

CONFORMED COPY

LOAN NUMBER 3688 MOR

Loan Agreement

(Irrigated Areas Agricultural Services Project)

between

KINGDOM OF MOROCCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated February 6, 1995

LOAN NUMBER 3688 MOR

LOAN AGREEMENT

AGREEMENT, dated February 6, 1995, between KINGDOM OF MOROCCO (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS: (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) Part A of the Project will be carried out by the ORMVAs (as defined in Section 1.02 (j) of this Agreement) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to ORMVAs a portion of the proceeds of the Loan as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Bank and ORMVAs;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Doukkala ORMVA" means the Doukkala Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole des Doukkala), a public enterprise established and operating pursuant to Decree (Decret) No. 827-66 dated October 22, 1966, issued by the Borrower, as the same may be amended from time to time.

(b) "Gharb ORMVA" means the Gharb Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole du Gharb), a public enterprise established and operating pursuant to Decree (Decret) No. 830-66 dated October 22, 1966, issued by the Borrower, as the same may be amended from time to time.

(c) "Haouz ORMVA" means the Haouz Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole du Haouz), a public enterprise established and operating pursuant to Decree (Decret) No. 831-66 dated October 22, 1966, issued by the Borrower, as the same may be amended from time to time.

(d) "Loukkos ORMVA" means the Loukkos Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole du Loukkos), a public enterprise established and operating pursuant to the Borrower's Law (Dahir) No. 1-74-238 dated April 23, 1975, as the same may be amended from time to time.

(e) "Moulouya ORMVA" means the Moulouya Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole de la Moulouya), a public enterprise established and operating pursuant to Decree (Decret) No. 832-66 dated October 22, 1966, issued by the Borrower, as the same may be amended from time to time.

(f) "Ouarzazate ORMVA" means the Ouarzazate Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole de Ouarzazate), a public enterprise established and operating pursuant to Decree (Decret) No. 829-66 dated October 22, 1966, issued by the Borrower, as the same may be amended from time to time.

(g) "Souss-Massa ORMVA" means the Souss-Massa Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole du Souss-Massa), a public enterprise established and operating pursuant to Decree (Decret) No. 2-70-157 dated October 8, 1970, issued by the Borrower, as the same may be amended from time to time.

(h) "Tadla ORMVA" means the Tadla Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole du Tadla), a public enterprise established and operating pursuant to Decree (Decret) No. 828-66 dated October 22, 1966, issued by the Borrower, as the same may be amended from time to time.

(i) "Tafilalet ORMVA" means the Tafilalet Regional Authority for Agricultural Development (Office Regional de Mise en Valeur Agricole du Tafilalet), a public enterprise established and operating pursuant to Decree

(Decret) No. 833-66 dated October 22, 1966, issued by the Borrower, as the same may be amended from time to time.

(j) "ORMVAs" means, collectively, the public enterprises referred to in paragraphs (a), (b), (c), (d), (e), (f), (g), (h) and (i) of this Section 1.02, and "ORMVA" means any one of the ORMVAs.

(k) "its respective Part of the Project" means, in respect of:

- (i) the Doukkala ORMVA, Part A (1) of the Project;
- (ii) the Gharb ORVMA, Part A (2) of the Project;
- (iii) the Haouz ORMVA, Part A (3) of the Project;
- (iv) the Loukkos ORMVA, Part A (4) of the Project;
- (v) the Moulouya ORMVA, Part A (5) of the Project;
- (vi) the Ouarzazate ORMVA, Part A (6) of the Project;
- (vii) the Souss-Massa ORMVA, Part A (7) of the Project;
- (viii) the Tadla ORMVA, Part A (8) of the Project; and
- (ix) the Tafilalet ORMVA, Part A (9) of the Project.

(l) "its respective Perimeter" means, in respect of each ORMVA, an irrigated perimeter and surrounding productive agricultural land.

(m) "Project Agreement" means the agreement between the Bank and ORMVAs of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

(n) "Basic Legislation" means the Decrees and Law referred to in paragraphs (a), (b), (c), (d), (e), (f), (g), (h) and (i) of this Section 1.02, as the same may be amended from time to time.

(o) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

(p) "Category" means a withdrawal category set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(q) "Fiscal Year" means the twelve month period commencing on January 1 and ending on December 31.

(r) "Project Annex" means the Annex to Schedule 2 to this Agreement.

(s) "Farmers' Organizations" means the chambers of agriculture, producer associations and agricultural cooperatives.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of twenty-five million dollars (\$25,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and

maintain in dirhams a special deposit account in its General Treasury, on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2000 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

- (i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this

Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out Part B of the Project, and cause Part A of the Project to be carried out, with due diligence and efficiency and in conformity with appropriate administrative and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Parts of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out Part B of the Project, and cause Part A of the Project to be carried out, in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for Part B of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the Fiscal Year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the

annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) Any ORMVA shall have failed to perform any of its respective obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that any ORMVA will be able to perform its respective obligations under the Project Agreement.

(c) The Basic Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of any ORMVA to perform any of its respective obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of any ORMVA or for the suspension of its operations.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) Any event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.

(b) Any event specified in paragraph (c) or (d) of this Agreement shall occur.

Section 5.03. If the Bank shall suspend in part the right of the Borrower to make withdrawals from the Loan Account pursuant to Section 6.02 of the General Conditions as a result of the failure of any ORMVA to perform any of its obligations under the Project Agreement, the Bank shall take into account the part of the Loan allocated to such ORMVA in determining the portion of the Loan affected by said suspension.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) The Project unit shall have been established within the Ministry of Agriculture and Agricultural Development and staffed in accordance with the provisions of Section 1 of Schedule 5 to this Agreement.

(b) Each ORMVA shall have furnished to the Bank, through the Direction de l'Enseignement, de la Recherche et du Developpement of the Ministry of Agriculture and Agricultural Development a program of adaptive research, acceptable to the Bank, which it proposes to carry out under Section 1 of the Project Annex, in accordance with the provisions of Section 1 of the Schedule to the Project Agreement during Fiscal Years 1994, 1995 and 1996.

(c) The Haouz ORMVA, the Moulouya ORMVA, the Ouarzazate ORMVA, the Souss-Massa ORMVA and the Tafilalet ORMVA shall each have employed the consultants referred to in Section 6 (a) of the Schedule to the Project Agreement, in accordance with the provisions of said Section.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Project Agreement has been duly authorized or ratified by the ORMVAs, and is legally binding upon the ORMVAs in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministere des Finances
Rabat
Royaume du Maroc

Cable address:

MINFIN

Telex:

36715 M

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:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

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

KINGDOM OF MOROCCO

By /s/ Mohamed Benaissa

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Caio Koch-Weser

Regional Vice President
Middle East and North Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil works	1,100,000	86%
(2) Equipment and vehicles for:)	100% of foreign expenditures,
)	100% of local expenditures
(a) Part A of the Project	6,400,000)	(ex-factory cost) and 65%
)	of local expenditures for
(b) Part B of the Project	140,000)	other items procured locally
)	
(3) Consultants' services and training for:)	
)	
(a) Part A of the Project	8,400,000)	100%
)	
(b) Part B of the Project	900,000)	
)	

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(4) Incremental operating costs under Part A of the Project	5,600,000	80% during Fiscal Years 1994 and 1995; 50% during Fiscal Years 1996 and 1997; and 25% during each Fiscal Year thereafter
(5) Unallocated	2,460,000	
TOTAL	25,000,000 =====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures (i) in the currency of the Borrower or (ii) for goods or services supplied from the territory of the Borrower; and

(c) the term "Incremental Recurrent Expenditures" means materials, fuel and spare parts for vehicles, field trial inputs, demonstration activities and travel allowances.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$2,500,000, may be made on account of payments made for expenditures before that date but after March 1, 1993.

4. The Bank, after consultation with the Borrower, may require that withdrawals from the Loan Account be made on the basis of statements of expenditure for such expenditures and under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to strengthen the institutional capabilities and operational efficiency of the ORMVAs and of agricultural producers' organizations, and to increase agricultural productivity and incomes of farmers in irrigated and adjacent rain-fed areas serviced by the ORMVAs.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: ORMVAs

(1) Doukkala ORMVA

(a) The carrying out by the Doukkala ORMVA of the activities included in the Project Annex.

(b) The development and carrying out of a program to improve the organization and management of the Doukkala ORMVA, and strengthen its operations, including the provision of training to the staff of said ORMVA.

(2) Gharb ORMVA

(a) The carrying out by the Gharb ORMVA, of the activities included in the Project Annex.

(b) The development and carrying out of a program to improve the organization and management of the Gharb ORMVA, and strengthen its operations, including the provision of training to the staff of said ORMVA.

(3) Haouz ORMVA

(a) The development and carrying out of a program to improve the organization and management of the Haouz ORMVA, and strengthen its operations, including the provision of training to the staff of said ORMVA.

(b) The carrying out by the Haouz ORMVA, upon completion of the program referred to in Part A (3) (a) of this Schedule, of the activities included in the Project Annex.

(4) Loukkos ORMVA

(a) The carrying out by the Loukkos ORMVA, of the activities included in the Project Annex.

(b) The development and carrying out of a program to improve the organization and management of the Loukkos ORMVA, and strengthen its operations, including the provision of training to the staff of said ORMVA.

(5) Moulouya ORMVA

(a) The development and carrying out of a program to improve the organization and management of the Moulouya ORMVA, and strengthen the

operations, including the provision of training to the staff of said ORMVA.

(b) The carrying out by the Moulouya ORMVA, upon completion of the program referred to in Part A (5) (a) of this Schedule, of the activities included in the Project Annex.

(6) Ouarzazate ORMVA

(a) The development and carrying out of a program to improve the organization and management of the Ouarzazate ORMVA, and strengthen its operations, including the provision of training to the staff of said ORMVA.

(b) The carrying out by the Ouarzazate ORMVA, upon completion of the program referred to in Part A (6) (a) of this Schedule, of the activities included in the Project Annex.

(7) Souss-Massa ORMVA

(a) The development and carrying out of a program to improve the organization and management of the Souss-Massa ORMVA, and strengthen its operations, including the provision of training to the staff of said ORMVA.

(b) The carrying out by the Souss-Massa ORMVA, upon completion of the program referred to in Part A (7) (a) of this Schedule, of the activities included in the Project Annex.

(8) Tadla ORMVA

(a) The carrying out by the Tadla ORMVA, of the activities included in the Project Annex.

(b) The development and carrying out of a program to improve the organization and management of the Tadla ORMVA, and strengthen its operations, including the provision of training to the staff of said ORMVA.

(9) Tafilalet ORMVA

(a) The development and carrying out of a program to improve the organization and management of the Tafilalet ORMVA, and strengthen its operations, including the provision of training to the staff of said ORMVA.

(b) The carrying out by the Tafilalet ORMVA, upon completion of the program referred to in Part A (9) (a) of this Schedule, of the activities included in the Project Annex.

Part B: Borrower

(1) The establishment and operation of a unit within the Borrower's Ministry of Agriculture and Agricultural Development to be responsible for overall coordination of the Project, and provision of logistical support required therefor.

(2) (a) Definition of appropriate financing mechanisms for the chambers of agriculture, and the development of a legal framework for farmers' associations designed to strengthen the organization, management and operations of said organizations; and (b) the carrying out of studies to identify, evaluate and recommend programs to be carried out by the ORMVAs under Section 5 of the Annex to this Schedule so as to: (i) improve the efficient production and marketing of agricultural goods and (ii) increase the effective participation of said organizations in the carrying out of adaptive research activities and in the provision of agricultural extension services to farmers.

(3) The carrying out of studies to introduce appropriate user fees for agricultural research, extension and training services provided by the ORMVAs under the Project.

* * *

The Project is expected to be completed by June 30, 1999.

ANNEX TO SCHEDULE 2

1. Adaptive Research.

The development and carrying out of a program of adaptive research to test the adaptability to the environmental conditions of the ORMVA's respective Perimeter of technology designed to improve the production of selected crops and of livestock and to improve on-farm water management; and the construction and/or upgrading of research stations and provision of training and equipment required for the carrying out of said research program.

2. Agricultural Extension.

The carrying out of a program to strengthen the capabilities of the ORMVA in the planning, provision, monitoring and evaluation of agricultural extension services within its respective Perimeter, consisting of:

(a) the carrying out, in consultation with farmers in the ORMVA's respective Perimeter, of diagnostic studies to identify, evaluate and recommend measures to address specific problems confronted by said farmers in connection with crop and livestock production and on-farm water management;

(b) the development, on the basis of the recommendations of the studies carried out under Section 2 (a) of this Annex, and the carrying out of annual programs of agricultural extension services to be provided by the ORMVA within its Perimeter through, inter alia, mass media, extension activities and farm management advice for selected farming enterprises; and the provision of training and equipment required therefor;

(c) the development and application of policies and procedures to monitor and evaluate the carrying out of the agricultural extension services programs included in Section 2 (b) of this Annex; and

(d) the construction and furnishing of office facilities and the provision of computer hardware and software, audio visual equipment and other equipment and vehicles required to enable the ORMVA to carry out the activities included in Sections 2 (a) through 2 (c) of this Annex.

3. Program for Women.

(a) The carrying out of studies of the role of women farmers in the ORMVA's respective Perimeter, in order to identify, evaluate and recommend extension services and pilot projects tailored to support the needs of said farmers.

(b) The development, on the basis of the studies carried out under Section 3 (a) of this Annex, and carrying out of a program of extension services and pilot demonstration projects tailored to support the needs of women farmers in the ORMVA's respective Perimeter; and the provision of office facilities, equipment and training required therefor.

4. Supporting Services.

(a) Soils Analysis. The carrying out of analyses of nutrient levels in, and fertilizer needs of, soils of the ORMVA's respective Perimeter and provision of training to the ORMVAs; and the provision of facilities and equipment for selected ORMVAs required therefor.

(b) Agro-meteorology. The provision of meteorological equipment to obtain data from the ORMVA's respective Perimeter, required for proper irrigation scheduling and pest and greenhouse management; and the provision of training in the use of said equipment.

(c) Pest Management. The development and operation of a warning network in respect of pest infections, designed to facilitate proper integrated pest management in the ORMVA's respective Perimeter; and the provision of training and vehicles required therefor.

(d) Small Farm Equipment. The carrying out of a program to test and demonstrate equipment and tools designed to improve the productivity of small farms in the ORMVA's respective Perimeter.

5. Farmers' Organizations.

(a) The development, on the basis of the recommendations of the study carried out by the Borrower under Part B (2) of Schedule 2 to this Agreement, and carrying out of a program to strengthen the organization, management and operations of Farmers' Organizations in the ORMVA's respective Perimeter, so as to improve the efficient production and marketing of agricultural goods and increase the effective participation of said organizations in the carrying out of adaptive research activities and in the provision of agricultural extension services to farmers in the ORMVA's respective Perimeter; and the provision of training, equipment and facilities required therefor.

(b) The development and carrying out of a program to prepare the ORMVA for divestiture of its activities relating to the management of land reform cooperatives.

6. Monitoring and Evaluation.

Development and carrying out of a monitoring and evaluation system designed to enable the ORMVA to monitor and evaluate, in accordance with appropriate indicators, the development of the Project and agriculture within its respective Perimeter, including the provision of vehicles and equipment required therefor.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
August 1, 1999	465,000
February 1, 2000	485,000
August 1, 2000	505,000
February 1, 2001	520,000
August 1, 2001	540,000
February 1, 2002	560,000
August 1, 2002	580,000
February 1, 2003	605,000
August 1, 2003	625,000
February 1, 2004	650,000
August 1, 2004	675,000
February 1, 2005	700,000
August 1, 2005	725,000
February 1, 2006	750,000
August 1, 2006	780,000
February 1, 2007	810,000
August 1, 2007	840,000
February 1, 2008	870,000
August 1, 2008	900,000
February 1, 2009	935,000
August 1, 2009	970,000
February 1, 2010	1,005,000
August 1, 2010	1,045,000
February 1, 2011	1,080,000
August 1, 2011	1,120,000
February 1, 2012	1,165,000
August 1, 2012	1,205,000
February 1, 2013	1,250,000
August 1, 2013	1,300,000
February 1, 2014	1,340,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Bank, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods and works in accordance with this Part A, the Borrower (or the ORMVA, as the case may be) shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Bank shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower (or the ORMVA, as the case may be) shall use bidding documents based on other internationally recognized standard forms agreed with the Bank.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in the Kingdom of Morocco may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1

through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

Local Competitive Bidding.

1. Civil works estimated to cost the equivalent of \$1,000,000 or less per contract, and goods (other than vehicles and laboratory, computer and audio-visual equipment) estimated to cost the equivalent of \$300,000 or less per contract, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

Local Shopping.

2. Goods (other than vehicles and laboratory, computer and audio-visual equipment) estimated to cost the equivalent of \$30,000 or less per contract, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for civil works estimated to cost the equivalent of \$500,000 or more, and with respect to each contract for goods estimated to cost the equivalent of \$300,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Loan Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. Consultants' services shall be procured under contracts awarded to consultants:

(a) whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank; and

(b) who shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower (or the ORMVA, as the case may be) shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, the Borrower (or the ORMVA, as the case may be) shall use other standard forms agreed with the Bank.

2. Notwithstanding the provisions of paragraph 1 of this Section, the

provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$50,000 equivalent each. However, this exception to prior Bank review shall not apply to the terms of reference for such contracts or to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Bank or to amendments of contracts raising the contract value to \$50,000 equivalent or above.

SCHEDULE 5

Implementation Program

The provisions of this Schedule shall apply for the purposes of Section 3.01 (b) of this Agreement.

1. Project Coordination.

In order to ensure the proper carrying out of the Project, the Borrower shall establish under Part B (1) of the Project, and thereafter at all times maintain, a unit within its Ministry of Agriculture and Agricultural Development, with terms of reference, staffing and facilities satisfactory to the Bank, to be responsible for the overall coordination of the Project.

2. Part A of the Project.

(a) For the purpose of carrying out Part A of the Project, the Borrower shall:

- (i) make available to the ORMVAs on a grant basis the proceeds of the Loan allocated from time to time to Categories (1), (2) (a), (3) (a) and (4);
- (ii) (A) cause the ORMVAs to perform all their respective obligations set forth in the Project Agreement, (B) take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable the ORMVAs to perform such obligations, and (C) not take or permit to be taken any action which would prevent or interfere with such performance; and

(b) The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of each ORMVA's respective Part of the Project shall be carried out by said ORMVA pursuant to Section 2.03 of the Project Agreement.

(c) The Borrower, through the Department responsible for crop protection within its Ministry of Agriculture and Agricultural Development, shall conclude, not later than December 31, 1994, and thereafter at all times maintain arrangements, satisfactory to the Bank, with each ORMVA, designed to facilitate the development and operation by the ORMVAs of the pest infection warning network and the adoption of integrated pest management referred to in Section 4 (c) of the Project Annex.

(d) The Borrower shall:

- (i) establish charges for the soils analysis services provided by the ORMVAs under Section 4 (a) of the Project Annex which would allow said ORMVAs, under conditions of efficient operation at reasonable levels of capacity utilization, to cover their operating costs related to said services, earn an adequate return on funds invested for said purposes, meet their financial obligations in respect thereof, and make a reasonable contribution to future investment for expansion of capacity in respect of soils analysis services;

- (ii) on the basis of forecasts prepared by each ORMVA and satisfactory to the Bank, prepare and furnish to the Bank not later than November 30 in each Fiscal Year, a proposed schedule of charges for the next Fiscal Year which is designed to meet the objectives set forth in paragraph (a) of this Section; and
- (iii) afford the Bank a reasonable opportunity to exchange views with the ORMVAs on said schedule, and thereafter, promptly establish charges for soils analysis services, taking into account the Bank's comments on said schedule.

3. Part B of the Project.

(a) Under Part B (2) of the Project, the Borrower shall:

- (i) (A) employ consultants, not later than September 30, 1994, in accordance with the provisions of Section II of Schedule 4 to this Agreement, to assist the Borrower in carrying out the study to develop the programs, referred to in Part B (2) (b) of the Project, to improve agricultural productivity and increase the participation by the chambers of agriculture in the carrying out of adaptive research and the provision of agricultural extension; (B) furnish the Bank a copy of said study, promptly upon its completion, together with the recommendations thereon; (C) afford the Bank a reasonable opportunity to exchange views with the Borrower and the ORMVAs on said study and recommendations; and (D) thereafter, take all action required on its part to enable the ORMVAs to implement such recommendations based on said study as shall have been agreed between the Borrower, the Bank and the ORMVAs;
- (ii) (A) prepare and furnish to the Bank, not later than December 31, 1994, a proposed financing mechanism designed to strengthen the operations of chambers of agriculture, and not later than June 30, 1995, a proposed legal framework to govern farmers' associations, in both cases, so as to enable said organizations to assist in improving agricultural productivity and to participate effectively in the carrying out of adaptive research and the provision of agricultural extension services; (B) afford the Bank a reasonable opportunity to exchange views with the Borrower on said frameworks and arrangements; and (C) thereafter, promptly take all action required on its part to introduce and apply said frameworks and arrangements, taking into account the comments of the Bank thereon.

(b) The Borrower shall:

- (i) ensure that the user fee studies included in Part B (3) of the Project shall be completed and furnished to the Bank not later than December 31, 1995, together with the recommendations based thereon; and
- (ii) afford the Bank a reasonable opportunity to exchange views with the Borrower on said studies and recommendations, and thereafter, promptly carry out said recommendations, taking into account the comments thereon agreed with the Bank.

4. Mid-term Review.

The Borrower shall:

(a) maintain or cause to be maintained, operational procedures adequate to enable it to monitor and evaluate, in accordance with appropriate indicators agreed between the Borrower and the Bank, the carrying out of the Project;

(b) review each report furnished to it by the ORMVAs pursuant to Section 7 of the Schedule to the Project Agreement, promptly upon receipt thereof;

(c) prepare and furnish to the Bank, not later than December 31, 1996, a report, of such scope and in such detail as the Bank shall reasonably request, on the conclusions and recommendations indicated by the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section 4, and on the review carried out pursuant to sub-paragraph (b) of this paragraph 4, together with the reports furnished to it by the ORMVAs, and any actions proposed to be taken to further the progress in the carrying out of the Project; and

(d) afford the Bank a reasonable opportunity to exchange views with the Borrower and the ORMVAs on said reports, and thereafter, promptly take all action which the Borrower and the Bank shall have agreed to be required on the Borrower's part to further the progress in the carrying out of the Project.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (4);

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$1,500,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request,

furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the Eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

