

September 8, 1999

H.E. Fathallah Oualalou
Minister of Economy and Finance
Ministry of Economy and Finance
Avenue Mohammed V
Rabat
Kingdom of Morocco

Re: Grant for the Development of Moroccan Accounting Standards
IDF Grant No. TF027297

Excellency:

I am writing on behalf of the International Bank for Reconstruction and Development (the Bank) to indicate the Bank's agreement to make to the Kingdom of Morocco (the Recipient) a grant in an amount not exceeding one hundred and fifty thousand Dollars (US\$150,000) (the Grant).

The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter-Agreement. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter-Agreement. Upon receipt by the Bank of the copy of this Letter-Agreement countersigned by you, this Letter-Agreement will become effective as of the date of countersignature.

Very truly yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Christian Delvoie
Country Director
Maghreb Department
Middle East and North Africa Region

AGREED:

KINGDOM OF MOROCCO

By /s/ Fathallah Oualalou

Date: November 5, 1999

ANNEX

Purposes, Terms, and Conditions of the Grant

1. The purpose of the Grant is to provide the Conseil National de la Comptabilité (CNC) the means to: (i) define its organizational and financing structure and setting up its technical secretariat; and (ii) fulfill its role in the development of national accounting standards.

The activities (the Activities) for which the Grant is given are as follows:

(a) Technical Assistance in connection with setting up CNC's institutional and the technical secretariat;

(b) Technical assistance to CNC for the updating and development of the national and sector accounting standards, including legislative and regulatory advice;

(c) Development and delivery of Starting of a training programs in connection with (b) above.

2. Expenditures to be financed out of the proceeds of the Grant are as follows:

Category	Grant Allocated (in US Dollars)	Expenditures to be Financed
(1) Consultants' services and technical assistance	125,000	100%
(2) Training and study tours	25,000	100%
TOTAL	150,000	

3. The Recipient, through the CNC, shall carry out the Activities with due diligence and efficiency; promptly provide the funds, facilities, services, and other resources required for the purpose; furnish all information covering the Activities and the use of the proceeds of the Grant as the Bank shall reasonably request; and from time to time exchange views with the Bank's representatives on the progress and results of the Activities.

4. Except as the Bank shall otherwise agree, procurement of the consultants' services required for the carrying out of the Activities and to be financed out of the proceeds of the Grant shall be governed by the provisions of Attachment I to this Annex.

5. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient (the Grant Account), and the Bank shall disburse funds therefrom to or on the order of the Recipient to meet the expenditures specified in paragraph 2 above. The Recipient shall submit a written application for withdrawal of such funds in the form specified by the Bank. Withdrawal applications for the Grant shall be: (a) signed on behalf of the Recipient by the Minister of Economy and Finance or any other person authorized by him or her for such purpose; and (b) accompanied by evidence of the expenditures made, or, if the Bank shall so agree, to be made. Authenticated specimen signature(s) of the designated person(s) shall be provided with the first application. To facilitate the carrying out of the Activities, the Recipient may open a special deposit account (the Special Account) in Dirhams 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 Attachment II hereto.

6. The Bank may require that withdrawals from the Grant Account be made on the basis of statements of expenditure for expenditures for: (a) services of consulting firms costing less than the equivalent of US\$50,000; (b) services of individual consultants costing less than the equivalent of US\$25,000; and (c) training and study tours, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

7. The Grant shall be disbursed in U.S. dollars. However, the Recipient may request any other currency required to meet an expenditure to be financed by the Grant, and the Bank will purchase that currency with U.S. dollars.

8. Withdrawals from the Grant Account shall be made only for expenditures services supplied from countries eligible under the Consultant Guidelines. No withdrawals shall be made on account of payments for any taxes levied by, or in the territory of, the Recipient.

9. No withdrawals from the Grant Account shall be made after a date two years from the date of signature by the Bank of this Letter-Agreement, or such later date that the Bank may establish by notice to the Recipient (the Closing Date), except that the

Bank may disburse against withdrawal applications for expenditures incurred prior to the Closing Date, which are received by the Bank within four months after the Closing Date. Any amount of the Grant then remaining unwithdrawn shall be canceled.

10. The Bank may at any time, by notice to the Recipient, suspend further withdrawals from the Grant Account if any of the following events has occurred: (a) funds withdrawn shall not have been used for the purpose agreed between the Recipient and the Bank; (b) the Activities shall not have been carried out in accordance with the standards or methods agreed between the Recipient and the Bank; (c) the Recipient shall not have complied with any of the obligations herein specified; or (d) the right of the Recipient, or any other entity to which the Bank has made a loan with the guarantee of the Recipient, to make withdrawals under any loan agreement with the Bank or any development credit agreement with the International Development Association shall have been suspended.

11. The Bank may, by notice to the Recipient, cancel any amount of the Grant remaining unwithdrawn (a) at any time after withdrawals from the Grant Account shall have been suspended pursuant to the provisions of paragraph 10 above; or (b) if the Recipient fails to take action, satisfactory to the Bank, regarding the implementation of the Activities within six months of the date of this Letter-Agreement.

Attachment I

Procurement

Section I. Consultants' Services

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers", published by the Bank in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines), and the following provisions of this Section I.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions may, with the Bank agreement, apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services estimated to cost less than \$50,000 equivalent per contract may be procured under contract awarded in accordance with the provisions of paragraph 3.1 and 3.7 of the Consultant Guidelines.

2. Single Source Selection

Services estimated to cost less than \$50,000 equivalent per contract, may with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines

3. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Activities shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms for tasks estimated to cost the equivalent of \$50,000, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$25,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

Attachment II

Special Account

1. For the purposes of this Attachment:

(a) the term "eligible categories" means the categories set forth in paragraph 2 of the Annex to this Letter-Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of services required for the Activities to be financed out of the proceeds of the Grant allocated from time to time to the eligible categories in accordance with the provisions of paragraph 2 of the Annex to this Letter-Agreement; and

(c) the term "Authorized Allocation" means the amount of US\$50,000 to be withdrawn from the Grant Account and deposited in the Special Account pursuant to paragraph 3 (a) hereof.

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

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:

The Recipient shall furnish to the Bank a request or requests for a deposit into the Special Account of an amount or amounts 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 Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

4. For each payment made by the Recipient out of the Special Account, the Recipient 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. (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 Attachment; or (ii) was not justified by the evidence furnished to the Bank, the Recipient 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 Recipient 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 Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

