

LOAN NUMBER 8590-TN

Loan Agreement

(Tertiary Education for Employability Project)

between

REPUBLIC OF TUNISIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 3 , 2016

LOAN AGREEMENT

AGREEMENT dated March 3, 2016, between REPUBLIC OF TUNISIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of sixty four million three hundred thousand Euros (€64,300,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are May 1 and November 1 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth on Schedule 3 to this Agreement.

- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

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

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following:
- (a) The Borrower has adopted the Institutional Documents for the Project, in form and substance acceptable to the Bank, and established the Steering Committee, the PAQ Committee and the PMU, with mandates, compositions, staff and resources satisfactory to the Bank, as further set out in Section I.A of Schedule 2 to this Agreement.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is its Minister of Development, Investment and International Cooperation.

5.02. The Borrower's Address is:

Ministry of Development, Investment and International Cooperation
Place Pasteur
1002 Tunis
Republic of Tunisia

Facsimile:

216 71 799 069

5.03. The Bank's Address is:

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

Telex:

Facsimile:

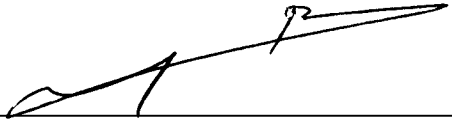
248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED at Tunis, Republic of Tunisia, as of the day and year first above written.

REPUBLIC OF TUNISIA

By



Authorized Representative

Name: Yassine Brahim

Title: Ministre du Développement,
de l'Investissement et de la
Coopération Internationale

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Marie Françoise Marie-Nelly

Title: Director of Operations

SCHEDULE 1

Project Description

The objective of the Project is to improve the employability of tertiary education graduates and to strengthen the management of higher education.

The Project consists of the following parts:

Part 1: Improving employability of graduates

1. Provision of Competitive Sub-grants, to: (i) better link higher education institutions with the labor market; (ii) support entrepreneurial and innovative initiatives in higher education and research institutions; and (iii) improve student services for better employability.
2. Support for a set of activities, including tracer studies of higher education graduates, the creation of a centrally managed publicly accessible online platform, the promotion of entrepreneurial and innovative universities, and strengthening of university observatories : (i) to support end-of-secondary and tertiary education students to make more informed higher education study choices and identify internship and job opportunities; (ii) to support higher education institutions to make more informed choices about, in particular, which fields of study to offer and which programs to improve; (iii) to improve student services; and (iv) to support national policies related to graduate employability.

Part 2: Strengthening the management of higher education

1. Provision of Competitive Sub-grants to improve governance, management, quality assurance, and support for young universities.
2. Implementation of: (i) a set of measures to support the areas of governance and management, quality assurance and performance-based financing; and (ii) a pilot scheme for the provision of Performance Sub-grants.
3. Supporting effective project management, including through the provision of project-related workshops, training and technical assistance.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall carry out the Project, through MESRS.
2. The Borrower shall ensure overall Project coordination through MESRS, the Project Management Unit (PMU), the Steering Committee and the PAQ Committee. The Borrower shall, at all times, maintain the PMU, the Steering Committee and the PAQ Committee under terms of reference, composition and institutional arrangements satisfactory to the Bank.
3. The Steering Committee, headed by the Minister in charge of Higher Education and Scientific Research or his representative, shall include those members specified in the Project Operational Procedures Manual, and shall, *inter alia*, define the strategic orientation of the Project, provide guidance for the implementation of the Project, and oversee progress in the implementation of the Project. The Steering Committee shall meet at least twice a year.
4. The PAQ Committee shall be chaired by one of its members, shall include those members specified in the PAQ Manual, and shall, *inter alia*, select proposals for Sub-projects under Parts 1.1 and 2.1 of the Project, which proposals shall be submitted to the MESRS for approval in consultation with the Council of Universities.
5. The PMU shall include staffing (including a Project coordinator, coordinators for the PAQ, coordinators for the measures related to employability, governance and management, a procurement specialist, a financial management specialist, an accountant, a monitoring and evaluation specialist, and an information and technologies specialist), and resources satisfactory to the Bank. The PMU shall be responsible for day-to-day execution, management and coordination of activities of the Project, including: (i) financial and procurement management; (ii) monitoring and evaluation; and (iii) such other technical, administrative, organizational and financial functions required under the Project as set forth in the Project OPMs.

B. Anti-Corruption

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

C. Sub-projects

1. For the implementation of Parts 1.1 and 2.1 of the Project, the Borrower, acting through the PMU, shall extend grants (each a "Competitive Sub-grant") to a Beneficiary if the Borrower (acting through the PAQ Committee) is satisfied that the Sub-project and the

award process of the Competitive Sub-grant meet the eligibility criteria specified below, the terms, conditions and preparation and award procedures specified in below and the provisions set forth in the PAQ Manual, which shall include, *inter alia*, the following:

- (a) the Sub-project shall be carried out by a higher education or research institution or student service selected by MESRS in the Borrower's territory;
 - (b) the Sub-project shall be financially and technically viable and shall meet the criteria specified in the PAQ Manual; and
 - (c) the Sub-project shall comply with the standards set forth in the applicable laws of the Borrower relating to higher education.
2. For the implementation of Part 2.2 (ii) of the Project, the Borrower shall extend grants (each a "Performance Sub-grant", and together with the Competitive Sub-grants, each a "Sub-grant") to a Beneficiary if the Borrower is satisfied and agrees with the goals of the performance contract as defined in the Performance Agreement Guidelines which shall include, *inter alia*, the following:
 - (a) The Sub-project shall be carried out by a higher education or research institution or student service selected by MESRS in the Borrower's territory; and
 - (b) The Sub-project is agreed between the MESRS and a higher education institution or research institutions or student service, and shall have specific goals in line with national strategic priorities and institution-specific missions which shall be measured through agreed performance indicators and supported by funding.
3. The satisfaction of each specific performance goal specified under a Performance Sub-grant and the corresponding disbursement amount shall be verified by a Verification Agent prior to making the relevant disbursement under such Performance Sub-grant.
4. Proposals for Sub-grants shall be prepared, and said Sub-grants shall be awarded in accordance with the conditions and procedures set forth in the Project OPMs or the Performance Agreement Guidelines, as applicable.
5. The Borrower shall make each Sub-grant under a Sub-grant Agreement with the respective Beneficiary on terms and conditions approved by the Bank, which shall include the following:
 - (a) The Sub-grant shall be in form of a grant.
 - (b) The Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-grant Agreement; and (ii) require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial,

environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of, as applicable, the Project OPMs, the Performance Agreement Guidelines and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; (F) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

6. The Borrower shall exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

D. Safeguards.

1. The Borrower shall ensure that all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Bank Policies, as well as the Borrower's own laws relating to environment and social aspects.
2. The Project will not finance any activities that would trigger the application of the Bank Resettlement Policy.
3. The Project shall only finance minor renovation works in accordance with the eligibility criteria and environmental and social mitigation measures set forth in the Project OPMs.

E. Annual Work Plans and Budgets

1. Each year the Borrower shall prepare a draft annual work plan and budget for the Project for each subsequent year of Project implementation, of such scope and detail as the Bank shall have reasonably requested; and
2. The Borrower shall furnish to the Bank, as soon as available, but in any case not later than November 30 of each year, the annual work plans and budgets approved by the Steering Committee, for the Bank's review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, and the evidence which

may be required for the implementation of the activities included in the draft annual work plan and budget for such period which shall be furnished no later than one (1) month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Bank (each an "Annual Work Plan and Budget") are eligible to a financing from the proceeds of the Financing.

3. Training shall be carried out on the basis of Annual Work Plans and Budgets, which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.
4. The Borrower shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets.
5. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Bank's prior approval.

F. Manuals

1. (a) The Borrower shall ensure that the Project is carried out in accordance with the Project OPMs and the Performance Grant Guidelines.
(b) Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, or waive any of the Project OPMs or the Performance Grant Guidelines, or any provision thereof.
2. In the event of any conflict between the provisions of any of the Project OPMs or the Performance Grant Guidelines, and those of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures. .
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:
 - (a) Limited International Bidding;
 - (b) National Competitive Bidding, subject to the following additional provisions:
 - (i) The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for reasons other than those provided in Section I of the Procurement Guidelines.

- (ii) No foreign bidder shall be required to submit a bid in association with domestic firms as a condition for bidding.
 - (iii) The bidding documents shall clearly set out the bid evaluation process, the award criteria and the bidders' qualification criteria.
 - (iv) Bidding opportunities shall be advertised on the national procurement portal of the National Observatory of Public Procurement ("*Observatoire National des Marchés Publics*"), with not less than thirty (30) days for bid preparation.
 - (v) Technical and financial bids are always publicly and simultaneously opened, and such public bid opening shall take place immediately or closely after the deadline for submission of bids. No evaluation of bids shall take place at the bid public opening session.
 - (vi) Prior to issuing the first call for bids, a draft standard bidding document to be used under National Competitive Bidding must be submitted to, and found acceptable by the Bank.
 - (vii) The procedures shall include publication of evaluation results and of the details of the contract awarded.
 - (viii) Bids shall be evaluated based on price and on other criteria disclosed in the bidding documents and quantified in monetary terms, and no domestic preference or any other kind of preferential treatment for national companies or for goods of national origin shall be applied. The verification of the compliance of bids to the technical requirements set forth in the bidding documents shall not be limited to the technical offer of the bidder which has offered the lowest price.
 - (ix) The contract shall be awarded to the qualified bidder having submitted the lowest evaluated responsive bid, and no negotiation shall take place.
 - (x) Each bidding document and contract shall include provisions stating the World Bank's policy to sanction firms or individuals which have engaged in fraud and corruption as set forth in the Procurement Guidelines as well as the Bank's right to inspection and audit; and
- (c) Shopping;
 - (d) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Bank;
 - (e) Direct Contracting;
 - (f) Force Account;

- (g) Procurement from UN Agencies; and
- (h) Community Participation procedures which have been found acceptable to the Bank.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of *UN Agencies*; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in EURO)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Competitive Sub-grants for Sub-projects under Parts 1.1 and 2.1 of the Project	39,900,000	90%
(2) Performance Sub-grants for Sub-projects under Part 2.2 (ii) of the Project	12,000,000	100%
(3) Goods, works, non-consulting services, and consultants' services for the Project	12,239,250	100%
(4) Front-end Fee	160,750	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	64,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made under Category (2) for Performance Sub-grants for performance based contracts under Part 2.2(ii) of the Project until: (i) the Performance Agreement Guidelines have been adopted by the Borrower in form and substance satisfactory to the Bank; and (ii) the Verification Agent has been hired by the Borrower pursuant to terms of reference satisfactory to the Bank.
2. The Closing Date is December 31, 2021.

SCHEDULE 3

Amortization Schedule

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

Principal Payment Date	Installment Share (Expressed as Percentage)
May 1, 2021	1.00%
November 1, 2021	1.00%
May 1, 2022	1.00%
November 1, 2022	1.00%
May 1, 2023	3.00%
November 1, 2023	3.00%
May 1, 2024	3.00%
November 1, 2024	3.00%
May 1, 2025	0.00%
November 1, 2025	0.00%
May 1, 2026	0.00%
November 1, 2026	0.00%
May 1, 2027	0.00%
November 1, 2027	0.00%
May 1, 2028	0.00%
November 1, 2028	0.00%
May 1, 2029	3.00%
November 1, 2029	3.00%
May 1, 2030	3.00%
November 1, 2030	3.00%
May 1, 2031	3.00%
November 1, 2031	3.00%
May 1, 2032	3.00%
November 1, 2032	3.00%
May 1, 2033	2.00%
November 1, 2033	2.00%
May 1, 2034	2.00%
November 1, 2034	2.00%
May 1, 2035	2.00%
November 1, 2035	2.00%

May 1, 2036	2.00%
November 1, 2036	2.00%
May 1, 2037	2.00%
November 1, 2037	2.00%
May 1, 2038	2.00%
November 1, 2038	2.00%
May 1, 2039	2.00%
November 1, 2039	2.00%
May 1, 2040	2.00%
November 1, 2040	2.00%
May 1, 2041	2.00%
November 1, 2041	2.00%
May 1, 2042	2.00%
November 1, 2042	2.00%
May 1, 2043	2.00%
November 1, 2043	2.00%
May 1, 2044	2.00%
November 1, 2044	2.00%
May 1, 2045	2.00%
November 1, 2045	2.00%
May 1, 2046	2.00%
November 1, 2046	2.00%
May 1, 2047	2.00%
November 1, 2047	1.00%
May 1, 2048	1.00%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts

payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Bank Policies” means the World Bank’s operational policies as set forth on the following website:
<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPM ANUAL/0,,menuPK:64701637~pagePK:51628525~piPK:64857279~theSitePK:502184,00.html>
3. “Bank Resettlement Policy” means the World Bank’s operational policy OP/BP 4.12 as set forth on the following website:
<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPM ANUAL/0,,menuPK:64701637~pagePK:51628525~piPK:64857279~theSitePK:502184,00.html>.
4. “Beneficiary” means either a higher education or research institution or student service eligible to receive, as the case may be, a Competitive Sub-grant or a Performance Sub-grant for a Sub-project to be carried out under Part 1.1 or 2.1 of the Project.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Competitive Sub-grants” means a grant made or proposed to be made by the Borrower out of the proceeds of the Loan to a higher education or research institution or student service in the Borrower’s territory, for financing a Sub-project through a Sub-grant Agreement under Parts 1.1 and 2.1 of the Project, in accordance with the provisions of Part C.1 of Schedule 2 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
9. “Institutional Documents for the Project” means the Ministerial decisions establishing the PMU, the Steering Committee and the PAQ Committee, all in form and substance satisfactory to the Bank, to be adopted pursuant to Section 4.01(a) of this Agreement.
10. “MESRS” means the Borrower’s Ministry in charge of Higher Education and Scientific Research (“*Ministère de l’Enseignement Supérieur et de la Recherche Scientifique*”), or any successor thereto.

11. “PAQ” means the quality promotion program fund (“*Programme d’Appui à la Qualité*”), a mechanism operated by the Borrower for the financing of Competitive Sub-grants under Parts 1.1 and 2.1 of the Project, on terms and conditions satisfactory to the Bank and in accordance with the Eligibility Criteria.
12. “PAQ Committee” means the PAQ committee referenced in Section I.A.4 of Schedule 2 to this Agreement and established in accordance with Section 4.01(a) of this Agreement.
13. “PAQ Manual” means the operational procedures manual for the PAQ, dated January 6, 2016, prepared by the Borrower and satisfactory to the Bank, setting forth the procedures governing the management and implementation of PAQ and detailing the eligibility criteria, the terms, conditions and procedures for the preparation and provision of Competitive Sub-Grants, as such Manual may be amended from time to time with the prior approval of the Bank.
14. “PMU” means the project management unit for the Project within MESRS, referenced in Section I.A.5 of Schedule 2 to this Agreement and established in accordance with Section 4.01(a) of this Agreement.
15. “Performance Agreement Guidelines” means the document that describes the rules and criteria for the performance-based scheme, and which will be developed jointly by MESRS and the higher education and research institutions and student services during the development phase of the performance-based model for Tunisia.
16. “Performance Sub-grant” means a grant made or proposed to be made by the Borrower out of the proceeds of the Loan to a higher education or research institution or student service in the Borrower’s territory, for financing a Sub-project through a Sub-grant Agreement under Part 2.2 of the Project, in accordance with the provisions of Section I.C.2 of Schedule 2 to this Agreement.
17. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated January 8, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
19. “Project Operational Procedures Manual” means the manual prepared by the Borrower, dated January 6, 2016, at all times satisfactory to the Bank, setting forth: (i) the respective roles and responsibilities for the implementation of the Project; (ii) the accounting, financial management, auditing and reporting arrangements; (iii) the Procurement Plan; (iv) the monitoring and evaluation procedures including the selected indicators for measuring Project performance; and (v) action plans for improving the procurement and financial management capacity within MESRS; and all other relevant provisions necessary for the carrying out of the Project, as such Manual may be updated periodically by agreement between the Borrower and the Bank.

20. "Project OPMs" means the Project Operational Procedures Manual and the PAQ Manual.
21. "Steering Committee" means the steering committee for the Project referenced in Section I.A.3 of Schedule 2 to this Agreement and established in accordance with Section 4.01(a) of this Agreement.
22. "Sub-grant" means a Competitive Sub-grant or a Performance Sub-grant.
23. "Sub-grant Agreement" means a grant agreement entered into or to be entered into between MESRS and a Beneficiary, providing for a Competitive Sub-grant or Performance Sub-grant, on terms and conditions satisfactory to the Bank in accordance with the provisions of Section I.C of Schedule 2 to this Agreement;
24. "Sub-project" means a specific project to be carried out by a Beneficiary meeting the Eligibility Criteria and utilizing the proceeds of a Competitive Sub-grant or a Performance Sub-grant.
25. "Verification Agent" means the verification agent hired pursuant to the provisions of Section IV.B.1 of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:
"Section 3.01. *Front-end Fee; Commitment Charge*
 - (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").
 - (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:
 - "19. "Commitment Charge" means the commitment charge specified in the Loan

Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:
 - “68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.