

CONFORMED COPY

LOAN NUMBER 4231-MOR

Guarantee Agreement

(Second Municipal Finance Project)

between

KINGDOM OF MOROCCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated October 7, 1997

LOAN NUMBER 4231-MOR

GUARANTEE AGREEMENT

AGREEMENT, dated October 7, 1997, between the KINGDOM OF MOROCCO (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and the Communal Infrastructure Fund (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: (a) in an amount equal to thirty five million Dollars (\$35,000,000); and (b) in an amount equal to two hundred and five million French Francs (FRF205,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees 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;

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 May 30, 1995, with the modifications set forth in Schedule 4 to the Loan Agreement (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 the Loan Agreement have the respective meanings therein set forth.

## ARTICLE II

### Guarantee

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor 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.

## ARTICLE III

### Other Covenant

Section 3.01. The Guarantor shall at all times maintain the Foreign Exchange Risk Coverage Scheme in respect of the Loan.

## ARTICLE IV

### Representative of the Guarantor; Addresses

Section 4.01. The Minister of Finance and External Investments 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:

Ministre des Finances du Commerce,  
de l'Industrie et de l'Artisanat  
Ministère des Finances du Commerce,  
de l'Industrie et de l'Artisanat  
Rabat  
Kingdom of Morocco

Telex:

36147 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 (MCI) or  
64145 (MCI)

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/ Kemal Dervis

Regional Vice President  
Middle East and North Africa

