

No. 10597

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

**Guarantee Agreement—*Third BNDE Project* (with annexed Loan Regulations No. 4, as amended, and Loan Agreement between the Bank and the Banque nationale pour le développement économique). Signed at Washington on 14 November 1968**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 22 July 1970.*

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

**Contrat de garantie — *Troisième projet de la BNDE* (avec, en annexe, le Règlement n° 4 sur les emprunts, tel que modifié, et le Contrat d'emprunt entre la Banque et la Banque nationale pour le développement économique). Signé à Washington le 14 novembre 1968**

*Texte authentique: anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 22 juillet 1970.*

## GUARANTEE AGREEMENT<sup>1</sup>

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AGREEMENT, dated November 14, 1968, between the KINGDOM OF MOROCCO (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Banque Nationale pour le Développement Économique (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifteen million dollars (\$15,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee the payment of the principal of and interest and other charges on such loan; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967,<sup>3</sup> subject, however, to the modifications thereof set forth in Schedule 2 to said Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and the Loan Regulations shall have the respective meanings therein set forth.

### *Article II*

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby un-

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<sup>1</sup> Came into force on 19 March 1969, upon notification by the Bank to the Government of Morocco.

<sup>2</sup> See p. 76 of this volume.

<sup>3</sup> See p. 74 of this volume.

conditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of, and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

### Article III

*Section 3.01.* It is the mutual intention of the Guarantor 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 Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor 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 Guarantor” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Banque du Maroc, or any other institution performing the functions of a central bank.

*Section 3.02.* (a) The Guarantor and the Bank shall cooperate fully to ensure that the purposes of the Loan shall 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 Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

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

*Section 3.03.* 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 Guarantor 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 Guarantor.

*Section 3.04.* This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* The Guarantor shall not amend the Government Agreement without the approval of the Bank.

*Section 3.06.* The Guarantor shall not take any action or permit any of its political subdivisions or any of its agencies or instrumentalities or any agency or instrumentality of any political subdivision to take any action which would prevent or materially interfere with the carrying on by the Borrower of its operations and enterprise in an efficient and businesslike manner, or with the performance by the Borrower of any of its covenants, agreements and obligations in the Loan Agreement contained, and shall take or cause to be taken all reasonable action which shall be required on its part in order to enable the Borrower to perform such covenants, agreements and obligations.

*Section 3.07.* The Guarantor shall make arrangements to protect the Borrower against any loss in connection with the payment of interest or other charges on or the repayment of principal of the Loan or the Bonds as a result of a change in the rate of exchange between Dirhams and the currency or currencies in which such payments are to be made.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for purposes of Section 6.12 (b) of the Loan Regulations.

*Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Guarantor:

Ministère des Finances  
Rabat, Morocco

Alternative address for cables:

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 address for cables:

Intbafrad  
Washington, D. C.

*Section 5.02.* The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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 AHMED OSMAN  
Authorized Representative

International Bank for Reconstruction and Development:

By M. SHOAIB  
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS  
OTHER THAN MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 598, p. 270.*]

## LOAN AGREEMENT

AGREEMENT, dated November 14, 1968, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and BANQUE NATIONALE POUR LE DÉVELOPPEMENT ÉCONOMIQUE (hereinafter called the Borrower), a company organized and existing under the laws of the Kingdom of Morocco (hereinafter called the Guarantor).

WHEREAS by loan agreements dated December 21, 1962<sup>1</sup> and May 13, 1966<sup>2</sup> between the Bank and the Borrower (hereinafter called the Prior Loan Agreements) the Bank made loans to the Borrower in amounts in various currencies equivalent to \$15,000,000 and \$17,500,000, respectively, to assist the Borrower in providing credits and other productive investments for investment projects in Morocco;

WHEREAS such loans are guaranteed as to payments of principal, interest and other charges by the Guarantor under guarantee agreements dated December 21, 1962<sup>1</sup> and May 13, 1966;<sup>2</sup>

WHEREAS the Borrower has requested the Bank to make a third loan to it in an amount in various currencies equivalent to fifteen million dollars (\$15,000,000) for the same purpose; and

WHEREAS the Bank has agreed to make a third loan to the Borrower upon the terms and conditions hereinafter set forth, but only on condition that the Guarantor guarantee such loan upon the terms and conditions of a Guarantee Agreement of even date herewith between the Guarantor and the Bank;

NOW THEREFORE it is hereby agreed as follows :

*Article I*

## LOAN REGULATIONS; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967,<sup>3</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations).

*Section 1.02.* Unless the context otherwise requires, the following terms wherever used in the Loan Agreement have the following meanings :

(a) "sub-loan" means a loan or credit made or proposed to be made by the Borrower out of the proceeds of the Loan to or for the benefit of an Investment Enterprise for an Investment Project;

<sup>1</sup> United Nations, *Treaty Series*, vol. 478, p. 205.

<sup>2</sup> *Ibid.*, vol. 615, p. 205.

<sup>3</sup> See p. 74 of this volume.

(b) “investment” means an investment other than a sub-loan, made or proposed to be made by the Borrower out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

(c) “Investment Enterprise” means an enterprise to or for the benefit of which the Borrower proposes to make or has made a sub-loan or in which it proposes to make or has made an investment, in accordance with and as provided in Section 3.01 of this Agreement;

(d) “Investment Project” means a specific project to be carried out by an Investment Enterprise, as approved by the Bank pursuant to Section 2.02 (b) of this Agreement, or in respect of which amounts have been credited to the Loan Account pursuant to Section 2.02 (c) of this Agreement;

(e) “Statutes” means the statutes of the Borrower, as amended from time to time;

(f) “Dirhams” and the letters “DH” mean currency of the Guarantor;

(g) “foreign currency” means any currency other than the currency of the Guarantor;

(h) “subsidiary” means any company of which a majority of the outstanding voting stock or other proprietary interest is owned, or which is effectively controlled, by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries;

(i) “Government Agreement” means collectively Conventions No. 1, dated July 30, 1959, No. 2, dated December 15, 1959 (as amended by the Avenant A, dated August 31, 1962), No. 3, dated January 22, 1960, No. 4, dated August 31, 1962, No. 5, dated March 31, 1966 and No. 6 dated September 25, 1968, amending certain provisions of the foregoing, between the Guarantor and the Borrower, and Letter No. 303, dated March 20, 1962 from the Minister of Finance of the Guarantor to the Borrower, as the same may be amended from time to time;

(j) “Statement of Policy” means the Statement of Policy approved by the Board of Directors of the Borrower on March 29, 1963, as amended to September 24, 1968 and as the same may be further amended from time to time with the agreement of the Bank.

## 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 fifteen million dollars (\$15,000,000).

*Section 2.02.* (a) The Bank shall open a Loan Account on its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account in installments as provided in paragraphs (b) and (c) of this Section.

(b) Upon approval by the Bank of any Investment Project submitted to it for approval as in Section 3.03 (a) of this Agreement provided, there shall be credited to the Loan Account, as of the date of dispatch of notice thereof by the Bank to the Borrower, such amount of the Loan as the Bank shall have approved; provided, however, that no such amount shall be credited to the Loan Account in respect of an investment unless the Bank and the Borrower shall have agreed upon the terms and conditions thereof, including an amortization schedule therefor as required by Section 3.03 (a) of this Agreement.

(c) Subject to such terms and conditions as may be determined from time to time by the Bank, there shall also be so credited, as of the date of dispatch of notice thereof by the Bank to the Borrower and in respect of the cost of any Investment Project for which the Borrower is to make or has made a sub-loan and no application has been made pursuant to Section 3.03 (a) of this Agreement and for which no credit has been made to the Loan Account pursuant to paragraph (b) of this Section, such amount of the Loan as the Borrower shall from time to time request pursuant to Section 3.03 (b) of this Agreement; provided, however, that such amount, together with any amount or amounts previously credited for such Investment Project under this Agreement or under any prior loan agreement and not repaid, shall not exceed such limit as shall from time to time be determined by the Bank.

(d) The Loan Account may, by agreement between the Bank and the Borrower, be reduced, as of the date of dispatch of notice by the Bank to the Borrower relating thereto, by any amount credited thereto pursuant to paragraphs (b) or (c) of this Section. No such reduction before the Closing Date shall be deemed *ipso facto* to be a cancellation of any amount of the Loan.

*Section 2.03.* Each amount credited to the Loan Account in respect of an Investment Project may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement, and each such amount shall be applied exclusively to the Investment Project in respect of which such amount was credited to the Loan Account.

*Section 2.04.* Three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum is specified for the purpose of Section 2.02 of the Loan Regulations as the commitment charge payable on the unwithdrawn amount of the Loan.

*Section 2.05.* The Borrower shall pay interest on the principal amount of each part of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower at the time when such part of the Loan was credited to the Loan Account, or at such other time or times as shall have been agreed upon between the Bank and the Borrower, as being the rate then generally applicable to new Bank loans of the same maturity to similar borrowers. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

*Section 2.06.* Except as the Bank and the Borrower 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 commitment outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

*Section 2.08 (a)* The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required to : (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to the sub-loans and investments in respect of which amounts have been credited to the Loan Account pursuant to Section 2.02 of this Agreement and (ii) take into account any cancellation pursuant to Article V of the Loan Regulations, any reductions under Section 2.02 (d) and any repayments made by the Borrower under Section 2.09 of this Agreement, except that repayments due hereunder shall be made on January 15 and July 15 in each year. Such amendments of said Schedule 1 shall include amendments of the premiums on prepayments and redemption if required.

(b) The amortization schedules applicable to the Investment Projects shall provide for appropriate periods of grace, and, unless the Bank and the Borrower shall otherwise agree (i) shall not extend beyond fifteen years from the date when the corresponding amounts are credited to the Loan Account and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal semi-annual, or more frequent, payments of principal.

*Section 2.09.* Unless the Bank and the Borrower shall otherwise agree :

(a) (i) If a sub-loan or any portion thereof shall be repaid to the Borrower in advance of maturity, or (ii) if the Borrower shall sell, transfer, assign or otherwise dispose of a sub-loan or investment or any portion thereof, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date an amount of the Loan equal to the amount credited to the Loan Account and at the time outstanding in respect of such sub-loan or investment, or to such portion thereof, as the case may be, together with the premium specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.08 (a). The policy stated in Section 2.05 (c) of the Loan Regulations with respect to premiums shall apply to any such repayment.

(b) Any amount so repaid by the Borrower shall be applied by the Bank to the maturity or maturities of the principal amount of the Loan corresponding to the maturity or maturities of the sub-loan or investment or portion thereof so paid or disposed of.

(c) For the purposes of paragraph (a) of this Section, assignments to financial institutions of portions of sub-loans to secure debts for periods not exceeding one year (*mise en pension*) shall not be considered disposals of sub-loans.

*Article III*

## DESCRIPTION OF PROJECT; USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Project for which the Loan is made is the financing by the Borrower of economic development in Morocco by providing loans for productive purposes to or for the benefit of industrial or other productive enterprises in Morocco for specific development projects and through other productive investments in such enterprises, all in accordance with the Statutes and Statement of Policy of the Borrower and in furtherance of the corporate purposes of the Borrower as set forth in the Statutes.

*Section 3.02.* Except as the Bank and the Borrower shall otherwise agree : (a) the proceeds of the Loan shall be applied exclusively to the cost in foreign currency of goods required to carry out Investment Projects in respect of which amounts shall have been credited to the Loan Account pursuant to the provisions of Section 2.02 of this Agreement; and (b) no withdrawals shall be made on account of expenditures made by any Investment Enterprise for any such Investment Project more than ninety days prior to the date of the Borrower's application for approval under Section 3.03 (a) of this Agreement or of the request for a credit to the Loan Account under Section 2.02 (c) of this Agreement.

*Section 3.03.* (a) When submitting an Investment Project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with a description of such Investment Project and the terms and conditions of the sub-loan to or investment in the Investment Enterprise, including the amortization schedule proposed therefor, and such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for a credit to the Loan Account pursuant to paragraph (c) of Section 2.02 of this Agreement shall contain a summary description of the Investment Enterprise and the Investment Project for which the portion of the Loan to be credited is requested and of the terms and conditions of the sub-loan for such Investment Project, including the schedule of amortization thereof.

(c) Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Projects pursuant to the provisions of section 3.03 (a) of this Agreement and requests for credits to the Loan Account pursuant to the provisions of Section 2.02 (c) of this Agreement shall be submitted on or before March 31, 1970.

*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 the Loan Regulations.

*Section 4.02.* The Borrower shall from time to time, as required, notify the Bank in writing of the person or persons designated by it as its authorized representatives for the purposes of Section 6.12 (a) of the Loan Regulations.

### Article V

#### PARTICULAR COVENANTS

*Section 5.01.* The Borrower shall carry out the Project described in Section 3.01 and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management and personnel.

*Section 5.02.* (a) The Borrower shall exercise its rights in relation to each Investment Project financed in whole or in part with the proceeds of the Loan in such manner as to protect the interests of the Bank and of the Borrower.

(b) The Borrower undertakes that unless the Bank shall otherwise agree, any sub-loan or investment will be made on terms whereby the Borrower shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any such sub-loan and, to the extent that it shall be appropriate in the case of any such investment: (i) the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and management standards and maintain adequate records; (ii) the right to require that the goods to be financed with the proceeds of the Loan shall be used exclusively in the carrying out of the Investment Project; (iii) the right of the Bank and the Borrower to inspect such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) the right to require that the Investment Enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the Investment Enterprise to replace or repair such goods; (v) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise; and (vi) the right of the Borrower to suspend or terminate access by the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its agreement with the Borrower.

(c) The Borrower shall at all times make adequate provision to protect itself against any loss resulting from changes in the rate of exchange between Dirhams and the currency or currencies in which the Borrower's outstanding money obligations shall have to be met.

*Section 5.03.* (a) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Investment Enterprises, the Investment Projects, the sub-loans and investments, the subsidiaries, and the administration, operations and financial condition of the Borrower.

(b) The Borrower shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial conditions of the Borrower, and shall enable the Bank's representatives to examine such records.

(c) The Borrower shall have its financial statements (balance sheet, statement of earnings and expenses and other related statements) certified annually by an independent accounting firm acceptable to the Bank, in accordance with generally accepted accounting principles consistently applied and shall, promptly after their preparation and not later than 150 days after the close of the fiscal year of the Borrower to which they apply, transmit to the Bank certified copies of such statements and a signed copy of the accounting firm's report.

*Section 5.04.* (a) The Bank and the Borrower shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan.

(b) 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.

*Section 5.05.* The Borrower undertakes that, except as the Bank shall otherwise agree: (a) if the Borrower or any subsidiary shall create any lien on any of its assets as security for any debt, such lien will 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; and (b) if any lien shall be created on any assets of the Borrower, other than under (a) above, as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank; 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.

*Section 5.06.* Subject to such exemption as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement, the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or regis-

tration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; 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 Guarantor.

*Section 5.07.* The Borrower shall pay or cause to be paid all 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 on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

*Section 5.08.* (a) Except as the Bank shall otherwise agree, the Borrower shall not amend its Statement of Policy nor propose to its shareholders any amendment to its Statutes.

(b) The Borrower shall duly perform all its obligations under the Government Agreement. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Government Agreement.

*Section 5.09.* The Borrower shall cause its subsidiaries to observe and perform the obligations of the Borrower hereunder to the extent to which the same may be applied thereto as though such obligations were binding upon such subsidiaries.

*Section 5.10.* Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any debt if, after the incurring of such debt, the consolidated debt of the Borrower and all its subsidiaries then incurred and outstanding would be greater than four and one-half times the consolidated capital and surplus of the Borrower and all its subsidiaries.

For the purposes of this Section :

(a) The term "debt" means any debt incurred by the Borrower or any subsidiary maturing more than one year after the date on which it is originally incurred, including debt assumed or guaranteed by the Borrower or by a subsidiary but not including (i) debt so guaranteed when resulting liability is fully covered by a guarantee of the Guarantor in favor of the Borrower or subsidiary, as the case may be, or (ii) the Borrower's commitments to commercial banks in respect of notes rediscountable by the Borrower at the Banque du Maroc and representing credits granted by such commercial banks.

(b) Wherever reference is made in this Section to the incurring of debt, such reference shall include any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a loan contract or agreement on the date and to the extent it is drawn down pursuant to such loan contract or agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(c) Whenever in connection with this Section it shall be necessary to value in terms of Dirhams debt payable in another currency, such valuation shall be made at the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

(d) The term “consolidated debt of the Borrower and all its subsidiaries” means the total amount of debt of the Borrower and all its subsidiaries, excluding : (i) any debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary, and (ii) the amount of the Government loans and other loans referred to in paragraph (e) (ii) and (iii) of this Section.

(e) The term “consolidated capital and surplus of the Borrower and all its subsidiaries” means the aggregate of (i) the total unimpaired capital, surplus and free reserves of the Borrower and of all its subsidiaries after excluding such items of capital, surplus and free reserves as shall represent equity interests of the Borrower or of any such subsidiary in the Borrower or in any subsidiary, (ii) the amount of the loans totalling DH 40 million from the Guarantor pursuant to Conventions Nos. 4, 5 and 6 included in the Government Agreement repayable after the date of the last outstanding maturity of the Loan and of any other loan made by the Bank to the Borrower, and (iii) such amount of any other loan which the Bank may determine to be included in the consolidated capital and surplus of the Borrower. For the purposes of this paragraph (e), free reserves shall include “*provision pour risques de mobilisation de crédit à moyen terme*” and “*fonds spécial pour risques de prêts en cours*”.

#### Article VI

##### MODIFICATION OF PRIOR LOAN AGREEMENTS

*Section 6.01.* For the purposes of the Prior Loan Agreements : (a) paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank as applied to each such Agreement is hereby amended to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement.”

and the term “Loan Regulations” as used for the purposes of each such Prior Loan Agreement shall mean said Loan Regulations No. 4 as modified in each case by the Prior Loan Agreements and as further amended by this Section 6.01 ; and

(b) Sections 5.05 of each of the Prior Loan Agreements are amended to read as in Section 5.10 of this Agreement.

#### Article VII

##### REMEDIES OF THE BANK

*Section 7.01.* (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the

Borrower or under any bond delivered pursuant thereto and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Guarantor and the Association under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) if any event specified in paragraph (a) or paragraph (b) of Section 7.02 of this Agreement shall occur, or (v) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or in paragraph (c) or paragraph (d) of Section 7.02 of this Agreement 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 the Loan Agreement or in the Bonds to the contrary notwithstanding.

*Section 7.02.* The following additional events are specified for the purposes of paragraph (l) of Section 5.02 of the Loan Regulations :

- (a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity by reason of any default on the part of the Borrower or otherwise as provided in the relative contractual instruments, or any security constituted thereunder shall have become enforceable;
- (b) a resolution shall have been passed for the dissolution or liquidation of the Borrower;
- (c) a change shall have been made in the Borrower's Statutes without the Bank's consent which, in the Bank's judgment, shall be a substantial change; and
- (d) a subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would adversely affect the conduct of the Borrower's business or the Borrower's financial situation or the efficiency of the Borrower's management and personnel.

### *Article VIII*

#### EFFECTIVENESS; TERMINATION

*Section 8.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (d) of the Loan Regulations :

- (a) that the authorized share capital of the Borrower has been reduced to DH 20 million by a *pro rata* redemption of shares on terms and conditions satisfactory to the Bank; and
- (b) that Convention No. 6 included in the Government Agreement, providing for an increase by DH 10 million in the amount of funds provided to the Borrower under such Agreement, has entered into force and effect.

*Section 8.02.* If this Agreement shall not have come into force and effect by February 19, 1969, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

*Article IX*

MISCELLANEOUS

*Section 9.01.* The Closing Date shall be July 1, 1972 or such other date or dates as shall be agreed upon between the Bank and the Borrower.

*Section 9.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

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

Cable address :

Intbafrad  
Washington, D.C.

For the Borrower :

Banque Nationale pour le Développement Économique  
Boîte postale 407  
Rabat, Morocco

Cable address :

Bademaroc  
Rabat

Telex :

31942  
Rabat

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.

International Bank for Reconstruction and Development

*By* M. SHOAIB  
Vice President

Banque Nationale pour le Développement Économique :

*By* OMAR KABBAJ  
Authorized Representative



## SCHEDULE 1

## 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>
January 15, 1971 . . . . .	\$150,000	July 15, 1978 . . . . .	\$550,000
July 15, 1971 . . . . .	200,000	January 15, 1979 . . . . .	550,000
January 15, 1972 . . . . .	300,000	July 15, 1979 . . . . .	500,000
July 15, 1972 . . . . .	350,000	January 15, 1980 . . . . .	500,000
January 15, 1973 . . . . .	450,000	July 15, 1980 . . . . .	500,000
July 15, 1973 . . . . .	550,000	January 15, 1981 . . . . .	500,000
January 15, 1974 . . . . .	600,000	July 15, 1981 . . . . .	475,000
July 15, 1974 . . . . .	650,000	January 15, 1982 . . . . .	475,000
January 15, 1975 . . . . .	650,000	July 15, 1982 . . . . .	475,000
July 15, 1975 . . . . .	650,000	January 15, 1983 . . . . .	475,000
January 15, 1976 . . . . .	700,000	July 15, 1983 . . . . .	475,000
July 15, 1976 . . . . .	750,000	January 15, 1984 . . . . .	475,000
January 15, 1977 . . . . .	600,000	July 15, 1984 . . . . .	450,000
July 15, 1977 . . . . .	550,000	January 15, 1985 . . . . .	450,000
January 15, 1978 . . . . .	550,000	July 15, 1985 . . . . .	450,000

\* To the extent that any portion 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 to Section 2.09 (a) of this Agreement 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 . . . . .	1%
More than three years but more than six years before maturity . . . . .	2 $\frac{1}{4}$ %
More than six years but not more than eleven years before maturity . . . . .	3 $\frac{3}{4}$ %
More than eleven years but more than fifteen years before maturity . . . . .	5 $\frac{1}{4}$ %
More than fifteen years before maturity . . . . .	6 $\frac{1}{2}$ %

## SCHEDULE 2

## MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961 as amended February 9, 1967, are modified as follows :

(a) Sections 2.01 and 2.03 are deleted.

(b) The first sentence of Section 2.05 (b) shall not apply to any repayment by the Borrower in accordance with paragraph (a) of Section 2.09 of the Loan Agreement.

(c) The following subparagraph (d) is added to Section 2.05 :

“(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in paragraph (b) of Section 2.05 and in Section 6.16 of these Regulations.”

(d) The second sentence of Section 4.01 shall read as follows :

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor or (b) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.”

(e) The words “Investment Projects” are substituted for the words “the Project” in the second sentence of Section 4.03.

(f) Paragraph (c) of Section 5.02 is amended to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement.”

(g) Section 5.03 is deleted and replaced by the following new Section :

“SECTION 5.03. *Cancellation by the Bank.* If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the date specified in Section 3.03 (c) of the Loan Agreement any portion of the Loan shall not have been credited to the Loan Account, or (c) by the Closing Date any portion of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to request credits to the Loan Account or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled.”

(h) Section 5.05 is deleted and replaced by the following new Section :

“SECTION 5.05 *Application of Reduction of Loan Account and of Cancellation to Maturities.* Except as otherwise agreed between the Bank and the Borrower : (i) any cancellation pursuant to this Article of amounts credited to the Loan Account and any reduction of the Loan Account pursuant to Section 2.02 (d) of the Loan Agreement, which shall have been made in respect of any portion of the Loan credited to the Loan Account, shall be applied *pro rata* to the several maturities

which reflect such portion of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount so cancelled of any such maturity shall not exceed the amount of such maturity remaining after deducting therefrom the principal amount of Bonds of such maturity theretofore delivered or requested pursuant to Article VI and Bonds or portions of the Loan of such maturity theretofore sold or agreed to be sold by the Bank; and (ii) any cancellation pursuant to this Article of any amount of the Loan not credited to the Loan Account shall be applied *pro rata* to the principal amounts of the several maturities of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount so cancelled of any maturity of the Loan shall not exceed the amount of such maturity remaining after deducting the principal amount of any part or parts of the Loan reflected in such maturity.”

(i) Section 6.04 is deleted and replaced by the following new Section :

“SECTION 6.04. *Interest on Bonds; Service Charge.* Bonds shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the portion of the Loan represented by such Bonds. If the rate of interest on any Bond shall be less than the rate of interest on the portion of the Loan represented by such Bond, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of such portion of the Loan at a rate equal to the difference between the interest rate on such portion of the Loan and the interest rate on such Bond. Such service charge shall be payable on the dates on which and in the currency in which such interest is payable.”

(j) Paragraph (a) of Section 6.11 is deleted and the following paragraph substituted therefor :

“(a) Bonds representing a portion of the Loan and bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on such portion of the Loan.”

(k) Paragraph (b) of Section 6.16 is deleted and the following paragraph substituted therefor :

“(b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the portion of the Loan represented by such Bond, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid at such date on the principal amount of such portion of the Loan represented by such Bond.”

(l) Paragraph 4 of Section 10.01 is deleted and the following paragraph substituted therefor :

“4. The term ‘Loan’ means the loan provided for in the Loan Agreement, and the term ‘part of the Loan’ means the portion of the Loan credited to the Loan Account in respect of an Investment Project.”

(m) Paragraph 10 of Section 10.01 is deleted and replaced by the following paragraph :

“10. The term ‘Loan Account’ means the account on the books of the Bank to which the amount of each part of the Loan is to be credited as provided in the Loan Agreement.”

(n) Paragraph 11 of Section 10.01 is deleted and the following paragraph substituted therefor :

“11. The term ‘Project’ means the project for which the Loan is granted, as described in Section 3.01 of the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower.”

(o) The first sentence of paragraph 12 of Section 10.01 is deleted and the following sentence substituted therefor :

“12. The term ‘goods’ means equipment, supplies and services required to carry out Investment Projects financed out of the proceeds of the Loan.”

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