

No. 10674

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

Loan Agreement—*Rharb - Sebou Irrigation Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements). Signed at Rabat on 13 November 1969

Authentic text: English.

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

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

Contrat d'emprunt — *Projet d'irrigation de Rharb - Sebou* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Rabat le 13 novembre 1969

Texte authentique : anglais.

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

LOAN AGREEMENT¹

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

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to the Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

Section 1.02. Wherever used in 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) "Agricultural Investment Code" means *Dahir* No. 1-69-25 of July 25, 1969 of the Borrower, "*formant Code des Investissements Agricoles*", together with the *Lois particulières, Décrets d'application* and *Arrêtés interministériels* promulgated in connection therewith, as the same may be amended from time to time;
- (b) "Project Area" means the area of the Province of Kénitra and of the Rharb Plain which is included in the *communes* of Dar Gueddari, Jmaa des Haouafate, Msaada, Souk El Had des Tekna and Khenichet; and
- (c) "Regional Office" means the Regional Agricultural Development Office of the Rharb in Kénitra, an agency of the Ministry of Agriculture and Agrarian Reform of the Borrower, and includes any successor thereto.

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

² See p. 254 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to forty-six million dollars (\$46,000,000).

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

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

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

- (a) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for expenditures in currencies other than the currency of the Borrower for the c.i.f. cost of imported machinery, equipment, vehicles, materials and supplies included in Category II of such allocation of the proceeds of the Loan, and for consulting services included in Category III of such allocation of the proceeds of the Loan and procured from outside the territory of the Borrower;
- (b) the equivalent of 30% of such amounts as shall have been paid (or, if the Bank shall so agree, of such amounts as shall be required to meet payments to be made) (i) for expenditures under contracts for civil works included in Category I of such allocation of the proceeds of the Loan, and (ii) for expenditures incurred by the Regional Office for works included in Category IV of such allocation of the proceeds of the Loan;
- (c) the equivalent of 65% of the invoiced price of machinery, equipment, vehicles, materials and supplies included in Category II of such allocation of the proceeds of the Loan and procured in the territory of the Borrower;

provided, however, that if there shall be an increase in the estimate of such expenditures as are referred to in paragraph (b) or (c) above, the Bank may by notice to the Borrower adjust the percentage then applicable thereto as required in order that withdrawals of the amount of the Loan then allocated to the corresponding Category pursuant to such allocation of the proceeds of the Loan, and not withdrawn, continue *pro rata* with the expenditures remaining to be made therefor.

Section 2.04. (a) Withdrawals from the Loan Account may also be made to meet payments to the Bank for interest and other charges on the Loan accruing prior to December 14, 1977 or to such other date as may be agreed between the Borrower and the Bank, and included in Category V of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement.

(b) It is agreed, pursuant to Section 5.01 of the General Conditions that withdrawals from the Loan Account may be made (i) in respect of payments made prior to the date of the Loan Agreement but after May 13, 1969, under contracts approved by the Bank, and (ii) under paragraphs (b) and (c) of Section 2.03 of this Agreement on account of payments in the currency of the Borrower for goods produced in, and services supplied from, the territory of the Borrower.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

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

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

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

Article III

USE OF PROCEEDS OF THE LOAN

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

Section 3.02. Unless the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank, except as otherwise provided in such Schedule 4.

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

Article IV

BONDS

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

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

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out the Project or cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, agricultural, engineering and financial practices, and shall provide promptly as needed the funds, import licenses, exchange permits, facilities, services and other resources required for the purpose.

Section 5.02 (a) The Borrower shall establish within six months of the date of the Loan Agreement, and shall thereafter maintain until completion of the Project, a project coordinating committee, presided over by the Borrower's Minister of Agriculture and Agrarian Reform, which shall (i) coordinate all aspects of the Project, (ii) supervise the progress of the implementation of the Project, and (iii) ensure close cooperation between

all interested ministries, agencies and instrumentalities of the Borrower and with the Bank on all matters related to the Project.

(b) The Borrower shall appoint as members of such project coordinating committee representatives of the departments of its Ministry of Agriculture and Agrarian Reform, as well as representatives of all concerned ministries, departments or agencies of the Borrower.

Section 5.03. (a) To assist in carrying out the Project (except for Parts 1 and 6 thereof, and for the geological studies and the engineering and supervision of the construction of the Idriss 1^{er} Dam included in Part 8 thereof), and to assist the Regional Office in all phases of the coordination, management and supervision of the Project, the Borrower shall employ in the Regional Office, and continue to employ therein until completion of the Project, competent and experienced general consultants acceptable to the Borrower and to the Bank, to such extent and upon such terms and conditions as shall have been approved by the Borrower and the Bank.

(b) In addition to the general consultants referred to in paragraph (a) hereof, the Borrower, to assist in carrying out the Project, shall employ or cause to be employed competent and experienced specialized consultants acceptable to the Borrower and to the Bank, to such extent and upon such terms and conditions as shall have been approved by the Borrower and the Bank. Such specialized consultants shall include, but without limitation:

- (i) consultants for the supervision of the civil works included in Part 1 of the Project, to be employed in the Hydraulic Department of the Borrower's Ministry of Public Works;
- (ii) a drainage consultant to assist in carrying out Part 7 of the Project, to be employed in the Regional Office; and
- (iii) consultants to assist in carrying out the geological studies included in Part 8 of the Project, to be employed in said Hydraulic Department; such studies shall be initiated not later than six months from the date of the Loan Agreement.

(c) The Borrower shall cause the works included in the Project to be constructed to general design standards satisfactory to the Borrower and to the Bank by competent and experienced contractors acceptable to the Borrower and to the Bank, employed under contracts which shall have been approved by the Borrower and the Bank.

(d) The Borrower shall take such steps as are necessary to ensure the production promptly as required of the prefabricated concrete sections for irrigation canals required for the Project.

Section 5.04. (a) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the reports, studies, plans, specifications, work and procurement schedules for, or in connection with, the Project, and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

(b) The Borrower shall: (i) at all times maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof); (ii) cause the Regional Office to maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Regional Office; and (iii) enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, all other plants, sites, works, properties, machinery, equipment and operations of the Borrower relevant to the Project and any relevant records and documents.

(c) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditures of the proceeds of the Loan, the goods and services financed out of such proceeds, the Project, and the administration, operations and financial condition of the Regional Office.

Section 5.05. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof.

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

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

Section 5.06. The Borrower shall take all steps required on its part under its laws in order to acquire, as and when needed, title to all land not otherwise acquired by the Borrower which shall be required for the carrying out of the Project or any part thereof.

Section 5.07. (a) The Borrower shall cause the Regional Office at all times to carry on its operations related to the Project, and shall ensure that all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct by the Regional Office of its business and undertaking shall be taken.

(b) The Borrower shall cause the Regional Office at all times to manage its affairs, maintain its financial position and carry on its operations, all in accordance with sound agricultural development, business and financial practices, under the supervision of experienced and competent management, and with the assistance of adequate qualified and experienced staff.

(c) The Borrower shall at all times operate and maintain or cause to be operated and maintained its plants, machinery, equipment and other property required for the Project, and shall make or cause to be made all necessary repairs and renewals thereof, in accordance with sound engineering and economic practices.

(d) The Borrower shall cause the Regional Office to have its financial statements (balance sheet, statement of income and expenditure and other related statements) audited annually by competent and experienced auditors acceptable to the Bank and, promptly after their preparation and not later than six months after the close of the fiscal year to which they apply, to transmit to the Bank certified copies of such statements and a signed copy of the auditors' report.

Section 5.08. (a) The Borrower shall cause to be taken out and maintained with responsible insurers, or shall make other provisions satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound business practices.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to have the goods to be financed out of the proceeds of the Loan insured against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable or convertible by the Borrower to replace or repair such goods.

Section 5.09. (a) The Borrower shall take such steps as are necessary to ensure (i) that the beneficiaries of the Project shall promptly be billed for all water charges, betterment levies (*participation à la valorisation des terres irriguées*), drainage tax and other taxes and assessments established pursuant to the Agricultural Investment Code, and (ii) that all such bills shall be collected within a reasonable time.

(b) The Borrower shall from time to time, at its own initiative or at the request of the Bank, review in agreement with the Bank, the level of such water charges, betterment levies, drainage tax and other taxes and assessments applicable in the Project Area, with a view to covering from the proceeds thereof all operating and maintenance costs of the Project as well as a reasonable portion of the capital cost of the Project, taking into account the beneficiaries' incentives and capacity to pay.

Section 5.10. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

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

Section 5.11. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territory and shall be free from all restrictions imposed under any such laws; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.12. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territory on or in connection with the execution, issue, delivery or registration thereof, and the Borrower, shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions 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 other charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

Section 6.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) *Dahir* No. 1-69-25 of July 25, 1969 of the Borrower, “*formant Code des Investissements Agricoles*”, the *Lois particulières* or *Décrets d’application* promulgated in connection therewith, or any provision thereof, shall have been materially amended, suspended, abrogated, repealed or waived so as to affect the Project adversely, and such event shall continue for a period of sixty days.
- (b) The laws of the Borrower establishing the Regional Agricultural Development Office of the Rharb, and defining the scope of its powers and activities (including the *Décret Royal* No. 830-66 of October 22, 1966 and the Annexes thereto), shall have been materially amended, suspended, abrogated, repealed or waived so as to affect the Project adversely, and such event shall continue for a period of thirty days.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions, namely, that the general consultants referred to in Section 5.03 (a) of this Agreement shall have been retained.

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

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be November 30, 1978, or such other date as shall be agreed between the Borrower and the Bank.

Section 8.02. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

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

For the Borrower:

Ministère des Finances
Rabat, Morocco

Cable address:

Ministère Finances
Rabat

For the Bank:

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

Cable address:

Intbafrad
Washington, D.C.

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

Kingdom of Morocco:

By MAMOUN TAHIRI
Authorized Representative

International Bank for Reconstruction and Development:

By ROBERT S. McNAMARA
President

SCHEDULE 1

ALLOCATION OF THE PROCEEDS OF THE LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Civil works under Parts 1, 3, 5 and 6 of the Project	14,500,000
II. Electrical and mechanical operating equipment under Part 1 of the Project; pumps, motors, switchgear and related equipment under Part 3 of the Project; farm tractors, implements and other equipment under Part 5 of the Project; additional equipment for the cotton ginning and for the sugar refineries under Part 6 of the Project; and vehicles for the Project . . .	9,000,000
III. Consulting services	2,500,000
IV. The consolidation, reorganization, redistribution and preparation of land and the management of the Project under Parts 2, 3, 4 and 9 of the Project	3,500,000
V. Interest and other charges on the Loan	12,500,000
VI. Unallocated	4,000,000
TOTAL	<u>46,000,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to V shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category VI.

2. If the estimate of the cost of the items included in any of the Categories I to V shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan pursuant to the provisions of Section 2.03 of this Agreement will be allocated by the Bank, at the request of the Borrower, to such Category from Category VI, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

SCHEDULE 2

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
December 15, 1978	475,000	December 15, 1989	1,010,000
June 15, 1979	490,000	June 15, 1990	1,050,000
December 15, 1979	510,000	December 15, 1990	1,085,000
June 15, 1980	525,000	June 15, 1991	1,120,000
December 15, 1980	545,000	December 15, 1991	1,160,000
June 15, 1981	565,000	June 15, 1992	1,200,000
December 15, 1981	585,000	December 15, 1992	1,245,000
June 15, 1982	605,000	June 15, 1993	1,290,000
December 15, 1982	625,000	December 15, 1993	1,335,000
June 15, 1983	645,000	June 15, 1994	1,380,000
December 15, 1983	670,000	December 15, 1994	1,430,000
June 15, 1984	695,000	June 15, 1995	1,480,000
December 15, 1984	720,000	December 15, 1995	1,530,000
June 15, 1985	745,000	June 15, 1996	1,585,000
December 15, 1985	770,000	December 15, 1996	1,640,000
June 15, 1986	795,000	June 15, 1997	1,695,000
December 15, 1986	825,000	December 15, 1997	1,755,000
June 15, 1987	850,000	June 15, 1998	1,815,000
December 15, 1987	880,000	December 15, 1998	1,880,000
June 15, 1988	915,000	June 15, 1999	1,945,000
December 15, 1988	945,000	December 15, 1999	2,010,000
June 15, 1989	980,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than four years before maturity	$\frac{3}{4}\%$
More than four years but not more than eight years before maturity	2%
More than eight years but not more than fourteen years before maturity	2 $\frac{3}{4}\%$

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
More than fourteen years but not more than twenty years before maturity	4 1/4%
More than twenty years but not more than twenty-six years before maturity . .	5 1/2%
More than twenty-six years but not more than twenty-eight years before maturity	6 1/2%
More than twenty-eight years before maturity	7%

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project is the 90,000-hectare first phase of the long-term development of agricultural and livestock production under irrigation and improved rainfed farming over an area of about 200,000 hectares in the Rharb Plain, and consists of the following Parts:

1. The construction of the Idriss 1^{er} Dam at Arabat on the Inaouene River, with a storage capacity of about 1,430 million cubic meters.
2. Land consolidation, reorganization and redistribution throughout the Project Area, in accordance with the Agricultural Investment Code.
3. Land preparation over an area equal to approximately two-thirds of the Project Area, the construction of about 16 pump stations and of new irrigation and drainage systems covering about 38,300 hectares within such area, and the improvement of existing irrigation and drainage systems covering about 5,000 hectares within such area.
4. The improvement of rainfed agriculture, including land preparation and the improvement of surface drainage, over the parts of the Project Area not included in the scope of Part 3 above.
5. The construction and equipment of a new subdivision office, of two new local agricultural development centers and of the necessary sector offices which, together with five existing agricultural development centers, would serve the irrigated and the rainfed parts of the Project Area.
6. The improvement of roads and of crop processing facilities to serve the Project Area, including the study and provision of additional equipment for a cotton ginning factory and for two sugar refineries.
7. Experiments and surveys to determine the design criteria for sub-surface drainage.
8. Engineering and supervision of the civil works included in the Project, including geological studies for Part 1 of the Project to be carried out before filling the reservoir area of the Idriss 1^{er} Dam.
9. The strengthening and reorganization of the Regional Office, including the recruitment, or transfer to such Office, of additional staff to manage the Project and to plan the second phase of development in the Rharb Plain.

The Project is expected to be completed by December 31, 1977.

SCHEDULE 4

SUPPLEMENTARY PROCUREMENT PROCEDURES

1. Pursuant to Section 3.02 of this Agreement, the following goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published in February 1968:

- (a) all electrical-mechanical works included in Part 1 of the Project which are not provided for in the Idriss 1^{er} Dam contract dated May 13, 1969;
- (b) the construction and equipment of all pumping stations;
- (c) the construction and equipment of irrigation and drainage systems;
- (d) equipment for the cotton ginning factory and for the sugar refineries; and
- (e) vehicles, tractors and equipment for the Project.

2. All goods or services to be financed out of the proceeds of the Loan other than those referred to in paragraph 1 above, as well as contracts involving expenditures equivalent to \$100,000 or less in the case of civil works, need not be procured on the basis of international competitive bidding and shall be procured in accordance with the procurement procedures of the Borrower in force on the date of the Loan Agreement.

3. With respect to the goods and services to be financed out of the proceeds of the Loan and required to be procured in accordance with the provisions of paragraph 1 or 2 above, identical or similar items to be procured shall be grouped wherever practicable (civil works being grouped wherever practicable to ensure bidding on amounts equal to, or in excess of, one million dollars) for the purposes of bidding and procurement (including turn-key contracts, if any), and such grouping shall be subject to the approval of the Bank, which will be requested at the time the bidding documents relating to any item or group of items are submitted to the Bank.

4. With respect to any contract involving expenditures equivalent to \$100,000 or less in the case of civil works or equivalent to \$25,000 or less in the case of purchases of machinery, equipment, vehicles, materials or supplies, copies of all tender documents, including the evaluation reports, and two conformed copies of each such executed contract shall be sent to the Bank promptly after its execution and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract.

5. For all contracts involving expenditures equivalent to more than \$100,000 in the case of civil works or equivalent to more than \$25,000 in the case of purchases of machinery, equipment, vehicles, materials or supplies, the procedure outlined below will be followed:

(a) Tenders for goods and services referred to in paragraph 1 (a), (b) and (c) hereof and inviting international competitive bidding will be issued in amounts large enough to interest foreign firms. Separate schedules may be used within each tender giving bidders the right to bid on one or any combination of schedules.

(b) Potential bidders for civil works will be prequalified by a special board set up for this purpose by the Borrower. A description of the prequalification procedure and a list of prequalified bidders will be submitted to the Bank for approval, together with the recommendations and comments of the consultants where applicable.

(c) A copy of the invitations to bid, draft forms of contract, specifications and all other bidding documents, together with a complete description of the international advertising procedures to be used, will be submitted to the Bank for its review and approval before the invitations are issued, together with the recommendations of the consultants where applicable.

(d) After bids have been received and analyzed, a copy of the analysis of bids and the Borrower's proposals for the award stating the reasons for such proposals, together with the recommendations of the consultants where applicable, will be submitted to the Bank for its review and approval prior to the award of the contract.

(e) If the proposed final contract is to differ substantially from the terms and conditions contained in the respective documents approved by the Bank under paragraphs (b), (c) and (d) above, a copy of the text of the proposed changes will be submitted to the Bank for its review and approval prior to the signature of the contract.

(f) Promptly after the signature of each such contract, two conformed copies thereof will be transmitted to the Bank.

(g) If during the term of any such contract there is any change or addition which is in excess of 16% of the original value of the contract, the Bank will be promptly advised.

6. Where bids are submitted by Moroccan manufacturers of machinery, equipment, vehicles, materials or supplies, the following rules shall be observed for the purpose of comparing any such bid to any competing bid of a foreign manufacturer:

(a) All applicable customs duties and similar taxes shall first be deducted from the total cost submitted by such foreign manufacturer;

(b) The portion of such cost representing the c.i.f. landed price of the goods shall then be increased by 15% thereof or the actual rate of such duties and taxes, whichever is lower;

(c) The resulting figure plus the portion of such cost representing inland freight, insurance and other costs of delivery of the goods to the site of use in the Project, shall be deemed to be the price of the foreign bid;

(d) The ex-factory price of the goods offered by a competing Moroccan bidder plus inland freight, insurance and other costs of delivery to the site of use in the Project, shall be deemed to be the price of the Moroccan bid.

(e) If the price of the Moroccan bid is equal to or lower than the price of the foreign bid, and other terms and conditions are satisfactory, then the Moroccan bid will be considered the lowest evaluated bid.

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

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