

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7487-TUN

Project Agreement

(Additional Financing for the Second Export Development Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

CENTRE DE PROMOTION DES EXPORTATIONS

Dated October 20, 2007

Public Disclosure Authorized

LOAN NUMBER 7487-TUN

PROJECT AGREEMENT

AGREEMENT dated October 20, 2007, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and Centre de Promotion des Exportations (“CEPEX” or the “Project Implementing Entity”) (“Second CEPEX Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of even date herewith between the Republic of Tunisia (“Borrower”) and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) 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 Loan Agreement or in the General Conditions.

ARTICLE II - PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.
- 2.03
 - (a) The Project Implementing Entity shall, for purposes of the Project, enter into the Second CEPEX Grant Agreement with the Borrower’s Minister of Finance providing for the transfer to the Project Implementing Entity, on a non-reimbursable grant basis, of the proceeds of the Loan allocated from time to time to Category (1) set forth in the table in Section II, Schedule 2 to the Loan Agreement under terms and conditions which shall have been approved by the Bank.
 - (b) The Project Implementing Entity shall exercise its rights and obligations under the Second CEPEX Grant Agreement in such manner as to protect the interests of the Project Implementing Entity and the Bank, and to

accomplish the purposes of the Loan and achieve the objectives of the Project, and, except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Second CEPEX Grant Agreement, or any provision thereof.

- 2.04 The Project Implementing Entity shall, throughout the duration of the Project, maintain the EMAFII Steering Committee, responsible for decisions pertaining to supporting the on-going operations, supervising the execution and coordinating the administration of EMAFII, with membership and terms of reference satisfactory to the Bank.

ARTICLE III - REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity's Representative is its President Director General.

- 3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

- 3.03. The Project Implementing Entity's Address is:

Maison de l'Exportateur
Centre Urbain Nord
1080 Tunis
Republic of Tunisia

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Daniela Gressani

Authorized Representative

CENTRE DE PROMOTION DES EXPORTATIONS

By /s/ Mohamed Nejib Hachana

Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

B. EMAF II and Matching Grants

1. The Project Implementing Entity shall at all times administer and operate the EMAFII in accordance with the EMAFII Operations Manual, and otherwise in accordance with sound administrative, economic, financial and technical assistance and trade practices, and pursuant to the provisions of this Agreement. The Project Implementing Entity shall not, without the prior written agreement of the Bank, amend or otherwise alter the EMAFII Operations Manual or any provision thereof.
2. The Project Implementing Entity shall provide Matching Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Bank, which shall include the provisions set forth in Section 2.06 of the First CEPEX Project Agreement and in the EMAFII Operations Manual.
3. Without prejudice to the preceding subparagraph 2, the Project Implementing Entity shall obtain rights adequate to protect its interests and those of the Borrower and the Bank, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Grant, or to obtain a refund of all or any part of the amount of the Matching Grant, upon the Beneficiary's failure to perform any of its obligations; and (ii) require each Beneficiary to: (A) carry out its activities supported by the Matching Grant with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the services to be financed out of the Matching Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of activities supported by the Matching Grant and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a

manner adequate to reflect the operations, resources and expenditures related to the activity supported by the Matching Grant; and (2) at the Bank's or the Borrower's or the Project Implementing Entity's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower, the Bank and the Project Implementing Entity; (F) enable the Borrower, the Bank and the Project Implementing Entity to inspect the activities supported by the Matching Grant, its operation and any relevant records and documents; and (G) prepare and furnish to the Borrower, the Bank and the Project Implementing Entity all such information as the Borrower or the Bank or the Project Implementing Entity shall reasonably request relating to the foregoing.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators agreed with the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later two (2) weeks after the end of the period covered by such report.
2. The Project Implementing Entity shall provide to the Borrower not later than September 30, 2009, for incorporation in the report referred to in Section 5.08(c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

Section III. Procurement

A. General

1. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Consultant Guidelines.

B. 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. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants.
2. **Other Methods of Procurement of Consultants' Services**
 - (a) **Selection Based on Consultants' Qualifications.** Consultants services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.
 - (b) **Commercial Practices.** Services estimated to cost less than \$50,000 equivalent per contract and to be financed under Matching Grants made for subprojects described in Schedule 1 of the Loan Agreement may be procured in accordance with commercial practices set forth in the EMAFII Operations Manual.
 - (c) **Single Source Selection.** Services for tasks 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.
 - (d) **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. 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.

C. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Project Implementing Entity , the following contracts shall be subject to Prior Review by the Bank, namely each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more. All other contracts shall be subject to Post Review by the Bank.