

No. 8881

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
MOROCCO

Guarantee Agreement — *Second BNDE Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Banque nationale pour le développement économique). Signed at Washington, on 13 May 1966

Official text : English.

Registered by the International Bank for Reconstruction and Development on 29 December 1967.

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
MAROC

Contrat de garantie — *Deuxième projet de la BNDE* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Banque nationale pour le développement économique). Signé à Washington, le 13 mai 1966

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 29 décembre 1967.

No. 8881. GUARANTEE AGREEMENT¹ (*SECOND BNDE PROJECT*) BETWEEN THE KINGDOM OF MOROCCO AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 13 MAY 1966

AGREEMENT, dated May 13, 1966 between the KINGDOM OF MOROCCO (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Banque Nationale pour le Développement Économique (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to seventeen million five hundred thousand dollars (\$17,500,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment of the principal of and interest and other charges on such loan ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,² subject, however, to the modifications thereof set forth in Schedule 2 to said Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein. The terms defined in Section 1.02 of said Loan Agreement shall have the same meaning herein as if such Section were fully set forth herein.

¹ Came into force on 2 August 1966, upon notification by the Bank to the Government of Morocco.

² See p. 214 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the Principal of, and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect ; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; (ii) any lien created in the ordinary course of business on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

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

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to ensure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the

purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes imposed under the laws of the Guarantor or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor shall not amend the Government Agreement without the approval of the Bank.

Section 3.07. The Guarantor covenants that it will not take, cause or permit to be taken, any action which would prevent or materially interfere with the carrying on by the Borrower of its operations and affairs in accordance with sound financial and investment standards and practices, or with the performance by the Borrower of its obligations under the Loan Agreement.

Section 3.08. The Guarantor shall make arrangements to protect the Borrower against any loss in connection with the payment of interest or other charges on or the repayment of principal of the Loan or the Bonds as a result of a change in the rate of exchange between Dirhams and the currency or currencies in which such payments are to be made.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement and of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of

Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Ministère des Finances
Rabat, Morocco

Alternative address for cablegrams and radiograms :

Ministère Finances
Rabat, Morocco

For the Bank :

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

Alternative address for cablegrams and radiograms :

Inbafrad
Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 5.03. If the Loan Agreement terminates pursuant to Section 7.01 thereof, this Guarantee Agreement and all obligations of the parties hereunder shall terminate.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Kingdom of Morocco :

By Ahmed LARAKI
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS
President