

No. 10545

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
MOROCCO**

Development Credit Agreement—*Highway Project* (with annexed General Conditions Applicable to Development Credit Agreements). Signed at Washington on 13 November 1969

Authentic text: English.

Registered by the International Development Association on 15 June 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
MAROC**

Contrat de crédit de développement — *Projet relatif au réseau routier* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 13 novembre 1969

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 15 juin 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated November 13, 1969, between KINGDOM OF MOROCCO (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association):

WHEREAS the Borrower has requested the International Bank for Reconstruction and Development (hereinafter called the Bank) and the Association to assist in the financing of a highway project more particularly described in Schedule 2 to this Agreement;

WHEREAS by a loan agreement of even date herewith between the Borrower and the Bank (hereinafter called the Loan Agreement²) the Bank has agreed to make a loan to the Borrower for such Project in an amount in various currencies equivalent to seven million three hundred thousand dollars (\$7,300,000) upon the terms and conditions set forth in said Loan Agreement; and

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to make a credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions.

Section 1.02. Wherever used in this Development Credit Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

¹ Came into force on 22 May 1970, upon notification by the Association to the Government of Morocco.

² See p. 155 of this volume.

³ See p. 210 of this volume.

- (a) "Loan" means the loan provided for in the Loan Agreement;
- (b) "Loan Account" means the account opened pursuant to Section 2.02 of the Loan Agreement; and
- (c) "Consultants" means the consultants referred to in Section 4.02 (a) (i).

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to seven million three hundred thousand dollars (\$7,300,000).

Section 2.02. (a) The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit.

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit and the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

Section 2.03. The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Development Credit Agreement:

- (i) such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Categories IV (a) and V of the allocation of the proceeds of the Credit and the Loan referred to in Section 2.02 of this Agreement;
- (ii) the equivalent of sixty-five per cent (65%) of such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Categories I to III of said allocation of the proceeds of the Credit and the Loan, which percentage represents the estimated foreign exchange component of the cost of such goods or services;

(iii) the equivalent of sixty-five per cent (65%) of the invoiced price of such goods included in Category IV (b) of said allocation of the proceeds of the Credit and the Loan as shall have been fabricated in the territories of the Borrower from imported components or raw materials, which percentage represents the estimated foreign exchange component of the cost of such goods;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in any of Categories I, II, III and IV (b), the Association may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Credit then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

Section 2.04. No withdrawals from the Credit Account shall be made under Categories IV (a) and V of the allocation of the proceeds of the Credit and the Loan referred to in Section 2.02 of this Agreement on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

Section 2.05. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.06. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.07. Service charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 15 and September 15 commencing March 15, 1980 and ending September 15, 2019, each installment to and including the installment payable on September 15, 1989 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in

accordance with the provisions of this Development Credit Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Association in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement or as shall be agreed between the Borrower and the Association, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Association.

Section 3.03. Except as the Association may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 4.02. (a) (i) In carrying out Part E of the Project, the Borrower shall employ qualified and experienced Consultants acceptable to the Association and to an extent and under such contracts and terms of reference, as shall be satisfactory to the Association; (ii) the Borrower shall not amend, assign, waive, suspend or terminate any contract entered into pursuant to this paragraph so as to substantially affect the carrying out of the Project, without the prior agreement of the Association.

(b) Upon request from time to time by the Association, the Borrower shall furnish to the Association documents prepared by the Consultants, in such number as the Association shall reasonably request.

(c) The Borrower and the Association shall from time to time exchange views with respect to the evaluation and implementation of the recommendations and other conclusions contained in the documents referred to in paragraph (b) of this Section.

Section 4.03. (a) The Borrower shall, in agreement with the Association, review its transport policies in accordance with sound economic principles and practices, in the light of the Consultants' recommendations, and shall take any action that may be required.

(b) Upon conclusion of the Consultants' preliminary report, the Borrower shall, in agreement with the Association, select those projects for which the Consultants shall proceed with the completion, or review, of detailed engineering and the preparation of bidding documents.

Section 4.04. The Borrower shall give full consideration in its highway construction, improvement and maintenance program to the carrying out of the Project and to that end shall, if necessary to accomplish the prompt and diligent construction thereof, make such revisions in the work schedules for other parts of that program as may be required.

Section 4.05. Except as the Association shall otherwise agree, the Borrower shall cause the works in Parts A, B and C of the Project to be carried out by contractors satisfactory to the Borrower and the Association, employed under contracts let on a vertical basis and satisfactory to the Borrower and the Association.

Section 4.06. (a) (i) The Borrower shall adequately maintain its primary and secondary road network, and shall adequately operate, maintain, renew and acquire as necessary, the machinery, equipment, workshops, and other repair facilities required therefor, all in accordance with sound engineering and economic practices; (ii) the Borrower shall establish a suitable depreciation system for such maintenance equipment which shall provide accurate information and data on future requirements for such equipment.

(b) In the provision of funds for the operation, maintenance, renewal, and acquisition referred to in paragraph (a) (i) of this Section the Borrower shall, in making its allocations of such funds, take into account the provisions of paragraph (a) (ii) of this Section.

(c) The Borrower shall reasonably reduce all construction works on Route 501, and shall limit itself to maintenance works on such road.

(d) The Borrower shall take all measures reasonably required to ensure that the dimensions and axle-loads of vehicles using the roads in its national road network shall not exceed limits consistent with the design standards of such roads.

Section 4.07. The Borrower shall collect and record in accordance with appropriate statistical methods and procedures such technical, economic and financial information as shall be reasonably required for proper planning of maintenance, improvements and extensions of the Borrower's road network, and furnish to the Association such information in respect thereof as the Association shall reasonably request.

Section 4.08. The Borrower shall maintain records adequate to identify the goods and services financed out of the proceeds of the Credit, 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 administration, operation, expenditures and availability of funds in respect of the Project of any department or agency of the Borrower responsible for the carrying out of the Project or any part thereof and shall enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents.

Section 4.09. (a) The Borrower and the Association shall cooperate fully to ensure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under this Development Credit Agreement, the administration, operations, expenditures and availability of funds in respect of the Project, of any department or agency of the Borrower responsible for the carrying out of the Project or any part thereof and other matters relating to the purposes of the Credit.

(b) The Borrower shall furnish to the Association all such information as the Association shall reasonably request concerning the Credit and the maintenance of the service thereof, the expenditure of the proceeds of the Credit, the goods and services financed out of such proceeds, the Project and the administration, operations and expenditures and availability of funds with respect to the Project, of any department or agency of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 4.10. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof or the performance by the Borrower of its obligations under this Development Credit Agreement. On the part of the Borrower, such information shall include information with respect to financial and economic condi-

tions in the territories of the Borrower and the international balance of payments position of the Borrower.

Section 4.11. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.12. The Borrower undertakes to insure, or make other arrangements satisfactory to the Association for insurance of, the goods to be financed out of the proceeds of the Credit against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 4.13. (a) The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

(b) The Development Credit Agreement 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, delivery or registration thereof.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately, together with the service charges thereon, and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) that the Consultants shall have been employed; and
- (b) that the conditions precedent to the effectiveness of the Loan Agreement shall have been fulfilled subject only to the effectiveness of this Development Credit Agreement.

Section 6.02. The date of March 16, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 6.03. (a) The obligations of the Borrower under Sections 4.06 (a) (ii) and (c), 4.07 and 4.09 of this Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on a date twenty years after the date of this Development Credit Agreement, whichever shall be the earlier.

(b) The obligations of the Borrower under Section 4.06 (a) (i) of this Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on a date:

- (i) eight years for the road sections referred to in Part B 1, 2, 3, 4, 5, 6, 8, 9, 10, and 12, and for Part D of the Project;
- (ii) twenty years for the road sections referred to in Part A, Part B 7 and 11, and for the bridges referred to in Part C of the Project;

after the date of this Development Credit Agreement, whichever shall be the earlier.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be February 28, 1974, or such other date as shall be agreed between the Borrower and the Association.

Section 7.02. The *Ministre chargé des Finances* of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 7.03. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministère des Finances
Rabat
Morocco

Alternative address for cables:

Ministère Finances
Rabat

For the Association:

International Development Association
1818 H Street, N. W.
Washington, D.C. 20433
United States of America

Alternative address for cables:

Indevas
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be signed in their respective names and to be delivered in the city of Rabat, Kingdom of Morocco, as of the day and year first above written.

Kingdom of Morocco:

By MAMOUN TAHIRI

Authorized Representative

International Development Association:

By ROBERT S. MCNAMARA

President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF THE CREDIT AND THE LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Highway construction	4,300,000
II. Highway improvement works	4,000,000
III. Bridge construction	900,000
IV. (a) C.i.f. cost of imported, and/or	
(b) ex-factory price of locally assembled, maintenance equipment and spare parts	2,900,000

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
V. Consultants' services for transport survey	400,000
VI. Unallocated	2,100,000
TOTAL	<u>14,600,000</u>

ALLOCATION OF PROCEEDS OF THE CREDIT

1. The amount of the Credit shall be withdrawn from the Credit Account as provided under Article II of this Agreement, and shall be applied to expenditures under any of Categories I to V of this Schedule, until the total of withdrawals and commitments shall have reached the equivalent of seven million three hundred thousand dollars (\$7,300,000).

ALLOCATION OF PROCEEDS OF THE LOAN

2. The amount of the Loan may be withdrawn from the Loan Account as provided under Article II of the Loan Agreement. Withdrawals from the Loan Account under any of Categories I to V of this Schedule shall be made only after the proceeds of the Credit shall have been fully withdrawn or committed.

REALLOCATION UPON CHANGE IN COST ESTIMATES

3. If the estimate of the cost of goods or services under any of Categories I to V shall decrease, the amount then allocated to, and no longer required for, such Category will be reallocated by the Association and the Bank to Category VI.

4. If the estimate of the cost of such goods or services shall increase, the Association and the Bank will, at the request of the Borrower, reallocate from Category VI to the appropriate category an amount equivalent, in the case of Categories IV (a) and V, to the portion, if any, of such increase to be financed out of the proceeds of the Credit, and in the case of Categories I, II, III and IV (b), an amount calculated by applying to such increase the percentage stipulated for these Categories in Section 2.03 of this Agreement, subject, however, to the requirements, as determined by the Association and the Bank, for contingencies in respect of the cost of the goods or services in the other categories.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of :

- A. (i) Construction of a section of about 106 km, (ii) improvement of two

sections totalling about 72 km on the Agadir-Marrakech road (Route 511) and (iii) construction of Route S 604.

B. A three-year highway program providing for improvement of the following primary road sections:

<i>Name of Road</i>	<i>Approximate Length to be Treated (km)</i>	<i>Description of Works</i>
1. RP 1 Casablanca-Rabat-Meknes-Fes- Algerian Border	46	Strengthening of pavement
2. RP 2 Rabat-Tangier	32	Strengthening of pavement
3. RP 3 Kenitra-Fes	36	Strengthening of pavement and widening
4. RP 7 Casablanca-Marrakech	86	Strengthening of pavement and realignment
5. RP 8 Casablanca-Agadir	29	Strengthening of pavement
6. RP 9 El-Jedida-Marrakech	19	Strengthening of pavement
7. RP 21 Meknes-Ksar-Es-Souk-Rissani	10	Reconstruction
8. RP 28 Meknes-Tetouan-Ceuta	42	Strengthening of pavement and reconstruction
9. RP 32 Agadir-Mengoub-Ouarzazate	17	Strengthening of pavement and widening
10. RP 36 Casablanca-Rabat	6	Strengthening of pavement
11. RP 38 Tetouan-Tangier	6	Reconstruction and realign- ment
12. RP 39 Chechaouen-Melilla	19	Strengthening of pavement and realignment
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C. Construction of bridges over: (i) Oued Korifla (Route 22), (ii) Oued Moulouya (Route 27), (iii) Oued Bou Reg Reg (Route 204) and (iv) Nekor (Route S 604).

D. Purchase of maintenance equipment and spare parts to improve efficiency of routine maintenance.

E. A transport survey of the Atlantic coastal zone from Agadir to Tangier to review transport policies and identify high priority transport projects including feasibility studies for a four-lane divided highway between Casablanca and Rabat and a new highway between Kenitra and Larache.

Part A(iii) shall not be financed out of the proceeds of the Credit.

The Project is expected to be completed by June 30, 1973.

SCHEDULE 3

SUPPLEMENTARY PROCUREMENT PROCEDURES

The following supplementary procurement procedures shall be followed:

1. With respect to goods included in Categories I to IV of the allocation of proceeds of the Credit and the Loan set forth in Schedule 1 to this Agreement, the time interval between the invitations to bid and bid opening will not be less than sixty days. During such time interval, prospective bidders will be afforded an opportunity to visit the site of the works and to discuss with the Borrower any question related to the proposed works or contracts.

2. Prior to inviting bids, information concerning the advertising coverage, prequalification procedures, as well as invitations to bid, specifications, proposed terms and conditions of contracts, and all other tender documents, will be submitted to the Association for its approval. Identical or similar goods to be procured will be grouped together wherever practicable for the purpose of bidding and procurement, and such grouping will be subject to the approval of the Association upon submission of such tender documents.

3. With respect to contracts included in Categories I to III of the aforesaid allocation of proceeds:

- (a) before awarding any of such contracts, the Borrower will submit to the Association for its approval an abstract and an evaluation of the bids received, and the Borrower's proposal concerning the contract and the award. The Borrower shall employ Consultants promptly as needed to assist it in evaluating bids for goods and services included in Category III of the said allocation of proceeds. The contract will be awarded to the bidder offering the lowest evaluated bid determined to be the most favorable in regard to technical and financial considerations and practices. Within three months after obtaining the Association's approval required herein, the Borrower will award the contract and send a conformed copy thereof to the Association promptly upon its execution;

- (b) the successful contractor will furnish a performance bond equal to the contract price or a bank guarantee equal to 10% of such price. In addition, the contract will provide for the retention of 10% of the amount paid under each monthly invoice until a total equal to or over 5% of the contract price will have been retained, or for a bank guarantee equal to 5% of such price. Any amount thus retained will be released after full performance of the contract, at the end of a warranty period of one year for defective work.

4. With respect to goods included in Category IV of the aforementioned allocation of proceeds and where bids are submitted by local manufacturers of maintenance equipment and spare parts, the following rules will be observed for the purpose of comparing any such bid to any competing bid of a foreign manufacturer:

- (a) all applicable customs duties and similar taxes will first be deducted from the total cost submitted by such foreign manufacturer;
- (b) the portion of such cost representing the c.i.f. landed price of the goods will then be increased by 15% thereof or the actual rate of such duties and taxes, whichever is lower;
- (c) the resulting figure plus the portion of such cost representing inland freight, insurance and other costs of delivery of the goods to the delivery site specified in the bidding documents, shall be deemed to be the price of the foreign bid;
- (d) the ex-factory price of the goods offered by a competing local bidder plus inland freight, insurance and other costs of delivery to the delivery site specified in the bidding documents, shall be deemed to be the price of the local bid;
- (e) if the price of the local bid is equal to or lower than the price of the foreign bid, and other terms and conditions are satisfactory, then the local bid will be considered the lowest evaluated bid.

Before any contract is awarded with respect to goods or groups of goods included in Category IV, the Borrower will send to the Association for its approval an evaluation of the bids received and the Borrower's proposal concerning such contract and award. Upon execution of each contract the Borrower will promptly send a conformed copy thereof to the Association.

5. Whenever a contract under the Project is awarded to a contractor or manufacturer not registered in the territories of the Borrower, the Borrower will facilitate the accomplishment by such manufacturer of all formalities which may be required to enable it to carry out such contract.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.]
