

Date: 22-Mar-2024

H.E. Ms. Feryel Ouerghi
Minister of Economy and Planning
Ministry of Economy and Planning
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Republic of Tunisia

Ref: Republic of Tunisia – Emergency Food Security Response Project
Loan No. 9432-TN
Grant No. TF0C2639-TN

First Amendment to the Original Loan Agreement
First Amendment to the Additional Financing Grant Agreement

Excellency:

I refer to: (a) the Loan Agreement between the Republic of Tunisia (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) dated July 4, 2022, (the “Original Loan Agreement”), and (b) the Grant Agreement between the Borrower and the Bank, acting as administrator of the Cofinancing Tunisia Emergency Food Security Response Single Donor Trust Fund dated September 7, 2023 (the “Additional Financing Grant Agreement”), for the above-referenced project (the “Project”). The capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meanings ascribed to them in the Original Loan Agreement and the Additional Financing Grant Agreement.

We also refer to the loan agreement entered into between the Borrower and the Bank for the purposes of providing a second additional financing for activities related to the Project (the “Loan Agreement”).

In line with the changes introduced to the Project through the Loan Agreement, the Original Loan Agreement and the Additional Financing Grant Agreement referred to in the first paragraph above are hereby amended as follows:

1. The Project development objective set forth in Schedule 1 to the Original Loan Agreement and the Additional Financing Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“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."

2. Component 1.2 of Schedule 1 to the Original Loan Agreement and the Additional Financing Grant Agreement is hereby amended and replaced in its entirety to read as follows:

"(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."

3. Component 2.1 of Schedule 1 to the Original Loan Agreement and the Additional Financing Grant Agreement is hereby amended and replaced in its entirety to read as follows:

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

4. Component 3 of Schedule 1 to the Original Loan Agreement and the Additional Financing Grant Agreement is hereby amended and replaced in its entirety to read as follows:

"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."

5. Section I.C of Schedule 2 to the Original Loan Agreement and the Additional Financing Grant Agreement is hereby amended and replaced in its entirety to read as follows:

"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.”

6. Section I.D of Schedule 2 to the Original Loan Agreement is hereby amended to add the following new paragraph 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.”

7. The table in Section III.A of Schedule to the Original Loan Agreement is hereby amended and replaced in its entirety to read as the table in the Annex to this Amendment Letter.

8. Section III.B.2 of Schedule 2 to the Original Loan Agreement and the Additional Financing Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“The Closing Date is December 31, 2026.”

9. Section IV of Annex 2 to the Original Loan Agreement and the Additional Financing Grant Agreement is hereby amended and replaced in its entirety to read as follows:

“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.”

10. The Appendix to the Original Loan Agreement and the Additional Financing Grant Agreement is hereby amended as follows:

- (a) The following definitions are amended and replaced in their entirety to read as follows:

““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.”

“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.”

““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.”

(b) The following definitions are added (and existing definitions are renumbered in alphabetical order):

““Eligible Stakeholders” means any Eligible Millers, Eligible Bakeries, Eligible Distributors, and any other eligible industrial or commercial partner participating in the grain value chain.”

““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.”

All other provisions of the Original Loan Agreement and the Additional Financing Grant Agreement, except as amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendments to the Original Loan Agreement and the Additional Financing Grant Agreement on behalf of the Borrower by countersigning and dating this Amendment Letter. This Amendment Letter shall become effective as of the date of its countersignature.

Yours sincerely,


International Bank for Reconstruction and Development

Alexandre Arobbio

Alexandre Arobbio
Country Manager for Tunisia
Middle East and North Africa Region

CONFIRMED AND AGREED:

REPUBLIC OF TUNISIA

By:  _____
Name: Feryel ouerghi _____
Title: Minister _____
Date: 26-Mar-2024 _____

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, 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	129,675,000	100%
(2) Front-end Fee	325,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
TOTAL AMOUNT	130,000,000	