

No. 11440

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

**Guarantee Agreement—*Fifth 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 20 May 1971**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development on 16 December 1971.*

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

**Contrat de garantie — *Cinquième 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 20 mai 1971**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 16 décembre 1971.*

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

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AGREEMENT, dated May 20, 1971, 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 thirty-five million dollars (\$35,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; 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*

#### 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>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 the Loan 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 Guarantee Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

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<sup>1</sup> Came into force on 20 October 1971, upon notification by the Bank to the Government of Morocco.

<sup>2</sup> See p. 406 of this volume.

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

## Article II

### GUARANTEE; BONDS

*Section 2.01.* Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

## Article III

### OTHER COVENANTS

*Section 3.01.* (a) It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Guarantor (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt except as otherwise disclosed in writing by the Guarantor to the Bank, and (ii) undertakes that if any such lien shall be created, it 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 in the creation of any such lien express provision will be made to that effect. The Guarantor shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing representation and undertaking shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section, the term "governmental assets" means assets of the Guarantor, of any of its political subdivisions, of any agency of the Guarantor or of any such political subdivision, and assets of the Banque du Maroc or any institution performing the functions of a central bank for the Guarantor.

*Section 3.02.* The Guarantor covenants that it will not take, or cause or

permit any of its political subdivisions or any of its agencies or any agency of any such political subdivisions to take, any action which would prevent or interfere with the performance by the Borrower of its obligations contained in the Loan Agreement and will take or cause to be taken all reasonable action necessary or appropriate to enable the Borrower to perform such obligations.

*Section 3.03.* The Guarantor shall not amend the Government Agreement without the approval of the Bank.

*Section 3.04.* 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*

##### CONSULTATION AND INFORMATION

*Section 4.01.* The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Guarantor and the Bank shall from time to time, at the request of either party : (i) exchange views through their representatives with regard to the performance of their respective obligations under the Guarantee Agreement and other matters relating to the purposes of the Loan; and (ii) 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, including its balance of payments, and the external debt of the Guarantor, of any of its political subdivisions and of any agency of the Guarantor or of any such political subdivision.

*Section 4.02. (a)* The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

*(b)* 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.

#### *Article V*

##### TAXES AND RESTRICTIONS

*Section 5.01.* 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 Guarantor or laws in effect in its territories; provided, however, that the foregoing 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 5.02.* The 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 5.03.* The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls or moratoria of any nature imposed under the laws of the Guarantor or laws in effect in its territories.

#### *Article VI*

##### REPRESENTATIVE OF THE GUARANTOR; ADDRESSES

*Section 6.01.* The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

*Section 6.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Guarantor :

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 this Agreement to be signed in

their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Kingdom of Morocco :

By ABDESSADEK EL GLAOUI  
Authorized Representative

International Bank for Reconstruction and Development :

By J. BURKE KNAPP  
Vice 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 May 20, 1971, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and BANQUE NATIONALE POUR LE DÉVELOPPEMENT ÉCONOMIQUE (hereinafter called the Borrower), a company established and operating under the laws of the Kingdom of Morocco.

### *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>1</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 of the Bank, 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 an Investment Enterprise for an Investment Project, and "free-limit sub-loan" means a sub-loan, as so defined, which

<sup>1</sup> See above.

qualifies as a free-limit sub-loan pursuant to the provisions of Section 2.02 (b) of this Agreement.

(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 which the Borrower proposes to make or has made a sub-loan or in which it proposes to make or has made an investment.

(d) "Investment Project" means a specific development project to be carried out by an Investment Enterprise utilizing the proceeds of a sub-loan or investment.

(e) "Dirhams" and "DH" mean the currency of the Guarantor.

(f) "foreign currency" means any currency other than the currency of the Guarantor.

(g) "Statutes" means the statutes of the Borrower as amended to the date of this Agreement.

(h) "Statement of Policy" means the statement of General Policy of the Borrower approved by its Board of Directors on March 29, 1963 as amended to December 22, 1969 and as the same may be further amended from time to time with the prior approval of the Bank.

(i) "Prior Loan Agreement" means any outstanding loan agreement executed and delivered between the Bank and the Borrower before the date of this Agreement and "Prior Loan" means any loan provided for therein.

(j) "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 as amended by Avenant dated May 14, 1971, 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.

(k) "subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or 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.

## 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 thirty-five million dollars (\$35,000,000).

*Section 2.02.* (a) Subject to the provisions of paragraphs (b), (c) and (d) of this Section, the Borrower may withdraw from the Loan Account: (i) amounts expended (or if the Banks shall so agree, required to meet expenditures to be made) for the reasonable cost of goods (except goods described in clause (ii) of this paragraph) and services required for the Investment Project in respect of which the withdrawal is requested and (ii) 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; provided, however, that no amount shall be withdrawn from the Loan Account in respect of an Investment Project unless (A) the sub-loan or investment for such Investment Project shall have been approved by the Bank or (B) the sub-loan shall be a free-limit sub-loan for which the Bank shall have authorized withdrawals from the Loan Account.

(b) A free-limit sub-loan shall be a sub-loan in an amount to be financed under this Agreement which, together with any other amount or amounts previously financed for the same project out of the proceeds of the Loan or of any Prior Loan, and not repaid, shall not exceed in the aggregate the equivalent of \$500,000 and which, when added to all other free-limit sub-loans financed out of the proceeds of this Loan, shall not exceed in the aggregate the equivalent of \$7,000,000, the foregoing amounts being subject to change from time to time as 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 an Investment Enterprise to be financed (i) under a sub-loan subject to the Bank's approval, or with an investment, more than ninety days prior to the date on which the Bank shall have received in respect of the Investment Project the application and information required under Section 2.03 (a) of this Agreement or (ii) under a free-limit sub-loan, more than ninety days prior to the date on which the Bank shall have received the request and information required by Section 2.03 (b).

*Section 2.03.* (a) When submitting a sub-loan (other than a free-limit sub-loan) or an investment 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 the Investment Enterprise and of the Investment Project to be financed thereunder (including a description of the expenditures proposed to be financed out of the proceeds of the Loan and an appraisal of the Investment Project) and the proposed terms and conditions of the sub-loan or investment, including the schedule of amortization of the sub-loan or of repayment to the Bank of the amount of the Loan to be used for the investment, 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 a free-limit sub-loan shall contain a summary description of the Investment Enterprise and the Investment Project (including a description of the expenditures proposed to be financed out of the proceeds of the Loan) for which such authorization is requested and the terms and conditions of such free-limit sub-loan, including the schedule of amortization therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications and requests permitted under paragraphs (a) and (b) of this Section shall be submitted to the Bank on or before June 30, 1973.

*Section 2.04.* The Closing Date shall be June 30, 1975 or such later date as shall be determined by the Bank.

*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 and one-quarter per cent ( $7\frac{1}{4}\%$ ) 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 July 1 and January 1 in each year.

*Section 2.08.* (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 by the Bank to the extent required to: (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to sub-loans and of the repayment schedules applicable to investments, which have been approved or authorized for withdrawals from the Loan Account under Section 2.02 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 2.09 of this Agreement; provided that repayments due hereunder shall be made on July 1 and January 1 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on prepayments and redemption, if necessary.

(b) The amortization schedule applicable to each sub-loan and the repayment schedule applicable to each investment 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 sub-loan or investment, or in the case of a free-limit sub-loan, of authorization by the Bank to make withdrawals from the Loan Account in respect thereof, 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) If a sub-loan or any part thereof shall be repaid to the Borrower in advance of maturity or if a sub-loan or an investment or any part thereof shall be sold, transferred, assigned or otherwise disposed of for value by the Borrower, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date, together with the premiums specified in Schedule 1 to this Agreement

or in any amendment thereof under Section 2.08 (a) of this Agreement, the amount withdrawn from the Loan Account in respect of such sub-loan or investment or part thereof and not theretofore repaid to the Bank.

(b) Any amount so repaid by the Borrower shall be applied by the Bank as follows : (i) in the case of a sub-loan, to the maturity or maturities of the Loan in amounts corresponding to the unpaid amounts of the maturity or maturities of the sub-loan so repaid or disposed of, and (ii) in the case of an investment, *pro rata* to the maturity or maturities of the Loan reflecting amounts to be repaid on account of such investment.

(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.

*Section 2.10.* (a) 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.

(b) The Borrower shall from time to time, as required, notify the Bank of the person or persons designated by it as its authorized representatives for the purposes of Section 8.10 of the General Conditions.

### Article III

#### THE PROJECT; MANAGEMENT AND OPERATIONS OF THE BORROWER

*Section 3.01.* (a) 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 Borrower and in furtherance of the corporate purposes of the Borrower as set forth in the Statutes. Except as the Bank shall otherwise agree, the aggregate amount of sub-loans and investments in non-private Investment Enterprises financed under this Agreement shall not exceed the equivalent of six million dollars.

(b) The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management and personnel, and in accordance with its Statutes and Statement of Policy.

*Section 3.02.* (a) 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 contract with the Investment Enterprise or by 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 managerial standards and to maintain adequate records; (ii) the right to require that the goods and services to be financed out of 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 with responsible insurers 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 the acquisition, transportation and delivery of 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 the right of the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its contract with the Borrower.

(b) The Borrower shall exercise its rights in relation to each Investment Project in such manner as to protect the interests of the Bank and the Borrower, to comply with its obligations under this Agreement and to achieve the purposes of the Project.

*Section 3.03.* 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, and the sub-loans and investments.

*Section 3.04.* The Borrower shall duly perform all its obligations under the Government Agreement and other agreements under which funds have been lent or otherwise put at the disposal of the Borrower by the Guarantor or its agencies or others for relending, investment or management. The Borrower shall promptly inform the Bank of any action which would have the effect of assigning, or of amending, abrogating or waiving any material provision of, any such agreement.

*Section 3.05.* If the Borrower establishes or acquires any subsidiary, the Borrower shall cause such subsidiary to observe and perform the obligations of the Borrower hereunder to the extent to which such obligations shall or can be applicable thereto, as though such obligations were binding upon such subsidiary.

#### *Article IV*

##### FINANCIAL COVENANTS

*Section 4.01.* 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 or of any subsidiary 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 4.02.* The Borrower shall not make any repayment in advance of maturity in respect of any outstanding debt of the Borrower which, in the judgment of the Bank, would materially affect the Borrower's ability to meet its financial obligations.

*Section 4.03.* 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 liability of the Borrower or subsidiary resulting from such guarantee 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) Debt shall be deemed to be incurred: (i) under a loan contract or agreement on the date and to the extent the amount of the loan is drawn down pursuant to such contract or agreement, and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding.

(c) Whenever in connection with this Section it shall be necessary to value in terms of Dirhams debt payable in foreign currency, such valuation shall be made at the prevailing lawful rate of exchange at which such foreign currency is, at the time of such valuation, obtainable by the Borrower 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 amounts 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 paid-up capital, surplus and free reserves of the Borrower and all its subsidiaries after excluding therefrom such amounts as shall represent equity interests of the Borrower in any subsidiary or

of any subsidiary in the Borrower or any other subsidiary, (ii) the amount of the loans totalling DH40 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 repayment relating to the investments, and of any sub-loans or investments made by the Borrower out of the proceeds of Prior Loans and (iii) such amounts 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* ”.

*Section 4.04.* The Borrower shall take such steps satisfactory to the Bank as shall be necessary to protect itself against risk of loss resulting from changes in the rates of exchange between the currencies (including Dirhams) used in its operations.

*Section 4.05.* 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 Banks' representatives to examine such records.

*Section 4.06.* The Borrower shall : (a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, by independent auditors acceptable to the Bank, in accordance with sound auditing principles consistently applied; (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, certified copies of its audited financial statements for such year and an audit report by the 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.

#### Article V

##### CONSULTATION AND INFORMATION

*Section 5.01.* (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 performance of their respective obligations under the Loan Agreement, to the administration, operations and financial condition of the Borrower and its subsidiaries and to any other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the administration, operations and financial condition of the Borrower and its subsidiaries.

*Section 5.02.* The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the pur-

poses of the Loan, the maintenance of the service thereof or the performance of its obligations under the Loan Agreement.

#### *Article VI*

##### TAXES

*Section 6.01.* 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<sup>1</sup> 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 6.02.* 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.

#### *Article VII*

##### REMEDIES OF THE BANK

*Section 7.01.* If any event specified in Section 7.01 of the General Conditions or in Section 7.02 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 and the Guarantor 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 7.02.* For the purposes of Section 7.01 of the General Conditions the following additional events are specified :

- (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 as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable;
- (b) a change shall have been made in the Statutes or in the Statement of Policy without the Bank's consent; and
- (c) a subsidiary or any other entity shall have been created or acquired or taken over

<sup>1</sup> See p. 398 of this volume.

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 or the carrying out of the Project and such situation shall not have been corrected within sixty days after notice thereof by the Bank to the Borrower.

*Article VIII*

MISCELLANEOUS

*Section 8.01.* The date of August 23, 1971 is hereby specified for the purposes of Section 11.04 of the General Conditions.

*Section 8.02.* 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

Cable address :

Intbafrad  
Washington, D.C.

Telex :

440098 (ITT) or 24423 (RCA)  
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 to be 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 J. BURKE KNAPP  
Vice President

Banque nationale pour le développement économique :

By M'HAMED BARGACH  
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>
July 1, 1973 . . . . .	1,325,000	July 1, 1979 . . . . .	805,000
January 1, 1974 . . . . .	1,375,000	January 1, 1980 . . . . .	840,000
July 1, 1974 . . . . .	2,420,000	July 1, 1980 . . . . .	865,000
January 1, 1975 . . . . .	2,505,000	January 1, 1981 . . . . .	900,000
July 1, 1975 . . . . .	2,605,000	July 1, 1981 . . . . .	600,000
January 1, 1976 . . . . .	2,695,000	January 1, 1982 . . . . .	625,000
July 1, 1976 . . . . .	2,795,000	July 1, 1982 . . . . .	390,000
January 1, 1977 . . . . .	2,890,000	January 1, 1983 . . . . .	410,000
July 1, 1977 . . . . .	2,995,000	July 1, 1983 . . . . .	425,000
January 1, 1978 . . . . .	3,110,000	January 1, 1984 . . . . .	445,000
July 1, 1978 . . . . .	1,770,000	July 1, 1984 . . . . .	185,000
January 1, 1979 . . . . .	1,825,000	January 1, 1985 . . . . .	200,000

\* The Amortization Schedule is subject to amendment pursuant to the provisions of Section 2.08 of the Loan Agreement.

\*\* 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 2.09 (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 . . . . .	1½%
More than three years but not more than six years before maturity . . . . .	2½%
More than six years but not more than ten years before maturity . . . . .	4 %
More than ten years but not more than twelve years before maturity . . . . .	6 %
More than twelve years before maturity . . . . .	7½%

## SCHEDULE 2

## MODIFICATIONS OF THE GENERAL CONDITIONS

For the purposes of this Loan Agreement, the provisions of the General Conditions Applicable to Loan and Guarantee Agreements dated January 31, 1969 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 (i) 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 (ii) by the date specified in paragraph (c) of Section 2.03 of the Loan Agreement no applications or requests permitted under paragraph (a) or paragraph (b) of such Section shall have been received by the Bank in respect of any portion of the Loan, or having been so received, shall have been denied or (iii) 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 submit such applications or requests 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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