provision of technical assistance and training to relevant grain sector stakeholders to enhance grain value chain resilience.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall cause the OC to:
 - (a) maintain through Project implementation, a Project Implementation Unit (“PIU”) in charge of the day-to-day implementation, management, monitoring and evaluation of the Project’s activities, including reporting requirements, with terms of reference, functions, composition and adequate resources acceptable to the Bank and as further described in the Project Operational Manual (“Project Operational Manual” or “POM”); said PIU to serve also as the secretariat of the Steering Committee; and
 - (b)
 - (i) no later than ninety (90) days after the Effective Date, or such later date as agreed by the Bank, update and adopt the POM acceptable to the Bank, and thereafter, carry out the Project in accordance with the POM;
 - (ii) not amend, abrogate, waive, or fail to enforce the POM or any of its provisions without the Bank’s prior written consent; and
 - (iii) ensure that, in case of any conflict between the provisions of the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.
2. The Borrower shall maintain throughout Project implementation, a steering committee (“Steering Committee”) with composition, functions and responsibilities as set forth in the POM (including the Ministry of Economy and Planning, the Ministry of Finance, the Ministry of Agriculture, Water Resources and Fisheries, the Ministry of Industry, and the Ministry of Trade), to provide strategic guidance, coordination, and oversight of the Project.

B. Subsidiary Agreement.

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the OC on grant terms under a subsidiary agreement between the Borrower, through the Ministry of Finance, and the OC (“Subsidiary Agreement”) under terms and conditions approved by the Bank, which shall include, *inter alia*, the obligation of the OC to carry out the Project in accordance with the provisions set forth in this Agreement (including the ESCP and the Anti-Corruption Guidelines), and the POM.
2. The Borrower shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, or fail to enforce the Subsidiary Agreement or any of its provisions.

C. Annual Work and Budget Program

The Borrower shall cause the OC to: (a) not later than November 30 (or such later date as agreed by the Bank) in each calendar year during Project implementation, prepare and furnish to the Bank, a list of Project activities to be implemented in the calendar year following the date of presentation of said annual program, including: (i) a detailed timetable for the sequencing and implementation of said activities; and (ii) the types of expenditures required for such activities, and a financing plan and a budget ("Annual Work and Budget Program"), all acceptable to the Bank; and (b) thereafter implement each such Annual Work and Budget Program in accordance with its terms and in a manner acceptable to the Bank.

D. Environmental and Social Standards.

1. The Borrower shall, and shall cause the OC to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall, and shall cause the OC to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower shall, and shall cause the OC to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower shall, and shall cause the OC to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Borrower shall cause the OC to establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 6. The Borrower shall cause the OC to ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall cause the OC to furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay the Front-end Fee; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Civil works, goods, non-consulting services and consulting services for the Project, and the payment of the processing costs of quality wheat and leguminous seeds under Part 1.2(b) of the Project	299,250,000	100%
(2) Front-end Fee	750,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
TOTAL AMOUNT	300,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is December 31, 2026.

Section IV. Other Undertakings

Without limitation to the provisions of the Anti-Corruption Guidelines, the Borrower shall, pursuant to and consistent with the provisions set forth in the POM: (a) take appropriate measures to prevent fraud and corruption in connection with the implementation of the activities under Components 1 and 2 of the Project, including the milling and the distribution of the grain products; (b) immediately report any credible and material allegation of fraud and corruption in connection with such activities to the Bank; (c) take timely and appropriate action to investigate any such allegations and report to the Bank at regular intervals on the progress of such investigation and, upon its completion, the findings thereof; and (d) if any such allegations are substantiated by such investigation, take timely and appropriate remedial or corrective action to address the fraud and corruption and report to the Bank on such action.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

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”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15 Beginning April 15, 2032 through October 15, 2051	2.50%

APPENDIX

Definitions

1. “Annual Work and Budget Program” means each annual work and budget program referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended with the written agreement by the Bank.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Eligible Bakeries” means bakeries operating across the territory of the Borrower, selected according to the eligibility criteria and conditionalities described under the POM.
5. “Eligible Distributors” means entities legally established in the territory of the Borrower, selected according to the eligibility criteria and conditionalities described under the POM.
6. “Eligible Millers” means legally established millers working in the territory of the Borrower, selected according to the eligibility criteria and conditionalities described under the POM.
7. “Eligible Stakeholders” means any Eligible Millers, Eligible Bakeries, Eligible Distributors, and any other eligible industrial or commercial partner participating in the grain value chain.
8. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 13, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
9. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard

- 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
10. “Financial Management Action Plan” means the financial management action plan (including a timeframe for the achievement of actions) agreed between the Borrower and the Bank and attached as an annex to the POM.
 11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023).
 12. “OC Legislation” means Law-Decree No. 10 dated April 3, 1962, establishing the OC, as amended and complemented by Law-Decree No. 70-7 dated September 26, 1970, Law no. 86-67 dated July 16, 1986, and Decree No. 2000-2578 dated November 11, 2000.
 13. “*Office des Céréales*” or “OC” means the Borrower’s grain state-owned enterprise established pursuant to the OC Legislation.
 14. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
 15. “Project Implementing Unit” or “PIU” means the unit within the OC referred to in Section I.A.1(a) of Schedule 2 to this Agreement.
 16. “Project Operational Manual” or “POM” means the Borrower’s manual satisfactory to the Bank containing, *inter alia*: (i) a detailed description of the institutional and implementation arrangements of the Project; (ii) the procurement, financial management and disbursement requirements thereof, including the Financial Management Action Plan; (iii) the indicators to be used in the monitoring and evaluation of the Project and procedures for Project monitoring, supervision and evaluation, including the format and content of the Project Reports; (iv) monitoring mechanisms of the supply of: (A) wheat and flour over Eligible Stakeholders ; (B) quality wheat and leguminous seeds to Smallholder Grain Producers; and (C) barley to Smallholder Dairy Producers; (v) the quarterly inventory reports on the value chain of the wheat, quality wheat and leguminous seeds and barley purchased under this Project; (vi) arrangements for preventing, detecting, reporting, investigation, remediation and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines (which shall be annexed thereto); (vii) a detailed description of the eligibility and selection criteria of the Eligible Stakeholders under Component 2 of the Project, and Eligible Smallholder Grain Producers and Eligible Smallholder Dairy Producers under Component 1 of the Project; and (viii) a detailed description of the regulatory, policies, eligibility criteria, procedures and processes for the financing of the barley and quality wheat and leguminous seeds under Component 1, and wheat under Component 2 of the Project; as said manual may be amended from time to time with Bank’s prior written consent.
 17. “Regulatory Frameworks” means, collectively, the Borrower’s regulatory framework for the barley, quality wheat and leguminous seeds, and soft and durum wheat purchase

- mechanism consisting of, *inter alia*, Law No. 99-42 dated May 10, 1999 on seeds, plants and plant breed generation (including implementing decrees and other regulatory acts mentioned therein), Presidential Decree No. 2021-250 dated December 23 2021, Presidential Decree No. 2023-529 dated July 17 2023, Circular No. 337 dated September 28, 2021 and the OC Legislation; said Regulatory Frameworks as further described in the POM.
18. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
 19. “Smallholder Dairy Producers” means legally established smallholder cattle farmer producer of dairy products operating across the territory of the Borrower, selected according to the eligibility criteria and conditionalities described under the POM.
 20. “Smallholder Grain Producers” means legally established smallholder farmer producer of grain operating across the territory of the Borrower, selected according to the eligibility criteria and conditionalities described under the POM.
 21. “Steering Committee” means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement with composition and terms of reference as further described in the POM.
 22. “Subsidiary Agreement” means the agreement between the Borrower and the OC referred to in Section I.B of Schedule 2 to this Agreement.