

CONFORMED COPY

**GEF TRUST FUND GRANT NUMBER TF096891
RELATED TO LOAN NUMBER 7917-TN**

Global Environment Facility Trust Fund Grant Agreement

(Northern Tunis Wastewater Project)

between

OFFICE NATIONAL DE L'ASSAINISSEMENT

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated October 7, 2010



**GEF TRUST FUND GRANT NUMBER TF096891
RELATED TO LOAN NUMBER 7917-TN**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated October 7, 2010, entered into between OFFICE NATIONAL DE L'ASSAINISSEMENT ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank" or "World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 ("Standard Conditions"), constitute an integral 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 Standard Conditions or in this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to eight

million thirty thousand United States Dollars (\$8,030,000) (“Grant”) to assist in financing Parts A.1, C.1 and C.4 of the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

**Article IV
Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:
 - (a) The Basic Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the Recipient’s ability to perform any of its obligations under this Agreement.
 - (b) The Recipient has failed to perform any of its obligations under the Loan Agreement.

**Article V
Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the conditions specified below have been satisfied:
 - (a) That the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or approved by all necessary governmental and corporate action.
 - (b) That the Loan Agreement of even date herewith between the Recipient and the Bank, providing a loan in support of the Project, has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it, other than the effectiveness of this Agreement, have been fulfilled.
- 5.02. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay,

establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 10.02 of the Standard Conditions is the President-Director-General of the Recipient.

6.02. The Recipient's Address referred to in Section 10.01 of the Standard Conditions is:

Office National de l'Assainissement
32, rue Hedi Nouria
1023 Tunis
Republic of Tunisia

Cable address:

Facsimile:

ONAS
Tunis

216 71350411

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

OFFICE NATIONAL DE L'ASSAINISSEMENT

By /s/ Mohamed Nouri Jouini

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility

By /s/ Shamshad Akhtar

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to: (a) provide an environmentally safe disposal system for the treated wastewater which will not be reused in agriculture in the North of Tunis; and (b) increase the quantity and quality of treated wastewater made available to farmers to encourage its reuse in agriculture in the Borj Touil area.

The Project consists of the following parts:

Part A: Transfer of Treated Wastewater (TWW) to Increase its Reuse in Agriculture

1. Installation of two HDPE pipelines of 1800 mm of diameter to convey the TWW under the El Khelij Canal, through a siphon, and along an existing dirt road until a 'storage and regulation' basin located about 2.7 km north from the discharge point, through the carrying out of works and the provisions of goods.
2. Installation of a two-compartment basin of a capacity of 160,000 m³ and covering about six (6) hectares to segregate and store TWW based on its quality through the carrying out of works and the provisions of goods.
3. Construction of a pumping station with a total capacity of about 2.7 m³/s to feed the outflow towards the reuse infrastructure as well as the transfer pipes and submarine outfall through the carrying out of works and the provisions of goods.
4. Provision of equipment necessary to ensure the quality operation and appropriate maintenance of the pipelines, basin and pumping station under this Part A of the Project.

Part B: Improvement of the Discharge of the Remaining TWW in the Mediterranean Sea

Developing the infrastructure necessary to improve the discharge of the remaining TWW in the Mediterranean Sea through:

1. Installation of one pressure HDPE pipeline of 1600 mm of diameter to convey the TWW for about five (5) km from the storage basin to the submarine outfall following the right side of the El Hissiène Oued, through the carrying out of works and the provisions of goods.
2. Construction of about six (6) km long submarine outfall to discharge the TWW at a depth of about twenty (20) meters, through the carrying out of works and the provisions of goods.

3. Conducting a detailed review of the design of the submarine outfall and supervising the critical phases of its construction, through the provision of consultants' services.

Part C: Monitoring and Capacity Strengthening

1. Strengthening the monitoring systems in the Project Area through the provision of consultants' services.
2. Strengthening the coordination mechanisms among agencies involved in wastewater reuse, in particular the Recipient and MARHP, through the provision of consultants' services.
3. Preparing the detailed designs: (a) for the improved discharge through a submarine outfall in the South of Tunis; and (b) for a new wastewater treatment plant in the North of Tunis, through the provision of consultants' services.
4. Dissemination of TWW reuse experience in Tunisia and contribution to regional partnerships, through the provision of consultants' services.

SCHEDULE 2**Project Execution****Section I. Institutional and Other Arrangements****A. Institutional Arrangements**

The Recipient shall, until the completion of the Project, ensure that it maintains at all times staff and financial resources appropriate for Project implementation.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”).

C. Safeguards

1. The Recipient shall ensure that all activities under the Project are carried out in accordance with the provisions of the ESIA, EMP, and LAP. The Recipient shall not assign, amend, abrogate or waive the ESIA, EMP, and/or LAP or any provision thereof, without the prior approval of the Bank.
2. The Recipient shall carry out the land acquisition activities under the Project in accordance with the LAP in a timely manner.
3. The Recipient shall ensure that adequate information on the implementation of the environmental management plans and/or environmental mitigation measures and on land acquisition is suitably included in the reports referred to in Section II.A of this Schedule 2.
4. Upon completion of the dispersion modeling studies, the Recipient shall update and submit to the Bank, for its review, the ESIA and shall by not later than June 30, 2012, publicly disclose the revised ESIA as approved by the Bank.

Section II. Project Monitoring, Reporting and Evaluation**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be

furnished to the World Bank not later than one month after the end of the period covered by such report.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. In addition, the Recipient shall have its financial statements reflecting its general operations and its financial condition (the “General Financial Statements”) prepared in accordance with consistently applied accounting standards acceptable to the World Bank, and audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of the Financial Statements and the General Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements and the audited General Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
 - (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”) in the case of works and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) in the case of consultants’ services; and
 - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the

Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Works.** The following methods, other than International Competitive Bidding, may be used for procurement of works for those contracts specified in the Procurement Plan.

Procurement Method
<p>(a) National Competitive Bidding of the Recipient may be used for procurement of goods and works for the Project, subject to the following additional provisions:</p> <ul style="list-style-type: none"> (i) The bidding document clearly explains the bid evaluation, award criteria and bidder qualification criteria. (ii) Any bidder registered in an eligible country, as defined in paragraphs 1.6 to 1.8 of the Procurement Guidelines will be eligible to bid; therefore no restriction based on nationality of bidders or origin of goods shall apply and foreign bidders shall not be subject to any unjustified requirement which will affect their ability to bid. (iii) Government-owned enterprises in the Recipient’s country may participate only if they can establish that they: (A) are legally and financially autonomous; (B) operate under commercial law; and (C) are independent from contracting entity. (iv) Bidders will be allowed to deliver their bids by mail or by hand before the expiration of the deadline for submitting bids. (v) Technical and financial envelopes are submitted together and opened in public, simultaneously during a unique session open to the public for works, goods and non-consultant services; amounts shall be read aloud during the public session; bidders or their representatives are authorized to attend the bid opening session. The date, time and place

for bid opening shall be announced in the invitation to bid; this date and time shall be the same as for the deadline for receipt of bids or immediately thereafter.

- (vi) Bids are evaluated on price and any other criteria disclosed in the bidding documents and quantified in monetary terms and contracts are awarded to the qualified bidder having submitted the lowest evaluated responsive bid, and price shall not be negotiated with the lowest evaluated bidder except under the provisions stated in paragraph 2.63 of the Procurement Guidelines.
- (vii) Procedures will include the publication of the evaluation results, the contract award and provision for bidders to protest.
- (viii) If foreign firms wish to participate, they shall be allowed to do so and no provision for preferential treatment of national firms or mandatory association with a national firm or prior registration in the country of the Recipient shall be applied.
- (ix) 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.
- (x) Each bidding document and contract for goods and works to be financed from the proceeds of the Grant shall provide that the supplier, contractor and subcontractor shall permit the Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(b) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection; (f) Selection of Individual Consultants; and (g) Sole Source Procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Works under Part A.1 of the Project	7,580,000	100%
(2) Consultants' services under Parts C.1 and C.4 of the Project	450,000	100%
TOTAL AMOUNT	8,030,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2015.

APPENDIX**Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Basic Legislation” means the Guarantor’s Law No. 74-73, dated August 3, 1974, as amended and completed by the Guarantor’s Law No. 93-41, dated April 19, 1993, pursuant to which the Recipient has been established and is operating as an industrial and commercial public institution.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “EMP” means the Environmental Management Plan dated April 30, 2010 duly adopted by the Recipient, included in the ESIA, which sets out the environmental mitigation and protection measures in respect of the carrying out of the Project, as well as the administrative and monitoring arrangements to ensure the implementation of said measures, as such Plan may be amended from time to time with the prior approval of the Bank.
6. “ESIA” means the environmental and social impact assessment, acceptable to the Bank, prepared by the Recipient, dated April 30, 2010, evaluating the environmental and social impact of the Project and setting forth, through the EMP, the mitigating, compensating and monitoring measures for the Project, as the same may be amended from time to time by agreement between the Recipient and the Bank.
7. “Guarantee Agreement” means the agreement between the Guarantor and the Bank of even date herewith, as the same may be amended from time to time and such term includes all schedules and agreements supplemental to the Guarantee Agreement.
8. “Guarantor” means the Republic of Tunisia.
9. “LAP” means the Land Acquisition Plan dated April 30, 2010, duly adopted by the Recipient, for the carrying out of land acquisition activities under the Project, which Plan identifies the Project sites requiring land acquisition and sets forth the

procedures to be followed in the carrying out of said activities, as such Plan may be amended from time to time with the prior approval of the Bank.

10. “Loan Agreement” means the loan agreement for the Project between the Recipient and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
11. “MARHP” means Ministère de l’Agriculture, des Ressources Hydrauliques et de la Pêche, the Ministry of Agriculture and Water Resources and Fisheries of the Guarantor, or any successor thereto.
12. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 29, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
14. “Project Area” means the geographical area including its in-land part the Garâat Ben Ammar lowland area and limited in the South by a line joining the existing outflow of the TWW located in the immediate North of the “Cité Chaker” residential area to the village of Raoued; in the East by the limit of the existing irrigation perimeter of Borj Touil; and in the North by a line joining the Village of Borj Touil to the seashore North of the El Hissiène open channel and including the Financial Harbor, as well as the coastal areas along Gammarth and Raoued beaches located 1km on each side from the estuary of the El Khelij canal and 300 m towards the sea and marine areas of the Gulf of Tunis located within a 5 km radius circle from the extremity of the submarine outfall.