

CONFORMED COPY

LOAN NUMBER 4175 TUN

Guarantee Agreement

(Greater Tunis Sewerage and Re-use Project)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated December 19, 1997

LOAN NUMBER 4175 TUN

GUARANTEE AGREEMENT

AGREEMENT, dated December 19, 1997, between the REPUBLIC OF TUNISIA (the Guarantor) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and the Office National de l'Assainissement (the Borrower), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project;

(B) by the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to make available to the Borrower a loan in an amount equal to two hundred eighty-three million French Francs (FRF283,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as provided in this Agreement and to undertake such obligations toward the Bank as are set forth in this Agreement; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower and to undertake the obligations 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 Single Currency Loans" of the Bank, dated May 30, 1995, with the modification set forth in Section 1.01 of the Loan Agreement (the General Conditions), constitute an integral part of this Agreement.

ARTICLE II

Guarantee

Section 2.01. The Guarantor declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, it hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, all as set forth in the Loan Agreement.

ARTICLE III

Other Covenants

Section 3.01. The Guarantor agrees, as long as it exercises control over the setting of sewerage tariffs applied by the Borrower, to establish tariffs which would allow the Borrower, under conditions of efficient operation, to meet its financial obligations and covenants under the Loan Agreement.

ARTICLE IV

Representative of the Guarantor; Addresses

Section 4.01. The Minister of International Cooperation and Foreign Investment of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministry of International Cooperation
and Foreign Investment
98, Avenue Mohamed V
1002 Tunis-Belvédère
Republic of Tunisia

Cable address:	Telex:
MCIIE	18060

For the Bank:

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

Cable address:	Telex:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)

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/ Nouredine Majdoub

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Gianni Brizzi

Acting Regional Vice President
Middle East and North Africa

