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Attachment to Ref/A 388
dated: 7/16/69

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OF THE
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A.I.D. Loan No. 664-H-012A1

CONFORMED COPY

F I R S T A M E N D M E N T

L O A N A G R E E M E N T

between the

GOVERNMENT OF TUNISIA

and the

UNITED STATES OF AMERICA

for

Tunis Water Supply

Sfax Water Supply

El Haouaria Irrigation

Dated: DECEMBER 2, 1968

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ACCOUNTING DIVISION

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FIRST AMENDMENT

dated the 2nd day of DEC., 1968,

to the Loan Agreement dated February 15, 1963, between the GOVERNMENT OF TUNISIA ("Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.")

1. Section 1.01 is hereby amended to read as follows:

"SECTION 1.01. The Loan. The A.I.D. agrees to lend to the Borrower through disbursements by the A.I.D. in accordance with this Loan Agreement, on the terms and conditions in this Loan Agreement, such sums as may be required, in addition to the other financing presently contemplated,

for the project described in Section 1.02(a), provided that the total of such disbursements shall not exceed one million sixty-five thousand United States dollars (\$1,065,000), consisting of not more than \$800,000 under Part I of the Loan and not more than \$265,000 under Part II;

for the project described in Section 1.02(b), provided that the total of such disbursements shall not exceed six hundred thousand United States dollars. (\$600,000) under Part I of the Loan

for the project described in Section 1.02(c), provided that the total of such disbursements shall not exceed seven hundred thirty-five thousand United States dollars (\$735,000) under Part of the Loan.

The amounts so disbursed under Part I and Part II shall hereinafter be collectively called the 'Loan.' Disbursements hereunder for the project described in Section 1.02(a) shall be charged against Part I of the Loan until the full amount thereof for that project has been disbursed; thereafter such disbursements shall be charged against Part II."

2. Wherever the words "credit fee" appear in the Loan Agreement they are hereby replaced by the word "interest."

3. Section 2.02 is hereby amended to read as follows:

"SECTION 2.02. Payment Procedure. All payments required of the Borrower under the Loan Agreement shall be made to the A.I.D. All payments except refunds shall be applied first to the payment of interest due on Part II and then on Part I and second to the repayment of principal of Part II then due and then to the repayment of principal of Part I then due."

4. Sections 2.04, 2.05, and 2.06 are hereby amended to read as follows and Schedule I is hereby deleted:

"SECTION 2.04. Interest. Interest, computed on the basis of a 365-day year, shall accrue from the dates of respective disbursements by the A.I.D. under the respective parts of the Loan at the following rates:

- (a) three quarters of one per cent (3/4%) per annum
→ on the outstanding balance of principal of Part I
and on any due and unpaid interest thereon; and
- (b) two per cent (2%) per annum for ten years and two
and one-half per cent (2-1/2%) per annum thereafter
→ on the outstanding balance of principal of Part II
and on any due and unpaid interest thereon.

Interest shall be payable semi-annually on all outstanding balances of the Loan, the first such payment to be due and payable on a date, to be specified by the A.I.D., no later than six (6) months after the first disbursement by the A.I.D.

"SECTION 2.05. Amortization. Borrower shall repay the principal to A.I.D. within forty years from the date of the first disbursement hereunder in sixty-one (61) semi-annual installments in such amounts that the sums of each such installment and the interest due at the same time shall be approximately equal. The first installment of principal shall be payable nine and one-half (9-1/2) years after the date on which the first interest payment is due. A.I.D. shall provide Borrower with an amortization schedule in accordance with this Section after the final disbursement hereunder.

"SECTION 2.06. Prepayment. With respect to any portion of the Loan, the Borrower shall have the right to prepay, without

premium or penalty, on the due dates of installments of principal, all or any part of the principal of such portion of the Loan by payment of the principal amount so prepaid with the interest thereon to the date prepayment is made. Any prepayment shall be credited to the remaining installments of principal in the inverse order of their maturity, alternating between Part II and Part I, beginning with the last remaining installment of principal of Part II."

5. Section 5.09, as follows, is hereby added:

"SECTION 5.09. United States Government-Owned Property.

Borrower shall utilize such United States Government-owned stockpile or excess property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. Borrower shall seek assistance from A.I.D. and A.I.D. will assist Borrower in ascertaining the availability of and in obtaining such stockpile or excess property. A.I.D. will make arrangements for any necessary inspection of such property by Borrower. The costs of inspection and of acquisition, and all charges incident to the transfer to Borrower of such stockpile or excess property, may be financed under the Loan."

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6. Section 6.09, as follows, is hereby added:

"SECTION 6.09. Investment Guaranty Project Approval by Borrower.

The work to be financed under this Agreement is a project approved by the Government of Tunisia pursuant to the agreement between that Government and the United States of America on the subject of investment guaranties. No further approval by the Government of Tunisia shall be required to permit A.I.D. to issue investment guaranties under that agreement covering a contractor's investment in that project."

7. Section 7.04 is hereby amended to read as follows;

"SECTION 7.04. Refunds. If the A.I.D. determines that any disbursement made by it under this Loan Agreement is not supported by valid documentation submitted by the Borrower in accordance with the terms of this Loan Agreement, or is not made or used in accordance with the terms of this Loan Agreement, or is in violation of the legislation governing the A.I.D., the Borrower shall pay to the A.I.D., within thirty (30) days after receipt of request, an amount not to exceed the amount of such disbursement; provided, that such request by the A.I.D. shall be made not later than five (5) years after the date on which the disbursement was made. The A.I.D. shall reduce the Loan, and installments of principal

in inverse order of maturity, alternating between Part II and Part I, beginning with the last remaining installment of principal of Part II, by the amount of any such payment upon its receipt by the A.I.D."

8. Prior to the first disbursement or the issuance of the first commitment document under Part II of the Loan, Borrower shall furnish A.I.D., in form and substance satisfactory to A.I.D., an opinion of the Secretary of State for Justice of the Government of Tunisia, or of other counsel acceptable to A.I.D., that this First Amendment has been duly authorized or ratified by, and executed on behalf of, Borrower and that it constitutes a valid and legally binding obligation of Borrower in accordance with all of its terms.

9. Except as A.I.D. may otherwise agree in writing, if the condition specified in Paragraph 8 above has not been met within ninety days from the date of this First Amendment, A.I.D. may at any time thereafter terminate this First Amendment by giving notice to Borrower. Upon the giving of such notice (a) this First Amendment and all obligations of the parties hereunder shall terminate and (b) the original

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Loan Agreement shall continue in full force and effect as it was before this First Amendment was executed.

10. Except as hereby amended, the original Loan Agreement shall remain in full force and effect.

GOVERNMENT OF TUNISIA

B.

Bechir Ennaji

Title: Director of International Cooperation

UNITED STATES OF AMERICA

By: Stuart T. Baron

Stuart T. Baron

Title: Director, U.S. Special Mission for
Economic and Technical Cooperation

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AID Loan No. 664-H-012

L O A N A G R E E M E N T

(Tunisia: Tunis Water Supply
Sfax Water Supply
El Haouaria Irrigation Projects)

BETWEEN THE

GOVERNMENT OF TUNISIA

AND THE

AGENCY FOR INTERNATIONAL DEVELOPMENT

Dated: February 15, 1963

CONFORMED COPY

LOAN AGREEMENT

AGREEMENT, dated the 15 day of February 1963, between the GOVERNMENT OF TUNISIA (hereinafter called the "Borrower") and the AGENCY FOR INTERNATIONAL DEVELOPMENT (hereinafter called the "AID"), an agency of the Government of the United States of America.

WHEREAS, the Borrower has undertaken to construct and operate projects to increase the water supply for the cities of Tunis and Sfax and their suburbs and to develop water supply for irrigation in the Cape Bon peninsula; and

WHEREAS, the Borrower has made application for financing from the Development Loan Fund to be used to assist the financing of this activity; and

WHEREAS, the establishment of a loan to provide such financing will assist, on the basis of self-help and mutual cooperation, development of the economic resources and productive capabilities of Tunisia;

NOW, THEREFORE, the Borrower and the AID agree as follows:

ARTICLE I

The Loan; The Project; Use of Loan

SECTION 1.01. The Loan. The AID agrees to lend to the Borrower through disbursements by the AID in accordance with this Loan Agreement, on the terms and conditions in this Loan Agreement, such sums as may be required, in addition to the other financing presently contemplated,

for the project described in Section 1.02(a), provided that the total of such disbursements shall not exceed Eight Hundred Thousand United States dollars (\$800,000);

for the project described in Section 1.02(b), provided that the total of such disbursements shall not exceed Six Hundred Thousand United States dollars (\$600,000);

for the project described in Section 1.02(c), provided that the total of such disbursements shall not exceed One Million United States dollars (\$1,000,000).

The amounts so disbursed shall hereinafter be called the "Loan".

SECTION 1.02. The Projects. This Loan is made to assist the Borrower in carrying out projects (hereinafter collectively called the "Project" or separately called the "project")

- (a) to increase the dependable water supply for Tunis and its suburbs by construction of a 2,800,000 M³ regulating reservoir and the installation of related

facilities, including principally a filtration plant.

and

(b) to increase the water supply for Sfax and its suburbs by expanding the capacity of the Sbeitla-Sfax main water line to 3,600 gallons per minute and by improving and extending the water distribution system in and around Sfax, and

(c) to install wells, an electrical distribution system, a pumping system, regulating basins, a water distributing system, and land development works necessary to provide irrigation for approximately 3,400 acres of land in the Cap Bon peninsula. 160'

SECTION 1.03. Use of Loan; Eligible Items. The Loan shall be utilized, in accordance with the terms of this Loan Agreement, exclusively to finance the reasonable foreign exchange costs to the Borrower of equipment, materials and services required for the Project (hereinafter collectively called "Eligible Items") approved in writing by the AID.

ARTICLE II

Terms of Repayment; Credit Fee

SECTION 2.01. Payment Obligations. The Borrower agrees to repay the Loan, and to pay the credit fee on the Loan, in accordance with the terms of this Loan Agreement.

SECTION 2.02. Payment Procedure. All payments required of the Borrower under the Loan Agreement shall be made to the AID. All payments except refunds shall be applied first to the payment of accrued credit fee and then to the repayment of principal. Refunds shall be applied to the repayment of principal.

SECTION 2.03. Currency of Repayment. All obligations of the Borrower to make payments under this Loan Agreement shall be computed and stated and payable in such coin or currency as at the time of payment is legal tender in the United States of America for payment of public and private debts.

SECTION 2.04. Credit Fee. The credit fee, computed on the basis of a 365-day year, shall accrue from the dates of respective disbursements by the AID under this Loan Agreement, at the rate of three-quarters of one percent (75/100%) per annum computed on the basis of a 365-day year. The credit fee shall be payable semi-annually on all outstanding balances of the Loan, the first such payment to be due and payable on a date, to be specified by the AID, no later than six (6) months after the first disbursement by the AID.

SECTION 2.05. Amortization. The Loan shall be repayable in semi-annual installments in accordance with the amortization schedule set forth in Schedule I attached to this Loan Agreement, the first such installment to be repayable in nine and one-half years after the first credit fee payment is due. If at any time it is determined that the full amount authorized to be loaned will not be disbursed, or if, upon final disbursement by the AID under this Loan Agreement, the aggregate amount of disbursements by the AID does not equal the amount authorized to be loaned, the amount authorized to be loaned shall be reduced, and the amortization schedule may be revised, at the discretion of the AID, by reducing installments not then due so that those installments shall be in such amounts as shall provide for approximately equal installments of principal; provided, however, that there shall be no reduction of installments against which repayment has been made.

SECTION 2.06. Prepayment. With respect to any portion of the Loan, the Borrower shall have the right to prepay, without premium or penalty, on the due dates of installments of principal, all or any part of the principal of such portion of the Loan by payment of the principal amount so prepaid with the credit fee thereon to the date prepayment is made. Any prepayment shall be credited to the remaining installments of principal in the inverse order of their maturity.

ARTICLE III

Conditions Precedent

SECTION 3.01. Conditions Precedent to Initial Financing.

Prior to and as conditions precedent to the issuance of the first Letter of Commitment or disbursement under this Loan Agreement, the Borrower, except as the AID may otherwise agree in writing, shall furnish to the AID:

- (a) An opinion or opinions of the Secretary of State for Justice of Tunisia, or of other counsel satisfactory to the AID, demonstrating to the satisfaction of the AID that the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms;
- (b) A report containing the amounts and recipients of any commissions, fees or payments of any kind which have been made or agreed to be made to any person, firm or corporation (other than regular compensation to full-time officers and employees of the Borrower) as compensation for bona fide professional, technical or other comparable services in connection with preparing or presenting the application which has resulted

in the making of the Loan by the AID or in connection with any negotiation incident to obtaining the Loan;

- (c) Evidence satisfactory to the AID that the foreign exchange and local currency required for the Project in addition to this Loan will be available as necessary; and
- (d) Evidence that arrangements satisfactory to the AID have been made for final design and supervisory engineering services for these Projects.

SECTION 3.02. Additional Conditions Precedent to Financing Other Than Engineering Services. Prior to, and as additional conditions precedent to the issuance of Letters of Commitment or disbursement for other than engineering services relating to any project described in the lettered sub-paragraphs of Section 1.02, the Borrower, except as the AID may otherwise agree in writing, shall furnish to the AID:

- (a) Such additional plans and specifications for the project, in form satisfactory to the AID, as the AID may request with respect to these projects;
- (b) Evidence that arrangements satisfactory to the AID have been made for construction services to carry out these projects.

SECTION 3.03. Terminal Date for Fulfillment of Conditions Precedent. If the Borrower has not completed the steps required in Section 3.01 by April 30, 1963, and the steps required in Section 3.02

by July 30, 1963, or such other dates as shall be agreed to in writing by the AID, the AID may at any time thereafter at its option terminate this Loan Agreement by giving notice to the Borrower. Upon the giving of such notice the Borrower shall refund any outstanding part of the Loan with any credit fee that has accrued and all other obligations of the parties hereunder shall forthwith terminate.

ARTICLE IV

Letters of Commitment and Disbursement

SECTION 4.01. Requests for Letters of Commitment. The Borrower may from time to time, in order to obtain disbursements under this Loan Agreement, request the AID to issue Letters of Commitment to one or more banking institutions in the United States designated by the Borrower, giving AID's commitment to make reimbursement to such bank or banks for payments made, through letters of credit or otherwise, to the Borrower or any designee of the Borrower.

SECTION 4.02. Issuance of Letters of Commitment. Upon receipt of any request in accordance with Section 4.01 and upon performance by the Borrower of the conditions precedent to disbursement under this Loan Agreement as provided in Sections 3.01 and 3.02, the AID shall issue, in such form and with such documentation and other requirements as it shall specify, a Letter of Commitment to the designated bank, promptly giving notice thereof to the Borrower. Banking charges incurred in connection with Letters of Commitment shall be for the account of the Borrower.

SECTION 4.03. Other Forms of Disbursement. Disbursements may also be made under this Loan Agreement through such other means such other procedures as the Borrower and the AID may mutually writing.

SECTION 4.04. Termination Date for Requests for Letters of

Commitment. Except as the AID may otherwise agree in writing, no requests for the issuance of Letters of Commitment shall be made pursuant to this Loan Agreement after December 31, 1964.

SECTION 4.05. Terminal Date for Requests for Disbursement.

Except as the AID may otherwise agree in writing, no disbursement shall be made against documentation submitted after June 30, 1965.

ARTICLE V

Covenants Concerning Procurement

SECTION 5.01. Eligibility Date. No costs may be financed under this Loan Agreement which arise out of orders or contracts firmly placed or entered into prior to the effective date of this Loan Agreement.

SECTION 5.02. Reasonable Price. The Borrower covenants to pay no more than reasonable prices for goods and services financed under this Loan Agreement, which should normally approximate the lowest competitive price for the goods and services procured, quality, time and cost of delivery, terms of payment, and other factors considered.

SECTION 5.03. Solicitation of Suppliers. Except as the AID may otherwise agree in writing, procurement of goods financed under this Loan Agreement will be based upon solicitation of a reasonable selection of suppliers, and construction contracts financed in whole or in part under this Loan Agreement shall be made on a competitive basis.

SECTION 5.04. Small Business Notification. The Borrower shall cause to be received by the AID, at least thirty (30) days, or such longer period as the AID may determine, prior to the time of ordering or contracting for any goods or service costing more than the equivalent of Five Thousand United States dollars (\$5,000), a description of the goods or services to be financed (in the English language

with specifications in terms of United States standards) and of the manner of submitting bids therefor; provided, however, that the AID may, upon application by the Borrower, reduce such notice period or waive any or all requirements of this Section in its application to particular transactions where it deems such action necessary or appropriate.

SECTION 5.05. Source of Procurement. All goods and services financed under this Loan Agreement (including transportation but excluding marine insurance) shall have their origin in and shall be procured from the United States of America.

SECTION 5.06. Shipping. (a) No goods may be financed under this Loan Agreement which are shipped to the Borrower by any transportation medium owned, operated or under the control of a country (other than Tunisia) not included in Code 899 of the AID Geographic Code Book as in effect at the time of shipment.

(b) The Borrower shall ensure that at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed under this Loan Agreement which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels. Determinations that United States-flag commercial vessels are not so available must be approved by the AID.

SECTION 5.07. Marine Insurance. Marine insurance may be financed under this Loan Agreement, provided, that such insurance is placed at the lowest available competitive rate in a country included in Code 899 of the AID Geographic Code Book as in effect at the time of placement; provided further, however, that if in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, as amended, the Borrower discriminates by statute, decree, rule or regulation against any marine insurance company authorized to do business in any State of the United States of America, goods financed under the Loan Agreement and requiring ocean transportation shall during the continuance of such discrimination be insured against marine risk in the United States with a company or companies authorized to do a marine insurance business in any State of the United States of America.

SECTION 5.08. Source of Other Goods and Services Utilized on the Project. The Borrower covenants that all other goods and services utilized for the Project shall have their origin in and be procured from Tunisia or from sources included in Code 899 of the AID Geographic Code Book as in effect at the time such goods and services are firmly ordered or otherwise contracted for.

ARTICLE VI

Additional Covenants and Warranties

SECTION 6.01. Execution, Completion and Operation of

Project. (a) The Borrower shall cause the Project to be carried out and completed with due diligence under the supervision of the Hydraulic and Rural Development Service of the Ministry of Agriculture, and in conformity with sound technical engineering practices. Further, the Borrower shall cause the Project to be carried out in conformity with any arrangements for engineering, procurement, and construction approved by the AID and in conformity with any plans and specifications approved by the AID, and the Borrower shall obtain AID concurrence prior to any material modification or cancellation of any of the foregoing.

(b) The Borrower agrees to complete the Project and to provide any additional resources which may be required.

(c) The Borrower shall cause all equipment and machinery financed under this Loan Agreement to be adequately maintained and repaired, in accordance with sound engineering practices, as necessary or appropriate.

SECTION 6.02. Utilization of Goods and Services. The

Borrower shall cause all goods and services financed under this Loan Agreement to be used exclusively for the Project described in Section 1.02; provided, that in the case of any goods which are not fully expended through their use for such Project, the foregoing provisor

shall apply until the completion of the Project or until such time as such equipment or materials can no longer be usefully employed for such Project; and provided further, that no such equipment or materials shall be exported from Tunisia without prior approval of the AID.

SECTION 6.03 Information and Marking. The Borrower shall cooperate with the AID in making information concerning the Loan public and shall make appropriate arrangements to carry out AID's instructions with respect to signs at the Project site and marking of equipment and materials financed under the Loan.

SECTION 6.04. Maintenance of Records; Inspections; Reports.

(a) The Borrower shall maintain or cause to be maintained records adequate to identify the goods and services financed under this Loan Agreement; to disclose the use thereof in the Project; to show the nature and extent of the solicitation of prospective suppliers and the basis for the award of the contracts or orders involved; and to indicate the progress of the Project. Such records shall be maintained and audited for such period and in such manner as the AID may require.

(b) The Borrower shall enable the AID to inspect the Project, the utilization of all goods and services financed under this Loan Agreement and any related records and documents. The Borrower shall cooperate with, and give reasonable assistance to, the AID to enable such inspection to be accomplished fully and expeditiously and shall afford all reasonable opportunity for authorized representatives

of the AID to visit any part of the territory of Tunisia for purposes related to the Loan.

(c) The Borrower shall promptly furnish to the AID such reports and information relating to the Project, goods and services financed under this Loan Agreement, and the Loan as the AID may reasonably request.

SECTION 6.05. Notice of Adverse Developments. The Borrower shall promptly inform the AID of any conditions which interfere with, or threaten to interfere with, the servicing of the Loan or the carrying out of the Project.

SECTION 6.06. Taxation on Loan Agreement and Payments Thereunder. The Loan Agreement shall be free from, and the principal of and credit fee on the Loan shall be paid without deduction for and free from, any taxation or fees imposed under the laws of Tunisia or laws in effect in its territory.

SECTION 6.07. Commissions, Fees and Other Payments.

(a) The Borrower covenants that it will promptly report to the AID any commissions, fees or payments of any kind in addition to those reported pursuant to Section 3.01(b) which are made or agreed to be made to any person, firm or corporation (other than regular compensation to full-time officers and employees of the Borrower) as compensation for bona fide professional, technical or other comparable services in connection with preparing or presenting the application which has

resulted in the making of the Loan by the AID or in connection with negotiations incident to obtaining the Loan. In the event that the AID shall determine any commission, fee or payment reported under this Section or under Section 3.01(b) to be unreasonable, the Borrower hereby agrees to effect an adjustment thereof satisfactory to the AID and to inform the recipient of any such commission, fee or payment of this condition.

(b) The Borrower warrants that no commissions, fees or payments of any kind, other than the commissions, fees or payments reported to the AID pursuant to Section 3.01(b) and 6.07(a), have been or will be made to any person, firm or corporation (other than regular compensation to full-time officers and employees of the Borrower) in connection with preparing or presenting the application which has resulted in the making of the Loan by the AID or in connection with any negotiations incident to obtaining the Loan.

SECTION 6.08. Notes. The Borrower agrees to deliver to or on the order of the AID, within sixty (60) days of request by AID, promisory notes representing such portion of the outstanding principal balance of the Loan at the time of the request, in such denominations, and with such form and substance as the request may specify, provided that the payment obligations under the notes shall conform in amount to the payment obligations under this Loan Agreement. The Borrower further agrees, upon request, to furnish AID with legal opinions regarding the notes.

ARTICLE VII

remedies of the AID

SECTION 7.01. Events of Default; Termination of Letters of Commitment and Other Disbursements. The occurrence of any of the following events shall be deemed to be an Event of Default, entitling the AID, at its option, to (i) decline to issue further Letters of Commitment, (ii) suspend or cancel outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit and through bank payments made other than under irrevocable letters of credit, giving notice to the Borrower promptly thereafter, and (iii) decline to make disbursements other than under Letters of Commitment:

- (a) Failure to make full payment of any installment of principal or payment of Credit Fee when due, or of any other payment required under this Loan Agreement; provided, that the AID may, on the basis of any such default, exercise any of its options under this Section only while such default continues;
- (b) A breach on the part of the Borrower in the performance of any other covenant or agreement under this Loan Agreement;
- (c) Determination that any representation or warranty made by or on behalf of the Borrower in obtaining

the Loan or pursuant to this Loan Agreement is incorrect in a material respect;

- (d) A default shall have occurred under any other agreement between the Borrower and the AID or its predecessors;
- (e) An extraordinary situation which the AID determines makes it improbable that the Borrower will be able to perform its obligations under this Loan Agreement or that the Loan will fulfill the purposes of, or comply with, the legislation governing the AID.

SECTION 7.02. Acceleration of Loan. Upon the occurrence of any of the Events of Default referred to in subsections (a), (b) and (c) of Section 7.01, and in accordance with the terms of such subsections, the AID, at its option, may declare all or any part of the unpaid principal of the Loan to be due and payable immediately, specifying which installments are included, and upon any such declaration such principal and installments and all credit fee accrued thereon shall become so due and payable immediately; provided, however, that the AID shall not exercise its option under this Section unless the default is not cured within sixty (60) days after the AID gives notice of its intention to exercise its option under this Section.

SECTION 7.03. Waivers of Default. No delay in exercising or omission to exercise, any right, power or remedy accruing to the

AID under this Loan Agreement arising as a result of the occurrence of any of the events specified in Section 7.01 hereof shall be construed as an acquiescence by the AID in such event or as a waiver by the AID of its rights, powers or remedies arising as a result of the occurrence of that event or of any other such event.

SECTION 7.04. Refunds. If the AID determines that any disbursement made by it under this Loan Agreement is not supported by valid documentation submitted by the Borrower in accordance with the terms of this Loan Agreement, or is not made or used in accordance with the terms of this Loan Agreement, or is in violation of the legislation governing the AID, the Borrower shall pay to the AID, within thirty (30) days after receipt of request, an amount not to exceed the amount of such disbursement; provided, that such request by the AID shall be made not later than five (5) years after the date on which the disbursement was made. The AID shall reduce the Loan, and installments of principal due in inverse order of maturity, by the amount of any such payment upon its receipt by the AID.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Effective Date of Loan Agreement. This Loan Agreement shall enter into effect as of the day and year first above written.

SECTION 8.02. Use of Representatives. (a) All actions to be performed under the Loan Agreement by the Borrower or the AID may be performed by their respective duly authorized representatives, and all rights of the Borrower or the AID under this Loan Agreement may be exercised by their respective duly authorized representatives.

(b) The Borrower hereby designates the Secretary of State for Plan and Finance as its representative with authority to designate in writing other representatives of the Borrower in its dealings with the AID in accordance with the above subsection. The Borrower's representative named in the preceding sentence, unless AID is given notice otherwise, shall have authority to agree on behalf of the Borrower to any modification or amplification of this Loan Agreement which does not substantially increase the Borrower's obligations hereunder. Until receipt by the AID of written notice of revocation by the Borrower of the authority of any of its representatives, the AID may accept the signature of such representatives on any instrument as conclusive evidence that any action effected by such instrument is authorized by the Borrower.

SECTION 8.03. Successors to Rights of AID. If, by operation of any law of the United States or by virtue of assignment, any corporate or other agency of the Government of the United States succeeds to the rights and obligations of the AID under this Loan Agreement, such agency shall be deemed to be the AID for purposes of this Loan Agreement.

SECTION 8.04. "Disbursements". As used in this Loan Agreement, the term "disbursements" shall mean any payments by the AID whether made directly to the Borrower or its designee or made to a banking institution pursuant to a Letter of Commitment issued under this Loan Agreement.

SECTION 8.05. "Sections"; "Articles". All references in this Loan Agreement to "Sections" or "Articles" shall be deemed to refer to Sections and Articles of this Loan Agreement, unless specific provision is made to the contrary.

SECTION 8.06. Applicable Law. This Loan Agreement shall be deemed to be a contract made under the laws of the District of Columbia United States of America, and shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.

SECTION 8.07. Notice. Any notice, request or communication given, made or sent by the Borrower or the AID pursuant to this Loan Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall

be delivered by hand or by mail, telegram, cable or radiogram to such other party at the following addresses:

To the Borrower:

Mail Address:

Le Secretariat d'Etat au Plan et aux Finances
Place du Gouvernement
Tunis, Tunisia

To AID:

Mail Address:

Agency for International Development
Department of State
Washington 25, D.C.
United States of America

Cable Address:

AID
Washington, D. C., U.S.A.

Other addresses may be substituted for the above upon the giving of notice in the manner provided above.

Renegotiation Clause

SECTION 8.08. Renegotiation of Terms. The Borrower agrees that, at any time or times when it is requested to do so by AID, but not sooner than six months prior to the date when the first repayment of this loan is due, it will negotiate with AID acceleration of the maturity of this loan. It is agreed that the parties will mutually determine to what extent maturity should be accelerated on the basis of one or more of the following criteria:

- (i) significant improvement in the internal economic and financial situation of Tunisia;
- (ii) favorable trends in the balance of payments and foreign exchange holdings of Tunisia;
- (iii) ability of Tunisia to make future payments on AID loans without interfering with the service of debts owing to any United States Government agency or any international organization of which the United States is a member.

SCHEDULE I

Amortization Schedule

<u>Semi-Annual Installment Number</u>	<u>Payment of Principal</u>
1	\$ 35,089.08
2	35,220.66
3	35,352.74
4	35,485.31
5	35,618.38
6	35,751.95
7	35,886.02
8	36,020.60
9	36,155.67
10	36,291.26
11	36,427.35
12	36,563.95
13	36,701.07
14	36,838.70
15	36,976.84
16	37,115.50
17	37,254.69
18	37,394.39
19	37,534.62
20	37,675.38
21	37,816.66
22	37,958.47
23	38,100.81
24	38,243.69
25	38,387.11
26	38,531.06
27	38,675.55
28	38,820.58
29	38,966.16
30	39,112.28
31	39,258.95
32	39,406.18
33	39,553.95
34	39,702.28
35	39,851.16
36	40,000.60
37	40,150.60
38	40,301.17

39	40,452.30
40	40,603.99
41	40,756.26
42	40,909.09
43	41,062.50
44	41,216.49
45	41,371.05
46	41,526.19
47	41,681.91
48	41,838.22
49	41,995.12
50	42,152.60
51	42,310.67
52	42,469.33
53	42,628.59
54	42,788.45
55	42,948.91
56	43,109.97
57	43,271.63
58	43,433.90
59	43,596.77
60	43,760.26
61	43,924.38
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TOTAL	\$2,400,000.00

RECEIVED

AUG 9 10 01 AM '68

INTERNATIONAL
LOAN BRANCH

August 6, 1968

TO WHOM IT MAY CONCERN:

SUBJECT: TUNISIA: Tunis Water Supply - Loan No. 664-H-012A
(AID-DLC/P-24/1)

Please discard the copy of the Authorization on the subject loan previously sent to you and substitute the attached copy. (The reference to the paper should be AID-DLC/P-24/1 instead of AID-AFR/P-24/1.)

Attachment

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8-12-68
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