

CONFORMED COPY

LOAN NUMBER 3284 MOR

Loan Agreement

(Port Sector Project - ODEP)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

OFFICE D'EXPLOITATION DES PORTS

Dated May 9, 1991

LOAN NUMBER 3284 MOR

LOAN AGREEMENT

AGREEMENT, dated May 9, 1991 between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and OFFICE D'EXPLOITATION DES PORTS (the Borrower).

WHEREAS (A) the Kingdom of Morocco (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, have requested the Bank to assist in the financing of the Project;

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement; and

(C) by an agreement (the Kingdom Port Sector Loan Agreement) of even date herewith between the Guarantor and the Bank, the Bank has agreed to made a loan to the Guarantor to assist in the financing of a project (the Port Sector Project - Kingdom) to

improve the economic and operational efficiencies of the port sub-sector, on the terms and conditions set forth in the Kingdom Port Sector Loan Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

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 this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "ODEP Development Program" means the Borrower's medium-term program for the development and improvement of its operations, to be carried out in accordance with the provisions of Section 4.05 of this Agreement;

(b) "Borrower's Legislation" means, collectively: Law (Dahir) No. 1-84-194 dated December 28, 1984, of the Guarantor, pursuant to which the Borrower has been established and is operating as a public enterprise; Law (Dahir) No. 1-59-271 dated April 14, 1960, of the Guarantor and Law (Dahir) No. 1-61-402 dated June 30, 1962, of the Guarantor, governing the Guarantor's financial control of public enterprises, including the Borrower; and Order (Arrcte Conjoint) No. 27-86 dated January 14, 1986, of the Guarantor, pursuant to which the Guarantor has made certain assets available to the Borrower and defined certain other port assets;

(c) "Category" means a category of items to be financed out of the proceeds of the Loan, as set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(d) "Fiscal Year" means the twelve (12) month-period corresponding to any of the Borrower's fiscal years, which period coincides with the calendar year commencing January 1 and ending December 31;

(e) "ONE" means the Guarantor's National Electricity Authority (Office National de l'Electricite), a public enterprise established and operating pursuant to the Guarantor's Law (Dahir) No. 1-63-226 dated August 5, 1963;

(f) "Port Investment Program" means the Borrower's annual investment program, for each of its Fiscal Years, for the construction, development and rehabilitation of the infrastructure, and the supply, erection and upgrading of equipment and facilities of the ports at which the Borrower carries on its operations, to be implemented in accordance with the provisions of Section 3.02 of this Agreement;

(g) "Port Tariff Structure" means the tariff structure adopted by the Borrower pursuant to a resolution of its Board of Directors dated July 15, 1990, for the setting of port tariffs to be assessed and collected by the Borrower at all ports at which the Borrower carries on its operations; and

(h) "Sub-project" means any sub-project included under Part A.2 of the Project, and to be partially financed out of the proceeds of the Loan.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of ninety-nine million dollars (\$99,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

Section 2.03. The Closing Date shall be June 30, 1996 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent ($1/2$ of 1%). On each of

the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, commercial, engineering and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Bank and the Borrower shall otherwise agree, the Borrower shall: (i) carry out and furnish to the Bank, not later than December 31, 1991 for the Bank's review and comment, the dredging study included in Part C.1 of the Project, together with the Borrower's recommendations based thereon; and (ii) thereafter carry out with due diligence and efficiency, such recommendations, based on said study, as shall have been agreed between the Bank and the Borrower.

Section 3.02. The Borrower shall:

(a) prepare and furnish to the Bank for its review and comment, not later than September 30 in each Fiscal Year during which the Project is carried out, starting Fiscal Year ending December 31, 1991, the Borrower's proposed Port Investment Program for the following Fiscal Year, together with a proposed plan for the financing of said investment program; and

(b) thereafter, finalize said Port Investment Program, taking into consideration the Bank's comments thereon and take all measures necessary to ensure its prompt implementation.

Section 3.03. For purposes of carrying out Part A.2 of the Project, the Borrower shall: (a) identify and appraise each Sub-project based on a methodology and procedures acceptable to the Bank; and (b) thereafter, furnish each Sub-project to the Bank for its review and approval.

Section 3.04. The Borrower shall: (a) take all measures required on its part to ensure the conclusion, not later than June 30, 1991, of an agreement between the Guarantor and the Borrower, under terms and conditions satisfactory to the Bank, in respect of the Borrower's financial, managerial, and operational autonomy and the Guarantor's related governmental policies and measures; and (b) duly perform all of its obligations set forth in said agreement in accordance with the terms and conditions thereof.

Section 3.05. The Borrower shall neither commit to undertake nor carry out any activity (other than the preparation of bidding

documents) for the procurement of goods or works in respect of the upgrading of the berth to provide coal handling facilities at the Port of Jorf Lasfar under Part A.2 (a) of the Project, unless and until the Borrower shall have entered into an agreement with ONE, under terms and conditions satisfactory to the Bank, providing for the recovery by the Borrower from ONE of the investment costs, operating expenses and other financial charges in respect of the upgrading and operation of said berth.

Section 3.06. Except as the Bank 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 Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Management and Operations of the Borrower

Section 4.01. The Borrower shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, commercial, engineering and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 4.02. The Borrower 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 administrative, financial, commercial, engineering and environmental practices.

Section 4.03. The Borrower 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.

Section 4.04. The Borrower:

(a) shall take all action required on its part to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its operations; and

(b) except in the ordinary course of its business, shall not, without the Bank's prior consent, sell, lease, transfer or otherwise dispose of any of its property or assets which are required for the efficient conduct of its operations or the carrying out of the Project.

Section 4.05. The Borrower shall carry out the ODEP Development Program with due diligence and efficiency and in conformity with sound administrative, financial, economic and engineering practices and shall provide, promptly as needed, the funds, facilities, services and other resources required therefor.

ARTICLE V

Financial Covenants

Section 5.01. (a) The Borrower shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition, including, without limitation, separate accounts reflecting the operations, resources and expenditures of the Borrower in respect of the Project.

(b) The Borrower 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 (6) 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.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the Fiscal Year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank'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.

Section 5.02. (a) Except as the Bank shall otherwise agree, the Borrower shall earn, for each of its Fiscal Years after its Fiscal Year ending on December 31, 1989, an annual return of not less than 7% of the average current net value of the Borrower's fixed assets in operation.

(b) Before June 30 in each of its Fiscal Years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) of this Section in respect of such year and the next following Fiscal Year and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) of this Section for the Borrower's Fiscal Years covered by such review, the Borrower shall promptly take all necessary measures (including, but without limitation, adjustments of the structure or levels of its port tariffs) in order to meet such requirements.

(d) For purposes of this Section:

- (i) The annual return shall be calculated by dividing the Borrower's net operating income for the Fiscal Year in question by one half of the sum of the current net value of the Borrower's fixed assets in operation at the beginning and at the end of that Fiscal Year.
- (ii) The term "net operating income" means total operating revenues less total operating expenses.

- (iii) The term "total operating revenues" means revenues from all sources related to operations.
- (iv) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, and provision for depreciation on a straight-line basis at rates acceptable to the Bank, but excluding interest and other charges on debt.
- (v) The term "current net value of the Borrower's fixed assets in operation" means the gross value of the Borrower's fixed assets in operation less the amount of accumulated depreciation, as valued from time to time in accordance with sound and consistently maintained methods of valuation satisfactory to the Bank.

Section 5.03. (a) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt unless a reasonable forecast of the revenues and expenditures of the Borrower shows that the estimated net revenues of the Borrower for each Fiscal Year during the term of the debt to be incurred shall be at least 1.5 times the estimated debt service requirements of the Borrower in such year on all debt of the Borrower, including the debt to be incurred.

(b) For the purposes of this Section:

- (i) The term "debt" means any indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
- (iii) The term "net revenues" means the difference between:
 - (A) the sum of revenues from all sources related to operations and net non-operating income; and
 - (B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.
- (iv) The term "net non-operating income" means the difference between:
 - (A) revenues from all sources other than those related to operations; and
 - (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in sub-paragraph (A) of this sub-paragraph (iv).
- (v) The term "debt service requirements" means the aggregate of repayments (including sinking fund payments, if any) of, and interest and other

charges on, debt.

- (vi) The term "reasonable forecast" means a forecast prepared by the Borrower not earlier than twelve months prior to the incurrence of the debt in question, which both the Bank and the Borrower accept as reasonable and as to which the Bank has notified the Borrower of its acceptability, provided that no event has occurred since such notification which has, or may reasonably be expected in the future to have, a material adverse effect on the financial condition or future operating results of the Borrower.
- (vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 5.04. The Borrower shall take all measures necessary to ensure the application not later than September 30, 1991 of its Port Tariff Structure in respect of all container and Ro-Ro traffic through the ports in which the Borrower carries on its operations.

Section 5.05. The provisions of Sections 5.02 and 5.04 of the Loan Agreement dated May 9, 1986 between the Bank and the Borrower for a Port Project: The Ports of Casablanca and Mohammedia (Loan No. 2657-MOR) are hereby amended to read as set forth in Sections 5.02 and 5.03, respectively, of this Agreement.

ARTICLE VI

Remedies of the Bank

Section 6.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified, namely, that the Borrower's Legislation or any other law, decree or resolution of the Guarantor shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the organization, powers, financial condition or operations of the Borrower, or the ability of the Borrower to perform any of its obligations under this Agreement.

Section 6.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely, that the event specified in Section 6.01 of this Agreement shall occur.

ARTICLE VII

Effective Date; Termination

Section 7.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that all conditions precedent to the effectiveness of the Kingdom Port Sector Loan Agreement, except for the effectiveness of this Agreement, have been fulfilled.

Section 7.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VIII

Representative of the Borrower; Addresses

Section 8.01. The Director of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

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.

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

For the Borrower:

Office d'Exploitation des Ports
4 rue Moussa Ibnou Nouceir
Casablanca
Kingdom of Morocco

Telex:

28732

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/ Kemal Dervis
Acting Regional Vice President
Europe, Middle East and North Africa

OFFICE D'EXPLOITATION DES PORTS

By /s/ Mohammed Belkhayat
Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
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(1) Works under Part A.1 of the Project	36,100,000))))	64%
(2) Works under Part A.2 of the Project	12,400,000)))	
(3) Goods for Parts A.2, B.1 and B.3 of the Project	23,300,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local ex- penditures for other items pro- cured locally
	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(4) Consultants' services and training	5,900,000	100%
(5) Unallocated	21,300,000	
	<hr/>	
TOTAL	99,000,000 =====	

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 Guarantor for goods or services supplied from the territory of any country other than that of the Guarantor; and

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

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, except that withdrawals, in an aggregate amount not exceeding, the equivalent of five million dollars (\$5,000,000), may be made in respect of Categories (1) and (4) on account of payments made for expenditures before that date but after July 31, 1990.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (i) improve the operational efficiency of the ports at which the Borrower carries on its operations, so as to assist the Borrower in adapting its operations to the growth and changing structure of foreign trade; and (ii) assist the Borrower in strengthening its institutional capabilities and financial operations and increasing the recovery of infrastructure costs through, among other things, appropriate adjustments to its port tariffs.

The Project consists of the following parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time to achieve such objectives:

Part A:

1. Construction of a container terminal at the Port of Casablanca;
2. Carrying out of selected priority Sub-projects under the Borrower's Port Investment Program, including, inter alia: (a) upgrading of a berth to provide coal handling facilities at the Port of Jorf Lasfar and provision of coal unloading equipment required therefor; and (b) rehabilitation and upgrading of existing Ro-Ro terminal facilities at the Port of Tangiers; and
3. Carrying out of other selected activities under the Borrower's Port Investment Program, including, inter alia: (a) construction of a two-lane bridge at Gate Four at the Port of Casablanca; (b) carrying out of paving works at the Port of Agadir; (c) carrying out of infrastructure works at the Port of Safi; (d) rehabilitation and upgrading of fishing port facilities at the Ports of Agadir, Nador, Tangiers and Casablanca; (e) development of pleasure craft facilities at the Port of Agadir; and (f) development of port industrial sites at the Port of Jorf Lasfar.

Part B:

1. Acquisition and utilization of materials and equipment required to carry out Part A.1 of this Schedule including, inter alia: (a) straddle carriers; (b) container gantry cranes; and (c) tractor-trailer units;
2. Acquisition and utilization of tugboats and conventional cargo handling equipment; and
3. Acquisition and utilization of marine security equipment, data processing equipment and related materials to improve communications and management information systems.

Part C:

1. Carrying out of a study to strengthen the Borrower's maintenance dredging operations; preparation of a telecommunications master plan for the Borrower; and improvement of the Borrower's management information system including internal audit, cost accounting, personnel administration and data processing; and
2. Carrying out of a training program, including in-service training, fellowships, seminars and provision of training aids.

* * * *

The Project is expected to be completed by June 30, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
September 15, 1996	1,805,000
March 15, 1997	1,875,000
September 15, 1997	1,950,000
March 15, 1998	2,025,000
September 15, 1998	2,100,000
March 15, 1999	2,185,000
September 15, 1999	2,270,000
March 15, 2000	2,355,000
September 15, 2000	2,445,000
March 15, 2001	2,540,000
September 15, 2001	2,640,000
March 15, 2002	2,740,000
September 15, 2002	2,845,000
March 15, 2003	2,955,000
September 15, 2003	3,070,000

March 15, 2004	3,190,000
September 15, 2004	3,310,000
March 15, 2005	3,440,000
September 15, 2005	3,575,000
March 15, 2006	3,710,000
September 15, 2006	3,855,000
March 15, 2007	4,005,000
September 15, 2007	4,155,000
March 15, 2008	4,320,000
September 15, 2008	4,485,000
March 15, 2009	4,655,000
September 15, 2009	4,835,000
March 15, 2010	5,025,000
September 15, 2010	5,220,000
March 15, 2011	5,420,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than eleven years before maturity	0.55
More than eleven years but not more than sixteen years before maturity	0.80
More than sixteen years but not more than eighteen years before maturity	0.90
More than eighteen years before maturity	1.00

SCHEDULE 4

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).

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. Limited international bidding:

Goods estimated to cost less than the equivalent of one million dollars (\$1,000,000) per contract, but more than the equivalent of one hundred thousand dollars (\$100,000) per contract, up to an aggregate amount not to exceed the equivalent of two million dollars (\$2,000,000), may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least five qualified suppliers eligible under the Guidelines and in accordance with the procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

2. Local competitive bidding:

Civil works estimated to cost less than the equivalent of two million dollars (\$2,000,000) per contract, up to an aggregate amount not to exceed the equivalent of five million dollars (\$5,000,000), may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

3. Shopping

Goods estimated to cost less than the equivalent of one hundred thousand dollars (\$100,000) per contract, up to an aggregate amount not to exceed the equivalent of one million dollars (\$1,000,000), may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three (3) suppliers from at least two (2) different countries eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decision

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

(a) With respect to the first contract for civil works or goods awarded under the procedures referred to in Parts A and C hereof, irrespective of the estimated value thereof, and with respect to each contract for civil works estimated to cost the equivalent of one million dollars (\$1,000,000) or more, and each contract for goods estimated to cost six hundred thousand dollars (\$600,000) or more, 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 subparagraph (b) shall not apply to contracts on account of which the Bank has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 20% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank 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.

