

CONFORMED COPY

GRANT NUMBER TF022631

Japanese Grant Agreement

(Preparation of a Sewerage and Wastewater Treatment Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

as Administrator of Grant Funds
provided by JAPAN

and

OFFICE NATIONAL DE L'EAU POTABLE

Dated October 18, 1993

GRANT NUMBER TF022631

JAPANESE GRANT AGREEMENT

AGREEMENT, dated October 18, 1993, between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as Administrator (the Administrator) of grant funds provided by JAPAN (Japan) and OFFICE NATIONAL DE L'EAU POTABLE (the Recipient), a public enterprise established and operating under the laws of the Kingdom of Morocco pursuant to Dahir No. 1-72-103 dated April 3, 1972.

WHEREAS (A) pursuant to a letter agreement dated July 30, 1990 between Japan and the Bank and International Development Association (the Association), Japan has requested the Bank and the Association, and the Bank and the Association have agreed, to administer grant funds to be made available by Japan for the financing of certain programs and projects supported by the Bank and the Association, as the case may be, in accordance with the provisions of such letter agreement;

WHEREAS (B) Japan has agreed to make available to the Recipient a grant out of said grant funds (the Grant) to finance part of the cost of carrying out the technical assistance described in Schedule 2 to this Agreement (the Technical Assistance) on the terms and conditions hereinafter set forth; and

WHEREAS (C) pursuant to an agreement (the Kingdom Agreement) of even date herewith between the Bank and the Kingdom of Morocco (the Kingdom), the Kingdom has agreed to undertake certain obligations in respect of the Grant as set forth in the Kingdom Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

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

- (i) Article I;
 - (ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (18) and (20), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Section 4.01 and the first sentence of Section 4.09;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i) and (k), 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01, 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) Sections 10.01, 10.03 and 10.04; and
 - (x) Article XI.
- (b) The General Conditions shall be modified as follows:
- (i) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the International Bank for Reconstruction and Development acting as Administrator of the Grant pursuant to the letter agreement between Japan and the Bank and the Association referred to in Recital (A) of this Agreement, except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;
 - (ii) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;
 - (iii) the term "Loan", wherever used in the General Conditions, means the Grant;
 - (iv) the term "Guarantee Agreement", wherever used in the General Conditions, means the Kingdom Agreement;
 - (v) the term "Borrower", wherever used in the General Conditions, means the Recipient;
 - (vi) the term "Guarantor", wherever used in the General Conditions, means the Kingdom of Morocco;
 - (vii) the term "Loan Account", wherever used in the General Conditions, means the Grant Account, an account opened by the Administrator on its books in the name of the Recipient to which the amount of the Grant is credited;
 - (viii) the term "Project", wherever used in the General Conditions, means the technical assistance described in Schedule 2 to this Agreement; and
 - (ix) Section 4.01 shall be modified to read:

"Withdrawals from the Grant Account shall be made in yen; provided, however, that if the expenditures to be financed out of

the Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal."

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth; and the terms "yen" and "¥" mean the currency of Japan.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the Grant in an amount of seventy-one million five hundred thousand yen (¥ 71,500,000).

Section 2.02. The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and the Administrator, for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of goods and services required for the carrying out the Project and to be financed out of the proceeds of the Grant.

Section 2.03. The Closing Date shall be December 31, 1995 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate economic, financial, administrative, technical and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Administrator shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (a) The Recipient shall maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures of the Recipient in respect of the Project.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;
- (ii) furnish to the Administrator 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 Administrator shall have reasonably requested; and
- (iii) furnish to the Administrator such other information concerning said records and accounts and the audit thereof as the Administrator shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Recipient 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 Administrator has received the audit report for the fiscal year in which the last

withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (iii) enable the Administrator'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 IV

Effectiveness; Termination

Section 4.01. This Agreement shall become effective upon its execution by the parties hereto.

Section 4.02. This Agreement shall continue in effect until the Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

ARTICLE V

Representation

Section 5.01. The Director General of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Office National de l'Eau Potable
Direction Generale
6 bis, rue Patrice Lumumba
Rabat
Kingdom of Morocco

Telex:

31982

For the Administrator:

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:

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

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

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
as Administrator of the Grant

By /s/ Caio Koch-Weser

Regional Vice President
Middle East and North Africa

OFFICE NATIONAL DE L'EAU POTABLE

By /s/ Abderrafii Lahlou Abid

Authorized Representative

SCHEDULE 1

Withdrawal of the Grant

1. The table below sets forth the Category of items to be financed out of the Grant, the allocation of the amount of the Grant to such Category and the percentage of expenditures for items so to be financed in such Category:

Category	Amount of the Grant Allocated (Expressed in Yen)	% of Expenditures to be Financed
(1) Goods	4,000,000	100% of foreign expenditures and 80% of local expenditures
(2) Civil works	27,500,000	80%
(3) Consultants' services	30,000,000	100%
(4) Unallocated	10,000,000	
Total	71,500,000	

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; and

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

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.

SCHEDULE 2

Description of Technical Assistance

The objectives of the Project are to improve wastewater treatment in the territory of the Recipient.

The Project consists of the following activities, subject to such modifications thereof as the Administrator and the Recipient may agree upon from time to time to achieve such objectives:

Carrying out of a program to demonstrate and optimize the technical, economic and financial viability of duckweed-based wastewater treatment technology, consisting of:

- (1) the construction of duckweed-based wastewater treatment facilities;
- (2) reuse of wastewater treated in such facilities for irrigation purposes;
- (3) development and introduction of suitable methods for harvesting, solar drying, handling and marketing of duckweed for animal feed;
- (4) training in the operation of such facility and, as appropriate, in the harvesting and marketing of such duckweed and in the marketing of animals which feed on such duckweed; and
- (5) carrying out of a program to promote the introduction of duckweed-based wastewater treatment technology, on the basis of the results of the activities carried out under paragraphs (1) through (4) hereof.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

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 1985 (the Guidelines). 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. In the procurement of goods and works in accordance with this Part A, the Recipient shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Administrator 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 Recipient shall use bidding documents based on other internationally recognized standard forms agreed with the Administrator.

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

1. Local competitive bidding

Goods and works estimated to cost less than the equivalent of \$300,000 per contract may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Administrator.

2. Shopping

Items estimated to cost less than the equivalent of \$100,000 per contract may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Administrator.

Part D: Review by the Administrator of Procurement Decisions

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

(a) With respect to each contract to be awarded in accordance with the provisions of Part A or Part C.1 of this Section, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply.

(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.

(c) The provisions of the preceding sub-paragraph (b) shall not apply to contracts on account of which the Administrator has authorized withdrawals 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

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 Administrator; and (B) who shall be selected in accordance with principles and procedures satisfactory to the Administrator 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. For complex, time-based assignments, the Recipient 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 Administrator. Where no relevant standard contract documents have been issued by the Bank, the Recipient shall use other standard forms agreed with the Administrator.

