

LOAN NUMBER 3088 MOR

Guarantee Agreement

(National Agricultural Credit Project)

between

KINGDOM OF MOROCCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 21, 1989

LOAN NUMBER 3088 MOR

GUARANTEE AGREEMENT

AGREEMENT, dated July 21, 1989, between KINGDOM OF MOROCCO (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and National Bank for Agricultural Credit (the Borrower), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project; and

(B) by the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to one hundred ninety million dollars (\$190,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan and to undertake such other obligations as provided in this Agreement; 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 and to undertake such other obligations;

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 last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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

ARTICLE II

Guarantee; Provision of Funds

Section 2.01. The Guarantor declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

ARTICLE III

Other Covenants

Section 3.01. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement:

(a) The Guarantor shall promptly take all measures as shall be required (including, without limitation, the review and, if necessary, approval of proposals by the Borrower to adjust the structure or levels of the Borrower's interest rates and other financial charges) in order to enable the Borrower to comply with its obligations set forth in Sections 4.04 and 4.05 of the Loan Agreement.

(b) Except as the Bank may otherwise agree, the Guarantor shall at all times maintain the Foreign Exchange Risk Coverage Scheme.

Section 3.02. The Guarantor shall: (a) carry out a study under terms of reference satisfactory to the Bank to develop a fund designed to cover unforeseen losses incurred by the Borrower on account of the failure by its borrowers to service their debt to the Borrower as

a result of climatic or other natural conditions;

(b) complete said study and furnish to the Bank not later than June 30, 1990, a copy thereof, together with the recommendations based thereon; and

(c) afford the Bank a reasonable opportunity to exchange views with the Guarantor on said study and recommendations and thereafter promptly carry out said recommendations taking into account the Bank's comments thereon.

ARTICLE IV

Representatives of the Guarantor; Addresses

Section 4.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministry of Finance
Rabat
Kingdom of Morocco

Telex:

31936 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:

Telex:

(ITT),	INTBAFRAD	440098
(RCA) or	Washington, D.C.	248423
(WUI)		64145

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 city of Rabat, Kingdom of Morocco, as of the day and year first above written.

KINGDOM OF MOROCCO

By /s/ Mohamed Berrada
Authorized Representative

INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT

By /s/ B. Conable

President

