

No. 10679

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

**Guarantee Agreement—*Fourth BNDE Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Banque nationale pour le développement économique). Signed at Washington on 6 March 1970**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 18 August 1970.*

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

**Contrat de garantie — *Quatrième projet de la BNDE* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et la Banque nationale pour le développement économique). Signé à Washington le 6 mars 1970**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 18 août 1970.*

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

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AGREEMENT, dated March 6, 1970, between the KINGDOM OF MOROCCO (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith<sup>2</sup> between the Bank and Banque Nationale pour le Développement Economique (hereinafter called the Borrower), 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 the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,<sup>3</sup> subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions), 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 in the General Conditions shall have the respective meanings therein set forth.

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<sup>1</sup> Came into force on 8 June 1970, upon notification by the Bank to the Government of Morocco.

<sup>2</sup> See p. 48 of this volume.

<sup>3</sup> *Ibid.*

## 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 unconditionally 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 such 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 General Conditions, its guarantee on any Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor is designated as the authorized representative of the Guarantor for the purposes of Section 8.10 (a) of the General Conditions. The Minister of Finance may designate other or additional authorized representatives for the purposes of such Section, by notice to the Bank.

*Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

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 10.03 of the General Conditions.

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 ROBERT S. MCNAMARA  
President

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.*]

LOAN AGREEMENT

AGREEMENT, dated March 6, 1970, 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> May 13, 1966<sup>2</sup> and November 14, 1968<sup>3</sup> between the Bank and the Borrower the Bank made loans to the Borrower in amounts in various currencies equivalent to \$15,000,000, \$17,500,000 and \$15,000,000, 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> May 13, 1966<sup>2</sup> and November 14, 1968;<sup>3</sup>

WHEREAS the Borrower has requested the Bank to make a fourth 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 fourth loan to the Borrower upon the terms and conditions hereinafter set forth, but only on condition that the Guarantor

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

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

<sup>3</sup> *Ibid.*, vol. 738, p. 67.

guarantee such loan upon the terms and conditions of the Guarantee Agreement of even date herewith<sup>1</sup> between the Guarantor and the Bank;

NOW THEREFORE it is hereby agreed as follows:

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,<sup>2</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 General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in the 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:

(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;

(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 or in respect of which withdrawals from the Loan Account have been authorized by the Bank, pursuant to Section 2.03 (b) 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) “subsidiary” means any company of which a majority of the outstanding voting stock or other proprietary interest is owned, or which is effectively controlled.

<sup>1</sup> See p. 40 of this volume.

<sup>2</sup> See p. 48 of this volume.

by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries;

(h) "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;

(i) "Statement of Policy" means the Statement of Policy approved by the Board of Directors of the Borrower on March 29, 1963, as amended to December 22, 1969 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.* The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

*Section 2.03.* (a) Subject to the provisions of paragraphs (b), (c) and (d) of this Section, the Borrower shall be entitled to withdraw from the Loan Account:

- (i) amounts expended for the reasonable cost of goods and services required for carrying out the Investment Project in respect of which the withdrawal is requested;
- (ii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods and services; and
- (iii) the equivalent of 65% of the invoiced price less all taxes, paid for goods purchased as set forth in paragraph (c)(ii) of this Section.

(b) No amount shall be withdrawn from the Loan Account in respect of an Investment Project unless it shall have been approved in writing by the Bank; provided, however, that such withdrawals may be made in respect of sub-loans for Investment Projects described to and authorized by the Bank for financing hereunder in accordance with the provisions of Section 3.02 (b) of this Agreement, but only up to an amount in respect of each such Investment Project which, together with any amount or amounts previously approved, requested or credited to a loan account for

such Investment Project under this Agreement, or for the same project under any other loan agreement between the Borrower and the Bank, and not repaid, shall not exceed the equivalent of \$300,000 and, in respect of all such Investment Projects, the equivalent of \$4,000,000 in the aggregate, or, in either case, of such other limit as shall from time to time be determined by the Bank.

(c) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account may be made on account of (i) expenditures made prior to the date of the Loan Agreement but within the limits set forth in paragraph (d) of this Section and (ii) expenditures in the currency of the Guarantor, but only for goods previously imported into Morocco through normal trade channels or goods produced in Morocco to a substantial extent from components or raw materials so imported and purchased by Investment Enterprises to carry out Investment Projects.

(d) Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made by any Investment Enterprise (i) for any Investment Project subject to the Bank's approval more than ninety days prior to the date on which the Bank shall have received in respect of such Project the application required under Section 3.02 (a) of this Agreement or (ii) in the case of any other Investment Project, more than ninety days prior to the date on which the Bank shall have received the description thereof pursuant to Section 3.02 (b).

*Section 2.04.* Three-fourths of one per cent ( $3/4$  of 1%) per annum is specified for the purpose of Section 3.02 of the General Conditions as the commitment charge payable on the unwithdrawn amount of the Loan.

*Section 2.05.* The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

*Section 2.07.* (a) The Borrower shall repay the principal amount of the Loan 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 withdrawals from the Loan Account shall have been approved or authorized pursuant to Section 3.02 of this Agreement and (ii) take into account any cancellation pursuant to Article VI of the General Conditions and any repayments made by the Borrower under Section 2.08 of this Agreement, except that repayments due hereunder shall be made on March 15 and September 15 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on prepayment

and redemption, if required.

(b) The amortization schedule applicable to each Investment Project shall provide for an appropriate period of grace, and, unless the Bank and the Borrower shall otherwise agree, (i) shall not extend beyond fifteen years from the date of approval by the Bank of such Investment Project or of authorization by the Bank to make withdrawals from the Loan Account in respect of such Investment Project, 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 2.08.* 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 so repaid to, or disposed of by, the Borrower, but not exceeding the amount withdrawn from the Loan Account in respect of such sub-loan or investment, together with the premium specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.07 (a). The policy stated in Section 3.05 (c) of the General Conditions 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.

(d) The first sentence of Section 3.05 (b) of the General Conditions shall not apply to any repayment made under paragraph (a) of this Section.

### *Article III*

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

*Section 3.01.* The Project for which the Loan is granted 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 Bor-

rower and in furtherance of the corporate purposes of the Borrower as set forth in the Statutes.

*Section 3.02. (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 (including a description of the costs thereof proposed to be financed out of the proceeds of the Loan), the terms and conditions of the sub-loan to or investment in the Investment Enterprise, including the schedule of amortization proposed therefor, a financial and economic analysis thereof and such other information as the Bank shall reasonably request.

*(b)* Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of sub-loans for Investment Projects not requiring approval by the Bank shall contain a summary description of the Investment Enterprise and the Investment Project (including a description of the costs thereof proposed to be financed out of the proceeds of the Loan) for which such authorization is requested and the terms and conditions of the sub-loan for such Investment Project, including the schedule of amortization therefor.

*(c)* Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Projects pursuant to the provisions of Section 3.02 *(a)* of this Agreement and requests for authorizations to withdraw from the Loan Account pursuant to the provisions of Section 3.02 *(b)* of this Agreement shall be submitted on or before March 31, 1971.

#### *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 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 8.10 of the General Conditions.

#### *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 to 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 condition of the Borrower, and shall enable the Bank's representatives to examine such records.

(c) The Borrower shall: (a) have its accounts and financial statements (balance sheet, statement of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank; (b) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (i) certified copies of its financial statements for such year as so audited and (ii) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (c) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

*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 registration 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 the 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 latest of the dates of all outstanding maturities of the sub-loans, the schedules of amortization for investments, the loans made by the Borrower out of the proceeds of all other loans made by the Bank to the Borrower and the schedules of amortization for the investments made out of such proceeds, 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

### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement 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.

*Section 6.02.* The following additional events are specified for the purposes of Section 7.01 of the General Conditions:

- (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 such situation shall not have been corrected within a period of sixty days following notice thereof by the Bank to the Borrower; 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, and such situation shall not have been corrected within a period of sixty days following notice thereof by the Bank to the Borrower.

### *Article VII*

#### TERMINATION; MISCELLANEOUS

*Section 7.01.* The date of June 8, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

*Section 7.02.* The Closing Date shall be June 30, 1973, or such other date as shall be agreed upon between the Bank and the Borrower.

*Section 7.03.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

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.

## Telex:

440098 (ITT) or  
24423 (RCA)  
Washington, D.C.

## For the Borrower:

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

## Alternative address for cables:

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* ROBERT S. MCNAMARA  
President

Banque nationale pour le développement économique:

*By* M'HAMED BARGACH  
Authorized Representative

SCHEDULE I  
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
March 15, 1972 .....	39,000	September 15, 1979 .....	762,000
September 15, 1972 .....	60,000	March 15, 1980 .....	558,000
March 15, 1973 .....	210,000	September 15, 1980 .....	510,000
September 15, 1973 .....	240,000	March 15, 1981 .....	402,000
March 15, 1974 .....	531,000	September 15, 1981 .....	387,000
September 15, 1974 .....	588,000	March 15, 1982 .....	261,000
March 15, 1975 .....	855,000	September 15, 1982 .....	255,000
September 15, 1975 .....	939,000	March 15, 1983 .....	147,000
March 15, 1976 .....	1,104,000	September 15, 1983 .....	141,000
September 15, 1976 .....	1,164,000	March 15, 1984 .....	111,000
March 15, 1977 .....	1,203,000	September 15, 1984 .....	105,000
September 15, 1977 .....	1,182,000	March 15, 1985 .....	96,000
March 15, 1978 .....	1,074,000	September 15, 1985 .....	90,000
September 15, 1978 .....	1,023,000	March 15, 1986 .....	90,000
March 15, 1979 .....	807,000	September 15, 1986 .....	66,000

\*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 to Section 2.08 (a) of the Loan Agreement 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 .....	1¼%
More than three years but not more than six years before maturity .....	2½%
More than six years but not more than eleven years before maturity .....	4%
More than eleven years but not more than thirteen years before maturity .....	5¾%
More than thirteen years before maturity .....	7%

SCHEDULE 2

MODIFICATIONS OF THE GENERAL CONDITIONS

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

(1) The following subparagraph (d) is added to Section 3.05:

“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 3.05 and in Section 8.15.”

(2) The words “Investment Projects” are substituted for the words “the Project” at the end of Section 5.03.

(3) Section 6.03 is deleted and replaced by the following new Section:

“SECTION 6.03. *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 3.02 (c) of the Loan Agreement no applications for approval or requests for authorization to withdraw from the Loan Account in respect of any portion of the Loan shall have been received by the Bank, or having been so received, shall have been denied, or (c) after the Closing Date an amount 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 such approvals and authorizations 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.”

(4) Paragraph (d) of Section 7.01 is amended to read as follows:

“(d) 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 such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.”

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