

CONFORMED COPY

LOAN NUMBER 4357-TUN

Loan Agreement

(Transport Sector Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

OFFICE DES PORTS NATIONAUX DE TUNISIE

Dated June 29, 1998

LOAN NUMBER 4357-TUN

LOAN AGREEMENT

AGREEMENT, dated June 29, 1998 between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and the OFFICE DES PORTS NATIONAUX DE TUNISIE (the Borrower).

WHEREAS (A) the Bank has received a letter dated May 27, 1998 from the Republic of Tunisia (the Guarantor) describing a program of actions, objectives and policies (the Program) designed to provide better, cheaper and less polluting transport so as to allow for faster growth and enhanced international competitiveness of the Tunisian economy without compromising the quality of the environment, and thereby: (i) foster competition in ports, interurban bus transport and urban transport; (ii) help implement the new regulatory framework and strengthen the Guarantor's capacity for its role in the regulation and planning of investments in the transport sector; (iii) develop appropriate coordination and funding mechanisms in urban transport; (iv) restructure the Société Tunisienne de Navigation, the Société Tunisienne d'Acconage et de Manutention and the Société Nationale de Transport Rural et Interurbain so as to achieve their commercial operation and, where feasible, open their capital to the participation of the private sector; (v) improve the financial equilibrium of the transport sector; and (vi) promote the use of cleaner fuels and set up monitoring systems of the air quality in main cities, and declaring the Guarantor's commitment to the execution of the said Program;

(B) the Guarantor has requested the Bank's support in the execution of the Program through a series of loans over a period of approximately seven (7) years to be utilized by the Guarantor for, and assisting the appropriate entities in, implementing the Program;

(C) the Guarantor and the Borrower, having been satisfied as to the feasibility and priority of the first phase of the Program (the Project) described in Schedule 2 to this Agreement, have requested the Bank to assist in the financing of the Project;

(D) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement;

(E) Parts A.4 and C and Part B of the Project will be carried out, respectively, by the Guarantor and the Société Nationale des Chemins de Fer Tunisiens (SNCFT) with the Bank's assistance and, as part of such assistance, the Bank has agreed to make available a Loan (the Republic of Tunisia Loan) to the Guarantor in an amount equal to two hundred twenty-two million five hundred thousand French Francs (FRF222,500,000) to assist in financing part of the cost of Parts B and C of the Project on the terms and conditions set forth in a loan agreement of even date herewith (the Republic of Tunisia Loan Agreement, as further defined in Section 1.02 (d) of this Agreement) and in the Project Agreement of even date herewith between the Bank and SNCFT; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower in support of the Project upon the terms and conditions 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 (as amended through December 2, 1997) with the modification set forth below (the General Conditions), constitute an integral part of this Agreement:

Section 9.07 (c) is modified to read:

"Section 9.07. Records and Reports

(c) Promptly after completion of the Project, but in any event not later than six (6) months before the Closing Date or such later date as may be agreed for this purpose between the Bank and the Borrower, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Category" means a category of items to be financed out of the proceeds of the Loan, as set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and the term "Categories" means more than one Category collectively;

(b) "Fiscal Year" means the twelve (12) month period corresponding to any of the Borrower's fiscal years, which period commences on January 1 and ends on December 31 in each calendar year;

(c) "French Franc" and "FRF" means each the lawful currency of the Republic of France;

(d) "Republic of Tunisia Loan Agreement" means the loan agreement of even

date herewith between the Republic of Tunisia and the Bank for the Project (Loan No. 4358-TUN); and

(e) "OPNT Performance Indicators" means the agreed performance indicators set forth in a letter of even date herewith to be utilized by the Borrower under Parts A.1, A.2 and A.3 of the Project to measure the progress in the carrying out of Parts A.1, A.2 and A.3 of the Project and the degree to which the objectives thereof are being achieved.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to seventy-eight million two hundred thousand French Francs (FRF78,200,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of works and services required for Parts A.1, A.2 and A.3 of the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

Section 2.03. The Closing Date shall be December 31, 2002 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to PIBOR Base Rate plus PIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "Interest Payment Date" means any date specified in Section 2.06 of this Agreement.

(iii) "PIBOR Base Rate" means, for each Interest Period, the Paris interbank offered rate for six-month deposits in French Francs for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "PIBOR Total Spread" means, for each Interest Period: (A) one half of one percent (1/2 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the Paris interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Guarantor and the Borrower of the PIBOR Base Rate and the PIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.05, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Guarantor and the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.06. Interest and other charges shall be payable semiannually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of Parts A.1, A.2 and A.3 of the Project Management and Operations of the Borrower

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out Parts A.1, A.2 and A.3 of the Project with due diligence and efficiency and in conformity with appropriate administrative, commercial, economic, engineering, environmental, financial, management, port, public utility, technical and transport practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Parts A.1, A.2 and A.3 of the Project.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the works and consultants' services required for Parts A.1, A.2 and A.3 of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank and furnish to Bank not later than six (6) months before the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan for the future operation of Parts A.1, A.2 and A.3 of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.04. The Borrower shall carry on its operations and conduct its affairs in accordance with sound administrative, commercial, economic, engineering, environmental, financial, management, port, public utility and technical practices, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.05. The Borrower shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound administrative, commercial, economic, engineering, environmental, financial, management, port, public utility and technical practices.

Section 3.06. The Borrower shall take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain records and accounts adequate to

reflect in accordance with sound accounting practices its operations and financial condition and to register separately the operations, resources and expenditures related to Parts A.1, A.2 and A.3 of the Project.

(b) The Borrower shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Account for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such Year: (A) certified copies of the financial statements referred to in paragraph (a) above for such Year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning said records, accounts and financial statements as well as the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one (1) year after the Bank has received the audit report for the Fiscal Year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such Fiscal Year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Except as the Bank shall otherwise agree, the Borrower shall maintain, for each of its Fiscal Years after its Fiscal Year ending on December 31, 1997, a ratio of total working expenses to total operating revenues not higher than fifty percent (50%).

(b) Before October 31 in each of its Fiscal Years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such Fiscal Year and the next following Fiscal Year, and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) for the Fiscal Years covered by such review, the Borrower shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its tariffs) in order to meet such requirements.

(d) For the purposes of this Section:

(i) The term "total working expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for

depreciation of the Borrower's fixed assets and interest and other charges on debt.

(ii) The term "total operating revenues" means revenues from all sources related to operations.

Section 4.03. (a) Except as the Bank shall otherwise agree, the Borrower shall not incur in any of its Fiscal Years after its Fiscal Year ending on December 31, 1997, any debt, if after the incurrence of such debt the ratio of debt to equity shall be greater than fifty-five to forty-five (55/45).

(b) For purposes of this Section:

(i) The term "debt" means any indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred. (ii) Debt shall be deemed to be incurred:

(A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment, on the date, and to the extent, the amount of such debt has become outstanding pursuant to such contract, agreement or instrument; and

(B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding.

(iii) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of the Borrower not allocated to cover specific liabilities.

(iv) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 4.04. (a) Except as the Bank shall otherwise agree, the Borrower shall maintain for each Fiscal Year after Fiscal Year ending on December 31, 1997, a ratio of current assets to current liabilities of not less than one (1.0).

(b) Before October 31 in each Fiscal Year, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such Fiscal Year and the next following Fiscal Year and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) for the Fiscal Years covered by such review, the Borrower shall promptly take all necessary measures in order to meet such requirements.

(d) For the purposes of this Section:

(i) The term "current assets" means cash, all assets which could in the ordinary course of business be converted into cash within twelve (12) months.

(ii) The term "current liabilities" means all liabilities which will become due and payable or could under circumstances then existing be called for payment within twelve months, and excluding service on debt becoming due by its terms within twelve (12) months.

(iii) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest

and other charges on, debt.

(iv) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 4.05. The Borrower shall: (i) not later than June 30, 1999, conclude and execute with the Guarantor an agreement, satisfactory to the Bank, designed to settle the outstanding financial liability issues arising out of the repayment by the Borrower of the arrears on local loans contracted by it under the Third Port Project (Loan No.1797-TUN); and (ii) not later than December 31, 1999, define with the Guarantor the appropriate financial and management framework for the port of Gabès.

Section 4.06. The Borrower shall restructure, not later than December 31, 1999, the Borrower's present tariff system so as to: (i) ensure the full coverage of the Borrower's operating costs resulting from its newly-defined functions established under Parts A.3 and A.4 of the Project; (ii) enhance the Borrower's capacity to repay the debt owed by it to the Guarantor along terms specified in a restructuring agreement satisfactory to the Bank; and (iii) increase its tariffs by nine point three percent (9.3%) for its Fiscal Year 1999 and further increase them by nine point three percent (9.3%) for its Fiscal Year 2001.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

(b) The Guarantor shall have failed to perform any of its obligations under the Republic of Tunisia Loan Agreement.

(c) The Bank shall have exercised its right under Section 5.01 of the Republic of Tunisia Loan Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) The event specified in paragraph (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Guarantor; and

(b) The event specified in paragraph (c) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that all conditions precedent to the effectiveness of the Republic of Tunisia Loan Agreement have been fulfilled, other than those related to the effectiveness of this Agreement.

Section 6.02. The date one hundred and twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The President General Director of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Office des Ports Nationaux de Tunisie
Bâtiment Administratif
2060 La Goulette
Tunis
Republic of Tunisia

Cable address:	Telex:
OFORNATU	15.386 OPORNA

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.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Christian Delvoie

Acting Regional Vice President
Middle East and North Africa

OFFICE DES PORTS NATIONAUX DE TUNISIE

By /s/ Nouredine Majdoub

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in French Francs)	% of Expenditures to be Financed
(1) Civil Works for Part A.1 of the Project	72,750,000	60%
(2) Consultants' services and Training for Parts A.2 and A.3 of the Project	5,450,000	100%
TOTAL	78,200,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments:

(a) made for expenditures prior to the date of this Agreement; and

(b) under Category (1), until and unless the Bank shall have approved the works in connection with which the withdrawal is requested on the basis of the findings of the studies to be carried out under Part A.2 of the Project and the review of the financial and economic criteria applicable therefor.

3. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (i) works, under contracts not exceeding \$500,000 equivalent each; (ii) services of consulting firms, under contracts not exceeding \$100,000 equivalent each; and (iii) training, under contracts not exceeding \$50,000 equivalent each, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to promote better, cheaper and less polluting transport services, with a special focus on the port and railway subsectors and the strengthening of the overall transport sector management, so as to allow for faster growth and enhanced international competitiveness of the Tunisian economy. To that end, the Project pursues: (i) the restructuring of port services and the promotion of private investments in the port through the establishment of a new cargo-handling organization and construction of new port facilities under Build-Transfer-Operate (BTO) schemes; (ii) the facilitation to foreign investors of access to trade-related transport activities, in accordance with the agreements to be concluded with the World Trade Organization, as a way to foster technological transfer and bring in capital; (iii) the commercialization and financial autonomy of SNCFT through a combination of increased operational efficiency, tariff adjustments and full, transparent compensation for the service obligations imposed by the government; and (iv) increased use of less polluting fuels.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Port and Trade Facilitation

Implementation of a program designed to improve the physical and institutional conditions for port operations, consisting of:

1. Rebuilding of general cargo berths in Bizerte, extension of the breakwater in Gabès, and construction of an oil berth in Radès.

2. Carrying out of feasibility studies, including environmental assessments required to finalize the design and planning of the activities under the preceding

Part A.1 and to identify dumping sites for dredging materials.

3. Provision of technical assistance services necessary to: (i) execute the engineering study for the development of a container terminal at Radès and the launching of the Build-Operate-Transfer (BOT) scheme therefor; (ii) restructure and modernize the Borrower's tariff system and, on those bases, define a suitable price regulation structure covering the full range of port services; and (iii) train the Borrower's staff in areas related to human resources management and its new regulatory functions resulting under Part A.4 hereof.

4. Implementation of a technical assistance program for capacity building and training designed to provide suitable assistance for: (i) the modernization of customs procedures and the finalization of detailed regulations thereof; (ii) assisting the Guarantor in finalizing the single trade document (Liasse unique) and setting up the corresponding electronic data interchange system and the derived port based SITAIP project (Système intégré de traitement automatisé des informations portuaires); (iii) setting up the regulatory framework necessary for the Implementation of the legislation on the port and maritime sectors; (iv) the definition and implementation of the new organization of port cargo handling, including definition of equipment requirements and of financing systems allowing cargo handling firms to meet such requirements; (v) restructuring of port activities with a view to improve the profitability of enterprises operating within a competitive market framework; (vi) improvement of port statistics; and (vii) the dissemination of modern trade logistic practices within the port and trade community.

Part B: Railway Modernization and Restructuring

Carrying out of a program aimed at assisting SNCFT in modernizing and restructuring its railways operations, including:

1. Modernization and capacity increase of tracks between Tunis and Sousse.
2. Track renewal between Tunis and Ghardimaou.
3. Construction of two (2) road overpasses over the railway line in the Tunis (Hammam Lif and Ez-zahra) southern suburbs.
4. Improvement of the environmental conditions in the workshops organized by SNCFT.
5. Implementation of a restructuring program designed to improve the financial performance and operational efficiency of SNCFT and provision of severance payments due to SNCFT's staff declared redundant as a consequence thereof.
6. Carrying out of technical assistance and provision of consultants services necessary for the overall modernization of the railways' management capabilities, with particular emphasis on: (i) the implementation of a line of business organization; and (ii) efficient traffic management and traffic costing.
7. Skill upgrading of SNCFT's staff in managerial positions in the areas of accounting, finance, marketing, management and safety.

Part C: Sector Management Enhancement

Carrying out of a program aimed at facilitating the modernization and streamlining of the transport sector management, comprising:

1. Ad hoc technical assistance required to deepen the analysis on the recommendations of the preparatory studies of the Project.
2. Updating of transport master plans for main cities, including Tunis, Sfax and Sousse.
3. Technical assistance and equipment required to develop a comprehensive transport data base.
4. Preparation of a national transport master plan.

5. Advisory services to assist the Guarantor in improving human resource management within the Ministry of Transport and in providing related training to its staff. ` 6. Prevention of air pollution by transport in congested cities through the construction and equipping of fixed air quality monitoring stations in the principal cities.

* * *

The Project is expected to be completed by June 30, 2002.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in French Francs)*
On each April 15 and October 15 beginning on October 15, 2003 through October 15, 2014	3,260,000
And on April 15, 2015	3,220,000

* The figures in this column represent the amount in French Francs to be repaid, except as provided in Sections 4.04 (d) of the General Conditions.

SCHEDULE 4

Procurement and Consultants' Services for Parts A.1, A.2 and A.3 of the Project

Section I. Procurement of Works

Part A: General

Works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 (the Guidelines) and the following provisions of this Section.

Part B: International Competitive Bidding

Works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

Part C: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for works estimated to cost the equivalent of \$500,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

Least-cost Selection.

Services for feasibility studies of infrastructure works under Part A.2 of the Project 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 and 3.6 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with

the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 5

Implementation Program

Section A: Project Monitoring, Reporting and Evaluation

1. Annual Progress Review

Without limitation upon the provisions of Section 9.07 of the General Conditions, the Borrower shall, commencing on April 30, 1999 and not later than April 30 and October 31 in each Fiscal Year and until Project completion, prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably establish, describing in accordance with the OPNT Performance Indicators the progress achieved in the implementation of Parts A.1, A.2 and A.3 of the Project during the preceding six (6) month period.

2. Mid-Term Review

The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the OPNT Performance Indicators, the carrying out of Parts A.1, A.2 and A.3 of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about July 31, 2000, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of Parts A.1, A.2 and A.3 of the Project during the period preceding the date of said report, the advancement on privatization of ports services, trade facilitation, customs reforms and reorganization of cargo handling, and the pricing policies for the ports subsector, and setting out the measures recommended to ensure the efficient carrying out of Parts A.1, A.2 and A.3 of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank and the Guarantor, by October 31, 2000 or such later date as the Bank shall request, the report referred to in subparagraph (b) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of Parts A.1, A.2 and A.3 of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

Section B: Technical Assistance under Parts A.2 and A.3 of the Project

For the purposes of ensuring the successful implementation of Parts A.2 and A.3 of the Project, for the study on the construction of the oil berth in Radès and the training of the Borrower staff, the Borrower shall employ consultants under terms of reference and with qualifications and experience satisfactory to the Bank.



