

No. 10544

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

Loan Agreement—*Highway Project* with annexed General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 13 November 1969

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 15 June 1970.

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

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

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 15 juin 1970.

LOAN AGREEMENT¹

AGREEMENT, dated November 13, 1969, between KINGDOM OF MOROCCO (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested the International Development Association (hereinafter called the Association) and the Bank to assist in the financing of a highway project more particularly described in Schedule 3 to this Agreement;

WHEREAS by a development credit agreement of even date herewith between the Borrower and the Association (hereinafter called the Development Credit Agreement²) the Association has agreed to make a credit 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 Development Credit Agreement; and

WHEREAS the Bank has agreed, on the basis *inter alia* of the foregoing, to make a loan 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 Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Loan 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 Bank to the Government of Morocco.

² See p. 183 of this volume.

³ See p. 180 of this volume.

(a) "Credit" means the credit provided for in the Development Credit Agreement;

(b) "Credit Account" means the account opened pursuant to Section 2.02 of the Development Credit Agreement; and

(c) "Consultants" means the consultants defined in Section 1.02 (c) of the Development Credit Agreement.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan 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 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.

(b) 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 Loan Agreement and in accordance with the allocation of the proceeds of the Loan and the Credit 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 Bank.

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

- (i) such amounts as shall have been paid (or, if the Bank 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 Loan and the Credit 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 Bank 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 Loan and the Credit,

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 Loan and the Credit 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 Bank 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 Loan 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; and provided that withdrawals from the Loan Account under any of Categories I to V shall be made only after the proceeds of the Credit shall have been fully withdrawn or committed.

Section 2.04. It is hereby agreed, pursuant to Section 5.01 of the General Conditions that withdrawals from the Loan Account under Categories I, II, III and IV (b) of the allocation of the proceeds of the Loan and the Credit referred to in Section 2.02 of this Agreement may be made 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 Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

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

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Loan Agreement to expenditures on the Project, described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan 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 Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

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

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. The *Ministre chargé des Finances* of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower accepts all the obligations provided to be performed by it in Sections 4.01 through 4.12 inclusively of the Development Credit Agreement with the same force and effect as if they were fully set forth herein; provided, however, that: (i) all references to the Association in such Sections or in any of them shall be deemed to be references to the Bank, and (ii) all references in such Section or in any of them to the Credit shall be deemed to be references to the Loan.

Section 5.02. So long as any part of the Credit provided for under the Development Credit Agreement shall remain outstanding and unpaid, all actions taken, including approvals given, by the Association pursuant to the Sections of the Development Credit Agreement enumerated in Section 5.01 of this Agreement, shall be deemed to be taken or given in the name and on behalf of both the Association and the Bank; and all information furnished by the Borrower to the Association pursuant to the provisions of such Sections, shall be deemed to be furnished to both the Association and the Bank.

Section 5.03. It is the mutual intention of the Borrower and the Bank that no 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 Banque du Maroc or any other institution performing the functions of a central bank for the Borrower.

Section 5.04. 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, and free from all restrictions, 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 5.05. 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.

Article VI

REMEDIES OF THE BANK

Section 6.01. 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 Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon, and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions, namely, that the conditions precedent to the effectiveness of the Development Credit Agreement shall have been fulfilled subject only to the effectiveness of this Loan Agreement.

Section 7.02. The date of March 16, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be February 28, 1974, or such other date as shall be agreed between the Borrower and the Bank.

Section 8.02. The *Ministre chargé des Finances* of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 8.03. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Borrower:

Ministère des Finances
Rabat
Morocco

Alternative address for cables:

Ministère Finances
Rabat

For the Bank:

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

Alternative address for cables:

Intbafrad
Washington, D.C.

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 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 Bank for Reconstruction and Development:

By ROBERT S. MCNAMARA
President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF THE LOAN AND OF THE CREDIT

<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
V. Consultants' services for transport survey	400,000
VI. Unallocated	2,100,000
	<u>TOTAL</u> <u>14,600,000</u>

ALLOCATION OF PROCEEDS OF THE LOAN

1. The amount of the Loan may be withdrawn from the Loan Account as provided under Article II of this 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.

ALLOCATION OF PROCEEDS OF THE CREDIT

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

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 Bank and the Association to Category VI.

4. If the estimate of the cost of such goods or services shall increase, the Bank and the Association 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 Loan, 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 Bank and the Association, for contingencies in respect of the cost of the goods or services in the other Categories.

SCHEDULE 2

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>
March 15, 1974	125,000	March 15, 1982	220,000
September 15, 1974	130,000	September 15, 1982	230,000
March 15, 1975	135,000	March 15, 1983	235,000
September 15, 1975	140,000	September 15, 1983	245,000
March 15, 1976	145,000	March 15, 1984	255,000
September 15, 1976	150,000	September 15, 1984	260,000
March 15, 1977	155,000	March 15, 1985	270,000
September 15, 1977	160,000	September 15, 1985	280,000
March 15, 1978	170,000	March 15, 1986	290,000
September 15, 1978	175,000	September 15, 1986	300,000
March 15, 1979	180,000	March 15, 1987	310,000
September 15, 1979	185,000	September 15, 1987	320,000
March 15, 1980	190,000	March 15, 1988	335,000
September 15, 1980	200,000	September 15, 1988	345,000
March 15, 1981	205,000	March 15, 1989	355,000
September 15, 1981	215,000	September 15, 1989	390,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	1%
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity	3¼%
More than eleven years but not more than sixteen years before maturity	5%
More than sixteen years but not more than eighteen years before maturity	6%
More than eighteen years before maturity	7%

SCHEDULE 3

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

348

C. Construction of bridges over : (i) Oued Korifla (Route 22), (ii) Oued Moulouya (Route 39), (iii) Oued Bou Reg Reg (Route 204) and (iv) Nekor (Route S 604).

D. Purchase of maintenance equipment and spare parts to improve the 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 Loan.

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

SCHEDULE 4

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 Loan and the Credit 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 Bank 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 Bank 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 Bank 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 Bank's approval required herein, the Borrower will award the contract and send a conformed copy thereof to the Bank 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 Bank 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 Bank.

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 BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]