

CONFORMED COPY

LOAN NUMBER 3688 MOR

## Project Agreement

(Irrigated Areas Agricultural Services Project)

among

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

DOUKKALA REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT,  
GHARB REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT,  
HAOUZ REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT,  
LOUKKOS REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT,  
MOULOUYA REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT,  
OUARZAZATE REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT,  
SOUSS-MASSA REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT,  
TADLA REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT,  
and  
TAFILALET REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT

Dated February 6, 1995

LOAN NUMBER 3688 MOR

## PROJECT AGREEMENT

AGREEMENT, dated February 6, 1995, among INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and DOUKKALA REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Doukkala ORMVA), GHARB REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Gharb ORMVA), HAOUZ REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Haouz ORMVA), LOUKKOS REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Loukkos ORMVA), MOULOUYA REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Moulouya ORMVA), OUARZAZATE REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Ouarzazate ORMVA), SOUSS-MASSA REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Souss-Massa ORMVA), TADLA REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Tadla ORMVA) and TAFILALET REGIONAL AUTHORITY FOR AGRICULTURAL DEVELOPMENT (Tafilalet ORMVA) (the Doukkala ORMVA, Gharb ORMVA, Haouz ORMVA, Loukkos ORMVA, Moulouya ORMVA, Ouarzazate ORMVA, Souss-Massa ORMVA, Tadla ORMVA and Tafilalet ORMVA hereinafter collectively referred to as the ORMVAs and individually as an ORMVA).

WHEREAS by the Loan Agreement of even date herewith between Kingdom of Morocco (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to twenty-five million dollars (\$25,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the ORMVAs agree to undertake such obligations toward the Bank as are set forth in this Agreement;

WHEREAS the ORMVAs, in consideration of the Bank's entering into the Loan Agreement with the Borrower, have agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

#### ARTICLE II

##### Execution of the Project

Section 2.01. (a) Each ORMVA declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out its respective Part of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and technical practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for its respective Part of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and the ORMVA concerned shall otherwise agree, after obtaining the Borrower's approval, each ORMVA shall carry out its respective Part of the Project in accordance with the Implementation Program set forth in the Schedule to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for each ORMVA's respective Part of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to the Loan Agreement.

Section 2.03. Each ORMVA shall carry out 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 its respective Part of the Project.

Section 2.04. (a) Each ORMVA shall, at the request of the Bank, exchange views with the Bank with regard to the progress of its respective Part of the Project, the performance of its respective obligations under this Agreement, and other matters relating to the purposes of the Loan.

(b) Each ORMVA shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of its respective Part of the Project, the accomplishment of the purposes of the Loan, or the performance by said ORMVA of its respective obligations under this Agreement.

#### ARTICLE III

##### Management and Operations of the ORMVAs

Section 3.01. Each ORMVA shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and technical practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. Each ORMVA shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and technical practices.

Section 3.03. Each ORMVA shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance

against such risks and in such amounts as shall be consistent with appropriate practice.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) Each ORMVA shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) Each ORMVA shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) 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: (A) certified copies of its financial statements for such year as so audited, and (B) 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, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

#### ARTICLE V

##### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of the ORMVAs thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify the ORMVAs thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE VI

##### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

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:

INTBAFRAD  
Washington, D.C.

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

For the Doukkala ORMVA:

El Jadida

Telex:

78924

For the Gharb ORMVA:

Kenitra

Telex:

92113

For the Haouz ORMVA:

Marrakech

Telex:

72934

For the Loukkos ORMVA:

Ksar El Kebir

Telex:

32924

For the Moulouya ORMVA:

Berkane

Telex:

61028

For the Ouarzazate ORMVA:

Ouarzazate

Telex:

72916

For the Souss-Massa ORMVA:

Agadir

Telex:

81870

For the Tadla ORMVA:

Fkih Ben Salah

Telex:

23908

For the Tafilalet ORMVA:

Errachidia

Telex:

41005

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of any ORMVA may be taken or executed by its Director or such other person or persons as said Director shall designate in writing, and said ORMVA shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Caio Koch-Weser  
Regional Vice President  
Middle East and North Africa

DOUKKALA REGIONAL AUTHORITY FOR  
AGRICULTURAL DEVELOPMENT

GHARB REGIONAL AUTHORITY FOR AGRICULTURAL  
DEVELOPMENT

HAOUZ REGIONAL AUTHORITY FOR AGRICULTURAL  
DEVELOPMENT

LOUKKOS REGIONAL AUTHORITY FOR  
AGRICULTURAL DEVELOPMENT  
MOULOUYA REGIONAL AUTHORITY FOR  
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OUARZAZATE REGIONAL AUTHORITY FOR  
AGRICULTURAL DEVELOPMENT

SOUSS-MASSA REGIONAL AUTHORITY FOR  
AGRICULTURAL DEVELOPMENT

TADLA REGIONAL AUTHORITY FOR AGRICULTURAL  
DEVELOPMENT

and

TAFILALET REGIONAL AUTHORITY FOR  
AGRICULTURAL DEVELOPMENT

By /s/ Mohamed Benaissa  
Authorized Representative

SCHEDULE

Implementation Program

The provisions of this Schedule shall apply for the purposes of Section 2.01 (b) of this Agreement.

1. Adaptive Research.

Each ORMVA shall:

(a) prepare and furnish to the Bank through the Direction de l'Enseignement, de la Recherche et du Developpement of MARA not later than September 30 of each Fiscal Year a program of adaptive research which it shall cause to be carried out under Section 1 of the Project Annex during the next three following Fiscal Years; and

(b) afford the Bank a reasonable opportunity to exchange views with said ORMVA on said program, and thereafter carry out such program of adaptive research as shall have been agreed between the Bank and said ORMVA.

2. Agricultural Extension.

(a) Each ORMVA shall take all measures necessary to ensure that the diagnostic studies to be carried out by it under Section 2 (a) of the Project Annex shall be completed not later than December 31, 1995, and shall be verified and updated thereafter as and when needed.

(b) Each ORMVA shall:

(i) prepare and furnish to the Bank not later than September 30 in each Fiscal Year, the agricultural extension program which it proposes to carry out under Section 2 (b) of the Project Annex during the following Fiscal Year; and

(ii) afford the Bank a reasonable opportunity to exchange views with said ORMVA on said program, and thereafter, implement such agricultural extension program as shall have been agreed upon between the Bank and said ORMVA.

3. Training.

Each ORMVA shall:

(a) carry out an analysis of the skills of its staff which need strengthening, and, on the basis of said analysis, prepare and furnish to the Bank not later than September 30, 1994, a proposed training program which it proposes to carry out under the Project in order to strengthen said skills; and

(b) afford the Bank a reasonable opportunity to exchange views with said ORMVA on said training program, and thereafter, promptly carry out such training program as shall have been agreed between the Bank and said ORMVA.

4. Supporting Services.

(a) Each ORMVA shall:

(i) collect charges as established by the Borrower in accordance with paragraph (d) of Section 2 of Schedule 5 to the Loan Agreement for the soils analysis services it provides under Section 4 (a) of the Project Annex which would allow said ORMVA, under conditions of efficient operation at reasonable levels of capacity utilization, to cover its operating costs related to said services, earn an adequate return on funds invested for said purposes, meet its financial obligations in respect thereof, and make a reasonable contribution to future investment for expansion of capacity in respect of soils analysis services; and

(ii) maintain separate records and accounts adequate to reflect in accordance with sound accounting practices its activities relating to soils analysis and include said records and accounts in the audits of said ORMVA to be carried out pursuant to Section 4.01 (b) of this Agreement.

(b) Each ORMVA shall conclude, not later than December 31, 1994, and thereafter maintain, with the Department responsible for crop protection within the Borrower's Ministry of Agriculture and Agricultural Department, arrangements, satisfactory to the Bank, designed to facilitate the proper development and operation by each ORMVA of the pest infection warning network referred to in Section 4 (c) of the Project Annex.

#### 5. Farmers' Associations.

(a) Each ORMVA shall establish, not later than December 31, 1994, a task force with membership, terms of reference and facilities satisfactory to the Bank to assist in the development and carrying out of the program included in Section 5 (a) of the Project Annex to assist in strengthening the organization, management and operations of farmers' associations within said ORMVA's Perimeter.

(b) Each ORMVA shall develop and furnish to the Bank, not later than June 30, 1995, for the Bank's review and comments, a proposed program which it proposes to carry out under Section 5 (b) of the Project Annex to prepare for the divestiture of its activities relating to the management of land reform cooperatives; afford the Bank a reasonable opportunity to exchange views and thereafter, promptly carry out such program, taking into account the Bank's comments.

#### 6. ORMVA Organization.

The Haouz ORMVA, the Moulouya ORMVA, the Ouarzazate ORMVA the Souss-Massa ORMVA and the Tafilalet ORMVA shall each:

(a) employ consultants, in accordance with the provisions of Section II of Schedule 4 to the Loan Agreement to assist said ORMVA in developing the program, included in its respective Part of the Project, to improve its organization and management and strengthen its operations;

(b) take all measures necessary to ensure that said program shall be developed and furnished to the Bank, not later than June 30, 1995; and

(c) afford the Bank a reasonable opportunity to exchange views and thereafter, promptly carry out said program to improve its organization and management and strengthen its operations as shall have been agreed between the Borrower, the Bank and said ORMVA.

#### 7. Mid-term Review.

Each ORMVA shall:

(a) maintain operational procedures adequate to enable it to monitor and evaluate, in accordance with indicators satisfactory to the Bank, the carrying out of its respective Part of the Project;

(b) prepare and furnish to the Borrower, not later than October 31, 1996 for forwarding to the Bank, 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, together with any actions proposed to further the progress in the carrying out of its respective part of the Project; and

(c) afford the Bank a reasonable opportunity to exchange views on the report prepared pursuant to paragraph (b) of this Section, and thereafter, promptly take such actions to further the progress in the carrying out of its respective part of the Project as shall have been agreed between the Bank and said ORMVA.

