

CONFORMED COPY

LOAN NUMBER 4475-TUN

Loan Agreement

(Export Development Project)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated June 3, 1999

LOAN NUMBER 4475-TUN

LOAN AGREEMENT

AGREEMENT, dated June 3, 1999, between REPUBLIC OF TUNISIA (the "Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank").

WHEREAS (A) The Borrower, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the "Project"), has requested the Bank to assist in the financing of the Project;

WHEREAS (B) Part A of the Project will be carried out by the Centre de Promotion des Exportations (the "CEPEX") with the Borrower's assistance and, as part of such assistance, the Borrower will make available to CEPEX part of the proceeds of the Loan as provided in this Agreement;

WHEREAS (C) Part B of the Project will be carried out by the Compagnie Tunisienne pour l'Assurance du Commerce Extérieur (the "COTUNACE") with the Borrower's assistance and, as part of such assistance, the Borrower will make available to COTUNACE part of the proceeds of the Loan as provided in this Agreement;

WHEREAS (D) Part C of the Project will be carried out by the Borrower, through its Customs Authority (the "CA"), Ministry of Commerce (the "MOC") and Ports Authority (the "PA"), as provided in this Agreement; and

WHEREAS (E) 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 (the "CEPEX Project Agreement") and in the project agreement of even date

herewith between the Bank and COTUNACE (the "COTUNACE Project 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) (the "General Conditions") constitute an integral part of this Agreement.

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, wherever used in this Agreement, have the following meanings:

(a) "Beneficiary" means, individually, a small or medium commercial or manufacturing direct or indirect exporting enterprise, including a first time direct or indirect exporter, established and operating within the Borrower's territory, eligible to receive a Matching Grant from CEPEX under the EMAF in accordance with the eligibility and selection criteria set forth in the EMAF Operations Manual, and the term "Beneficiaries" means, collectively, more than one Beneficiary;

(b) "Category" means, individually, a category of items set forth in the table in Paragraph 1 of Schedule 1 to this Agreement, and the term "Categories" means, collectively, more than one Category;

(c) "CAR" means the Borrower's PEFGF Risk Approval Committee (Comite d'Agreement des Risques) to be appointed by the Borrower pursuant to the provisions of Section 6.01 (e) of this Agreement;

(d) "CA" means the Borrower's National Customs Authority, and such term includes any successor thereto;

(e) "CEPEX" means the Borrower's Center for Export Promotion (Centre de Promotion des Exportations), an industrial and commercial public enterprise, established and operating under the Borrower's rules and regulations pursuant to the CEPEX Charter, and such term includes any successor thereto satisfactory to the Bank;

(f) "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 pursuant to the Borrower's Law No. 73-20 dated April 14, 1973, as may be amended from time to time;

(g) "CEPEX Grant Agreement" means the agreement to be entered into between the Borrower and CEPEX pursuant to Section 3.02 (a) of this Agreement and Section 2.02 (a) of the CEPEX Project Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the CEPEX Grant Agreement;

(h) "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 CEPEX Project Agreement;

(i) "CEPEX Special Account" means the account referred to in Section 2.02 (b) (i) of, and Schedule 6 to, this Agreement;

(j) "COTUNACE" means the Borrower's Tunisian Company for Foreign Trade Insurance (Compagnie Tunisienne pour l'Assurance du Commerce Exterieur), a public enterprise, established and operating under the Borrower's rules and regulations pursuant to the COTUNACE Charter, and such term includes any successor thereto satisfactory to the Bank;

(k) "COTUNACE Charter" means the founding charter, articles of incorporation and by-laws or other similar instrument of COTUNACE, as amended up to the date of this

Agreement, registered in the commercial registry Borrower under No. 2894 on September 8, 1984;

(l) "COTUNACE Grant and Management Agreement" means the agreement to be entered into between the Borrower and COTUNACE pursuant to Section 3.03 (a) of this Agreement and Section 2.02 (a) of the COTUNACE Project Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the COTUNACE Grant and Management Agreement;

(m) "COTUNACE Project Agreement" means the agreement between the Bank and COTUNACE 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 COTUNACE Project Agreement;

(n) "COTUNACE Special Account" means the account referred to in Section 2.02 (b) (ii) of, and Schedule 6 to, this Agreement;

(o) "Covered Risk" means the risk of loss suffered by a participating financial intermediary as a result of the failure to pay when due sums owing under a pre-shipment export finance loan granted to an Eligible Enterprise in the context of the PEFGF, as determined in accordance with the terms and conditions set forth in the Standard Form of Guarantee Certificate;

(p) "Dinars" and "TD" mean the Borrower's lawful currency;

(q) "Eligible Enterprise" means, individually, a small or medium commercial or manufacturing exporting enterprise established and operating within the Borrower's territory, and engaged, directly or indirectly, in export transactions that are covered either by an irrevocable documentary credit which is confirmed in the Borrower's territory by a participating financial intermediary party to a Guarantee Certificate or by export insurance against market interruption and non-payment, all in compliance with the eligibility and selection criteria set forth in the PEFGF Operations Manual, and the term "Eligible Enterprises" means, collectively, more than one Eligible Enterprise;

(r) "EMAF" means the Export Market Access Fund provided under Part A of the Project to be administered and operated by CEPEX pursuant to the provisions of the CEPEX Project Agreement and the EMAF Operations Manual;

(s) "EMAF Operations Manual" means the manual, to be adopted by CEPEX pursuant to the provisions of Section 6.01 (d) of this Agreement, setting 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 the EMAF, 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;

(t) "Escrow Account" has the meaning ascribed to it under Section 1.01 (b) of the COTUNACE Project Agreement;

(u) "Fiscal Year" means, individually, the twelve (12)-month period corresponding to any of the Borrower's or CEPEX's or COTUNACE's fiscal years, which period commences on January 1 and ends on December 31 in each calendar year, and the term "Fiscal Years" means, collectively, more than one Fiscal Year;

(v) "Guarantee" means, individually, a certificate of guarantee issued under the PEFGF by COTUNACE to a Guarantee Holder in respect of a Covered Risk, and the term "Guarantees" means, collectively, more than one Guarantee, provided, however, that Guarantees shall exclude any failure to pay sums owing under pre-shipment export finance loans that are due to: (i) the situation or behavior of the foreign buyer, (ii) the occurrence of war, revolution, riot or national disaster in the territory of the foreign buyer; or (iii) the occurrence of loss of or damage to the production equipment of an Eligible Enterprise;

(w) "Guarantee Certificate" means any of the contracts referred to in the Schedule to the COTUNACE Project Agreement;

(x) "Guarantee Holder" means a participating financial intermediary who, having granted a pre-shipment export finance loan to an Eligible Enterprise on the context of the PEFGE has been issued a Guarantee Certificate by COTUNACE in accordance with the provisions of the PEFGE Operations Manual;

(y) "Input Goods" means the goods and/or services provided to an Eligible Enterprise by a supplier for the purpose of producing Output Goods for increasing the Eligible Enterprise's export production capacity;

(z) "Loss" means the amount denominated in Dinars, payable by COTUNACE to a Guarantee Holder upon occurrence of a Covered Risk in accordance with the terms and conditions of the Guarantee Certificate issued to such Guarantee Holder;

(aa) "Matching Grants" means the grants to be provided under the EMAF by CEPEX to Beneficiaries in accordance with the provisions of the CEPEX Project Agreement and the EMAF Operations Manual;

(bb) "MOF" means the Borrower's Ministry of Finance, and such term includes any successor thereto;

(cc) "MOC" means the Borrower's Ministry of Commerce, and such term includes any successor thereto;

(dd) "MOC Special Account" means the account referred to in Section 2.02 (b) (iii) of, and Schedule 6 to, this Agreement;

(ee) "Output Goods" means goods produced by an Eligible Enterprise using the Input Goods;

(ff) "PA" means the Borrower's National Ports Authority, and such term includes any successor thereto;

(gg) "Payment" means any payment made to a Guarantee Holder on account of a Loss;

(hh) "PCMU" means the Project Coordination and Monitoring Unit established within MOC pursuant to MOC's Decision No. 157, dated March 26, 1999, and such term includes any successor thereto;

(ii) "PEFGE" means the Pre-shipment Export Finance Guarantee Facility provided under Part B.1 of the Project as established by the PEFGE Legal Framework and to be administered and operated by COTUNACE pursuant to the provisions of the COTUNACE Project Agreement and the PEFGE Operations Manual;

(jj) "PEFGE Legal Framework" means the law and/or decree to be adopted by the Borrower pursuant to the provisions of Section 6.01 (c) of this Agreement, establishing the PEFGE and governing the conditions of its administration and operation, and such term includes all implementing regulations thereto up to the date of this Agreement;

(kk) "PEFGE Operations Manual" means the manual, to be adopted by COTUNACE pursuant to the provisions of Section 3.02 of the COTUNACE Project Agreement and referred to in Sub-paragraph 3 (ii) of Schedule 1 to this Agreement, setting forth the administrative, financial, operational and personnel procedures, including, inter alia, the terms and conditions for issuance of Guarantees (including the modalities for determining the premiums therefor), accounting, financial reporting and auditing procedures, for the day-to-day administration and operation of the PEFGE, 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;

(ll) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev. 3 (1986);

(mm) "Special Accounts" means the accounts referred to in Section 2.02 (b) of, and in Schedule 6 to, this Agreement;

(nn) "Standard Form of Guarantee Certificate" means COTUNACE's Standard Form of Guarantee Certificate, as approved by the Borrower and the Bank, which contains all the standard terms and conditions to be included in the Guarantee Certificates;

(oo) "Steering Committee" means the Inter-Departmental Steering Committee appointed pursuant to the MOC's Decision No. 156, dated March 26, 1999; and

(pp) "Technical Committee" means the Borrower's Trade Facilitation Technical Committee appointed pursuant to the MOC's Decision No. 155, dated March 26, 1999.

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 this Agreement, an amount equal to thirty five million dollars (\$35,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A.2, A.3, A.4, B.2, B.3 and C of the Project, and to be financed out of the proceeds of the Loan; (ii) for amounts paid (or if the Bank shall so agree, to be paid) on account of withdrawals made in respect of Matching Grants under Part A.1 of the Project and Guarantees issued under Part B.1 of the Project; and (iii) in respect of the fee referred to in Section 2.04 of this Agreement.

(b) The Borrower shall, for the purposes of the Project, open and maintain the following separate special deposit accounts in its Central Bank on terms and conditions satisfactory to the Bank, or in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment: (i) one such account for Part A of the Project (the CEPEX Special Account); (ii) one such account for Part B of the Project (the COTUNACE Special Account); and (iii) one such account for Part C of the Project (the Borrower Special Account). Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be March 31, 2004, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of said fee.

Section 2.05. 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 2.06. (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 LIBOR Base Rate plus LIBOR 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 2.07 of this Agreement.

(iii) "LIBOR Base Rate" means, for each Interest Period, the London

interbank offered rate for six-month deposits in Dollars 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) "LIBOR Total Spread" means, for each Interest Period: (A) three-fourths of one percent (3/4 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London 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 Borrower of the LIBOR Base Rate and the LIBOR 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 2.06, 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 Borrower of the new basis. The new 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 2.07. Interest and other charges shall be payable semiannually in arrears on April 15 and October 15 in each year.

Section 2.08. 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 the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end: (i) shall carry out Part C of the Project through CA, MOC and PA; (ii) without any limitation or restriction upon any of its other obligations under this Agreement, shall cause CEPEX to perform in accordance with the provisions of the CEPEX Project Agreement all the obligations of CEPEX therein set forth in respect of carrying out Part A of the Project; and (iii) without any limitation or restriction upon any of its other obligations under this Agreement, shall cause COTUNACE to perform in accordance with the provisions of the COTUNACE Project Agreement all the obligations of COTUNACE therein set forth in respect of carrying out Part B of the Project; all with due diligence and efficiency and in conformity with appropriate administrative, economic, financial, insurance, technical assistance and trade management practices.

(b) The Borrower shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project, and shall take or cause to be taken all action necessary or appropriate to enable CEPEX and COTUNACE to perform their corresponding obligations under the CEPEX Project Agreement and the COTUNACE Project Agreement, respectively, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(c) Without limitation upon the provisions of Paragraphs (a) and (b) of this Section, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out Part C of the Project, through CA, MOC and PA, in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) The Borrower shall, in respect of Part A of the Project, make available to CEPEX, on a non-reimbursable grant basis, the proceeds of the Loan allocated from time to time to Categories (1), (4) (a) and (5) (a), under a grant

agreement (the "CEPEX Grant Agreement") to be entered into between MOF, acting on behalf of the Borrower, and CEPEX under terms and conditions which shall have been approved by the Bank.

(b) The Borrower shall exercise its rights and obligations under the 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 and achieve the objectives of the Project, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the CEPEX Grant Agreement, or any provision thereof.

Section 3.03. (a) The Borrower shall, in respect of Part B of the Project and for purposes of funding the PEFGE, make available to COTUNACE, on a non-reimbursable grant basis, the proceeds of the Loan allocated from time to time to Categories (2), (4) (b) and (5) (b), under a grant agreement (the "COTUNACE Grant and Management Agreement") to be entered into between MOF, acting on behalf of the Borrower, and COTUNACE under terms and conditions which shall have been approved by the Bank.

(b) The Borrower shall exercise its rights and obligations under the COTUNACE Grant and Management Agreement in such manner as to protect the interests of the Borrower 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 Borrower shall not assign, amend, abrogate or waive the COTUNACE Grant and Management Agreement, or any provision thereof.

Section 3.04. The Borrower shall at all times take all measures necessary on its part to ensure that COTUNACE shall exercise its rights and comply with its obligations under the Guarantee Certificates in such manner as to protect the interests of the Borrower, the Bank and COTUNACE and to accomplish the purposes of the Loan and achieve the objectives of the Project.

Section 3.05. 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 satisfactory to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan designed to ensure the continued achievement of the objectives of the Project; and

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

Section 3.06. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part A of the Project shall be carried out by CEPEX pursuant to Section 2.11 of the CEPEX Project Agreement, and in respect of Part B of the Project shall be carried out by COTUNACE pursuant to Section 2.07 of the COTUNACE Project Agreement.

Section 3.07. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for 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.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall establish, and thereafter at all times maintain, a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect the operations, resources and expenditures for and in connection with the carrying out of Part C of the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in

paragraph (a) of this Section, and the records and accounts for the Special Accounts, for each Fiscal Year audited, in accordance with auditing standards acceptable to the Bank, 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) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and a 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Bank may 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 or cause to be maintained, in accordance with Paragraph (a) of this Section, records and separate 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.

ARTICLE V

Remedies of the Bank

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

(a) CEPEX shall have failed to perform any of its obligations under the CEPEX Project Agreement;

(b) COTUNACE shall have failed to perform any of its obligations under the COTUNACE Project Agreement;

(c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that either CEPEX or COTUNACE will be able to perform its corresponding obligations under the CEPEX Project Agreement or the COTUNACE Project Agreement, respectively;

(d) The PEFGE Decree shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of COTUNACE to perform any of its obligations under the COTUNACE Project Agreement;

(e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of CEPEX or COTUNACE, or for the suspension of any of their operations;

(f) Any provision of the CEPEX Charter or the COTUNACE 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 or COTUNACE, as the case may be, to carry out its respective Part of the Project;

(g) Any provision of the EMAF Operations Manual or the PEFGE 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 or COTUNACE, as the case may be, to carry out its respective Part of the Project; or

(h) Any provision of the Standard Form of Guarantee Certificate, which, in the opinion of the Bank, shall be deemed to be a material provision, shall have been amended without the prior written consent of the Bank.

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

(a) Any of the events specified in Paragraphs (a) or (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) consecutive days after notice thereof shall have been given by the Bank to the Borrower.

(b) Any of the events specified in Paragraphs (d), (e), (f), (g) or (h) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01(c) of the General Conditions:

(a) The CEPEX Grant Agreement has been executed on behalf of the Borrower and CEPEX and has entered into effect in accordance with its terms;

(b) The COTUNACE Grant and Management Agreement has been executed on behalf of the Borrower and COTUNACE and has entered into effect in accordance with its terms;

(c) The Borrower has adopted the PEFGE Legal Framework in form and substance satisfactory to the Bank and said Legal Framework has entered into effect in accordance with its provisions;

(d) CEPEX has adopted the EMAF Operations Manual, and COTUNACE has adopted the PEFGE Operations Manual, all in form and substance satisfactory to the Bank; and

(e) The Borrower has appointed the CAR in accordance with the provisions of Paragraph 3 of Schedule 5 to this Agreement.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) That the CEPEX Project Agreement has been duly executed and authorized by CEPEX, and is legally binding upon CEPEX in accordance with its terms;

(b) That the COTUNACE Project Agreement has been duly executed and authorized by COTUNACE, and is legally binding upon COTUNACE in accordance with its terms;

(c) That the CEPEX Grant Agreement has been duly executed by the Borrower and CEPEX and is legally binding upon the Borrower and CEPEX in accordance with its terms; and

(d) That the COTUNACE Grant and Management Agreement has been duly executed by the Borrower and COTUNACE and is legally binding upon the Borrower and COTUNACE in accordance with its terms.

Section 6.03. The date one hundred 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 Minister of International Cooperation and Foreign Investment 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:

Ministry of International Cooperation
and Foreign Investment
98, Avenue Mohamed V
1002 Tunis-Belvedere 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/ Christian Delvoie

Acting Regional Vice President
Middle East and North Africa

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 Dollars Equivalent)	% of Expenditures to be Financed
(1) Grants Under Part A of the Project	10,000,000	100% of amounts of Grants disbursed to any Beneficiary
(2) Guarantee Facility Under Part B of the Project	5,000,000	100% of the amount of the Guarantee
(3) Civil Works under Part C of the Project	5,190,000	75%
(4) Goods		100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(a) Under Part A of the Project	100,000	
(b) Under Part B of the Project	150,000	
(c) Under Part C of the Project	8,930,000	
(5) Consultants' Services and Training		
(a) Under Part A of the Project	3,900,000	100%
(b) Under Part B of the Project	250,000	100%
(c) Under Part C of the Project	1,130,000	100%
(6) Fee	350,000	Amount due under Section 2.04 of this Agreement
 TOTAL	 35,000,000	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) The term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (i) Matching Grants; (ii) goods under contracts costing less than four hundred thousand dollars (\$400,000) equivalent each; (iii) civil works under contracts costing less than seven hundred fifty thousand dollars (\$750,000) equivalent each; (iv) consultants' services under contracts with firms costing less than one hundred thousand dollars (\$100,000) equivalent each; and (v) consultants' services under contracts with individuals costing less than fifty

thousand dollars (\$50,000) equivalent each.

SCHEDULE 2

Description of the Project

The objective of the Project is to support the Borrower's export-led economic growth, by enhancing the competitiveness of small and medium commercial and manufacturing enterprises by: (i) improving access to export markets; (ii) improving access to pre-shipment export finance; and (iii) facilitating international trade by simplifying import and export-related rules and procedures and strengthening electronic commerce.

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: Export Market Access Fund

1. Establishing and operating an Export Market Access Fund (EMAF) for the provision of Matching Grants to Eligible Enterprises to enable them to identify and effectively penetrate viable export markets and enhance their export competitiveness, through inter alia: (i) introduction of appropriate export know-how and expertise; and (ii) co-financing through provision of Matching Grants export business support services of Beneficiaries, including marketing, adaptation of production and general export business development planning and strategy.

2. Supporting the development and transfer of international trading companies within the Borrower's territory with a view to increasing their contribution to the Borrower's total exports.

3. Carrying out targeted vendor development programs with international experts' support.

4. Conducting a viability and design study of a trade center capable of disseminating information on international business opportunities and partnerships, housing commercial information facilities and data base, dispensing specialized business advisory services, hosting business conferences and providing one-stop representation of international trade support services.

5. Strengthening CEPEX's institutional capacity to carry out the foregoing, through the provision of necessary goods and technical assistance services.

Part B: Pre-shipment Export Finance Guarantee

1. Establishing and operating a Pre-shipment Export Finance Guarantee Facility (PEFGF) for the provision of pre-shipment export finance guarantees to cover manufacturing nonperformance risks of Eligible Enterprises.

2. Strengthening of COTUNACE's institutional capacity to carry out the foregoing through the provision of necessary goods and technical assistance services.

Part C: Trade Facilitation

1. Modernizing and simplifying the Borrower's regulations and procedures for external trade through inter alia:

(a) Designing and implementing streamlined procedures for the customs clearance of, and port and cargo handling services for, exports and imports associated with international business transactions of enterprises operating within the Borrower's territory;

(b) Establishing a common computerized network for documentary interchanges linking manufacturers, shipping agents, freight forwarders, container terminal operators and customs brokers with the computer networks of the CA, MOC and PA, and extending the linkage of said networks to all customs entry and taxpayer access points, including the development and installation of related management information

systems;

(c) Updating the Borrower's customs computer applications to enable the automated electronic processing of customs declarations, and designing, piloting and planning the implementation of new procedures and organizational arrangements conducive to efficient customs and other tax administration related to exports and imports associated with international business transactions of enterprises operating within the Borrower's territory;

(d) Strengthening the capacity of the Borrower's customs officials through the provision of specialized training programs and training equipment, the construction or development of a customs training center and the dissemination of customs related information and best practices;

(e) Renovating and equipping the Borrower's Customs Documentation Center, including provision of computer hardware and software in connection therewith;

(f) Establishment of a laboratory to carry out techno-chemical analysis for the Borrower's customs services, including the provision of equipment therefor; and

(g) Provision of scanners to CA to simplify customs control.

* * * * *

The Project is expected to be completed by September 30, 2003.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in US Dollars)*
On each April 15 and October 15 beginning October 15, 2004 through October 15, 2015	1,460,000
And on April 15, 2016	1,420,000

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

SCHEDULE 4

Procurement

Section I. Procurement of Goods and Works

Part A: General

Goods and 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, September 1997 and January 1999 (the "Guidelines") and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and 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.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods and works shall be grouped in bid packages estimated to cost three hundred thousand dollars (\$300,000) equivalent or more each.

(b) Preference for Domestically Manufactured Goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

(c) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than four hundred thousand dollars (\$400,000) equivalent per contract, up to an aggregate amount not to exceed one million five hundred thousand dollars (\$1,500,000) equivalent, and works estimated to cost less than seven hundred fifty thousand dollars (\$750,000) equivalent per contract, up to an aggregate amount not to exceed five million five hundred thousand dollars (\$5,500,000) equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

Part D: 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 for the Project 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 goods and 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

(a) With respect to each contract for works estimated to cost the equivalent of seven hundred fifty thousand dollars (\$750,000) or more, and with respect to each contract for goods estimated to cost the equivalent of four hundred thousand dollars (\$400,000) 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 and January 1999 (the "Consultant Guidelines") and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. 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.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services and training under the Project, estimated to cost less than two hundred thousand dollars (\$200,000) equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Single Source Selection

Services under Parts A.2, A.3, A.4, A.5, C.1(b) and C.1(c) of the Project which are estimated to cost less than fifty thousand dollars (\$50,000) equivalent per contract, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

2. Individual Consultants

Services for the design of information systems and marketing under the Project shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

3. Commercial Practice

Services to assist Eligible Enterprises in carrying out activities under Part A.1 of the Project may be procured in accordance with commercial practices acceptable to the Bank.

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 under the Project 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

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of one hundred thousand dollars (\$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.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of fifty thousand dollars (\$50,000) or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

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

Without any limitation or restriction upon any other provision of this Agreement, for the purposes of Section 3.01 (c) of this Agreement, the Implementation Program for Part C of the Project shall consist of the following provisions:

1. Responsibility for general policy guidance and overall coordination of the carrying out of the Project shall be vested in the Steering Committee, to be maintained by the Borrower throughout the duration of the Project with membership and terms of reference at all times satisfactory to the Bank.

2. Responsibility for overall supervision of the carrying out of the Project shall be vested in the PCMU, to be maintained by the Borrower throughout the duration of the Project with terms of reference at all times satisfactory to the Bank.

3. Responsibility for setting PEFGE Guarantee premiums shall be vested in MOF, and the responsibility for assessing PEFGE financial risks and to supervise COTUNACE's compliance with the requirements and procedures of the PEFGE shall be vested in the CAR, to be maintained by the Borrower throughout the duration of the Project with membership and terms of reference at all times satisfactory to the Bank.

4. Responsibility for the supervision and coordination of the carrying out of Part C of the Project shall be vested in the Technical Committee, to be maintained by the Borrower throughout the duration of the Project with membership and terms of reference at all times satisfactory to the Bank.

5. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the carrying out of Part C of the Project and the achievement of the objectives of the Project;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about December 31, 2001, 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 the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by June 30, 2002, or such later date as the Bank

shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion 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.

SCHEDULE 6

Special Accounts

1. For the purposes of this Schedule:

(a) The term "Eligible Categories" means: (i) in respect of the CEPEX Special Account, Categories (1), (4) (a) and (5) (a); (ii) in respect of the COTUNACE Special Account, Category (2); and (iii) in respect of the Borrower Special Account, Categories (3), (4) (c) and (5) (c).

(b) The term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the Eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) The term "Authorized Allocation" means, in respect of:

(i) the CEPEX Special Account, an amount equivalent to one million dollars (\$1,000,000) to be withdrawn from the Loan Account and deposited into the CEPEX Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to six hundred thousand dollars (\$600,000) until the aggregate amount of withdrawals from the Loan Account allocated to Categories (1), (4) (a) and (4) (b), plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions for Part A of the Project, shall be equal to or exceed the equivalent of three million dollars (\$3,000,000);

(ii) the COTUNACE Special Account, an amount equivalent to two million dollars (\$2,000,000) to be withdrawn from the Loan Account and deposited into the COTUNACE Special Account pursuant to paragraph 3 (a) of this Schedule; and

(iii) the Borrower Special Account, an amount equivalent to one million dollars (\$1,000,000) to be withdrawn from the Loan Account and deposited into the MOC Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to six hundred thousand dollars (\$600,000) until the aggregate amount of withdrawals from the Loan Account allocated to Categories 3, (4) (c) and (5) (c), plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions for Part C of the Project, shall be equal to or exceed the equivalent of three million dollars (\$3,000,000).

2. Payments out of the respective Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the respective Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Bank requests for deposits into the respective Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to para graph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for Eligible Expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective Eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the respective Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into any Special Account:

(a) If, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) If the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) If, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) Once the total unwithdrawn amount of the Loan allocated to the Eligible Categories for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the Eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the respective Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for Eligible

Expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

