

**No. 16294**

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**UNITED STATES OF AMERICA  
and  
MOROCCO**

**Loan Agreement—*Doukkala-Zemamra Sprinkler Irrigation Loan* (with annex). Signed at Rabat on 14 June 1976**

*Authentic texts: English and French.*

*Registered by the United States of America on 27 January 1978.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
MAROC**

**Accord de prêt — *Prêt pour le projet d'irrigation par aspersion des Doukkala-Zemamra* (avec annexe). Signé à Rabat le 14 juin 1976**

*Textes authentiques : anglais et français.*

*Enregistré par les États-Unis d'Amérique le 27 janvier 1978.*

**LOAN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND THE KINGDOM OF MOROCCO (*DOUKKALAZEMAMRA SPRINKLER IRRIGATION LOAN*)**

June 14, 1976

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<sup>1</sup> Came into force on 14 June 1976 by signature.

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LOAN AGREEMENT dated the 14th day of June, 1976, between the KINGDOM OF MOROCCO ("Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

*Article I. THE LOAN*

*Section 1.01. THE LOAN.* Upon the terms and conditions stated herein, A.I.D. agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed \$13 Million United States Dollars (\$13,000,000) ("Loan") to assist the Borrower in financing the foreign exchange costs and local currency cost of equipment, materials and services required for carrying out the Doukkala Irrigation Project referred to in Section 1.02 ("Project"). Goods and services authorized to be financed hereunder are hereinafter referred to as "Eligible Items." The aggregate amount of disbursements under the Loan is hereafter referred to as "Principal."

*Section 1.02. THE PROJECT.* The Project shall consist of the construction of an irrigation system to provide water to a land area totaling approximately 15,400 net hectares and the preparation of the land for irrigated farming in the region of Morocco known as the Doukkala perimeter. The Project, which is being undertaken in conjunction with a similar activity financed by the International Bank for Reconstruction and Development ("IBRD"), is more fully described in Annex 1, attached hereto, which Annex may be modified by written agreement between the Borrower and A.I.D.

*Article II. LOAN TERMS*

*Section 2.01. INTEREST.* The Borrower shall pay to A.I.D. interest, which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter, on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.03) and shall be computed on the basis of a 365-day year. Interest shall be payable semi-annually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

*Section 2.02. REPAYMENT.* The Borrower shall repay the Principal to A.I.D. within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual installments of Principal and

interest. The first installment of Principal shall be due and payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 2.01. A.I.D. shall provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

*Section 2.03. APPLICATION, CURRENCY, AND PLACE OF PAYMENT.* All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, all such payments shall be made to the order of the Agency for International Development and shall be deemed paid when received by the Office of the Controller, Agency for International Development, Washington, D.C., USA 20523.

*Section 2.04. PREPAYMENT.* Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

*Section 2.05. RENEGOTIATION OF THE TERMS OF THE LOAN.* The Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, acceleration of the repayment of the outstanding Principal of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of Morocco.

### *Article III. CONDITIONS PRECEDENT TO DISBURSEMENT*

*Section 3.01. CONDITIONS PRECEDENT TO DISBURSEMENT.* Prior to the first disbursement or to the issuance of the first authorization of disbursement hereunder, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) an opinion of the Minister of Justice of the Kingdom of Morocco or of other counsel acceptable to A.I.D. that this Agreement has been duly authorized or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms and that the person signing the Agreement on behalf of the Borrower has the authority to act as the representative of the Borrower in all matters pertaining to this Loan Agreement, including the authority to designate other representatives pursuant to Section 9.02;
- (b) a statement of the names of the persons or person holding or acting in the office of the Borrower specified in Section 9.02, and a specimen signature of each such person specified in such statement certified as to its authenticity by either the person rendering the legal opinion required by sub-section (a) above or the person who has executed this Agreement for the Borrower;
- (c) evidence that a Project Coordination Committee referred to in Section 5.01 of this Agreement has been established.

*Section 3.02. TERMINAL DATES FOR MEETING CONDITIONS PRECEDENT TO DISBURSEMENT.* If all the conditions specified in Section 3.01 shall not have been met within three months from the date of this Agreement, or by such dates as A.I.D. may agree to in writing, A.I.D. may, at its option, at any time terminate this

Agreement by giving notice to the Borrower. This Agreement and all obligations of the parties hereunder shall terminate upon the giving of such notice of termination.

*Section 3.03. NOTIFICATION OF MEETING OF CONDITIONS PRECEDENT TO DISBURSEMENT.* A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement have been met.

#### *Article IV. GENERAL COVENANTS AND WARRANTIES*

*Section 4.01. EXECUTION OF THE PROJECT.* (a) The Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound technical engineering and construction, as well as sound financial, administrative, economic and accounting practices.

(b) The Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other major arrangements, and with all modifications therein, approved by A.I.D. pursuant to this Agreement. The Borrower shall at all times employ suitably qualified and experienced engineering personnel to be professionally responsible for the certification and inspection of work, and whenever necessary, suitably qualified and competent construction contractors to carry out the Project.

*Section 4.02. FUNDS AND RESOURCES TO BE PROVIDED BY THE BORROWER.* The Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective execution, maintenance and repair of the Project.

*Section 4.03. CONTINUING CONSULTATION.* The Borrower and A.I.D. shall cooperate fully to assure that the purposes of this Agreement will be accomplished. To this end, the Borrower and A.I.D. 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 this Agreement, the performance of contractors and suppliers engaged on the Project and other matters relating to the Loan and the Project. The Borrower shall keep A.I.D. informed as to the progress of the IBRD-financed activity and its compliance with the terms of the related IBRD Loan Agreement.

*Section 4.04. MANAGEMENT.* The Borrower shall provide qualified and experienced management for the Project, and it shall train such staff as may be appropriate for the maintenance and operation of the Project.

*Section 4.05. OPERATION AND MAINTENANCE.* The Borrower shall operate and maintain the Project in conformity with sound engineering, financial, and administrative practices and in such manner as to insure the continuing and successful achievement of the purposes of the Project.

*Section 4.06. TAXATION.* This Agreement, the Loan and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and be free from, any taxation or fees imposed under the laws in effect within Morocco. To the extent that any Eligible Items financed hereunder are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Morocco, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided

under the Loan; provided however that this Section 4.06 shall not apply to taxes levied upon the incomes of citizens and companies of Morocco.

*Section 4.07. UTILIZATION OF ELIGIBLE ITEMS.* (a) Eligible Items financed under the Loan shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other time as Eligible Items financed under the Loan can no longer usefully be employed for the Project, the Borrower may use or dispose of such Eligible Items in such manner as A.I.D. may agree to in writing prior to such use or disposition.

(b) Except as A.I.D. may otherwise agree in writing, no Eligible Items financed under the Loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in Code 935 of the *A.I.D. Geographic Code Book* as in effect at the time of such use.

*Section 4.08. DISCLOSURE OF MATERIAL FACTS AND CIRCUMSTANCES.* The Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of its obligations under this Agreement. The Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of the Borrower's obligations under this Agreement.

*Section 4.09. MAINTENANCE AND AUDIT OF RECORDS.* The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) the receipt and use made of Eligible Items acquired with funds disbursed pursuant to this Agreement;
- (b) the nature and extent of solicitations of prospective suppliers of Eligible Items acquired;
- (c) the basis of the award of contracts and orders to successful bidders;
- (d) the progress of the Project; and
- (e) ORMVAD's receipts from each of the charges described in Section 5.04 and expenditures for construction, operation and maintenance of the irrigation systems included in the Project. Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

*Section 4.10. REPORTS.* The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Project as A.I.D. may reasonably request.

*Section 4.11. INSPECTION.* The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project, the utilization of all Eligible Items financed under the Loan, and the Borrower's books, records, and other

documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections.

#### Article V. SPECIAL COVENANTS

*Section 5.01. PROJECT COORDINATION.* In order to coordinate the activities of the various agencies of the Borrower responsible for carrying out the Project, the Borrower shall establish a Project Coordination Committee with composition, powers, and terms of reference satisfactory to A.I.D. and shall cause such Committee to meet at least quarterly.

*Section 5.02. CONSULTANTS.* In order to assist in carrying out the Project, the Borrower shall employ consultants and shall cause ORMVAD to employ engineering consultants, agricultural extension staff, whose qualifications, experience and terms and conditions of employment shall be satisfactory to A.I.D.

*Section 5.03. PROJECT INFRASTRUCTURE.* The Borrower shall ensure that:

- (a) the schools included in the Project area will be provided by the Ministry of Education, as and when needed, with adequate training, administrative and maintenance staffs and facilities;
- (b) the power facilities, roads, research facilities and water supply facilities included in the Project will be properly maintained at all times; and
- (c) adequate processing capacity will be available at all times for the sugar beets produced in the areas benefitting from the Project.

*Section 5.04. IRRIGATION DEVELOPMENT.* The Borrower shall levy and cause ORMVAD to collect from the start of irrigation, and thereafter review at its own initiative or at the request of A.I.D., the water charge (*taux d'équilibre*) and the supplementary pumping charge (*redevance supplémentaire pour frais de pompage*) referred to in *Dahir* No. 1-69-25 dated July 25, 1969, *formant code des investissements agricoles* and in *Décret* No. 2-69-37 dated July 25, 1969, *relatif aux conditions de distribution et d'utilisation de l'eau dans les périmètres d'irrigation*, in order to recover from such charges each year, beginning in the fifth year of irrigation, all actual operating and maintenance costs of the irrigation facilities and, taking into account beneficiaries' incentives and capacity to pay, to recover over the life of the facilities from such charges and from the betterment levy (*participation directe à la mise en valeur des terres irriguées*) referred to in the said *Dahir*, the reasonable portion of the actual capital costs thereof allowable under such *Dahir*.

*Section 5.05. EVALUATION.* The Borrower shall cause ORMVAD continuously to monitor agricultural production in the areas benefitting from the Project and to carry out in 1980 a sample survey of production and income of representative farms in such areas in order to evaluate actual benefits derived from the Project.

*Section 5.06. ENVIRONMENTAL MONITORING.* The Borrower shall continuously monitor the incidence of bilharziasis in the areas benefitting from the Project and shall take such steps as shall be necessary to prevent any increase in such incidence.

*Section 5.07. ORMVAD.* The Borrower shall cause ORMVAD at all times to be managed and operated according to appropriate agricultural, technical, administrative and financial policies and practices under qualified and experienced management and staff in adequate numbers.

*Article VI. PROCUREMENT AND UTILIZATION OF ELIGIBLE ITEMS*

*Section 6.01. SOURCE OF PROCUREMENT.* Except as A.I.D. may specify in Implementation Letters or as it may otherwise agree in writing, all Eligible Items financed hereunder shall have their source and origin in Morocco and countries included in Code 941 of the *A.I.D. Geographic Code Book* in effect at the time orders are placed for such items.

*Section 6.02. ELIGIBILITY DATE.* Except as A.I.D. may otherwise agree in writing, no Eligible Items may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to March 1, 1976.

*Section 6.03. UTILIZATION OF ELIGIBLE ITEMS.* The Borrower shall insure that Eligible Items financed under this Agreement shall be used exclusively for the purpose for which the assistance is made available as set forth in Article I.

*Section 6.04. REASONABLE PRICE.* No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan, as more fully described in Implementation Letters. Such items shall be procured on a fair and on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

*Section 6.05. PLANS, SPECIFICATIONS, AND CONTRACTS.* Except as A.I.D. may otherwise agree in writing:

- (a) the Borrower shall furnish to A.I.D. promptly upon preparation, all plans, specifications, construction schedules, bid documents, and major contracts relating to the Project, and any modifications therein, whether or not the goods and services to which they relate are financed under the Loan;
- (b) all bid documents and documents relating to the solicitation of proposals for Eligible Items financed under the Loan shall be approved by A.I.D. in writing prior to their issuance;
- (c) all contracts of \$100,000 or more entered into after the eligibility date specified under Section 6.02 of this Agreement and to be financed under this Loan shall be approved by A.I.D. in writing prior to their execution. A.I.D. shall also approve in writing the selection of the Contractor. Material modifications in any of such contracts shall also be approved by A.I.D. in writing prior to their becoming effective.

A.I.D. will use its best efforts to exercise promptly the approval rights established in this Section.

*Section 6.06. SHIPPING.* (a) Eligible Items financed under the Loan shall be transported to the Country of the Borrower only on flag carriers of a country included in Code 935 of the *A.I.D. Geographic Code Book* as in effect at the time of shipment, provided, except as A.I.D. may otherwise agree in writing:

- (i) at least fifty percent (50%) of the gross tonnage of all such items (computed separately for dry bulk carriers, dry cargo liners and tankers) financed hereunder which may be transported on ocean vessels shall be transported on privately owned United States flag commercial vessels;
- (ii) additionally, at least fifty percent (50%) of the gross freight revenue generated by all shipments hereunder transported to Morocco on dry cargo liners shall be paid to or for the benefit of privately owned United States flag commercial vessels;



- (iii) Compliance with the requirements of (i) and (ii) above must be achieved with respect to cargo transported from U.S. ports and also to cargo transported from non-U.S. ports, computed separately;
- (iv) Within ninety (90) days following the end of each calendar quarter, or such other period as A.I.D. may specify in writing, the Borrower shall furnish A.I.D. with a statement, in form and substance satisfactory to A.I.D., reporting on compliance with the requirements of this Section;
- (v) No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Government, has designated as ineligible to carry A.I.D.-financed goods, or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

*Section 6.07. INSURANCE.* Unless A.I.D. otherwise agrees in writing,

- (a) the Borrower shall insure, or cause to be insured, all Eligible Items financed under the Loan against risks incident to their transit to Morocco. Such insurance shall be issued upon terms and conditions consistent with sound commercial practices and shall insure the full value of the goods. Any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the items insured or shall be used to reimburse the Borrower for the replacement or repair of such items. Any such replacements shall have their source and origin in countries included in Code 941 of the *A.I.D. Geographic Code Book*, unless A.I.D. shall otherwise agree in writing, and shall be otherwise subject to the provisions of this Agreement;
- (b) Marine Insurance on equipment and materials may be financed under the Loan provided such insurance is placed in the United States with a United States company at the lowest available competitive rate and claims thereunder are payable in United States dollars.

*Section 6.08. NOTIFICATION TO POTENTIAL SUPPLIERS.* In order that all United States firms shall have the opportunity to participate in furnishing items to be financed under the Loan, the Borrower shall furnish A.I.D. such information with regard thereto and at such time as A.I.D. may request in Implementation Letters.

*Section 6.09. INFORMATION AND MARKING.* The Borrower shall give publicity to the Loan as a program of United States aid, identify the project site, and mark goods financed under the Loan, as prescribed in Implementation Letters.

*Section 6.10. EMPLOYMENT OF THIRD-COUNTRY NATIONALS.* The employment of personnel to perform services under construction contracts financed under the Loan shall be subject to requirements with respect to third-country nationals prescribed in Implementation Letters.

## *Article VII. DISBURSEMENTS*

*Section 7.01. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS—LETTERS OF COMMITMENT TO UNITED STATES BANKS.* Upon satisfaction of the conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to the Borrower or any designee of the Borrower, through the use of Letters of

Credit or otherwise, for costs of Eligible Items procured in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment shall be for the account of the Borrower and may be financed under the Loan.

*Section 7.02. REIMBURSEMENT FOR LOCAL CURRENCY COSTS—SPECIAL LETTERS OF CREDIT.* (a) Reimbursement for local currency costs. Upon satisfaction of conditions precedent, A.I.D. will reimburse the Borrower for eligible local currency costs incurred in the construction of, and related procurement of commodities for, the Project. Unless A.I.D. otherwise agrees in writing such reimbursement shall not exceed seventy-five percent (75%) of the payments by the Borrower for the Eligible Items. Procedures for establishing eligible local cost expenditures under this provision will be set forth in Implementation Letters.

(b) Requests for Commitment Documents. To obtain reimbursement for local cost expenditures, Borrower may submit requests to A.I.D. for the issuance of commitment documents to one or more banks in the United States designated by Borrower and satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made, through irrevocable Special Letters of Credit (“SLC”) to Borrower or any designees of Borrower, tied to purchases from the United States, pursuant to such documentation requirements as A.I.D. may prescribe in Implementation Letters. Banking charges incurred pursuant to this Section in connection with commitment documents and disbursements shall be for the account of Borrower and may be financed hereunder. The SLC shall be used to reimburse local currency costs mutually agreed upon between Borrower and A.I.D.

(c) Exchange rate. The rate of exchange used in determining the amount of dollars to be made available is the highest rate of exchange (i.e., that yielding the greatest number of dirhams) at which dollars are sold in Morocco on the date of receipt by USAID of the Borrower’s request for reimbursement. Taxes, fees, commissions, and similar charges, if any, are not included in determining the appropriate exchange rate.

(d) Local financing. Unless A.I.D. agrees otherwise in writing, A.I.D. shall not be required to reimburse the Borrower in excess of the total equivalent of three million dollars (\$3,000,000) for Borrower’s local currency costs hereunder.

*Section 7.03. OTHER FORMS OF DISBURSEMENT.* Disbursements of the Loan may also be made through such other means and by such other procedures as the Borrower and A.I.D. may agree to in writing.

*Section 7.04. DATE OF DISBURSEMENT.* Disbursements by A.I.D. shall be deemed to occur, in the case of disbursement pursuant to Section 7.01, on the date on which A.I.D. makes a disbursement to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment. Disbursements by A.I.D. shall be deemed to occur, in the case of disbursements pursuant to Section 7.02, on the date the U.S. Bank, as instructed by A.I.D., issues a Special Letter of Credit in favor of the Borrower or his designee. In the event of disbursement under Section 7.03, the date of disbursement shall be designated in the documentation by which the parties agree to such disbursement provided in the absence of such designation

the date of disbursement shall be the date upon which A.I.D. makes payment with respect to Eligible Items.

*Section 7.05. TERMINAL DATE OF DISBURSEMENT.* Except as A.I.D. may otherwise agree in writing, no establishment or increase of a Letter of Commitment or a Special Letter of Credit shall be made in response to a request received by A.I.D. after June 30, 1980. The terminal date for all disbursements shall be December 31, 1980. A.I.D., at its option, may at any time or times after June 30, 1980, reduce the Loan by all or any part thereof for which documentation was not received by such date.

#### *Article VIII. CANCELLATION AND SUSPENSION*

*Section 8.01. CANCELLATION BY THE BORROWER.* The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan (i) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or (ii) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

*Section 8.02. EVENTS OF DEFAULT; ACCELERATION.* If any one or more of the following events ("Events of Default") shall occur:

- (a) the Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) the Borrower shall have failed to comply with any other provisions of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency, unless such failure is due to the occurrence and continuation of an event directly due to *force majeure* (i.e., unforeseeable causes beyond Borrower's Control and not due to its fault or negligence, such as acts of God, war, floods, fires, unusually severe weather);
- (c) the Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D., or any of its predecessor agencies,

then A.I.D., at its option, may give the Borrower notice that all or any part of the outstanding Principal and interest shall become due and payable sixty (60) days thereafter, and unless the Event of Default is cured within such sixty (60) days such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

*Section 8.03. SUSPENSION OF DISBURSEMENTS.* In the event that at any time:

- (a) an Event of Default has occurred; or
- (b) either party determines that the purposes of the Loan cannot be attained; or
- (c) any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or
- (d) the Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement,

any guaranty agreement, or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies, then A.I.D. may, at its option:

- (i) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit, in which event A.I.D. shall give notice to the Borrower promptly thereafter;
- (ii) decline to make disbursements other than under outstanding commitment documents;
- (iii) decline to issue additional commitment documents;
- (iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the country of the Borrower, are in a deliverable state and have not been off loaded in ports of entry of the country of the Borrower, in which event A.I.D. shall give notification to the Borrower promptly thereafter. Any disbursement made or to be made under the Loan with respect to such transferred goods shall be deducted from Principal.

*Section 8.04. CANCELLATION BY A.I.D.* Following any suspension of disbursements pursuant to Section 8.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not either disbursed or subject to irrevocable Letters of Credit.

*Section 8.05. CONTINUED EFFECTIVENESS OF AGREEMENT.* Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

*Section 8.06. REFUNDS.* (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within thirty (30) days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five (5) years following the date of such disbursement.

(b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any other third party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of goods and services procured for the Project

hereunder, to the extent justified, the remainder to be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder.

*Section 8.07. EXPENSES OF COLLECTION.* All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in Section 8.02, may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

*Section 8.08. NONWAIVER OF REMEDIES.* No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any such rights, powers, or remedies.

#### *Article IX. MISCELLANEOUS*

*Section 9.01. COMMUNICATIONS.* Any notice, request, document, or other communication given, made, or sent by the Borrower, or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable, or radiogram and shall be deemed to have been duly given, made, or sent to the party to which it is addressed when it shall be delivered to such party by hand or by mail, telegram, cable, or radiogram at the following address:

Address: Minister of Finance  
Rabat, Morocco  
Telex: 31936M

To A.I.D.:

Address: USAID/Rabat  
c/o American Embassy P.O.B. 120  
Rabat, Morocco  
Telex: 31005M

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in the English language, except as A.I.D. may otherwise agree in writing.

*Section 9.02. REPRESENTATIVES.* For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the Office of Minister of Finance and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, USAID/Rabat, Morocco. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

*Section 9.03. IMPLEMENTATION LETTERS.* A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

*Section 9.04. TERMINATION UPON FULL PAYMENTS.* Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

*Section 9.05. INTERPRETATION.* This Agreement has been executed in both the English and French languages. In the event a question of interpretation of this Agreement arises due to any inconsistency between the two versions, the English version shall prevail.

IN WITNESS WHEREOF, Borrower and the United States of America, each acting through its respective duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

The Kingdom of Morocco:

*By:* A. BENSLIMANE

*Title:* Minister of Finance

The United States of America:

*By:* ROBERT ANDERSON

*Title:* Ambassador

## ANNEX 1

### DESCRIPTION OF THE PROJECT

The Project consists of the construction of a sprinkler irrigation system to make possible the conversion of 15,400 hectares from dry farming to irrigated farming. This land forms part of the Doukkala area ("perimeter") of which 27,100 hectares are already served by a gravity irrigation system.

The water source for the Project is the catchment basin of the Oum Er R'bia River above the ImFont dam, from which water is carried by gravity through a 17 km tunnel and then in an open canal past the project area. Four pumping stations will send water from the canal in underground pipes throughout four sectors where movable sprinkler sets will supply adjacent fields on a rotating schedule. One of the pumping stations will require a branch canal to connect it to the main canal. The other three sites are adjacent to the main canal, which will be improved and fitted with flow-regulating equipment. An open drainage system will be constructed in the irrigated area.

Land preparation involves subsoiling in about 4,000 hectares, consolidation and realignment of all land holdings, combined with the construction of access roads and seven village centers with treated water supply, paved roads, public lighting, schools, and telephone connections.