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**LOAN NUMBER 7487-TUN**

# **Loan Agreement**

**(Additional Financing for the Second Export Development Project)**

**between**

**REPUBLIC OF TUNISIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated October 20 , 2007**

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**LOAN NUMBER 7487-TUN**

**LOAN AGREEMENT**

AGREEMENT dated October 20, 2007, between REPUBLIC OF TUNISIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for Part A (1) of the Second Export Development Project (the “Original Project”).

WHEREAS (A) by agreement dated July 2, 2004 (the “First Loan Agreement”), as amended, the Bank has agreed to extend a loan (the “First Loan”) to the Borrower in support of the Original Project (Loan no. 7239-TUN), and the Borrower has agreed to make available to the Centre de Promotion des Exportations (the “CEPEX”) part of the proceeds of the First Loan to carry out Part A of the Original Project;

(B) by agreement dated July 2, 2004 (the First CEPEX Project Agreement) between the Bank and CEPEX, CEPEX has agreed to carry out Part A of the Original Project; and

WHEREAS (C) the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the project agreement of even date herewith between the Bank and CEPEX.

NOW THEREFORE the Borrower and the Bank hereby agree as follows:

**ARTICLE I - GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II - LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of four million five hundred thousand Euros (EUR 4,500,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (the “Loan”), to assist in financing the project described in Schedule 1 to this Agreement (the “Project”).

- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section II of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are May 1 and November 1 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07.
  - (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
  - (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
  - (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance

with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for such purpose in the table in Section II of Schedule 2 to this Agreement.

### **ARTICLE III - PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause CEPEX to carry out the Project in accordance with the provisions of Article V of the General Conditions and the Second CEPEX Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV - REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) any provision of the CEPEX Charter shall have been amended, suspended, abrogated, terminated or waived so as to, in the opinion of the Bank, affect materially and adversely the ability of CEPEX to carry out the Project; or
  - (b) any provision of the EMAFII Operations Manual shall have been amended, suspended or waived so as to, in the opinion of the Bank, affect materially and adversely the ability of CEPEX to carry out the Project.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in paragraphs (a) or (b) of Section 4.01 of this Agreement occurs.

### **ARTICLE V - EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Second CEPEX Grant Agreement has been duly executed on behalf of the Borrower and CEPEX and has entered into effect in accordance with its terms.
- 5.02. The Additional Legal Matter consists of the following, namely that the Second CEPEX Grant Agreement has been duly executed on behalf of the Borrower and CEPEX and is legally binding upon the Borrower and CEPEX in accordance with its terms.

- 5.03. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

**ARTICLE VI - REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is the Minister of Development and International Cooperation.
- 6.02. The Borrower's Address is:

Ministry of Development and International Cooperation  
Place Ali Zouaoui  
Tunis  
Republic of Tunisia

|               |        |                                  |
|---------------|--------|----------------------------------|
| Cable Address | Telex: | Facsimile:                       |
| MCCIIE        | 18060  | 216-71-351666 /<br>216-71-799069 |

- 6.03. The Bank's Address is:

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

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

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

REPUBLIC OF TUNISIA

By /s/ Mohamed Nouri Jouini  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Daniela Gressani  
Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to assist the Borrower in improving access to export markets and finance by responding to greater demand by the private sector for the Second Export Market Access Fund.

The Project consists of the following part:

#### Second Export Market Access Fund (EMAFII):

Provision of Matching Grants to Beneficiaries to enable them to identify and effectively access viable export markets and enhance their export competitiveness.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

**A. Institutional Arrangements.** The Borrower shall cause CEPEX to carry out the Project in accordance with the provisions set forth in the Second CEPEX Project Agreement.

#### **B. Second CEPEX Grant Agreement**

1. The Borrower shall, in respect of the Project, make available to CEPEX, on a non-reimbursable grant basis, the proceeds of the Loan allocated from time to time to Category 1 of the table set forth in Section II, Schedule 2 of this Agreement, under the Second CEPEX Grant Agreement to be entered into between the Borrower's Minister of Finance and CEPEX under terms and conditions which shall have been approved by the Bank.
2. The Borrower shall exercise its rights and obligations under the Second CEPEX Grant Agreement in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Second CEPEX Grant Agreement or any of its provisions.

#### **C. Anti-Corruption**

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

#### Section II. Withdrawal of Loan Proceeds

#### **A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the 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 Loan ("Category"), the allocation of the



amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

| <b>Category</b>     | <b>Amount of the Loan Allocated<br/>(expressed in Euros)</b> | <b>Percentage of Expenditures to be financed<br/>(inclusive of Taxes)</b>   |
|---------------------|--|---|
| (1) Matching Grants | 4,488,750  | 100% of amounts of Matching Grants disbursed to any Beneficiary   |
| (2) Front-end Fee   | 11,250   | Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions |
| <b>TOTAL AMOUNT</b> | <u>4,500,000</u>   |   |

**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 is March 31, 2010.

### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

| <b>Principal Payment Date</b> | <b>Installment Share<br/>(Expressed as a Percentage)</b> |
|-------------------------------|--|
| 1 May 2012                    | 1.50   |
| 1 November 2012               | 1.50   |
| 1 May 2013                    | 3.00   |
| 1 November 2013               | 3.00   |
| 1 May 2014                    | 0.00   |
| 1 November 2014               | 0.00   |
| 1 May 2015                    | 2.00   |
| 1 November 2015               | 3.00   |
| 1 May 2016                    | 7.00   |
| 1 November 2016               | 7.00   |
| 1 May 2017                    | 5.00   |
| 1 November 2017               | 5.00   |
| 1 May 2018                    | 7.00   |
| 1 November 2018               | 7.00   |
| 1 May 2019                    | 8.00   |
| 1 November 2019               | 8.00   |
| 1 May 2020                    | 0.00   |
| 1 November 2020               | 2.50   |
| 1 May 2021                    | 5.00   |
| 1 November 2021               | 5.00   |
| 1 May 2022                    | 5.00   |
| 1 November 2022               | 4.00   |
| 1 May 2023                    | 4.00   |
| 1 November 2023               | 4.33   |
| 1 May 2024                    | 2.17   |

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3.
  - (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## **APPENDIX**

### **Definitions**

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

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. “Beneficiary” means, individually: (a) a commercial, manufacturing, handicrafts or services, direct or indirect, exporting or potentially exporting enterprise, including a first time direct or indirect exporter; (b) a professional association involved in the export business; or (c) an export consulting entity established and operating within the Borrower’s territory, eligible to receive a Matching Grant (as this term is hereinafter defined) from CEPEX under EMAFII (as this term is hereinafter defined) in accordance with the eligibility and selection criteria set forth in the EMAFII Operations Manual (as this term is hereinafter defined), and the term “Beneficiaries” means, collectively, more than one Beneficiary;
3. “Category” means a category set forth in the table in Section II, Schedule 2 to this Agreement.
4. “CEPEX Charter” means the founding charter, articles of incorporation and by-laws, or other similar instrument of CEPEX, as amended up to the date of this Agreement, issued per the Borrower’s Law No. 73-20 dated April 14, 1973, as may be amended from time to time.
5. “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.
6. “EMAFII” means the Second Export Market Access Fund to be administered and operated by CEPEX pursuant to the provisions of the Second CEPEX Project Agreement (as this term is hereinafter defined) and the EMAFII Operations Manual (as this term is hereinafter defined).
7. “EMAFII Steering Committee” means the committee appointed pursuant to Decision No. 276 of the Borrower’s Minister of Trade and Handicrafts.
8. “EMAFII Operations Manual” means the manual prepared by CEPEX under the Original Project which sets forth the administrative, financial, operational and

personnel procedures, including, *inter alia*, criteria for providing Matching Grants to Beneficiaries, accounting, financial reporting and auditing procedures, for the administration and operation of EMAFII, and the conduct and monitoring of its activities, as such manual may be amended from time to time with the prior written agreement of the Bank.

9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through October 17, 2007).
10. “Matching Grants” means the grants to be provided under EMAFII by CEPEX to Beneficiaries in accordance with the provisions of the Second CEPEX Project Agreement and the EMAFII Operations Manual.
11. “Procurement Plan” means the Borrower’s procurement plan for the Original Project, and referred to in paragraph 1.24 of the Consultant Guidelines, as the same has been amended to the date of this Agreement and may be updated from time to time in accordance with the provisions of said paragraph.
12. “Second CEPEX Grant Agreement” means the agreement to be entered into between the Borrower and CEPEX pursuant to Section 5.01 of this Agreement and Section 2.03 (a) of the Second CEPEX Project Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Second CEPEX Grant Agreement.
13. “Second CEPEX Project Agreement” means the agreement between the Bank and CEPEX 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 Second CEPEX Project Agreement.