

No. 7802

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

Loan Agreement—*Agricultural Development Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 26 August 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 2 June 1965.

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

Contrat d'emprunt — *Projet relatif au développement agricole* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 26 août 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 2 juin 1965.

No. 7802. LOAN AGREEMENT¹ (*AGRICULTURAL DEVELOPMENT PROJECT*) BETWEEN THE KINGDOM OF MOROCCO AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 AUGUST 1964

AGREEMENT, dated August 26, 1964, between the KINGDOM OF MOROCCO (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations): Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Loan Agreement:

(a) The term "project area" means that part of the territory of the Borrower being developed under the Agricultural Project for the Sidi Slimane Area of the Borrower.

(b) The term "ONI" means the National Office of Irrigation of the Borrower as organized under Dahir No. 1-59-401 of September 3, 1960 and any successor thereto and shall include any other agency of the Borrower charged with the carrying out of any part of the Project or with the construction, operation or maintenance of any facility included in or related to the Project, including any facility utilizing agricultural raw materials produced in the project area.

¹ Came into force on 9 April 1965, upon notification by the Bank to the Government of Morocco.

² See p. 212 of this volume.

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 seventeen million five hundred thousand dollars (\$17,500,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Loan Agreement, to withdraw from the Loan Account the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended for the reasonable cost of goods required for carrying out Part A of the Project; provided, however, that no withdrawals shall be made on account of (a) expenditures prior to January 1, 1963 or (b) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods procured in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out Part A of the Project, described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The *Ministre chargé des Finances* of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, engineering, economic and financial practices.

(b) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications

¹ See p. 208 of this volume.

² See p. 210 of this volume.

and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(c) The Borrower shall at all times make available promptly as needed all sums and other resources which shall be required for the carrying out of the Project.

(d) The Borrower shall maintain or cause to be maintained records adequate to identify the goods 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) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the ONI in respect of the Project, and shall enable the Bank's representatives to inspect the Project, the goods, and any relevant records and documents, and all other related works, equipment, properties and facilities of the Borrower in the project area.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to ensure 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, the international balance of payments position of the Borrower and the administration, operations and financial condition of the ONI in respect of the Project.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan, the maintenance of the service thereof, the performance by the Borrower of its obligations under the Loan Agreement and the administration, operations and financial condition of the ONI in respect of the Project.

(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 territories of the Borrower for purposes related to the Loan.

Section 5.03. The Borrower shall cause the ONI to adopt and maintain a systematic program for the periodic testing of soils, measurement of ground water levels and of salt content of ground water, analyses of irrigation waters and measurement of sedimentation in the El Kansera Reservoir, and shall, on the basis of the resulting information, cause to be taken all action necessary to ensure the effectiveness of management with regard to irrigation and drainage.