

No. 7802

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
MOROCCO**

Loan Agreement—*Agricultural Development Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 26 August 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 2 June 1965.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
MAROC**

Contrat d'emprunt — *Projet relatif au développement agricole* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 26 août 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 2 juin 1965.

No. 7802. LOAN AGREEMENT¹ (*AGRICULTURAL DEVELOPMENT PROJECT*) BETWEEN THE KINGDOM OF MOROCCO AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 AUGUST 1964

AGREEMENT, dated August 26, 1964, between the KINGDOM OF MOROCCO (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations): Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Loan Agreement:

(a) The term "project area" means that part of the territory of the Borrower being developed under the Agricultural Project for the Sidi Slimane Area of the Borrower.

(b) The term "ONI" means the National Office of Irrigation of the Borrower as organized under Dahir No. 1-59-401 of September 3, 1960 and any successor thereto and shall include any other agency of the Borrower charged with the carrying out of any part of the Project or with the construction, operation or maintenance of any facility included in or related to the Project, including any facility utilizing agricultural raw materials produced in the project area.

¹ Came into force on 9 April 1965, upon notification by the Bank to the Government of Morocco.

² See p. 212 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to seventeen million five hundred thousand dollars (\$17,500,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Loan Agreement, to withdraw from the Loan Account the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended for the reasonable cost of goods required for carrying out Part A of the Project; provided, however, that no withdrawals shall be made on account of (a) expenditures prior to January 1, 1963 or (b) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods procured in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out Part A of the Project, described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The *Ministre chargé des Finances* of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, engineering, economic and financial practices.

(b) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications

¹ See p. 208 of this volume.

² See p. 210 of this volume.

and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(c) The Borrower shall at all times make available promptly as needed all sums and other resources which shall be required for the carrying out of the Project.

(d) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the ONI in respect of the Project, and shall enable the Bank's representatives to inspect the Project, the goods, and any relevant records and documents, and all other related works, equipment, properties and facilities of the Borrower in the project area.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, the international balance of payments position of the Borrower and the administration, operations and financial condition of the ONI in respect of the Project.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan, the maintenance of the service thereof, the performance by the Borrower of its obligations under the Loan Agreement and the administration, operations and financial condition of the ONI in respect of the Project.

(c) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

(d) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.03. The Borrower shall cause the ONI to adopt and maintain a systematic program for the periodic testing of soils, measurement of ground water levels and of salt content of ground water, analyses of irrigation waters and measurement of sedimentation in the El Kansera Reservoir, and shall, on the basis of the resulting information, cause to be taken all action necessary to ensure the effectiveness of management with regard to irrigation and drainage.

Section 5.04. The Borrower shall take or cause to be taken all steps necessary to collect in the project area all established charges and taxes for the use of water and for the benefits of drainage.

Section 5.05. The Borrower shall cause the maintenance of the equipment and facilities, and the operations, of all dairy, livestock and agricultural service centers in the project area to be supervised by experienced and competent personnel.

Section 5.06. The Borrower shall cause the National Office of Irrigation to have its accounts audited at least once a year by accountants independent of the ONI and satisfactory to the Bank.

Section 5.07. The Borrower shall cause the ONI at all times to be administered, and its operations to be conducted, under competent and experienced management acting in accordance with sound agricultural, engineering, economic and financial practices.

Section 5.08. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect, provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the assets of the Banque du Maroc or any other institution performing the functions of a central bank for the Borrower.

Section 5.09. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.10. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.11. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.12. The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

Section 5.13. The Borrower shall cause all facilities and equipment related to the Project to be adequately maintained and all necessary repairs and renewals thereof to be promptly carried out, all in accordance with sound engineering and agricultural practices.

Section 5.14. The Borrower shall not permit work on the second stage of section VI of Part A of the Project to commence before consulting with the Bank on the experience gained in the operation of the established centers.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) of any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be October 31, 1969 or such other date as shall be agreed between the Borrower and the Bank as the Closing Date.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministère des Finances
Rabat, Morocco

Alternative cable address :

Ministère Finances
Rabat, Morocco

For the Bank :

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

Alternative cable address :

Intbafrad
Washington, D.C.

Section 7.03. The *Ministre chargé des Finances* of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 7.04. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Kingdom of Morocco :

By Ali BENGELLOUN

Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP

Vice President

SCHEDULE I

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
September 15, 1972	\$305,000	September 15, 1981	\$495,000
March 15, 1973	310,000	March 15, 1982	510,000
September 15, 1973	320,000	September 15, 1982	525,000
March 15, 1974	330,000	March 15, 1983	535,000
September 15, 1974	340,000	September 15, 1983	550,000
March 15, 1975	350,000	March 15, 1984	565,000
September 15, 1975	355,000	September 15, 1984	580,000
March 15, 1976	365,000	March 15, 1985	600,000
September 15, 1976	375,000	September 15, 1985	615,000
March 15, 1977	390,000	March 15, 1986	630,000
September 15, 1977	400,000	September 15, 1986	650,000
March 15, 1978	410,000	March 15, 1987	665,000
September 15, 1978	420,000	September 15, 1987	685,000
March 15, 1979	430,000	March 15, 1988	705,000
September 15, 1979	445,000	September 15, 1988	725,000
March 15, 1980	455,000	March 15, 1989	745,000
September 15, 1980	470,000	September 15, 1989	770,000
March 15, 1981	480,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	½%
More than three years but not more than six years before maturity	1%
More than six years but not more than eleven years before maturity	1½%
More than eleven years but not more than sixteen years before maturity	2½%
More than sixteen years but not more than twenty-one years before maturity	3½%
More than twenty-one years but not more than twenty-three years before maturity	4½%
More than twenty-three years before maturity	5½%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project, a part of the Agricultural Project for the Sidi Slimane Area of the Borrower, consists of :

*Part A**I. Irrigation Works*

(a) Raising the spillway section of the El Kansera Dam on the Oued Beth by approximately 2.5 meters and the non-overflow section by approximately 4 meters, and related works, allowing an increase in the capacity of the compensating basin to approximately 400,000 m³;

(b) Increasing the size of the main canal to provide an intake capacity of approximately 14.6 m³/s, the improvement thereof, and the construction of the Bou Jnoun and Mechra-Zitoun aqueducts;

(c) Construction of 3 pumping stations for the new irrigation sectors on the left bank of the Oued Beth and 1 pumping station at the end of the main canal for the Cheblya sector;

(d) Improvement and extension of the secondary irrigation networks; and

(e) Construction of the related drainage network.

II. Drainage Works

(a) Construction of collector canals leading from the Oueds of Tihili, R'Dom and Hamma, passing through the low zone of the Merjas, and linking with the Middle Oued Beth;

(b) Construction of a secondary drainage system including the construction of four earthwork canals;

(c) Construction of tertiary drainage ditches; and

(d) Building of a system of drainage ditches spaced about 25 meters apart with the land between the ditches graded to provide a center crown about 20 cm high, and field drainage collectors on an area of approximately 43,000 hectares.

III. Roads

Improvement and modernization of existing roads in the project area to permit rapid transport of beets to the sugar mill, including the construction of 3 bridges in reinforced concrete over the Oueds Beth, R'Dom and Tihili, 2 km of roads with 9-meter paved roadways, about 212 km of roads with 4-meter macadam roadways, and about 30 km of improved graded roads.

IV. Improvement of Small Farms

(a) Consolidation of holdings and layout of new farms suitable for modernized farming.

(b) Land leveling and establishment of internal irrigation networks.

(c) Construction of farm buildings and provision of farm equipment.

(d) Construction of small livestock barns.

V. *Agricultural Service Centers*

Completion of the construction and equipping of 11 agricultural service centers.

VI. *Dairy and Livestock Centers*

Establishment and stocking of 8 Friesian dairy centers and 1 Tarentaise center of 100-cow capacity each and 5 stock-breeding centers; and as a second stage, the establishment after 1965 of 4 additional dairy centers and 7 stock-breeding centers with such modifications as the experience gained in the operation of the initially established centers will have demonstrated.

VII. *Technical Services*

The provision of technical assistance and supervisory services required for the civil and agricultural works included in the foregoing.

Part B

I. *Processing Plants*

The construction and operation of :

- (a) A dairy plant at Meknes of 20,000 liter capacity per day;
- (b) A cotton gin with a ginning capacity of 5,000 tons of seed cotton per year;
- (c) A citrus packing plant with a capacity of 30,000 tons of fruit per year;
- (d) A fruit juice and preserves plant with a capacity of 20,000 tons of fruit per year.

II. *Sugar Mill*

The operation of the Sidi Slimane Sugar Mill, utilizing sugar beets grown in the project area.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268.*]