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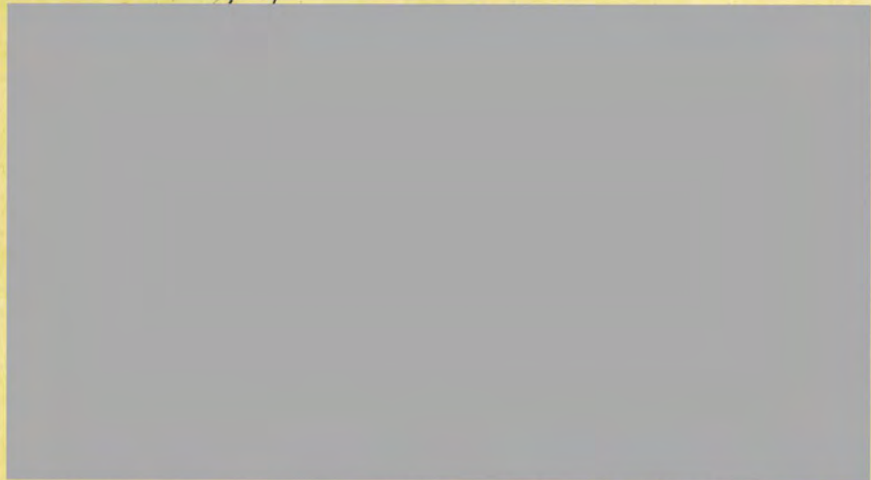
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Washington, D.C.

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**1697589**

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Banque Nationale de Developpement Economique Project [BNDE] (04) - Morocco - Loan
0660 - P005356 - 1969 / 1971 Negotiations - Volume 1

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RECORDS MANAGEMENT SECTION

MOR-5NDE(40)

March 5, 1970

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le
Developpement Economique
P. O. Box 407
Rabat, Morocco

Dear Mr. Benkirane:

I would like to acknowledge with thanks receipt
of your recently issued guide to BNDE's customers for
the preparation of loan applications to BNDE. We
shall look at this with interest and will communicate
to you any comments we may have.

With best regards,

Yours sincerely,

Khalil Nougaim *UN*
Development Finance Companies

RECEIVED

Khalil Nougaim:jb

1030 MAR -2 PM 5:50

COMMUNICATIONS

COMMUNICATIONS
SECTION

1970 MAR -6 PM 2:20

KRSTIC MORGENTHAU: Jp

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Delegation Finance Committee
KRSTIC MORGENTHAU Xh

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the presentation of your suggestions to BIDE. Me

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Dear Mr. Morgenthau:

Dear Mr. Morgenthau

P. O. Box 101

Delegation Finance Committee

Banking Committee Bank of

Director General

Mr. Morgenthau Bank of

March 2, 1970

Mar-2-1970 (117)

Mr. Robert S. McNamara

March 5, 1970

M. P. Benjenk

Morocco - Signing of Fourth BNDE loan (\$15 million)

1. Please find below a few notes in connection with the signing of the fourth loan to BNDE at 3:00 p.m. on Friday, March 6, and your subsequent meeting with Messrs. Bargach and Benkirane, Chairman of the Board and Director General of BNDE, respectively. I am also attaching remarks you might like to use during the signing ceremony.
2. The Bank Group has been associated with BNDE since the Government relinquished its majority ownership in 1962. IFC, with an investment of \$0.9 million, owns a quarter of BNDE's share capital and the Bank has made three loans to BNDE: \$15 million in 1963, \$17.5 million in 1967 and \$15 million in 1968. The present \$15 million loan will increase total Bank lending to BNDE to \$62.5 million; it is expected that this loan will cover the foreign exchange needs of BNDE's growing lending activities until April 1971. Continuing Bank lending to BNDE is envisaged in our five-year lending program (\$15 million in 1971, 1973 and 1975). So far, BNDE has been the only channel through which the Bank has made funds available for industrial and tourist development in Morocco. However, negotiations will start next week for a \$10 million loan to CIH (a credit institution specialized in housing and hotel financing) for hotel financing; once this loan is made, BNDE will concentrate mostly in lending for industry but will continue making equity investments in tourist enterprises.
3. BNDE has played a major role in financing industrial and tourist investment in the country; actually, very few new enterprises in the country have not received financial assistance from BNDE. Total BNDE financial assistance since its inception amounts to about \$155 million of which 23 percent to food processing industries, 16 percent to textile industries and 10 percent to the tourist sector. Textiles are now the most important element of its direct loan portfolio. As shown in the attached data sheet on BNDE, its direct lending operations have increased substantially since 1964 (more than threefold) to reach a level of about \$12.0 million in 1969; a third of this amount approximately was lent for tourism, mainly for hotel construction, through CIH out of World Bank loans proceeds. BNDE's projected lending activities (also shown in the attachment) showed an increase of 16 percent for the next four years; this is a substantial increase taking into account that lending for tourism will be assumed by CIH once the Bank makes loans directly to that institution. Equity investments have been low throughout the life of BNDE and non-existent for the last two years; their projected equity participations show an improvement but at still a very moderate scale after 1970.

March 5, 1970

4. During your discussions with BNDE's Chairman and Director General, you may wish to refer to the following points:

- (A) The role of BNDE as promoter of new investments has varied in different fields. In tourism, it has played an active and constructive role through its subsidiary SOMADET which has set up several hotels and holiday villages in the country. In other industrial branches, BNDE has taken a more active role in looking for partners and promoting investment than the role usually taken by a pure lending agency. However, given the relatively recent entry of Moroccan entrepreneurs into industry, and their reluctance to bring in outsiders such as BNDE as partners, equity investments have been on the low side. There is room for improvement in this area and for building up closer relations with the private sector so that BNDE can be looked at as a source of advice and equity capital.
- (B) The constraints for continuing expansion of BNDE's lending. BNDE has been so far lending from 30 percent to 40 percent of the total cost of projects. This proportion (which is greater in most individual cases as the average is distorted by some very large investments for which French subsidized suppliers credits were available) is not out of line in relation with other development finance companies abroad and could not be easily increased.
- (C) Cooperation between BNDE and the forthcoming Bank industrial mission due to arrive in Morocco in the early days of April. Although we do not want the mission to become too identified with BNDE, Mr. Bargach's personal contacts and knowledge of the industrial sector could be of use to the mission.
- (D) Mr. Bargach may tell you of his desire to introduce more foreign expertise into BNDE. We, of course, would welcome this. However, he will probably go on to say that such expertise is very expensive and would reduce the already low dividends of BNDE, (6 percent last year and 4 percent in 1968), while the Bank and IFC continue to insist on higher dividends. The answer to that comment is, of course, that BNDE is lending at artificially low rates and that it could afford both higher dividends and foreign experts if it were allowed to lend at more than the very unrealistic rate of 7 percent.

Attachment

cleared with and cc.: Mr. Nougaim
cc.: Mr. Kreuter

FMendoza/KNougaim/MPBart:cmc

ANNEX I

<u>Capital structure</u>	<u>%</u>	<u>US \$ equivalent (000)</u>
Moroccan		
Government	43.2	1,739
Private institutions	14.8	596
Individuals	.4	2
Foreign		
IFC	24.7	987
Foreign institutions	16.9	676
		<u>4,000</u>

Long-term resources

Share capital	4,000
Reserves	2,000
Subordinated Gov. loans	8,000
Long-term bonds	3,120
USAID loan	3,000
World Bank loans (net)	<u>58,700</u>
	<u>78,800</u>

Operations approved and planned (000 US \$)

	<u>Actual</u>						<u>BNDK's own Projections</u>				
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Loans	3.8	7.0	11.2	9.6	12.2	11.1	14.0	13.0	14.0	14.0	14.0
Rediscounts	2.1	8.3	4.4	14.1	7.8	0.7	5.0	6.0	7.0	7.0	6.0
Equity Invest.	0.3	1.1	1.1	0.4	-	..	1.7	0.6	0.4	0.4	0.4

Profitability

	<u>Actual</u>						<u>Projected</u>				
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Net profit/assets	1.65	1.46	1.60	1.45	1.46	1.45	1.45	1.46	1.45	1.46	1.44
Net profit/equity	5.16	5.03	6.57	6.99	8.60	9.93	10.6	11.1	11.0	11.3	11.0
Net profit/share cap.	5.95	5.93	8.01	8.83	14.90	15.60	18.2	20.4	20.9	24.0	25.1

1/ 11 months

Suggested remarks by Mr. McKennare on the occasion of the signing
of the Fourth Loan to HMD.

Mr. Ambassador, Mr. Chairman,

I am particularly gratified to have the opportunity to participate in the signing of this fourth loan to HMD.

With this loan, the total assistance extended by the Bank to HMD will have reached \$62.5 million. The continued and close relationship thus established between HMD and the Bank, strengthened by IFC's participation in HMD's capital, has enabled us to contribute substantially to our common objective of developing Morocco's economy.

In the industrial sector where the bulk of HMD's activities are concentrated, much remains to be done, however. When I visited Morocco last November, I was impressed by the fact that industry and handicrafts contribute only 12 percent to the national product, that manufacturing employs not more than 160,000 workers and that private entrepreneurs are not demonstrating the aggressiveness which could have been expected in Morocco's liberal economy. When this situation is seen against Morocco's increasing unemployment problem, which is illustrated by the current plan target of creating 750,000 new jobs over five years, it is evident that further expansion of industry is of high national priority.

The Bank is prepared to continue and enlarge its assistance in this field, in which His Majesty King Hassan and his Government have a great interest. I expect that the forthcoming Bank industrial mission will cast light on the constraints faced by Moroccan industry in recent years and on the means of stepping up its development. Morocco's association with the

European Economic Community opens new prospects for exports which need to be thoroughly explored. In the final analysis, industrial development will hinge chiefly on the investment climate created by the Government, on the drive and initiative demonstrated by the private sector, and on the assistance provided by institutions such as ENDE. You can rest assured that the Bank will contribute to the maximum extent possible to this effort.

Finally, let me say Mr. Chairman, how glad I am to welcome you here in your new capacity. You are an old friend of the Bank, and we have had the pleasure over the years to work with you at the Bank of Morocco, then as Minister of Planning and again as Minister of Agriculture. My colleagues and I look forward to working with you in ENDE in the future. Lastly, let me also welcome Mr. Benkirane, who is at home here and whom it is always a pleasure to see.

Mr. William Diamond

MOR-BNDE
✓ BNDE (4#)
March 4, 1970

Khalil Nougaim

MOROCCO - BNDE: Forthcoming Visit of Messrs. Bargach and Benkirane

1. Messrs. Bargach and Benkirane are planning to be here on Friday, March 6 for the signing of the BNDE Loan Agreement at 3.00 p.m. They are due to meet with Mr. McNamara immediately after the signing. The following appointments have also been set up at their request.

Friday, March 6 - 4.30 p.m.	Mr. W. Diamond
Monday, March 9 - 10.00 a.m.	Mr. von Hoffmann
Monday, March 9 - 11.00 a.m.	Mr. Gaud

I have also arranged for a meeting with Mr. Krishnaswamy on Monday, March 9 at 3.30 p.m.

The following issues may come up.

Management

2. It is not clear whether Mr. Bargach is a full-time President or not. From the accounts of recent visitors (Messrs. Benjenk, Khosropur), he spends much time with BNDE and is definitely not a figurehead President. Also, at Board Meetings, Dr. Khosropur reports that Mr. Bargach is very much in charge of the proceedings and has replaced Mr. Benkirane as the de facto Chairman. However, even if Mr. Bargach were to stay for quite a while at BNDE, this does not mean that Mr. Benkirane will become a "Deputy" and will devote much more time to problems of internal coordination and administration. Consequently, the need for a Deputy continues and BNDE should be kept to its commitment that a competent Deputy should be appointed by the end of August 1970.

Organization and Staffing

3. Apparently, Mr. Bargach would like to strengthen BNDE's staff but is under the impression that the Bank Group has, in the past, resisted such strengthening because of the costs involved. I have checked our various reports on BNDE for the past few years and cannot find any such position taken by the Bank. In fact, all recommendations made have always been towards further staff strengthening.

4. The last mission to BNDE found that appraisals were badly coordinated and were weak on marketing and economic evaluations. We have strongly supported Mr. Delero's (Deputy Head of the Credit Department) candidature to the next Industrial Projects Course (no decision

March 4, 1970

taken yet) at EDI and you have written Mr. Benkirane agreeing that I spend three weeks with BNDE working on these aspects.

5. You have promised BNDE some help in recruiting a marketing expert and an engineer, and you have sent a couple of memoranda to Mr. Clarke about this. We have not yet been able to come up with any candidates.

6. Another matter concerning BNDE's staff training is the intended seminar this summer. In relation to this, Mr. Krishnaswamy wrote Mr. Benkirane last week saying that he assumed that the seminar had been cancelled for June but that EDI was willing to provide help at some other time, but only on project appraisal methodology. I received yesterday a copy of a letter from Mr. Benkirane to Professor Smith which implies that Mr. Benkirane still intends to go ahead with a seminar this year, although the exact timing is not clear.

Promotion of New Enterprises

7. BNDE is criticized for not taking an aggressive role in the promotion of new enterprises. This criticism is not entirely justified since BNDE has started a few tourist ventures through its subsidiary SOMADET, as well as successful companies such as Sotherma and unsuccessful ones such as Nouvelle-Somatam (leather tanning). It has been willing to take fairly large equity participations in companies such as SFRM: 30% of share capital (TV and radio assembly), Lukus and Maroc-Leasing. In this sense, therefore, BNDE has been more promotionally minded than a pure lending agency. BNDE has been unwilling, however, to play the role of promoter, manager and majority owner of new enterprises. In its search for partners who would shoulder the managerial responsibilities, and with the comparative timidity of Moroccan entrepreneurs in industry as well as their reluctance to bring in outsiders such as BNDE as equity partners, this has meant an active search for foreign partners who would take the major responsibility for a project (Somadin, Cellulose du Maroc, various hotel projects and now the AKU nylon project) which BNDE would help finance.

8. This begs the question as to whether BNDE should play the role outlined above (similar to what I understand IMDBI's role to be) and to take on the major responsibility for launching new projects and possibly managing them initially. (This in Morocco at present is the function of the somewhat inactive BEPI.) Given the limitations of BNDE's present management and staff, I feel that they should not do so, although this may be a desirable function for BNDE to perform. Before BNDE can launch itself into a more promotional and managerial role, it should hire at a fairly senior level some men with actual industrial experience--something which both Bargach and Benkirane lack.

March 4, 1970

Reply Pending

9. We have not yet had a reply from Mr. Benkirane on your letter of November 20, 1969 regarding the stimulation of savings and the development of capital markets.

Conference of Development Banks

10. You wrote Mr. Benkirane last week suggesting that the conference, to be manageable, should be restricted to a sub-group such as the French-speaking countries of Africa rather than have it embrace all development banks in Africa.

Industrial Mission

11. Due to start its work in Morocco in early April.

RN KNougaim:jb

c.c. Mr. Mathew

cc: Messrs. Bart
Mendoza
Kreuter
Khosropur

MOR-BNDE(42)

March 3, 1970

Banque Nationale pour le
Developpement Economique
P.O. Box 407
Rabat, Morocco

Gentlemen:

I would like to acknowledge with thanks receipt of your letter of February 21, 1970 inclosing the half-yearly reporting documents to the Bank. We shall look forward to receiving your annual report, your audit report and the list of shareholders as of the end of the year. We shall also look forward to continue receiving your follow-up reports on industrial subprojects.

Sincerely yours,

Khalil Nougaim *UN*
Development Finance Companies

KNougaim:jb

c.c. Messrs. Bart
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Petretti

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COMMUNICATIONS

COMMUNICATIONS
SECTION

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Delegation Finance Committee
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Директор Ломла

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March 3, 1970

1970-1971 (1971)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

. MR-BNDE (4th)

OUTGOING WIRE

TO: BADEMAROC
RABAT

DATE: MARCH 2, 1970

CLASS OF
SERVICE: LT ITT

COUNTRY: MOROCCO

TEXT:
Cable No.:

ATTENTION MONSIEUR BENKIRANE DIRECTEUR GENERAL SERAI
ENCHANTE VOUS VOIR MARDI 10 MARS A VOTRE CONVENANCE
SALUTATIONS EMPRESSEES VERHEYEN

INTBAFRAD

MF Verheyen/csy

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Marcel F. Verheyen

DEPT. Controller's

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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cc: Mr. Petretti

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Vol. II

RECORDS MANAGEMENT SECTION

MOR - BND 40*

INCOMING CABLE

DATE AND TIME
OF CABLE:

FEBRUARY 28, 1970

LOG NO.:

RCA TELEX/28

TO:

INTBAFRAD

FROM:

RABAT

ROUTING

ACTION COPY:

MR. BART

INFORMATION
COPY:

MR. BENJENK

DECODED BY:

MR. HARTWICH

TEXT:

A L'ATTENTION DE MONSIEUR MAURICE BART

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BENKIRANE BADEMAROC

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COMMUNICATIONS
MAR 5 8 02 AM 1970

FOR INFORMATION REGARDING INCOMING CABLES' PLEASE SEE THE COMMUNICATIONS SECTION FOR DATE

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TO: INDIVIDUAL
FOR NO: BOONIS 1970
OF DATE: MARS 1970
DATE AND TIME

RECEIVED BY:	RE. HUBERTON
DATE:	RE. BUREAU
INFORMATION:	
ACTION DATE:	RE. BUREAU
HUBERTON	

INCOMING CABLE

Morocco - BNDE
4th Project

OUTGOING WIRE

TO: BADEMAROC
RABAT

DATE: February 27, 1970

CLASS OF
SERVICE: LT

COUNTRY: MOROCCO

TEXT: POUR MONSIEUR BENKIRANE
Cable No.:

VOUS ATTENDONS VENDREDI PROCHAIN STOP VOUS SAURAI GRE DE NOUS RESERVER
DEJEUNER DIMANCHE 8 MARS ET DE TRANSMETTRE INVITATION A PRESIDENT BARGACH
ET MONSIEUR LAZRAK STOP MERCI ET AMITIES

BART
INTBAFRAD

144

NOT TO BE TRANSMITTED

MPBart:cmc

AUTHORIZED BY:

NAME Maurice P. Bart

DEPT. EME&NA

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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FEB 28 1970
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February 23, 1970

Dear Mr. Tadlaoui:

This is to confirm the arrangements for the signature of the fourth Bank loan to ENDE which is scheduled for March 6 at 3:00 p.m. in the Bank.

We have been informed that Mr. Bargach, President of ENDE, will sign for the Borrower and His Excellency Ambassador Ouan for the Kingdom of Morocco as Guarantor. I shall be awaiting the Moroccan signatories at 2:55 p.m. at the main entrance of the Bank (1818 H Street, N.W.) and will accompany them to the Board Room where execution of the Loan and Guarantee documents will take place.

With best regards.

Yours sincerely,



Fernando Mendoza
Europe, Middle East & North Africa
Department

Mr. A. Tadlaoui
Economic Counsellor
Embassy of Morocco
1601, 21st Street, N.W.
Washington, D.C. 20009

FMendoza:ad

MOR-BND8(44)

OUTGOING WIRE

TO: BENKIRANE

DATE: FEBRUARY 25, 1970

BANDEMAROC

CLASS OF
SERVICE: LT

Rabat

COUNTRY: MOROCCO

TEXT: REFERENCE VOTRE CABLE 20 FEVRIER POUR POLLAN FIXE RENDEZ-VOUS POUR
Cable No.: MONSIEUR BARGACH ET VOUS-MEMES AVEC MONSIEUR DIAMOND VENDREDI 6
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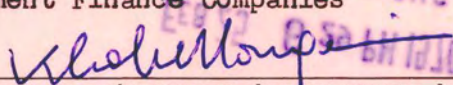
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NAME Khalil Nougaim

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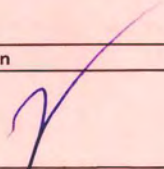
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Bart, Kreuter, Pollan o/r

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NAME: DEPARTMENT OF DEFENSE

NAME: KATHY HARRIS

APPROVED BY

FEB 25 6 29 PM 1970
COMMUNICATIONS

NAME: KLEIN, LUTHER G.
KLEIN, LUTHER G.
C. C. HARRIS, JR.
KLEIN, LUTHER G.

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CLASS: III

DATE: FEBRUARY 25, 1970

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DATE AND TIME

OF CABLE: FEBRUARY 20, 1970 1048

LOG NO.: RCA TELEX / 20

TO: INTBAFRAD

FROM: RABAT

ROUTING

ACTION COPY: MR. POLLAN

INFORMATION COPY: MR. DIAMOND

DECODED BY:

TEXT:

A L'ATTENTION DE MONSIEUR HANS POLLAN
PRESIDENT BARGACH ET MOI MEME SERONS A WASHINGTON POUR SIGNATURE PRET 6
MARS. JE RESTERAI WASHINGTON AVEC MONSIEUR LAZRAK JUSQU'AU 14 MARS.
PRIERE FIXER RENDEZ VOUS POUR PRESIDENT ET MOI MEME AVEC MESSIEURS GAUD,
DIAMOND ET VON HOFFMANN LE 6 MARS APRES ENTRETIEN PRESIDENT MC NAMARA ET
LE LUNDI 9 MARS. REMERCIEMENTS - MEILLEUR SOUVENIR.

BENKIRANE - BADEMAROC

Fri. 4:30 WD.

Mon. 10:00 Von Hoffmann.
11:00 Gaud
3:30 Krishnamoorthy.

JAO

COMMUNICATIONS
FEB 20 11 48 AM 1970

TYPED COMMUNICATIONS

TYPED

ВЕРХИШНЕ - ВУДЕНУНОС

Mr. U. K. Ghoshal

February 19, 1970

H. Marc Moyens HMM

Morocco Loan Signing - Simultaneous Interpretation

Interpretation services for the signing of the loan to the Banque Nationale pour le Développement Economique of Morocco at 3:00 p.m. on March 6, will be provided by myself, working both ways from English into French and French into English.

cc: Mr. Rasmussen

HMMoyens/dea

Mr. U.K. Ghoshal

February 16, 1970

Fernando Mendoza

FML

MOROCCO (BNDE) - Loan signing

1. This is to inform you that signing of the BNDE loan has been scheduled for Friday, March 6 at 3:00 p.m.. Mr. Bargach, president of BNDE, will sign the Loan and Ambassador Osman will sign the Guarantee Agreement.

2. Mr. Bart will arrange for the attendance of the signing officials and Mr. Tenley Jones will supervise the execution of the documents.

cc: Messrs. Bart
Christoffersen
T. Jones

ad

MOR-BNDE
(4th)

273-
FEB 13 1970

Central files

INCOMING CABLE

DATE AND TIME

OF CABLE: FEBRUARY 13, 1970

LOG NO.: RCA TELEX/13

TO: BENJENK INTBAFRAD

FROM: RABAT

TEXT:

EN REPOSE VOTRE CABLE CE JOUR ACCORD POUR SIGNATURE PRET BNDE
VENDREDI 6 MARS A 15 HEURES ET ENTRETIEN PRESIDENT MCNAMARA APRES
CEREMONIE SIGNATURE. MEILLEURES SALUTATIONS

M'HAMED BARGACH PRESIDENT BADEMAROC

Mr. Bart FM

Please upon Mr. Taji
and Mr. Hoffmann
M

COMMUNICATIONS

FEB 13 11 23 AM 1970

BR

TYPED

FEB 13 11 57 AM 1970
COMMUNICATIONS

RECEIVED BY THE COMMUNICATIONS SECTION

COMMUNICATIONS SECTION - MEMPHIS AIRPORT

URGENT 2 13 70 12 12 PM FROM MEMPHIS AIRPORT TO BUREAU

RE MEMPHIS TELETYPE TO BUREAU 2 13 70 12 12 PM

TEXT

FROM: MEMPHIS

TO: BUREAU (100-442100)

FOR INFO: NEW YORK (100-442100)

ON CABLE: BUREAU 2 13 70 12 12 PM

DATE AND TIME

DECODED BY:	100-442100
COPIES:	100-442100
INFORMATION:	100-442100
ACTION COPIES:	100-442100
HONOLULU	

INCOMING CABLE

MOR-BNDE(4th)

OUTGOING WIRE

TO: BADEMAROC
RABAT

DATE: February 12, 1970

CLASS OF LT
SERVICE:

COUNTRY: MOROCCO

TEXT: POUR PRESIDENT BARGACH
Cable No.:

EN REPONSE VOTRE TELEX DU 12 FEVRIER ET SUITE VOS CONVERSATIONS
AVEC MONSIEUR TAZI AI PLAISIR VOUS FAIRE PART ACCORD MONSIEUR
MCNAMARA POUR SIGNATURE PRET BNDE LE VENDREDI SIX MARS A QUINZE
HEURES STOP MONSIEUR MCNAMARA VOUS RECEVRA IMMEDIATEMENT APRES
SIGNATURE STOP PRIERE CABLER CONFIRMATION STOP MEILLEUR SOUVENIR

BENJENK

INTBAFRAD

Translation not to be transmitted

For President Bargach - In response your telex February 12 and following your conversations with Mr. Tazi am pleased inform you Mr. McNamara's agreement to sign BNDE loan on Friday March 6 at 3 pm stop Mr. McNamara will meet with you immediately after signing stop please cable confirmation stop regards

Benjenk

D4

WJB

NOT TO BE TRANSMITTED

MPBart:cmc

AUTHORIZED BY:

NAME M. P. Benjenk

DEPT. EME & NA

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

COMMUNICATIONS
FEB 15 8 00 PM 1970
DISPATCHED

CLEARANCES AND COPY DISTRIBUTION:

cc.: Mr. Tazi

cc.: Messrs. Christoffersen

Diamond

Ghoshal

T. Jones

Petretti

Mendoza

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

ORIGINATOR (RHS COPY)

Classified in accordance with

DISPATCHED

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO DISPATCH)

SIGNATURE

DATE

FEB 12 1970

NAME

M. B. BENJAMIN

APPROVED BY

FEB 12 6 04 PM 1970
COMMUNICATIONS

FOR USE BY COMMUNICATIONS SECTION

RECEIVED

J. JONES

RECEIVED

DISPATCH

RECEIVED

CC: Messala, Christopher

CC: Mr. Jett

REFERENCE AND COPY DISTRIBUTION

NOT TO BE RECLASSIFIED

RECLASSIFIED

Benjamin

prob please copy communication prob letter
3 by prob Mr. Benjamin will meet with you immediately after signing
Mr. Benjamin's agreement to sign under loan on Friday before 9
following local communications with Mr. Jett emphasized inform you
for President Bencher - in response local fax reply 13 and

communication was to be forwarded

IMPROVED

BENJAMIN

EXAMINEE ALSO BELIEVE CANTER COMMUNICATION ALSO BELIEVE CANTER
HEARD ALSO MONITOR MONITORING LONG BUREAU INVESTIGATION FIVE
MONITORING LONG SIGNATURE FIVE FIVE IN ANSWER SIX NAME A CANTER
FIVE MONITORING FIVE VI FIVE FIVE LONG FIVE FIVE FIVE MONITORING
IN MONITORING LONG FIVE IN FIVE BELIEVE ALSO COMMUNICATIONS
LONG PRESIDENT BENJAMIN

Copy to
Jett

COPIES

MONITOR

FIVE

TO

BENJAMIN

SERVICE
CLASS OF 12

DATE February 13, 1970

ORIGINATING MISE

ASSOCIATION

INTERNATIONAL RELATIONS

RECOMMENDATION AND REASONING

INTERNATIONAL BANK FOR

CONNECTION

INTERNATIONAL FINANCE

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

100R-642/167 (2)
✓
100R-642/167 (2)
✓
100R-642/167 (2)
✓
INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MONSIEUR FAROUK BENNIS
MINISTERE FINANCES
RABAT
MAROC

DATE: FEBRUARY 2, 1970

CLASS OF
SERVICE: LT

COUNTRY: MAROC

TEXT:
Cable No.:

ALPHA AFIN DE SUIVRE AVANCEMENT PROJET ROUTIER ET DISCUTER PROBLEMES
EN SUSPENS MONSIEUR GERHARD LUDWIG DU DEPARTEMENT PROJETS
TRANSPORT PROJETTE ARRIVER RABAT HUIT FEVRIER AIR FRANCE VOL
2031 ET Y RESTER JUSQU'AU DOUZE STOP CABLONS MONSIEUR GHISSASSI
BETA LETTRE DETTE EXTERIEURE POUR PRET BNDE TOUJOURS PAS RECUE STOP
PRIERE AVIONNER COPIE EXPRES STOP SALUTATIONS

BART
INTABAFRAD

MOR-BNOC(4th)

OUTGOING WIRE

TO: MONSIEUR BARGACH
PRESIDENT - BNDE
BADEMAROC

DATE: LE 2 FEVRIER 1970

CLASS OF
SERVICE:

LT

COUNTRY: MOROCCO

TEXT:
Cable No.:

SUITE NOTRE CONVERSATION CONCERNANT SIGNATURE PRET ET CONVERSATION
AVEC MONSIEUR MCNAMARA VOUS INFORME CE DERNIER ABSENT WASHINGTON
SEMAINE 23 FEVRIER MAIS PRESENT LE 9 FEVRIER DATE ALTERNATIVE INDIQUEE
PAR VOUS STOP SI POUVEZ ARRIVER WASHINGTON LUNDI 9 POUR SIGNATURE
VOUS PROPOSE RENDEZ VOUS AVEC MONSIEUR MCNAMARA CINQ HEURES FAISANT
SUITE A SIGNATURE PLUS TOT LE MEME JOUR STOP PRIERE CONFIRMER
AMITIES

BENJENK
INTBAFRAD

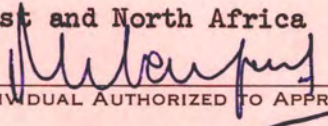
MPB:ab

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME M. P. Benjenk - Director

DEPT. Europe, Middle East and North Africa

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

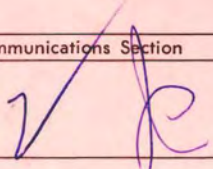
CLEARANCES AND COPY DISTRIBUTION:

Cleared with and cc to: Mr. Diamond
cc to: Mr. Bart

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: 

✓ MOR - BNDE (HCH) (1)
cc BNDE (gem)

Mr. Robert S. McNamara

January 29, 1970

M. P. Benjenk *ml*

Visit of Chairman of BNDE

1. Mr. Mohamed Bargach, the new chairman of the Board of the BNDE, intends to come to Washington next month to sign the BNDE loan and has asked to see you on the occasion of his visit here. Mr. Bargach has been a prominent figure in Moroccan politics in the past ten years, having held various Cabinet offices in the Government, the most recent of these being the position of Minister of Agriculture from 1967 to 1969. He has, in the past, been very close to the King himself although there seems to have been some estrangement between them in recent months.

2. During my brief visit to Morocco last week Mr. Bargach told me that he felt that BNDE needed to become more dynamic and do more promotional work in the Moroccan business community. He told me that his efforts in this direction were encountering some resistance within the BNDE and that one of the purposes of his visiting Washington would be to obtain support from us for some of his views. That is the background as to why he wishes to see you and Mr. Diamond.

3. Mr. Bargach is a highly intelligent man, but highly strung and, at times, demagogic. He is not likely to remain the chairman of BNDE (a part time post) very long, but he is well worth seeing. He has suggested either February 9 or February 23 for his visit, with a strong preference for the latter. If you are prepared to see him, which I recommend, and since February 23 is a holiday, I should like to propose to him that he come on February 9 or February 24. Please let me know your decision, so that I can send him a cable.

MPBenjenk:gr

cc: Mr. Knapp
Mr. Diamond
Mr. Bart

OFFICE MEMORANDUM

TO: FILES

FROM: Hans Pollan 

SUBJECT: Morocco: BNDE

DATE: January 28, 1970

1. I had a call from Mr. Green of AID who handled the work on the US/AID loan of \$3 million to the Government of Morocco which is to be relent to BNDE.
2. Mr. Green advised that the loan agreement with the Government, and the agreement between the Government and BNDE, were signed last Friday, January 23, 1970. The terms are the same that we had known; they are described in paragraph 52 of our appraisal report DB-57a.
3. I mentioned to Mr. Green that we were expecting the visit of Mr. Bargach, the new President of BNDE, sometime in February for the signing of the fourth IBRD loan to BNDE. He said that AID people concerned would probably be interested in meeting Mr. Bargach and asked that we keep him posted about the dates of Mr. Bargach's stay in Washington.

cc: Messrs. Bart
Kreuter
Khosropur
Nougaim (possible action re paragraph 3)

MOR-BNOE
14th

INCOMING CABLE

DATE AND TIME
OF CABLE:

JANUARY 26, 1970

LOG NO.:

RCA TELEX/26

TO:

INTRAFRAN

FROM:

RABAT

ROUTING

ACTION COPY: MR. KESROFUR

INFORMATION
COPY:

DECODED BY:

TEXT:

MONSIEUR ALI AKMAR KESROFUR

VOUS INFORMONS VOTRE COMITE EXECUTIF LE MARDI 3 FEVRIER
A 16 H 30 DOSSIERS MOULITEH, MANUIRA, STAM, SYAT, HAMMADI.
CES DOSSIERS TRANSMIS CE JOUR EXPRÉS AAVION SALUTATIONS

MOHAMED BENKIRANE BADEMAROC

FCA

FOR INFORMATION MEMORANDUM (ATTN: CABLE) PLEASE CITE THE COMMUNICATIONS SECTION REF 5051
TYPED

JAN 26 1 21 PM 1970
COMMUNICATIONS

NOT

RECEIVED MEMORANDUM

THE FOLLOWING INFORMATION IS FOR YOUR INFORMATION
A TO B TO DOBRISS MONITORING MONITORING MONITORING
AND INFORMATION MONITORING MONITORING MONITORING
MONITORING MONITORING MONITORING

TEXT

FROM:

FROM

TO:

TO

FOR INFO:

FOR INFO

OF CABLE

OF CABLE

END OF LINE

RECEIVED BY:

CODE:

INFORMATION

ACTION CODE:

15-12-1970

MONITORING

INCOMING CABLE

MOR-BNOE (H4)

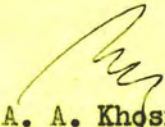
le 26 janvier 1970

Monsieur M. Benkirane,
Directeur Général,
Banque Nationale pour le Développement Economique,
Boîte Postale 407,
Rabat,
Maroc

Cher Benkirane:

Je vous remercie pour votre télégramme du 26 janvier concernant le Comité Exécutif du 3 février 1970. Si les documents sont reçus suffisamment avant le 3 février pour me donner le temps de les étudier, je vous enverrai mes remarques ou si ncessaire par télégramme.

Avec mes sentiments les plus distingués,



A. A. Khosropur

AAKh:gmb

cc:

NOTATIONS
SECTION

1970 JAN 27 PM 3:42

cc:

AAKP: Bur

V. V. Kucaloban

avec mes sentiments les plus distingués,

références.

de les ériger, je vous envoie mes remerciements et si possible par
sont les plus distingués et je vous envoie mes remerciements et si possible
concernant le Comité Exécutif du 3 février 1970. Si les documents
je vous remercie pour les références qui se trouvent

Cher Monsieur:

Monsieur

Monsieur

Voilà l'adresse

pour les informations et le développement économique

directement général

Monsieur M. Benoit

Je se trouve 1970

1970-1970 (1970)

MOR-BNDE (44)

RABAT, LE 21 janvier 1970

البنك الوطني للأموال
BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE

CAPITAL 20 MILLIONS DE DIRHAMS
BOITE POSTALE 107 - RABAT - TEL. 264-41-42
& 43 ADRESSE TELEGRAPHIQUE BADEMAROC
TELEX : BADEMAROC - RABAT. 319.42
R.B. 18.154 - RABAT - C.N.R.B. 88.888

DIRECTION GENERALE

DG/HL n° 492

Monsieur Maurice P. BART
Département Europe Moyen Orient et
Afrique du Nord
B.I.R.D.
1.818 H. Street NW
WASHINGTON DC. 20.433 (USA)

Cher Monsieur Bart,

Vous voudrez bien trouver ci-joint copie signée et certifiée de la résolution de notre Conseil d'Administration du 22 décembre 1969 relative à l'approbation du 4ème prêt et aux pouvoirs conférés à cet effet au Président et au Directeur Général de notre Banque pour la signature du dit contrat de prêt et des documents y afférant.

Je ne manquerai pas de me rapprocher de vous pour convenir ensemble de la date de signature du dit contrat de prêt.

Veuillez agréer, Cher Monsieur Bart, l'expression de mes sentiments de considération distinguée. -

Le Directeur Général

Mohamed BENKIRANE

PJ : 1

Mr Bart
1/26/70
Section



CAPITAL 20 MILLIONS DE DIRHAMS
BOITE POSTALE 407-RABAT-TÉL. 264-41-42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC
TELEX : BADEMAROC - RABAT. 319.42
R.C. 16.423 - RABAT - C.N.S.S. 66.805

DIRECTION GÉNÉRALE

DG/HL n) 486

RABAT, LE

20 Janvier 1970

MOR-BNDE(4th)

Monsieur Maurice P. BART
Département Europe, Moyen Orient et
Afrique du Nord

B.I.R.D.
1818 H. Street WASHINGTON DC
20.433 (USA)

Cher Monsieur Bart,

J'ai l'honneur d'accuser réception de votre lettre en date du 14 janvier à laquelle étaient jointes trois copies du communiqué de presse publié par la Banque à la suite de l'approbation du 4ème prêt à la BNDE.

Je vous en remercie.

Veuillez agréer, Cher Monsieur Bart, l'expression de mes sentiments les plus distingués et les meilleurs. -

Le Directeur Général

Mohamed BENKIRANE

EDUCATIONS
SECTION

1970 JAN 26 AM 1:41

MUR - BNDE (4th)

January 15, 1970

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le Developpement
Economique
B.P. 407
Rabat, Morocco

Dear Mr. Benkirane:

I write first of all to thank you for your kindness and that of Mr. Bargach in sending me a box for phonograph records. It is a lovely memento of Morocco.

We were all delighted that our Board of Directors approved a new loan to BNDE. That it did so is evidence of our wish to continue to work with you, to join with you in helping to strengthen BNDE's organization and operations, and thereby contribute to the economic development of Morocco.

With all good wishes,

Sincerely yours,

P

William Diamond
Director
Development Finance Companies

cc: Mr. Pollan

WDiamond:jmb

COMMUNICATIONS
GENERAL
JAN 18 15 10 1970

RECEIVED

RECEIVED

JAN 16 12 10 PM 1970

GENERAL FILES
COMMUNICATIONS

Mr. Tolson:

cc: Mr. Tolson

Delegation Finance Committee
Director
Mr. Tolson

6
Director's Office

Mr. Tolson:

Delegation Finance Committee

Delegation Finance Committee
Director's Office
Mr. Tolson
Delegation Finance Committee
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Mr. Tolson

Delegation Finance Committee

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Director's Office
Mr. Tolson
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Director's Office
Mr. Tolson

Delegation Finance Committee

Delegation Finance Committee

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Delegation Finance Committee

Delegation Finance Committee

Delegation Finance Committee

January 15, 1970

Mr. M'Hamed Bargach
President
Banque Nationale pour le Developpement
Economique
B. P. 407
Rabat, Morocco

Dear Mr. Bargach:

I have delayed writing to congratulate you on your election to the presidency of the BNDE until I could combine that note with one of congratulations on BNDE's receiving a new loan from the World Bank.

As for the latter, the fact that the Bank's Executive Directors has approved a fourth loan is evidence of our continued confidence in BNDE's role in the development of the Moroccan economy. You will learn in due course of the various suggestions we have made in our assessment of BNDE with regard to the improvement of BNDE's operations and of the issues raised by our Board. But of these I believe our suggestions and issues can be dealt with satisfactorily and do not becloud the fundamental fact that the Bank is prepared to continue to work with BNDE for the benefit of your Country.

As for you, we were happy to have the news of your election. You are no stranger to BNDE, but the presidency gives you a new role. I am confident that we will establish the same close relationship that we have had with your predecessors and that we shall be able to work together to strengthen BNDE.

With all good wishes,

Sincerely yours,

LE

William Diamond
Director

Development Finance Companies

COMMUNICATIONS
GENERAL OFFICE
JAN 12 15 10 54 1970

cc: Mr. Tazi

Messrs. Benjenk
von Hoffmann
Pollan

WDiamond:jmb

P.S. I should like to thank you and Mr. Benkirane for your kindness in sending me a beautiful box for phonograph records.

BOJIAN
LOU HOLLAND
MOSKOW. BENJAMIN

RECEIVED

CC: WL 1881

JAN 16 12 10 PM 1970

GENERAL FILES
COMMUNICATIONS

DELEGATIONENDE LUTHERUS COMBENTEE
 DELEGAT
 WILLIAM DELEGAT

270000000 200000000

ਮੁਢਲੇ ਬਾਰੇ ਵਿਚਾਰ ਕਰਦੇ ਹਾਂ

REFLECTIONS FROM*

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COMPLEZĂ.

the Bank to discontinue its operations so much as to bring into the country of gold
the gold and silver coins, and so as to prevent the circulation of gold and
silver coins in the country. But of course I believe an anti-inflationary and financial
policy must be adopted so the circulation of money, a deflationary and of the financial
and control of the anti-inflationary measures will be made in the country of
money, a lot in the circulation of the money economy. For all these things to
be achieved a complete change in the structure of the country's economy is
needed, a lot in the circulation of the money economy. For all these things to
be achieved a complete change in the structure of the country's economy is

of confidential informants on WIDE, a ledger with a non zero flow the policy bank.
 to the beneficiary of the WIDE party I could compare this note after one
 I will observe activity to confidential informants on loan. Therefore

DEFL. HL. DEF. KOP:

УДК 62-50:62-50

B. b. 101

gouverneur

revised manuscript sent to publisher

6.627094

ML. W. HOFMANN DRUCKER

250000 12² 1210

-MOR-BNDE (474)

INCOMING CABLE

Central Files

DATE AND TIME
OF CABLE:

JANUARY 14, 1970

633 PM

ROUTING

LOG NO.:

RCA TELEX / 14

TO:

INTBAFRAD

FROM:

RABAT

ACTION COPY:

MR. BART

MR. POLLAN

INFORMATION

MR. BENJENK

COPY:

MR. HARTWICH

DECODED BY:

MR. DIAMOND

TEXT:

A L'ATTENTION DE MESSIEURS MAURICE BART ET HANS POLLAN

AI APPRIS CE JOUR QUE EFFORTS COMMUNS COURONNES SUCCES PAR DECISION

CONSEIL BIRD. PROFITE CETTE OCCASION POUR VOUS FELICITER AINSI

QUE VOS COLLABORATEURS POUR CONCLUSION RAPIDE ET SATISFAISANTES.

VIFS REMERCIEMENTS SSEEB EVAIETQETMON SENTIMENTS AMICAUX

MOHAMED BENKIRANE BADEMAROC

____ RECEIVED GARBLED

IR

TYPED

JAN 14 12 01 PM 1970
COMMUNICATIONS

RECEIVED GUMBER

RECEIVED DEPARTMENT OF DEFENSE

ALL INFORMATION RECEIVED FROM THE DEPARTMENT OF DEFENSE
IS TO BE CONTAINED IN THE COMMUNICATIONS SECTION OF THE
RECORDS OF THE DEPARTMENT OF DEFENSE. ALL INFORMATION
RECEIVED FROM THE DEPARTMENT OF DEFENSE IS TO BE
CONTAINED IN THE COMMUNICATIONS SECTION OF THE
RECORDS OF THE DEPARTMENT OF DEFENSE.

TEXT

FROM: BUREAU
TO: DIRECTOR
FOR NO: 100-100000-1
OF: 100-100000-1
DATE AND TIME: 100-100000-1

DECODED BY: MR. BRYAN
CLASS: MR. BRYAN
INFORMATION: MR. BRYAN
ACTION: MR. BRYAN

100-100000-1

INCOMING CABLE

INCOMING CABLE

DATE AND TIME OF CABLE: JANUARY 14, 1970 430 PM

LOG NO.: RCA TELEX / 14
TO: BENJENK INTBAFRAD
FROM: RABAT

ROUTING

ACTION COPY: ① MR. ~~BENJENK~~ ✓
INFORMATION COPY: MR. HARTWICH
DECODED BY: MR. BART

TEXT:

REMERCIEMENT VOTRE CABLE NOUS CONFIRMONS ACCORD CONSEIL BIRD SUJET
PRET 15 MILLIONS A NOTRE BANQUE. ESPERONS AVEC VOTRE CONCOURS
CONTINUE POUR SUIVRE EFFORT COMMUN POUR ASSURER EXPANSION
ECONOMIE MAROCAINE ET ACTIVITE PROFITABLE BNDE. VOUS REMERCIIONS
SINCEREMENT DE VOTRE COOPERATION FRUCTUEUSE CONSIDERATION.

BARGACH ET BENKIRANE - BADEMAROC

IR

JAN 14 11 43 AM 1970
COMMUNICATIONS

18

BRANCH AL BUNKER - BUNKER

RECEIVED BY ALICE COOPERATION BRANCHES COMMISSION
RECEIVED BY ALICE COOPERATION BRANCHES COMMISSION
RECEIVED BY ALICE COOPERATION BRANCHES COMMISSION
RECEIVED BY ALICE COOPERATION BRANCHES COMMISSION
RECEIVED BY ALICE COOPERATION BRANCHES COMMISSION
RECEIVED BY ALICE COOPERATION BRANCHES COMMISSION

TEXT

FROM: BUNKER
TO: BUNKER TELETYPE
INFO NO: BUNKER \ 17
OF SUBS: BUNKER \ 17
DATE AND TIME

1700

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JANUARY 14, 1970

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MR. ~~DIAMOND~~

TO:

DIAMOND INTBAFRAD

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FROM:

RABAT

DECODED BY:

TEXT:

REMERCIEMENT VOTRE CABLE NOUS CONFIRMONS ACCORD CONSEIL BIRD SUJET
PRET 15 MILLIONS A NOTRE BANQUE. ESPERONS AVEC VOTRE CONCOURS ET
ASSISTANCE PROFITABLE POUR SUIVRE EFFORT COMMUN POUR ASSURER EXPANSION
ECONOMIE MAROCAINE ET ACTIVITE CONTINUE BNDE. VOUS REMERCIONS SINCEREMENT
DE VOTRE COOPERATION DANS TOUS DOMAINES. CONSIDERATION

BE N KIRANE BADEMAROC

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TYPED

JAN 14 11 44 AM 1970
COMMUNICATIONS

13

RE: KIRKMAN, BRYAN

RE: LOOSE COORDINATION DURING LOSS OF CONTACT. CONSIDERATION
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FROM: BUREAU
TO: DIRECTOR, FBI
SUBJECT: LOSS OF CONTACT \ JF
DATE AND TIME: JANUARY 14, 1970

FOR INFO

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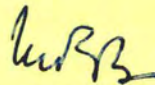
1401-1001

Washington, le 14 janvier 1970

Cher Monsieur,

Je vous prie de trouver ci-joint trois copies du communiqué de presse publié par la Banque à la suite de l'approbation par nos administrateurs du quatrième prêt à la BNDE.

Veuillez croire, Cher Monsieur, à mon meilleur souvenir.



Maurice P. Bart
Département Europe, Moyen Orient
et Afrique du Nord

Monsieur Mohamed Bankirane
Directeur Général
Banque Nationale pour le
Développement Economique
Boite Postale 407
Rabat, Maroc

Annexes mentionnées

cc.: Mr. Pollan

MPBart:cmc

Mr. William Diamond

January 14, 1970

Khalil Nougaim ✓

Morecco -- BNDE: Board Discussion of Proposed Fourth Loan

1. With reference to Mr. Carriere's question at the Board Meeting yesterday, we indeed expect BNDE to continue to experience bad debts and investments in the future. Consequently, BNDE should have forecast specific provisions for losses rather than make appropriations to General Reserves as it has done in its forecasts.

2. As stated in paragraph 35 of the report, BNDE's serious risks on its loan and equity portfolio total about DH 4-5 million, not all of which is likely to be lost because of BNDE's good security arrangements in many of these cases. Therefore, annual provisions for losses of the order of DH 500,000 (as was done for 1968) would appear reasonable.

3. If a yearly appropriation of DH 500,000 is made for specific bad debts or bad investments, and general reserves are decreased accordingly, the ratios in paragraph 54 would be as follows:

	<u>Earnings before Interest & Taxes / Average Total Assets</u>	<u>Earnings after Interest, Taxes and Provisions</u>		
		<u>On Share Capital</u>	<u>On Average Equity</u>	<u>On Average Total Assets</u>
1969	5.3%	14.2%	9.0%	1.26%
1970	5.7%	15.7%	9.4%	1.35%
1971	5.8%	18.0%	10.1%	1.35%
1972	5.6%	19.3%	10.2%	1.27%

4. It should be pointed out, however, that BNDE is not ignoring the possibility of losses in the future and in its projections it is planning to continue a restrictive dividend policy and it is continuing its appropriations to reserves at a fairly high rate, increasing from DH 2.13 million in 1969 to DH 3.37 million in 1974. While it is true that the lack of specific provisions shows a distorted picture from the point of view of profitability, from a tax liability viewpoint, there is little difference between appropriations to general reserves and specific provisions, since the former are tax free for BNDE, as explained in paragraph 41 of the report.

KN:lgs

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: J. Burke Knapp *JBK*

SUBJECT: Morocco - Interest Rate Policy

DATE: January 14, 1970

I should like to report to you a very interesting discussion on interest rate policy in Morocco which took place at the Board meeting yesterday during consideration of the proposed loan to the Moroccan BNDE.

We were met with a barrage of criticism of our acceptance of a lending rate by BNDE of only 7%. This was led off by Carriere and joined by Wieczorowski, Liefstinck, van Campenhout and Karlsson. The only expression of dissent came from Stone who - following his usual pattern - said that the Bank should not intervene in such policy matters in member countries.

Some of the criticism, particularly by Liefstinck, was based upon the adverse effects of this low interest rate upon the financial position of the borrower and the capacity of BNDE to attract additional private subscriptions to its share capital. Most of it was directed toward the more basic question of whether such a low rate did not threaten to encourage the mis-allocation of investment. The critics were not very well satisfied with our statement that our next economic mission was going to make a thorough study of this problem.

Wieczorowski, in the course of his comments, asked if we would make another loan to BNDE if its policy were not changed. I ducked the question but Liefstinck again put it to me at a later stage in the discussion. I then remarked that I did not think this was the time or place to deliver an ultimatum to Morocco on this matter but that we were deeply concerned about the problem.

When it came Tazi's turn to express thanks for the loan, he put up a defence for the interest rate, including a remark that the IMF had always found Morocco's policy on interest rates acceptable. This led to further interventions from Lynch and Liefstinck who wanted to know more exactly what position the IMF had taken. We explained that the IMF had not joined in our strong criticism of interest rate policy in Morocco but that this did not mean that they endorsed it. I called attention to the passage in the President's report stating that our forthcoming economic mission will be closely coordinated with that of the IMF, and expressed the hope that this would lead to a more clearly defined joint view on the interest rate matter. This led to an interesting exchange between Lynch and Liefstinck with the former urging that the Fund and the Bank should come to a joint view of the matter, and Liefstinck expressing the opinion that it was perfectly proper for the Fund to conclude that Moroccan interest rate policy was consistent with short-term stability while the Bank concluded that it was inconsistent with development objectives. I closed off this debate with the remark that we were coming up with a paper about cooperation between the Fund and the Bank in connection with the Pearson recommendations, and that this subject might be pursued at that time.

Copies to: Messrs. Friedman, Cope, Benjenk, Diamond

President has seen

FOR IMMEDIATE RELEASE

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON D. C. 20433 TELEPHONE: EXECUTIVE 3-6360



Bank Press Release No. 70/2
January 14, 1970

Subject: \$15 million loan for
industry in Morocco

The World Bank has approved a loan of \$15 million to the Banque Nationale pour le Developpement Economique (BNDE), a development finance company in Morocco. The loan will provide BNDE with the foreign exchange it will need for loans and investments for industrial enterprises until early 1971.

Established in 1959, BNDE is the largest institutional source of medium and long-term finance for industrial enterprises in Morocco. BNDE also subscribes to shares in new or expanding businesses, helps to set up new companies, guarantees investments made by other institutions, and discounts medium-term credits made by commercial banks.

Since its inception, BNDE's transactions have numbered nearly 600 and its financial assistance has amounted to some DH 836 million (\$165 million). Most of its transactions have been in the form of loans. The World Bank has provided BNDE with all its foreign exchange resources which, including the loan announced today, will have amounted to \$62.5 million. The Bank's affiliate, the International Finance Corporation, has invested about \$1 million in shares of BNDE, and, after the Moroccan Government, is the largest single shareholder.

In recent years BNDE has been providing finance for a major share of new investments and there are few new industrial enterprises which have not received some form of financial assistance from the company. Over a third of BNDE's business in 1968 and most of that in 1969 has been in tourism, mainly

/more

- 2 -

through its participation in loans made for hotel construction by the Crédit Immobilier et Hôtelier (CIH), a credit institution specializing in housing and hotel financing. In the future it is expected that practically all of BNDE's lending will be for industrial projects, although the company will continue to play a promotional role and take equity participations in tourism projects. BNDE's loan commitments reached a new record in 1969 of DH 68 million (\$13.5 million). Projects under consideration cover a variety of industries including cement, textiles, pharmaceuticals, fish meal, transport, packaging and electronic assembly.

The World Bank loan to BNDE will carry an interest rate of 7% and will be guaranteed by the Kingdom of Morocco. Repayment of the loan by BNDE to the World Bank will conform approximately to repayments received by BNDE on its own sub-loans from Bank funds, which will not extend for periods beyond 15 years.

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TO: BENKIRANE

DATE: JANUARY 13, 1970

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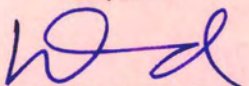
CONGRATULATIONS ON NEW BANK LOAN BEST WISHES

DIAMOND

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AUTHORIZED BY:

NAME William Diamond, Director
DFC/IBRD

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(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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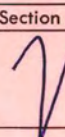
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TO: MEMBERS

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CLASS OF

DATE JANUARY 13, 1970

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INTERNATIONAL BANK FOR

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TO: SON EXCELLENCE
DR MOULAY AHMED LARAKI
PREMIER MINISTRE
RABAT

DATE: JANUARY 13, 1970

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COUNTRY: MAROC

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Cable No.:

AI PLAISIR VOUS INFORMER ADMINISTRATEURS BIRD APPROUVERENT
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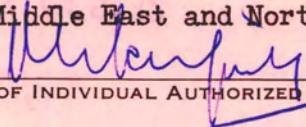
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AUTHORIZED BY:

NAME M. P. Benjenk, Director

DEPT. Europe, Middle East and North Africa

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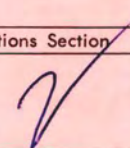
cc: Mr. Tazi

Mr. Pollan

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MR. BENTLEY

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TO: BADEMAROC
RABAT

DATE: January 13, 1970

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COUNTRY: MOROCCO

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AUTHORIZED BY:

NAME M. P. Benjenk

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cc.: Mr. Pollan
Mr. Tazi

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TO: SON EXCELLENCE
MAMOUN TAHIRI
MINISTRE FINANCE
RABAT

DATE: JANUARY 13, 1970

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SERVICE:

COUNTRY: MAROC

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AI PLAISIR VOUS INFORMER ADMINISTRATEURS BIRD APPROUVERENT
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MP Bart:ml

AUTHORIZED BY:

NAME M. P. Benjenk, Director

DEPT. Europe, Middle East and North Africa

SIGNATURE *[Signature]*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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cc: Mr. Tazi
Mr. Pollan

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NAME: K. B. Bonten

MR. BOTTEN

CC: MR. JURY

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INTERNATIONAL ASSOCIATION

Mr. C. H. Thompson

January 13, 1970

M. P. Benjenk (signed) M. P. Benjenk

MONOCCO - Interest Rate

As you know, Mr. McNamara recently agreed to reverse the Loan Committee's decision requiring the Moroccan Government to give a formal undertaking under the BNDE loan to the effect that the Bank's recommendations on interest rate policy would be given serious consideration in due course. Mr. McNamara and Mr. Knapp only agreed to this upon my assurance that this matter would be studied very thoroughly during the next economic mission. Will you please let me know what plans you have in mind for this part of the forthcoming economic exercise and who will be assigned this particular task.

cc: Messrs. Hartwich
Bart
Asfour

MPS:ab



Record Removal Notice

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File Title Banque Nationale de Developpement Economique Project [BNDE] (04) - Morocco - Loan 0660 - P005356 - 1969 / 1971 Negotiations - Volume 1		Barcode No. 1697589		
Document Date 13 January, 1970	Document Type Board Record			
Correspondents / Participants 				
Subject / Title Presentation to the Executive Directors on January 13, 1970, regarding the proposed Fourth Loan to Banque Nationale Pour Le DDveloppement Economique				
Exception(s) 				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website. <table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date 24-Mar-15</td></tr></table>	Withdrawn by Chandra Kumar	Date 24-Mar-15
Withdrawn by Chandra Kumar	Date 24-Mar-15			

Form No. 75
(2-60)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

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		January 12, 1970	
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	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		Send On
REMARKS			
The attached memo is to replace the similar one dated January 8, 1970.			
From MPBart:ad <i>WFB</i>			

MOR-BNDE
(4/24)

OFFICE MEMORANDUM

TO: Files

DATE: January 12, 1970

FROM: *fm* Fernando Mendoza *WMB*

SUBJECT: Morocco - Fourth Loan to BNDE
Minutes of Negotiations

1. On November 21, BNDE and the Moroccan Government were invited to negotiate Loan and Guarantee Agreements for a \$12.5 million loan to BNDE. Negotiations took place in Washington from December 8 to December 12, 1969. The Moroccan delegation consisted of Mr. Benkirane, Director General of BNDE, and Mr. Benchekroun, Director of the Treasury in the Ministry of Finance representing the Government. On the part of the Bank, Messrs. Bart, Pollan, Nougaim, Jones, Simms and Mendoza participated in the discussions at various times.

2. The attached aide-memoire is a summary of the points on which agreement was reached other than those reflected in the Loan documents. In addition, the following matters were discussed:

Amount of the Loan

3. Mr. Benkirane raised the point that the proposed amount of the loan (\$12.5 million) would only cover BNDE's needs of foreign exchange for one year and he produced new lending projections for BNDE in support of his views. Also, both Mr. Benkirane and Mr. Benchekroun requested the Bank's agreement to allow BNDE to continue to participate with the proceeds of the new loan in CIH's loans for hotel construction, in accordance with the Bank-BNDE-CIH convention, until the proposed loan to CIH would take place; this request was supported by a letter from CIH to BNDE asking for BNDE's participation in six hotel loans for an amount of about \$2.1 million.

4. The Bank agreed to BNDE's continuing participation in CIH loans, though this would likely not matter much when a direct loan to CIH is made. After reviewing BNDE's latest lending projections (see memorandum of Mr. Nougaim to Mr. Pollan dated December 9), after Mr. Knapp's agreement, we proposed to the Moroccans a loan of \$15 million, which would cover BNDE's foreign exchange needs until about March/April 1971. This was the amount finally fixed.

Free Limit

5. Mr. Benkirane requested the Bank to consider a greater increase in the free limit than that proposed in the draft loan agreement, i.e. from \$150,000 to \$300,000; he suggested \$500,000 as an appropriate limit for BNDE in view of the noted improvements on BNDE's appraisals,

the increasing average size of sub-projects and the greater experience of BNDE's staff. Although the Bank accepted Mr. Benkirane's argument, it was explained to him that these were the very reasons why a doubling of the amount of the free limit was acceptable to the Bank and that no further increase could be considered at present.

Executive Committee limit

6. Mr. Benkirane also felt that an increase of the Executive Committee approval limit from DH 4 million to DH 6 million would result in a quicker signing of a number of loans which otherwise would have to wait until a Board meeting was held and would therefore lead to BNDE passing on the commitment changes sooner to its borrowers. The Bank was of the opinion that such a change would limit Board action on loans approvals to too small a number of operations and advised against the change. It was also pointed out that the amounts involved in terms of commitment changes differences were extremely small. Mr. Benkirane accepted to continue to present loans over DH 4.0 million to his Board for approval as in the past.

Policy statement

7. Mr. Benkirane informed the Bank, by letter of December 12, that he was planning to submit to his Board an amendment to paragraph 7 of the Statement of Policy in order to increase from 10 to 15 percent of equity and quasi-equity the maximum exposure of BNDE in any single enterprise. The Bank sent a cable to BNDE on December 15 indicating that we would have no objection to such an amendment if it were approved by BNDE's Board.

Financial return on sub-projects

8. It was agreed during negotiations that BNDE would use as one of its sub-projects screening criteria a minimum discounted financial rate of return of 10 percent. This was recorded in the Aide-Memoire to be signed by the Bank and BNDE. The method of calculating the rate of return was also agreed upon and is attached to this memorandum.

Le 12 décembre 1969

A I D E - M E M O I R E

Les négociations pour le IVème Prêt de la BIRD à la BNDE se sont déroulées à Washington du 8 au 12 décembre 1969. La Délégation Marocaine comprenait Messieurs Benkirane et Bencheouan, représentant respectivement la BNDE et le Gouvernement. La Banque était représentée par Messieurs Bart, Pollan, Nougaim, Jones, Simms et Mendoza. Le présent aide-mémoire résume certains des points évoqués au cours des négociations.

Désignation d'un Directeur Général Adjoint

Monsieur Benkirane a exprimé les regrets de la BNDE de n'avoir pu désigner un Directeur Général Adjoint avant le 31 décembre 1969 ainsi qu'il avait été convenu au cours des négociations pour le IIIème Prêt à la BNDE, faute de n'avoir trouvé un candidat remplissant les conditions nécessaires. Monsieur Benkirane a réitéré l'engagement de la BNDE de désigner un Directeur Général Adjoint, la date limite pour cette désignation étant, d'un commun accord avec la BIRD, reportée à la fin d'août 1970. Il a été entendu que le titulaire de ce poste devrait être un homme dont la personnalité, la compétence, l'expérience et les qualités d'animateur le mettent à même de seconder utilement le Directeur Général.

Analyse Financière des Sous-Projets

Au cours des discussions sur les techniques d'évaluation des sous-projets financés par la BNDE dans le cadre du prêt de la BIRD, il a été convenu que la BNDE calculerait le taux financier de rentabilité interne pour ces projets et que de tels taux de rentabilité constitueraient l'un des critères en fonction desquels les dits projets seraient jugés et approuvés. Il a été convenu qu'un taux de rentabilité interne de 10 pourcent serait jusqu'à nouvel ordre le critère minimum auquel les projets devraient satisfaire de façon à être éligibles au financement par la BIRD. La BNDE et la BIRD ont mis au point les modalités pratiques pour l'application de cette méthode.

Procédure de Remboursement pour les Biens payés en Monnaie Locale

La procédure actuelle selon laquelle la BIRD rembourse à concurrence de 65 pourcent les prix des biens ayant été importés au Maroc ou ayant été manufacturés au Maroc en utilisant une forte proportion d'éléments importés, mais qui ont fait l'objet de factures ou de paiements en devises locales, ne permet pas toujours à la BIRD d'iden-

Le 12 décembre 1969

tifier le montant et l'origine des éléments importés. De façon à remédier à cet état de chose dans la mesure du possible, la BNDE a accepté que dans les cas exceptionnels où les factures ne fournissent pas les renseignements requis en ce qui concerne le montant et l'origine des éléments importés, elle procéderait elle-même à l'établissement de ces données qui seront soumises en même temps que la demande de remboursement.

Financement des Projets Hôteliers

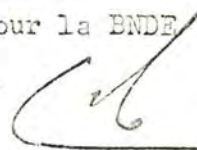
Comme suite à la demande faite par le CIH et transmise par la BNDE portant sur la prorogation de l'accord tripartite BIRD-BNDE-CIH concernant le financement des projets hôteliers jusqu'à la conclusion du prêt direct envisagé par la BIRD en faveur du CIH, la BIRD a donné son accord pour que des projets hôteliers puissent être financés dans le cadre du nouveau prêt à la BNDE.

Pour la BIRD



Maurice P. BART

Pour la BNDE



Mohamed BENKIRANE

BNDE - Calculation of Financial Internal Rate of Return

1. The rate of return is to be calculated by discounting over time the incremental cash flows attributable to the project over its estimated life, and finding the rate which would equalize discounted inflows and outflows. For the purpose of this calculation, the following may be defined:

Estimated Life of the Project. The length of the project, and hence the discounting period, will be established by BNDE in relation to the project's useful economic life. The latter can be shorter than the assets physical life in view of technical obsolescence factors and changes in markets and tastes. On the other hand, it can be longer than the depreciation period utilized for tax purposes.

Investment. This refers to the total incremental investment in land, buildings, machinery and permanent working capital which can be attributed to the project. Outflows representing the investment should be discontinued over their disbursement period. A salvage value may remain for some of the assets at the end of the estimated life of the project, and this should be included as an inflow discounted over time.

Returns. This should be the incremental net profit attributable to the new investment, after taxes but adding back depreciation or depletion allowances for mining projects, interest charges on borrowed funds and service charges on leased assets, these assets being then considered as part of the total investment on which the rate of return calculation is carried out.

Mr. Raymond E. Deely

January 9, 1970

Therese R. Seguin

Proposed Loan to Banque Nationale pour le Developpement
Economique - Morocco

Board consideration: January 13, 1970

I refer to Mr. Bart's memorandum dated December 17, 1969, to Mr. Rotberg on this proposed loan.

The amortization schedule is subject to change to conform with the amortization schedules for the projects for which loan funds are disbursed. Consequently, I have not circulated an invitation to commercial banks to participate with us in the loan.

cc: Mr. Rotberg
Mr. Benjenk
Mr. Bart
Mr. de Lesseps
Mr. Deely/Sec. Div. Files

TR TRSeguin:ls

OFFICE MEMORANDUM

TO: Files

DATE: January 8, 1970

FROM: *jen* Fernando Mendoza *WBB*SUBJECT: Morocco - Fourth Loan to BNDE
Minutes of Negotiations

1. On November 21, BNDE and the Moroccan Government were invited to negotiate Loan and Guarantee Agreements for a \$12.5 million loan to BNDE. Negotiations took place in Washington from December 8 to December 12, 1969. The Moroccan delegation consisted of Mr. Benkirane, Director General of BNDE, and Mr. Benchekroun, Director of the Treasury in the Ministry of Finance representing the Government. On the part of the Bank, Messrs. Bart, Pollan, Nougaim, Jones, Simms and Mendoza participated in the discussions at various times.

2. The attached aide-memoire is a summary of the points on which agreement was reached other than those reflected in the Loan documents. In addition, the following matters were discussed:

Amount of the Loan

3. Mr. Benkirane raised the point that the proposed amount of the loan (\$12.5 million) would only cover BNDE's needs of foreign exchange for one year and he produced new lending projections for BNDE in support of his views. Also, both Mr. Benkirane and Mr. Benchekroun requested the Bank's agreement to allow BNDE to continue to participate with the proceeds of the new loan in CIH's loans for hotel construction, in accordance with the Bank-BNDE-CIH convention, until the proposed loan to CIH would take place; this request was supported by a letter from CIH to BNDE asking for BNDE's participation in six hotel loans for an amount of about \$2.1 million.

4. The Bank agreed to BNDE's continuing participation in CIH loans, though this would likely not matter much when a direct loan to CIH is made. After reviewing BNDE's latest lending projections (see memorandum of Mr. Nougaim to Mr. Pollan dated December 9), after Mr. Knapp's agreement, we proposed to the Moroccans a loan of \$15 million, which would cover BNDE's foreign exchange needs until about March/April 1971. This was the amount finally fixed.

Free limit

5. Mr. Benkirane requested the Bank to consider a greater increase in the free limit than that proposed in the draft loan agreement, i.e. from \$150,000 to \$300,000; he suggested \$500,000 as an appropriate limit for BNDE in view of the noted improvements on BNDE's appraisals,

the increasing average size of sub-projects and the greater experience of BNDE's staff. Although the Bank accepted Mr. Benkirane's argument, it was explained to him that these were the very reasons why a doubling of the amount of the free limit was acceptable to the Bank and that no further increase could be considered at present.

Executive Committee limit

6. Mr. Benkirane also felt that an increase of the Executive Committee approval limit from DH 4 million to DH 6 million would result in a quicker signing of a number of loans which otherwise would have to wait until a Board meeting was held and would therefore lead to BNDE passing on the commitment changes sooner to its borrowers. The Bank was of the opinion that such a change would limit Board action on loans approvals to too small a number of operations and advised against the change. It was also pointed out that the amounts involved in terms of commitment changes differences were extremely small. Mr. Benkirane accepted to continue to present loans over DH 4.0 million to his Board for approval as in the past.

Policy statement

7. Mr. Benkirane informed the Bank, by letter of December 12, that he was planning to submit to his Board an amendment to paragraph 7 of the Statement of Policy in order to increase from 10 to 15 percent of equity and quasi-equity the maximum exposure of BNDE in any single enterprise. The Bank sent a cable to BNDE on December 15 indicating that we would have no objection to such an amendment if it were approved by BNDE's Board.

Financial return on sub-projects

8. It was agreed during negotiations that BNDE would use as one of its sub-projects screening criteria a minimum discontinued financial rate of return of 10 percent. This was recorded in the Aide-Memoire to be signed by the Bank and BNDE. The method of calculating the rate of return was also agreed upon and is attached to this memorandum.

MOR-BNDE
(4th)

Mr. J. Burke Knapp

January 7, 1970

Munir P. Benjenk

Presentation to the Board of the \$15
million loan for BNDE (Morocco)

Mr. Pollan (Development Finance Companies Department)
will make the oral presentation for the above loan on the
theme "some observations on the entrepreneurial class in
Morocco". He will also deal with questions relating to the
project itself.

cc: Mr. Hans Pollan

MPBart

MPBart:ad

JAN 7 1970

1/7

OUTGOING WIRE

TO: MONSIEUR FAROUK BENNIS
FINANCES MINISTRE DES FINANCES
RABAT

DATE: January 7, 1970

CLASS OF
SERVICE: LT

COUNTRY: MOROCCO

TEXT: AINSI QUE DEJA RAPPELE A BNDE QUI VOUS EN AURA INFORME DEVRIONS
Cable No.: RECEVOIR DE VOTRE MINISTERE AVANT SIGNATURE QUATRIEME PRET LETTRE
SUR DETTE EXTERIEURE IDENTIQUE A CELLES RELATIVES A SEBOU ET ROUTES
SAUF PRIMO REFERENCE QUI DEVRAIT MENTIONNER QUATRIEME PRET BNDE
SECUNDO DETTES ENUMEREES EN ANNEXE QUI DEVRAIENT INCLURE TOUS
EMPRUNTS EXTERIEURS CONCLUS ENTRE PREMIER JANVIER ET 31 DECEMBRE 1969
STOP MEILLEUR SOUVENIR

BART

INTBAFRAD

NOT TO BE TRANSMITTED

MPBart:cmc

AUTHORIZED BY:

NAME

Maurice P. Bart

DEPT.

EMENA

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

cleared with and cc.: Mr. T. Jones

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch

MOR-BNDE (474)
F

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CONFIDENTIAL

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

For consideration on
January 13, 1970

R69-244-L/1

FROM: The Secretary

DECLASSIFIED January 7, 1970

MAR 24 2015

WBG ARCHIVES

MOROCCO: Banque Nationale pour le Développement
Economique (BNDE)

There is attached for information a copy of the Statutory
Committee Report on the proposed loan to the Banque Nationale pour
le Développement Economique (BNDE) of Morocco (R69-244).

Distribution:

Executive Directors and Alternates
President
President's Council
Executive Vice President, IFC
Vice President, IFC
Department Heads, Bank and IFC

STATUTORY COMMITTEE REPORT

To: The President, International Bank for Reconstruction and Development

Report of Committee under Section 4(iii) of Article III of the Articles of Agreement on the Proposed Loan (Fourth ENDE Project) to the Banque Nationale pour le Développement Economique to be guaranteed by the Kingdom of Morocco.

The undersigned Committee constituted under Section 7 of Article V of the Articles of Agreement of International Bank for Reconstruction and Development (the Bank) hereby submits its report pursuant to Section 4(iii) of Article III of said Articles in respect of the proposal that the Bank grant to the Banque Nationale pour le Développement Economique a loan in an amount in various currencies equivalent to U.S.\$15,000,000 which loan is to be guaranteed by the Kingdom of Morocco. The purpose of said loan is to assist the Borrower in providing credits and in making other productive investments for specific investment projects in Morocco.

1. The Committee has carefully studied the merits of the proposal to grant such a loan, and of the purposes to which the proceeds of the loan are to be applied.

2. The Committee is of the opinion that the project toward the financing of which the proceeds of such loan are to be applied comes within the purposes of the Bank as set forth in Article I of said Articles of Agreement, and that said project is designed to promote the development of the productive facilities and resources of the Kingdom of Morocco and is in the interests of the Kingdom of Morocco and of the members of the Bank as a whole.

3. Accordingly, the Committee finds that said project merits financial assistance from the Bank, and hereby recommends said project for such assistance.

COMMITTEE

/s/ J. Burke Knapp
Chairman of the Loan Committee

/s/ Abdeslam Tadlaoui
Expert selected by Governor for the
Kingdom of Morocco

/s/ Munir Benjenk
Director, Europe, Middle East and
North Africa Department

/s/ A. Broches
General Counsel

/s/ William Diamond
Director,
Development Finance Companies Department

/s/ K. Georg Gabriel
Deputy Controller

Dated at Washington, D. C.

January 6, 1970

INCOMING CABLE

DATE AND TIME
OF CABLE:

JANUARY 6, 1970 1801

LOG NO.:

NCA TELEX/6

TO:

INTRA/FRAD

FROM:

BARAT

ROUTING

ACTION COPY:

MR. BART

INFORMATION
COPY:

MR. BIELJENK

DECODED BY:

MR. HARTWICH

TEXT:

ATTENTION: M. BART

CONFIDENTIAL

**THIS IS TO INFORM YOU THAT IN MY CAPACITY AS GOVERNOR OF THE BANK FOR THE
KINGDOM OF MOROCCO, I DESIGNATE M. ABDELHAM TAILAOUI, COUNSELLER DES
AFFAIRES ETRANGERES DU ROYAUME DU MAROC IN WASHINGTON, TO SERVE AS A MEMBER
OF THE COMMITTEE TO BE APPOINTED PURSUANT TO ARTICLE V, SECTION 7 OF THE
BANK'S ARTICLES OF AGREEMENT TO REPORT ON THE PROPOSED LOAN FROM THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO BANQUE NATIONALE
POUR LE DEVELOPPEMENT ECONOMIQUE FOR THE FOURTH BIRD PROJECT**

VERY TRULY YOURS

**GOVERNOR FOR THE KINGDOM OF MOROCCO OF THE IBRD,
MAMOUN TAHINI**

LA LETTRE ORIGINALE SUIT PAR COURRIER DE CE JOUR

HA

JAN 6 12 10 PM 1970
COMMUNICATIONS

[illegible]

2003

CONFIDENTIAL

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

DECLASSIFIED
MAR 24 2015
WBG ARCHIVES

For consideration
on January 13, 1970

R69-244-L

FROM: The Secretary

January 6, 1970

MOROCCO: Banque Nationale pour le Développement
Economique (BNDE)

In connection with the President's Report and Recommendation
(R69-244) on a proposed loan to the Banque Nationale pour le Développement
Economique of Morocco, to be guaranteed by the Kingdom of Morocco,
one copy of each of the following legal documents is attached:

1. Draft Loan Agreement
2. Draft Guarantee Agreement
3. Text of draft Resolution

The Statutory Committee Report is being distributed separately.

Distribution:

Executive Directors and Alternates
President
President's Council
Executive Vice President, IFC
Vice President, IFC
Department Heads, Bank and IFC

MT/ST#L-103
Legal Department
CONFIDENTIAL DRAFT
December 31, 1969

LOAN NUMBER. MOR

DECLASSIFIED

MAR 24 2015

WBG ARCHIVES

LOAN AGREEMENT

(Fourth BNDE Project)

Between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE

Dated January , 1970

LOAN AGREEMENT

AGREEMENT, dated January , 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE (hereinafter called the Borrower), a company organized and existing under the laws of the Kingdom of Morocco (hereinafter called the Guarantor).

WHEREAS by loan agreements dated December 21, 1962, May 13, 1966 and November 14, 1968 between the Bank and the Borrower the Bank made loans to the Borrower in amounts in various currencies equivalent to \$15,000,000, \$17,500,000 and \$15,000,000, respectively, to assist the Borrower in providing credits and other productive investments for investment projects in Morocco;

WHEREAS such loans are guaranteed as to payments of principal, interest and other charges by the Guarantor under guarantee agreements dated December 21, 1962, May 13, 1966 and November 14, 1968;

WHEREAS the Borrower has requested the Bank to make a fourth loan to it in an amount in various currencies equivalent to fifteen million dollars (\$15,000,000) for the same purpose and

WHEREAS the Bank has agreed to make a fourth loan to the Borrower upon the terms and conditions hereinafter set forth,

- 2 -

but only on condition that the Guarantor guarantee such loan upon the terms and conditions of the Guarantee Agreement of even date herewith between the Guarantor and the Bank;

NOW THEREFORE it is hereby agreed as follows:

ARTICLE I

General Conditions, Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969, with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

- (a) "sub-loan" means a loan or credit made or proposed to be made by the Borrower out of the proceeds of the Loan to or for the benefit of an Investment Enterprise for an Investment Project;
- (b) "investment" means an investment other than a sub-loan, made or proposed to be made by the Borrower out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

- (c) "Investment Enterprise" means an enterprise to or for the benefit of which the Borrower proposes to make or has made a sub-loan or in which it proposes to make or has made an investment, in accordance with and as provided in Section 3.01 of this Agreement;
- (d) "Investment Project" means a specific project to be carried out by an Investment Enterprise, as approved or in respect of which withdrawals from the Loan Account have been authorized by the Bank, pursuant to Section 2.03 (b) of this Agreement;
- (e) "Statutes" means the statutes of the Borrower, as amended from time to time.
- (f) "Dirhams" and the letters "D!" mean currency of the Guarantor;
- (g) "subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned, or which is effectively controlled, by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries;
- (h) "Government Agreement" means collectively Conventions No. 1, dated July 30, 1959, No. 2, dated December 15, 1959 (as amended by the Avenant A, dated August 31,

1962), No. 3, dated January 22, 1960, No. 4, dated August 31, 1962, No. 5, dated March 31, 1966 and No. 6 dated September 25, 1968, amending certain provisions of the foregoing, between the Guarantor and the Borrower, and Letter No. 303, dated March 20, 1962 from the Minister of Finance of the Guarantor to the Borrower, as the same may be amended from time to time;

- (1) "Statement of Policy" means the Statement of Policy approved by the Board of Directors of the Borrower on March 29, 1963, as amended to December 22, 1969 and as the same may be further amended from time to time with the agreement of the Bank.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million dollars (\$15,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. (a) Subject to the provisions of paragraphs (b), (c) and (d) of this Section, the Borrower shall be entitled to withdraw from the Loan Account:

- (i) amounts expended for the reasonable cost of goods and services required for carrying out the Investment Project in respect of which the withdrawal is requested;
- (ii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods and services; and
- (iii) the equivalent of 65% of the invoiced price less all taxes, paid for goods purchased as set forth in paragraph (c) (ii) of this Section.

(b) No amount shall be withdrawn from the Loan Account in respect of an Investment Project unless it shall have been approved in writing by the Bank; provided, however, that such withdrawals may be made in respect of sub-loans for Investment Projects described to and authorized by the Bank for financing hereunder in accordance with the provisions of Section 3.02 (b) of this Agreement, but only up to an amount in respect of each such Investment Project which, together with any amount or amounts previously approved, requested or credited to a loan account for such Investment Project under this Agreement, or for the same project under any other loan agreement between the Borrower and the Bank, and not repaid, shall not exceed the equivalent of \$300,000 and, in respect of all such Investment Projects, the equivalent of \$4,000,000 in the aggregate, or, in either case, of such other limit as shall from time to time be determined by the Bank.

(c) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account may be made on account of (i) expenditures made prior to the date of the Loan Agreement but within the limits set forth in paragraph (d) of this Section and (ii) expenditures in the currency of the Guarantor, but only for goods previously imported into Morocco through normal trade channels or goods produced in Morocco to a substantial extent from components or raw materials so imported and purchased by Investment Enterprises to carry out Investment Projects.

(d) Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made by any Investment Enterprise (i) for any Investment Project subject to the Bank's approval more than ninety days prior to the date on which the Bank shall have received in respect of such Project the application required under Section 3.02 (a) of this Agreement or (ii) in the case of any other Investment Project, more than ninety days prior to the date on which the Bank shall have received the description thereof pursuant to Section 3.02 (b).

Section 2.04. Three-fourths of one per cent ($3/4$ of 1%) per annum is specified for the purpose of Section 3.02 of the General Conditions as the commitment charge payable on the unwithdrawn amount of the Loan.

Section 2.05. The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

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

Section 2.07. (a) The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required to: (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to the sub-loans and investments in respect of which withdrawals

from the Loan Account shall have been approved or authorized pursuant to Section 3.02 of this Agreement and (ii) take into account any cancellation pursuant to Article VI of the General Conditions and any repayments made by the Borrower under Section 2.08 of this Agreement, except that repayments due hereunder shall be made on March 15 and September 15 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on prepayment and redemption, if required.

(b) The amortization schedule applicable to each Investment Project shall provide for an appropriate period of grace, and, unless the Bank and the Borrower shall otherwise agree, (i) shall not extend beyond fifteen years from the date of approval by the Bank of such Investment Project or of authorization by the Bank to make withdrawals from the Loan Account in respect of such Investment Project, and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal, semi-annual, or more frequent, payments of principal.

Section 2.08. Unless the Bank and the Borrower shall otherwise agree:

(a) (i) If a sub-loan or any portion thereof shall be repaid to the Borrower in advance of maturity or (ii) if the Borrower shall sell, transfer, assign or otherwise dispose of a sub-loan or investment or any portion thereof, the Borrower

shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date an amount of the Loan equal to the amount so repaid to, or disposed of by, the Borrower, but not exceeding the amount withdrawn from the Loan Account in respect of such sub-loan or investment, together with the premium specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.07 (a). The policy stated in Section 3.05 (c) of the General Conditions with respect to premiums shall apply to any such repayment.

(b) Any amount so repaid by the Borrower shall be applied by the Bank to the maturity or maturities of the principal amount of the Loan corresponding to the maturity or maturities of the sub-loan or investment or portion thereof so paid or disposed of.

(c) For the purposes of paragraph (a) of this Section, assignments to financial institutions of portions of sub-loans to secure debts for periods not exceeding one year (mise en pension) shall not be considered disposals of sub-loans.

(d) The first sentence of Section 3.05 (b) of the General Conditions shall not apply to any repayment made under paragraph (a) of this Section.

ARTICLE III

Description of Project, Use of Proceeds of the Loan

Section 3.01. The Project for which the Loan is granted is the financing by the Borrower of economic development in Morocco by providing loans for productive purposes to or for the benefit of industrial or other productive enterprises in Morocco for specific development projects and through other productive investments in such enterprises, all in accordance with the Statutes and Statement of Policy of the Borrower and in furtherance of the corporate purposes of the Borrower as set forth in the Statutes.

Section 3.02. (a) When submitting an Investment Project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with a description of such Investment Project (including a description of the costs thereof proposed to be financed out of the proceeds of the Loan), the terms and conditions of the sub-loan to or investment in the Investment Enterprise, including the schedule of amortization proposed therefor, a financial and economic analysis thereof and such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of sub-loans for Investment Projects not requiring approval by the Bank shall

contain a summary description of the Investment Enterprise and the Investment Project (including a description of the costs thereof proposed to be financed out of the proceeds of the Loan) for which such authorization is requested and the terms and conditions of the sub-loan for such Investment Project, including the schedule of amortization therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Projects pursuant to the provisions of Section 3.02 (a) of this Agreement and requests for authorizations to withdraw from the Loan Account pursuant to the provisions of Section 3.02 (b) of this Agreement shall be submitted on or before March 31, 1971.

ARTICLE IV

Bonds

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. The Borrower shall from time to time, as required, notify the Bank in writing of the person or persons designated by it as its authorized representatives for the purposes of Section 8.10 of the General Conditions.

ARTICLE V

Particular Covenants

Section 5.01. The Borrower shall carry out the Project described in Section 3.01 and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management and personnel.

Section 5.02. (a) The Borrower shall exercise its rights in relation to each Investment Project financed in whole or in part with the proceeds of the Loan in such manner as to protect the interests of the Bank and of the Borrower.

(b) The Borrower undertakes that unless the Bank shall otherwise agree, any sub-loan or investment will be made on terms whereby the Borrower shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any such sub-loan and, to the extent that it shall be appropriate in the case of any such investment: (i) the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and management standards and to maintain adequate records; (ii) the right to require that the goods to be financed with the proceeds of

the Loan shall be used exclusively in the carrying out of the Investment Project; (iii) the right of the Bank and the Borrower to inspect such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) the right to require that the Investment Enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the Investment Enterprise to replace or repair such goods (v) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise; and (vi) the right of the Borrower to suspend or terminate access by the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its agreement with the Borrower.

(c) The Borrower shall at all times make adequate provision to protect itself against any loss resulting from changes in the

rate of exchange between Dirhams and the currency or currencies in which the Borrower's outstanding money obligations shall have to be met.

Section 5.03. (a) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Investment Enterprises, the Investment Projects, the sub-loans and investments, the subsidiaries, and the administration, operations and financial condition of the Borrower.

(b) The Borrower shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower, and shall enable the Bank's representatives to examine such records.

(c) The Borrower shall: (a) have its accounts and financial statements (balance sheet, statement of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank; (b) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (i) certified copies of its financial statements for such year as so audited and (ii) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (c) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Section 5.04. (a) The Bank and the Borrower shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.05. The Borrower undertakes that, except as the Bank shall otherwise agree: (a) if the Borrower or any subsidiary shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect, and (b) if any lien shall be created on any assets of the Borrower, other than under (a) above, as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank; provided, however,

that the foregoing provisions of this Section shall not apply to:

(i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.06. Subject to such exemption as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement, the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.07. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.08. (a) Except as the Bank shall otherwise agree, the Borrower shall not amend its Statement of Policy nor propose to its shareholders any amendment to its Statutes.

(b) The Borrower shall duly perform all its obligations under the Government Agreement. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Government Agreement.

Section 5.09. The Borrower shall cause its subsidiaries to observe and perform the obligations of the Borrower hereunder to the extent to which the same may be applied thereto as though such obligations were binding upon such subsidiaries.

Section 5.10. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any debt if, after the incurring of such debt, the consolidated debt of the Borrower and all its subsidiaries then incurred and outstanding would be greater than four and one-half times the consolidated capital and surplus of the Borrower and all its subsidiaries.

For the purposes of this Section:

(a) The term "debt" means any debt incurred by the Borrower or any subsidiary maturing more than one year after the date on which it is originally

incurred, including debt assumed or guaranteed by the Borrower or by a subsidiary but not including (i) debt so guaranteed when the resulting liability is fully covered by a guarantee of the Guarantor in favor of the Borrower or subsidiary, as the case may be, or (ii) the Borrower's commitments to commercial banks in respect of notes rediscountable by the Borrower at the Banque du Maroc and representing credits granted by such commercial banks.

- (b) Wherever reference is made in this Section to the incurring of debt, such reference shall include any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a loan contract or agreement on the date and to the extent it is drawn down pursuant to such loan contract or agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
- (c) Whenever in connection with this Section it shall be necessary to value in terms of Dirhams debt payable in another currency, such valuation shall be made at 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.

- (d) The term "consolidated debt of the Borrower and all its subsidiaries" means the total amount of debt of the Borrower and all its subsidiaries, excluding: (i) any debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary and (ii) the amount of the Government loans and other loans referred to in paragraph (e) (ii) and (iii) of this Section.
- (e) The term "consolidated capital and surplus of the Borrower and all its subsidiaries" means the aggregate of (i) the total unimpaired capital, surplus and free reserves of the Borrower and of all its subsidiaries after excluding such items of capital, surplus and free reserves as shall represent equity interests of the Borrower or of any such subsidiary in the Borrower or in any subsidiary, (ii) the amount of the loans totalling DH 40 million from the Guarantor pursuant to Conventions Nos. 4, 5 and 6 included in the Government Agreement repayable after the latest of the dates of all outstanding maturities of the sub-loans, the schedules of amortization for investments, the loans made by the Borrower

out of the proceeds of all other loans made by the Bank to the Borrower and the schedules of amortization for the investments made out of such proceeds, and (iii) such amount of any other loan which the Bank may determine to be included in the consolidated capital and surplus of the Borrower. For the purposes of this paragraph (e), free reserves shall include "provision pour risques de mobilisation de crédit à moyen terme" and "fonds spécial pour risques de prêts en cours".¹⁵

ARTICLE VI

Remedies of the Bank

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon; and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Section 6.02. The following additional events are specified for the purposes of Section 7.01 of the General Conditions:

- (a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity by reason of any default on the part of the Borrower or otherwise as provided in the relative contractual instruments, or any security constituted thereunder shall have become enforceable;

- (b) a resolution shall have been passed for the dissolution or liquidation of the Borrower.
- (c) a change shall have been made in the Borrower's Statutes without the Bank's consent which, in the Bank's judgment, shall be a substantial change, and such situation shall not have been corrected within a period of sixty days following notice thereof by the Bank to the Borrower; and
- (d) a subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would adversely affect the conduct of the Borrower's business or the Borrower's financial situation or the efficiency of the Borrower's management and personnel, and such situation shall not have been corrected within a period of sixty days following notice thereof by the Bank to the Borrower.

ARTICLE VII

Termination, Miscellaneous

Section 7.01. The date of April 27, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 7.02. The Closing Date shall be June 30, 1973, or such other date as shall be agreed upon between the Bank and the Borrower.

Section 7.03. The following addresses are specified for the purposes of Section 10.01 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:

Inthafrad
Washington, D.C.

Telex:

440098 (ITT) or
24423 (RCA)
Washington, D.C.

For the Borrower:

Banque Nationale pour le Developpement Economique
Boite postale 407
Rabat, Morocco

Cable address:

Bademaroc
Rabat

Telex:

31942
Rabat

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered 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 _____
President

BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE

By _____
Authorized Representative

SCHEDULE 1

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in dollars)*</u>
March 15, 1972	39,000
September 15, 1972	60,000
March 15, 1973	210,000
September 15, 1973	240,000
March 15, 1974	531,000
September 15, 1974	588,000
March 15, 1975	855,000
September 15, 1975	939,000
March 15, 1976	1,104,000
September 15, 1976	1,164,000
March 15, 1977	1,203,000
September 15, 1977	1,182,000
March 15, 1978	1,074,000
September 15, 1978	1,023,000
March 15, 1979	807,000
September 15, 1979	762,000
March 15, 1980	558,000
September 15, 1980	510,000
March 15, 1981	402,000
September 15, 1981	387,000
March 15, 1982	261,000
September 15, 1982	255,000
March 15, 1983	147,000
September 15, 1983	141,000
March 15, 1984	111,000
September 15, 1984	105,000
March 15, 1985	96,000
September 15, 1985	90,000
March 15, 1986	90,000
September 15, 1986	66,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or to Section 2.08 (a) of the Loan Agreement or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<u>Time of Prepayment or Redemption</u>	<u>Premium</u>
Not more than three years before maturity	1-1/4%
More than three years but not more than six years before maturity	2-1/2%
More than six years but not more than eleven years before maturity	4%
More than eleven years but not more than thirteen years before maturity	5-3/4%
More than thirteen years before maturity	7%

SCHEDULE 2

Modifications of the General Conditions

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

- (1) The following subparagraph (d) is added to Section 3.05:

(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in paragraph (b) of Section 3.05 and in Section 8.15.

- (2) The words "Investment Projects" are substituted for the words "the Project" at the end of Section 5.03.

- (3) Section 6.03 is deleted and replaced by the following new Section:

"Section 6.03. Cancellation by the Bank. If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the date specified in Section 3.02 (c) of the Loan Agreement no applications for approval or requests for authorization to withdraw from the Loan Account in respect of any portion of the

Loan shall have been received by the Bank, or having been so received, shall have been denied, or (c) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to request such approvals and authorizations or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled."

(4) Paragraph (d) of Section 7.01 is amended to read as follows:

"(d) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor."

MT/ST#L-103
Legal Department
CONFIDENTIAL DRAFT
December 31, 1969

LOAN NUMBER MOR

GUARANTEE AGREEMENT
(Fourth BNDE Project)

Between

KINGDOM OF MOROCCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated January , 1970

GUARANTEE AGREEMENT

AGREEMENT, dated January , 1970, between the KINGDOM OF MOROCCO (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith between the Bank and Banque Nationale pour le Developpement Economique (hereinafter called the Borrower), the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifteen million dollars (\$15,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee the payment of the principal of and interest and other charges on such loan; 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

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969, subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the General Conditions shall have the respective meanings therein set forth.

ARTICLE II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of, and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

ARTICLE III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will inso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect: provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property, or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Banque du Maroc or any other institution performing the functions of a central bank.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to ensure that the purposes of the Loan shall be

accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond

to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The Guarantor shall not amend the Government Agreement without the approval of the Bank.

Section 3.06. The Guarantor shall not take any action or permit any of its political subdivisions or any of its agencies or instrumentalities or any agency or instrumentality of any such political subdivision to take any action which would prevent or materially interfere with the carrying on by the Borrower of its operations and enterprise in an efficient and businesslike manner, or with the performance by the Borrower of any of its covenants, agreements and obligations in the Loan Agreement contained, and shall take or cause to be taken all reasonable action which shall be required on its part in order to enable the Borrower to perform such covenants, agreements and obligations.

Section 3.07. The Guarantor shall make arrangements to protect the Borrower against any loss in connection with the payment of

interest or other charges on or the repayment of principal of the Loan or the Bonds as a result of a change in the rate of exchange between Dirhams and the currency or currencies in which such payments are to be made.

ARTICLE IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on any Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor is designated as the authorized representative of the Guarantor for the purposes of Section 8.10 (a) of the General Conditions. The Minister of Finance may designate other or additional authorized representatives for the purposes of such Section, by notice to the Bank.

ARTICLE V

Section 5.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Ministere des Finances
Rabat, Morocco

Alternative address for cables:

Ministere Finances
Rabat, Morocco

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables:

Intbafrad
Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 10.03 of the General Conditions.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

KINGDOM OF MOROCCO

By _____
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By _____
President



Record Removal Notice

File Title Banque Nationale de Developpement Economique Project [BNDE] (04) - Morocco - Loan 0660 - P005356 - 1969 / 1971 Negotiations - Volume 1		Barcode No. 1697589		
Document Date 29 December, 1969	Document Type Board Record			
Correspondents / Participants 				
Subject / Title Draft - Approval of Loan to Banque Nationale Pour Le Developpement Economique (Fourth BNDE Project) 				
Exception(s) 				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website. <table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date 24-Mar-15</td></tr></table>	Withdrawn by Chandra Kumar	Date 24-Mar-15
Withdrawn by Chandra Kumar	Date 24-Mar-15			

ROYAUME DU MAROC

BA/ZD.

MINISTERE DES FINANCES

DIVISION DU TRESOR ET
DES FINANCES EXTERIEURES

3-4-19/TRES/EML

SERVICE DU TRESOR

REGISTERED
9118(a) Morocco

المملكة المغربية

وزارة المالية

Rabat, le 5 JAN. 1970 الرباط في

رقم

/E MINISTRE DES FINANCES

A

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION
ET LE DEVELOPPEMENT
1818 H Street N.W.

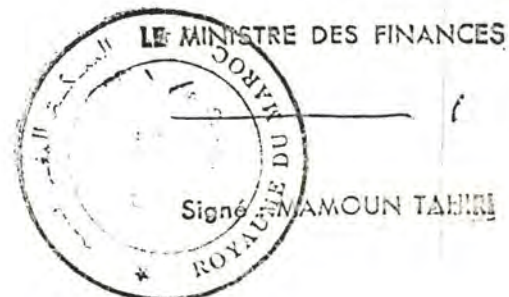
WASHINGTON D.C. 2043

Messieurs,

J'ai l'honneur de vous faire savoir que, par la présente, je donne pouvoir à S.E. Monsieur Ahmed OSMAN Ambassadeur du Royaume du Maroc à Washington, avec faculté de substitution, de signer au nom du Royaume du Maroc le Contrat de Garantie entre le Royaume du Maroc et la Banque Internationale pour la Reconstruction et le Développement (Quatrième Projet BNDE), relatif à l'octroi d'un prêt à la Banque Nationale pour le Développement Economique, par votre institution ainsi que tous documents y afférents.

En conséquence, S.E. Monsieur Ahmed OSMAN a pouvoir et qualité de signer valablement au nom du Royaume du Maroc ledit contrat de Garantie ainsi que tous documents y afférents.

Veuillez agréer, Messieurs, l'assurance de ma considération très distinguée.



11/2/70

ROYAUME DU MAROC

MINISTERE DES FINANCES

DIVISION DU TRESOR & DES
FINANCES EXTERIEURES

3 JAN 1970 TRES/ENL

SERVICE DU TRESOR

REGISTERED
9118(6) Morocco

Rabat, le 5 JAN. 1970 الرباط في

المملكة المغربية

وزارة المالية

رقم

International Bank for
Reconstruction and Development
1818 H Street N. W.

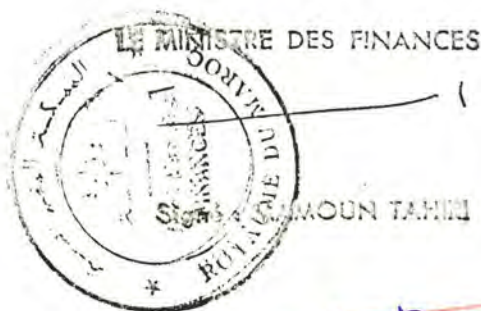
WASHINGTON D. C. 20433

Gentlemen,

This is to inform you that in my capacity as Governor of the Bank for the kingdom of Morocco, I designate Mister Abdeslam TADLAOUI, Conseiller des Affaires Etrangères du Royaume du Maroc in Washington, to serve as a member of the Committee to be appointed pursuant to Article V, Section 7 of the Bank's Articles of Agreement to report on the proposed loan from the international Bank for Reconstruction and Development to Banque Nationale pour le Développement Economique for the forth BNDE Project.

Very truly yours,

Governor for the kingdom of Morocco of
the International Bank for Reconstruc-
tion and Development.



1/12/70
Moun Tanni

MOR - BNDE (HHA)

OUTGOING WIRE

TO: MONSIEUR BENKIRANE
BADEMAROC

DATE: ~~29 Dec~~ 31 December 1969

RABAT

CLASS OF
SERVICE: LT

COUNTRY: MOROCCO

TEXT:
Cable No.: SUITE NOS ENTRETIENS WASHINGTON [REDACTED] SERAIS RECONNAISSANT
EXPEDITION TELEX AVANT NEUF JANVIER SITUATION FINANCIERE
PRELIMINAIRE BNDE ET RESULTATS AU 31 DECEMBRE 1969 VIRGULE
TOTAL ET VENTILATION OPERATIONS APPROUVEES DURANT 1969 ET
TOTAL CONTRATS SIGNES POUR PRETS DIRECTS STOP BONNE ANNEE.

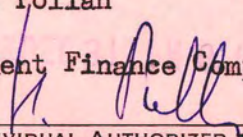
POLLAN.

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Mr. Hans Pollan

DEPT. Development Finance Companies.

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

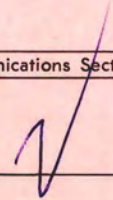
HP:jm
CLEARANCES AND COPY DISTRIBUTION:

Translation: Requesting BNDE Cable by
January 9 its preliminary 1969 results.

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: 

ORIGINAL (HIS COPY)

Checked for Release

For use in Communications Section

RECEIVED

GENERAL FILES

DATE

1969 DEC 31 PM 6:08

NAME

MR. HENRY BOLTON

APPROVED BY

RECEIVED & THE SECRETARY 1969 DECEMBER 31
DEPARTMENT OF DEFENSE

STANDARD AND COPY ORIGINATOR

HB:JW

NOT TO BE TRANSMITTED

LOTTIN

LOTTIN COMMISSIONER HENRY BOLTON DIRECTOR 1969 DECEMBER 31

LOTTIN RE AMBASSADOR COMMISSIONER HENRY BOLTON 1969 DECEMBER 31

LOTTIN RE AMBASSADOR HENRY BOLTON 31 DECEMBER 1969 AMBASSADOR

LOTTIN RE AMBASSADOR HENRY BOLTON 31 DECEMBER 1969 AMBASSADOR

DATE NOT

TEXT

LOTTIN RE AMBASSADOR HENRY BOLTON 31 DECEMBER 1969 AMBASSADOR

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DATE 31 DECEMBER 1969

ONGOING MIKE

ASSOCIATION

INTERNATIONAL ASSOCIATION

RECOMMENDATION AND RECOMMENDATION

INTERNATIONAL ASSOCIATION

CONFERENCE

INTERNATIONAL ASSOCIATION

MOR-BNDE(42)

OUTGOING WIRE

TO: BADEMAROC
CASABLANCA

DATE: December 31, 1969

CLASS OF LT
SERVICE:

COUNTRY: MOROCCO

TEXT: POUR MONSIEUR BENKIRANE
Cable No.:

SUITE CABLE 24 DECEMBRE ATTENDONS AU PLUS TARD LUNDI PROCHAIN AU SOIR
DESIGNATION PAR CABLE EXPERT COMITE STATUTAIRE SANS LAQUELLE NE POURRIONS
PRESENTER PRET A NOS ADMINISTRATEURS LE 13 JANVIER COMME PREVU STOP
MEILLEURS VOEUX

BART

INTBAFRAD

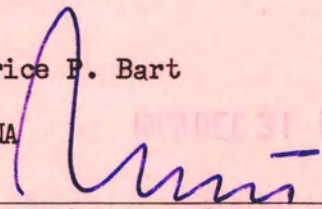
NOT TO BE TRANSMITTED

MPBart:cmc

AUTHORIZED BY:

NAME Maurice F. Bart

DEPT. EMENA

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

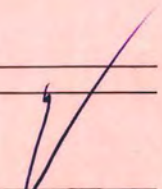
CLEARANCES AND COPY DISTRIBUTION:

cc.: Mr. T. Jones

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: 

ORIGINAL (Use Copy)

Checked for ()

For Use of Communications Section

RECEIVED
GENERAL FILES

SIGNATURE

SIGNATURE OF (INDIVIDUAL)

DATE

DEPT

MEMO

1969 DEC 31 PM 6:05

NAME

ROBERT E. BSLP

CC: Mr. J. Jones

APPROVED BY

STANDARD AND COPY DISTRIBUTION

NOT TO BE TRANSMITTED

REBSP:GMS

TELETYPE

BY

MEMORANDUM FOR

MEMORANDUM FOR THE DIRECTOR OF THE FBI

RE: [REDACTED]

DATE: December 31, 1969

FROM: [REDACTED]

TO: [REDACTED]

SUBJECT: [REDACTED]

RE: [REDACTED]

ADMINISTRATIVE

RE: [REDACTED]

SERVICE
CLASS OF

DATE December 31, 1969

ORIGINAL FILE

ASSOCIATION
INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL BANK FOR

COOPERATION
INTERNATIONAL FINANCE

F
MBR-BNDE
(14/4)

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

DECLASSIFIED
MAR 24 2015
WBG ARCHIVES

CONFIDENTIAL

For consideration
on January 13, 1970

FROM: The Secretary

R69-244/1

December 31, 1969

MOROCCO: Banque Nationale pour le Développement
Economique (BNDE)

CORRIGENDUM

The attached replaces page 8 of the President's Report and
Recommendation (P-768) distributed as R69-244, dated December 30,
1969.

Distribution:

Executive Directors and Alternates
President
President's Council
Executive Vice President, IFC
Vice President, IFC
Department Heads, Bank and IFC

19. A Consultative Group for Morocco was organized in 1967 and met in April of that year. A second meeting took place in Paris in October 1969. A subsequent meeting is planned for late 1970.

PART VI - COMPLIANCE WITH ARTICLES OF AGREEMENT

20. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank.

PART VII - RECOMMENDATION

21. I recommend that the Executive Directors approve the proposed loan.

Robert S. McNamara
President

By J. Burke Knapp

Attachments

December 24, 1969

MOR - BN DE (4th)

LOAN COMMITTEE

DECLASSIFIED

MAR 24 2015

WBG ARCHIVES

December 31, 1969

MEMORANDUM TO THE LOAN COMMITTEE

Morocco - Fourth Loan to BNDE

Attached for information is a memorandum from the Director of the Europe, Middle East and North Africa Department to the Chairman of the Committee, dated December 24, 1969, transmitting for approval the draft Report and Recommendation of the President on a proposed fourth loan to BNDE.

David Pearce
Secretary
Loan Committee

by C.H. Davies

- DISTRIBUTION -

Committee:

Mr. J. Burke Knapp, Chairman
Mr. S.R. Cope, Deputy Chairman
Mr. S. Aldewereld, Vice President
Directors, Area Departments
Director, Projects Department
General Counsel
Director, Economics Department
Director, Development Services Department
Treasurer

Copies for Information:

President
The Economic Adviser to the President
Sir Denis Rickett, Vice President
Mr. M. Shoaib, Vice President
Directors, other Departments
Special Adviser to the President
Executive Vice President (IFC)
Vice President (IFC)

To: Mr. J. Burke Knapp

December 24, 1969

From: Michael L. Lejeune

Subject: Morocco - Proposed Fourth Loan to BNDE

1. Attached for your approval are the following documents for the above project, all of which, except the Supplemental letters, are to be distributed to the Executive Directors for consideration at a meeting on January 13, 1970:

- (a) Draft President's Report;
- (b) Appraisal Report;
- (c) Draft Loan and Guarantee Agreements;
- (d) Draft Supplemental Letters.

2. The earlier green cover Appraisal Report has been substantially modified to reflect the decision taken at the Special Loan Committee meeting of November 5, 1969 to negotiate a loan for an amount which would cover BNDE's foreign exchange needs until April 1, 1970 (approximately \$12.5 million). Since that meeting, the amount of the loan has, with your agreement, been increased to \$15 million to take account of the most recent forecast of BNDE's lending during the period to be covered by the loan as well as of its continued participation in some loans made for hotel construction by the Credit Immobilier et Hotelier.

3. This memorandum and the papers mentioned above have been cleared by the Departments concerned.

4. I would appreciate your giving any comments you may have to Mr. Bart (Ext. 4807).

Attachments

c.c. Mr. McNamara, Mr. Cope, Loan Committee (without attachments)



CAPITAL 20 MILLIONS DE DIRHAMS
BOITE POSTALE 407-RABAT-TÉL. 264-41-42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC
TELEX : BADEMAROC - RABAT. 319.42
R.C. 16.423 - RABAT - C.N.S.S. 66.805

DIRECTION GÉNÉRALE

DG/CK N° 454

MOR-BNDE (4th)
RABAT, LE 29 Décembre 69

Central Files

Monsieur Maurice P. BART

Europe Middle East and North Africa
Department

I. B. R. D.

WASHINGTON D.C. 20 433 (U.S.A.)

Cher Monsieur BART,

Je vous remercie de vos lettres en date des 15 et 17 Décembre 1969 et de votre télex en date du 25 courant au sujet du projet de contrat de prêt et documents annexes relatifs au 4ème prêt de la BIRD à notre Banque.

J'ai le plaisir de vous informer de l'accord unanime de notre Conseil d'Administration qui s'est réuni le 22 Décembre 1969 sur les diverses dispositions du contrat de prêt et lettres annexes et sur le contenu de l'aide-mémoire mis au point lors de mon dernier séjour à Washington.

Ceci étant, je vous prie de bien vouloir trouver ci-joint l'original de l'aide-mémoire en date du 12 Décembre 1969, dûment signé par mes soins.

En vous remerciant de votre coopération qui nous a permis d'arriver si rapidement à des résultats satisfaisants, je vous prie de croire, Cher Monsieur BART, à ma considération distinguée et à mes meilleurs vœux de prospérité et de bonheur pour vous et pour votre famille.

Le Directeur Général

Mohamed BENKIRANE

P.J. :1

RECEIVED

JAN 6 8 25 AM 1970

GENERAL FILES
COMMUNICATIONS

Form No. 75
(2-60)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

ROUTING SLIP

Date

January 7, 1970

NAME

ROOM NO.

Central Files

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

The signed original "Aide Mémoire" attached to Mr. Benkirane's letter of December 29, is with Mr. T. Jones, Legal Dept. B-802

From

C. Caralis A-700 X-4808

Le 12 décembre 1969

A I D E - M E M O I R E

Les négociations pour le IVème Prêt de la BIRD à la BNDE se sont déroulées à Washington du 8 au 12 décembre 1969. La Délégation Marocaine comprenait Messieurs Benkirane et Benchekroun, représentant respectivement la BNDE et le Gouvernement. La Banque était représentée par Messieurs Bart, Pollan, Nougaim, Jones, Simms et Mendoza. Le présent aide-mémoire résume certains des points évoqués au cours des négociations.

Désignation d'un Directeur Général Adjoint

Monsieur Benkirane a exprimé les regrets de la BNDE de n'avoir pu désigner un Directeur Général Adjoint avant le 31 décembre 1969 ainsi qu'il avait été convenu au cours des négociations pour le IIIème Prêt à la BNDE, faute de n'avoir trouvé un candidat remplissant les conditions nécessaires. Monsieur Benkirane a réitéré l'engagement de la BNDE de désigner un Directeur Général Adjoint, la date limite pour cette désignation étant, d'un commun accord avec la BIRD, reportée à la fin d'août 1970. Il a été entendu que le titulaire de ce poste devrait être un homme dont la personnalité, la compétence, l'expérience et les qualités d'animateur le mettent à même de seconder utilement le Directeur Général.

Analyse Financière des Sous-Projets

Au cours des discussions sur les techniques d'évaluation des sous-projets financés par la BNDE dans le cadre du prêt de la BIRD, il a été convenu que la BNDE calculerait le taux financier de rentabilité interne pour ces projets et que de tels taux de rentabilité constitueraient l'un des critères en fonction desquels les dits projets seraient jugés et approuvés. Il a été convenu qu'un taux de rentabilité interne de 10 pourcent serait jusqu'à nouvel ordre le critère minimum auquel les projets devraient satisfaire de façon à être éligibles au financement par la BIRD. La BNDE et la BIRD ont mis au point les modalités pratiques pour l'application de cette méthode.

Procédure de Remboursement pour les Biens payés en Monnaie Locale

La procédure actuelle selon laquelle la BIRD rembourse à concurrence de 65 pourcent les prix des biens ayant été importés au Maroc ou ayant été manufacturés au Maroc en utilisant une forte proportion d'éléments importés, mais qui ont fait l'objet de factures ou de paiements en devises locales, ne permet pas toujours à la BIRD d'iden-

Le 12 décembre 1969

tifier le montant et l'origine des éléments importés. De façon à remédier à cet état de chose dans la mesure du possible, la BNDE a accepté que dans les cas exceptionnels où les factures ne fournissent pas les renseignements requis en ce qui concerne le montant et l'origine des éléments importés, elle procéderait elle-même à l'établissement de ces données qui seront soumises en même temps que la demande de remboursement.

Financement des Projets Hôteliers

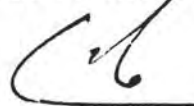
Comme suite à la demande faite par le CIH et transmise par la BNDE portant sur la prorogation de l'accord tripartite BIRD-BNDE-CIH concernant le financement des projets hôteliers jusqu'à la conclusion du prêt direct envisagé par la BIRD en faveur du CIH, la BIRD a donné son accord pour que des projets hôteliers puissent être financés dans le cadre du nouveau prêt à la BNDE.

Pour la BIRD



Maurice P. BART

Pour la BNDE



Mohamed BENKIRANE

MOR-BN 02 (404)

OUTGOING WIRE

TO: **BADEMAROC**
RABAT

DATE: **DECEMBER 24, 1969**

CLASS OF **LT**
SERVICE:

COUNTRY: **MAROC**

TEXT:
Cable No.:

POUR MONSIEUR BENKIRANE SOUHAITE VOUS RAPPELER QUE MESURES A
PRENDRE POUR QUATRIEME PRET ENDE SONT LES MEMES QUE POUR TROISIEME
STOP EN PARTICULIER ATTENDONS AVANT 31 DECEMBRE DESIGNATION PAR
GOUVERNEUR BIRD POUR MAROC DU MEMBRE COMITE STATUTAIRE STOP
MEILLEUR SOUVENIR

BART

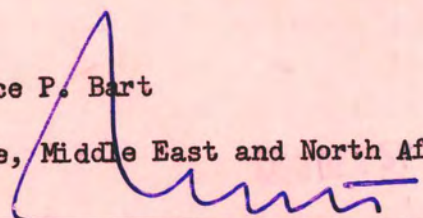
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME **Maurice P. Bart**

DEPT. **Europe, Middle East and North Africa**

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

MP Bart:ml
CLEARANCES AND COPY DISTRIBUTION:

c.c. **Mr. T. Jones**

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(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: 

ORIGINAL FILE COPY

CLASSIFICATION

DATE OF COMPLETION

SIGNATURE

DESIGNATION OF INDIVIDUAL AUTHORIZED TO SIGN

RECEIVED
GENERAL FILES

DATE

1969 DEC 24

PM 2:53

NAME

WILLIAM F. BULL

OFFICE OF THE DIRECTOR

APPROVED BY

CLASSIFICATION AND DATA DISTRIBUTION

MR. BULL

NOT TO BE RECLASSIFIED

1969 DEC 24 PM 2:23

RECEIVED
GENERAL FILES

INVOLVED

DATE

WILLIAM F. BULL

COMMITTEE ON ASSASSINATIONS OF THE HOUSE OF REPRESENTATIVES

STATE OF NEW YORK

LEGISLATIVE COMMITTEE ON ASSASSINATIONS

HOUSE OF REPRESENTATIVES

DATE
1969

COMMITTEE

HOUSE

DATE

1969

SERVICE

CLASS OF

12

DATE

DECEMBER 24, 1969

OUTGOING MESSAGE

ASSASSINATION

INTERNATIONAL RELATIONS

RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL TRADE

CONSERVATION

INTERNATIONAL FINANCE

WILLIAM F. BULL

OFFICE MEMORANDUM

TO: Files

DATE: December 19, 1969

FROM: Roger Blondel *AB*SUBJECT: MOROCCO - Visit by Mr. Mohamed Benkirane, Director General of BNDE,
December 11, 1969

MOR. 6102
cc Cellulose du Maroc
cc Tournon
cc 6/10/7
cc Bay of Tangiers
Hatt P. 15
cc Tu - AKU
Nylon 200
Proj.

1. While visiting the Bank to discuss the proposed fourth loan to his company, Mr. Benkirane, the Director General of BNDE, met on December 11, 1969, with IFC staff to review the current status of various projects under consideration for possible joint financing. Messrs. von Hoffmann, Kreuter and Blondel attended the meeting.

BNDE

2. Mr. Benkirane first referred to BNDE's operations and said they were progressing satisfactorily. With a view to increasing the present 6% dividend paid by his company, attempts are being made to increase investments in high yielding paper, a task which is made difficult by the scarcity of attractive securities and by the lack of an organized financial market in Morocco. With respect to BNDE's internal procedures, Mr. Benkirane said that the Executive Committee is now functioning satisfactorily and that its working methods have improved. He expressed the opinion that the discretionary limit of this committee of DH 4 million^{1/} should be increased substantially as a number of large projects, many of which are in the neighborhood of US\$ 2 million equivalent, are being submitted in increasing numbers for financing to BNDE.

3. In response to a question by Mr. von Hoffmann about the investment climate in Morocco, Mr. Benkirane said that there was a definite "reprise". Although certain traditional activities such as textiles are now fairly well equipped and need financing mostly for expansion and working capital, opportunities for sizeable new projects exist in the artificial fibers' sector, as evidenced by the nylon venture sponsored by AKU. Moreover, said Mr. Benkirane, other traditional activities such as flour mills, many of which were started in the late 40s, are now in need of modernization and are seeking new financing.

Cellulose du Maroc

4. Referring to the Cellulose du Maroc expansion project, Mr. Kreuter noted that we had not heard for some time from Cellulose du Pin, the mother company, and he asked Mr. Benkirane whether this may indicate that they (Cellulose du Pin) were losing interest in the project. Mr. Benkirane attributed the apparent slowness of Cellulose du Pin to submit a complete project report to the current reorganization of that company which has recently become a subsidiary of the Saint-Gobain group. He replied that several directors of Cellulose du Pin had recently visited Morocco to discuss timber prices with the Government, and Government's attitude towards ownership of Cellulose du Maroc's forestry holdings.

1/ According to BNDE's Policy Statement, all projects submitted to the DFC for financing must obtain approval by the Executive Committee if below DH 4 million equivalent.

5. Mr. von Hoffmann said that we (IFC) should talk to Cellulose du Pin and to Mr. Brac de la Perriere at Progil upon a next visit to Paris.

SAS Project

6. Mr. Benkirane reviewed the situation in connection with the Agadir Hotel Project which is presently being promoted by SAS Airlines and Somadet. The total cost of the project (which consists of a hotel with a capacity of 1,000 beds) is around DH 20 million (US\$ 4 million) and is expected to be financed by a share capital of DH 6 million, a Prime d'Equipement of DH 2.4 million, and credits to be provided in part by Somadet.

7. Since IFC had been approached by SAS some weeks ago with a request to consider participating in this project, several financing possibilities were reviewed. Mr. von Hoffmann indicated that subject to a satisfactory result of our appraisal of the project, we would be willing to consider joining in it with an equity and loan investment. Mr. Benkirane promised to report our willingness to invest to the Scandinavian sponsors whom he was expecting to meet shortly in Copenhagen. We told Mr. Benkirane that we would write a letter confirming our interest in the project to Mr. Haekkerup^{2/} who is a Director of SAS and a main promoter of this project and we suggested that he (Mr. Benkirane) explore informally with the Moroccan authorities whether the project would be eligible for the benefit of the Prime d'Equipement and whether an IFC investment would receive the necessary approvals from the Government. Mr. Benkirane promised to keep us informed of new developments and left with us copies of several documents relating to the project. Among these is a letter by Mr. Haekkerup to the Moroccan Minister of Tourism dated October 21, 1969 giving the total project cost and a tentative completion schedule; and a Protocole Agreement between SAS, BNDE and the latter's affiliate company, Somadet, in which it is decided to set up a joint Societe Immobiliere to implement the project. According to the Protocole, the share capital of the Societe Immobiliere is to be owned 60% by SAS and/or companies designated by it.

Other hotel projects

8. Mr. Benkirane briefly stated the present status of BNDE's hotel projects in Tarazhoute and Marrakech. We informed him of the reasons for our lack of interest in the Tarazhoute project, namely (i) the small size of our participation (around \$165,000) and (ii) the fact that the financing of this project was fully secured even in the absence of a participation by IFC.

^{2/} This letter has been sent today.

AKU Nylon Project

9. Referring to the nylon project sponsored by AKU, Mr. Benkirane said that Mr. Zillikens would be in Morocco in the near future to discuss the project with a private group of investors and with BNDE. He said that the leader of the private group was Mr. Moulay Ali Kettani, who is President of Texnord and various other textile companies and a prominent industrialist in Morocco.

10. According to Mr. Benkirane, AKU wishes to retain the majority of the shares. However, the Moroccan group of investors have expressed the opinion that the project should be controlled by Moroccan interests. Mr. Benkirane wished to know whether, in case IFC decided to participate in the share capital, we would be ready to enter into an arrangement with the Moroccan investors whereby we would agree to sell back to them a portion of our holdings sufficiently large to ensure that their group would become the major shareholder. Mr. von Hoffmann replied that, while IFC had often agreed to keep available a proportion of its share investment in a company for purchase by local investors, we could not possibly commit ourselves to resell our shares to a pre-determined group. He indicated that in addition to a suitable long-term loan we would be ready to consider investing in the share capital which is estimated to total about US\$ 8 million. He further indicated that we would be willing to consider setting aside a proportion of our share capital participation under a Stock Reservation Agreement for sale to potential Moroccan investors.

Lukus

11. Mr. Benkirane enquired about our impressions of Lukus following our technical appraisal mission in September. Mr. von Hoffmann said that the company's results could be ascribed partly to bad weather conditions which had adversely affected this year's tomato harvest but also to the devaluation of the French Franc which has hurt Lukus' exports, the lack of a coordinated export promotion policy by the Moroccan authorities, and deficiencies in the plant's technical management. Although the mission had not yet reached its final conclusions, it was felt that an expansion of the tomato concentrating equipment was justified within the next two years. Mr. von Hoffmann indicated that IFC would be sending a representative in the second half of January to discuss Lukus' problems with BNDE and the company's management.

Bay of Tangiers area

12. The last BNDE project to be mentioned by Mr. Benkirane was a project in the Bay of Tangiers area. According to Mr. Benkirane,

International Hosts, Inc., a US company based in Boston, Mass. with offices in Paris and Cairo, is interested in doing business in Morocco, might invest in this project and would be able to provide management know-how. Mr. Benkirane promised to keep us informed of developments.

RBlondel:ar

cc: Messrs. von Hoffmann/Hassan
Khosropur
Boyd
Pollan/Nougaim
Becker-Boost/Oberdorfer/Feige

cc: Mr. Tazi

A copy of this memorandum is also being sent to Mr. Benkirane.

MOR-BNOE(44)

OUTGOING WIRE

TO: **BADEMAROC**
31942
RABAT

DATE: **DECEMBER 18, 1969**

CLASS OF
SERVICE: **TELEX**

COUNTRY: **MOROCCO**

TEXT:
Cable No.:

POUR MONSIEUR BENKIRANE

VOTRE
REFERENCE ~~DE~~ CABLE 17 DECEMBRE STOP DEBUT PARAGRAPHE PREMIER
LETTRE ANNEXE NUMERO UN REDIGE COMME SUIV CITATION NOUS REFERANT
A LA SECTION 3.01 DE L'ACCORD DE PRET (QUATRIEME PROJET BNDE)
EN DATE DE CE JOUR CONCLU ENTRE NOUS, NOUS CONFIRMONS QUE LES
FONDS A PROVENIR DU PRET PEUVENT ETRE UTILISES PAR NOUS POUR
CONSENTIR DES CREDITS AUX ENTREPRISES SOUS CONTROLE DE L'ETAT
SEULEMENT DANS LES CAS REMPLISSANT LES CONDITIONS POSEES AU
PARAGRAPHE 1 (b) DE NOTRE DECLARATION DE POLITIQUE GENERALE ET
QUI AURAIENT ETE APPROUVEES PAR LA BANQUE FIN DE CITATION LE
RESTE SANS CHANGEMENT STOP VOUS AVONS ENVOYE TEXTE COMPLET LE 15 DECEMBRE
STOP MEILLEUR SOUVENIR

BART

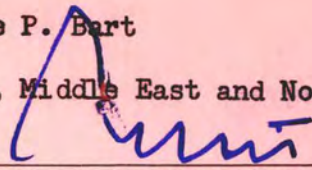
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AUTHORIZED BY:

NAME **Maurice P. Bart**

DEPT. **Europe, Middle East and North Africa**

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

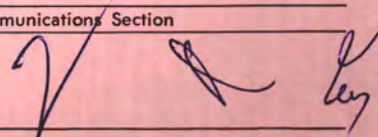

FMendoza/MPBart:ml

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Checked for Dispatch: 

Mr. J. Burke Knapp

December 18, 1969

Michael L. Lejeune

MOROCCO - 4th BNDE loan
Presentation to the Executive Directors

Negotiations for the fourth loan to BNDE, which were started on December 8, were completed last Friday evening. We had planned to schedule this loan for Board action on January 6, but because of the holidays the papers must lie before the Executive Directors longer than usual. We now plan to send you the draft documents on December 23 so that they can be distributed to the Executive Directors by December 30 for the meeting of January 13. The Secretary's and Programming and Budgeting Departments have been informed of this change.

(signed) Michael L. Lejeune

FM
FMendoza/MPBart:bjp *M.L. Lejeune*

cc: Mr. Mendels
Mr. Adler
Mr. Pollan

INCOMING CABLE

FM

DATE AND TIME
OF CABLE: DECEMBER 17, 1969 1745

LOG NO.: RCA TELEX/17

TO: INTRAFRAD

FROM: RABAT

ROUTING	
ACTION COPY:	MR. BART
INFORMATION COPY:	MR. LEJEUNE
DECODED BY:	MR. BENJENK

TEXT:

A L'ATTENTION DE MONSIEUR MAURICE BART

VOUS PRIE BIEN VOULOIR ME TRANSMETTRE SI POSSIBLE PAR TELEX MODIFICATION
ACCEPTEE LORS NEGOCIATIONS CONCERNANT FINANCEMENT ENTREPRISES PUBLIQUES
DANS LETTRE ANNEXE NUMERO 1 CONCERNANT POLITIQUE GENERALE. PROFITE DE
CETTE OCCASION POUR VOUS REMERCIER DE L'ACCUEIL RESERV ET POUR VOTRE
COOPERATION. MEILLEUR SOUVENIR

MOHAMED BENKIRANE
BADEMAROC RABAT

NA

TYPED

DEC 17 12 49 PM 1969
COMMUNICATIONS

EVERETT W. BULL
MORRIS A. BULL

COOPERATION • MEETING FORUM

101 INDEXED

MOR-BNDE(44)

OUTGOING WIRE

TO: ~~FE.~~ A. A. KHOSROPUR

DATE: DECEMBER 17, 1969

PALACE-~~LAGOS~~

CLASS OF
SERVICE: LT

LAGOS

COUNTRY:

NIGERIA

2.

TEXT:
Cable No.:

3

AIRMAILED TODAY CARE HILTON RABAT LETTER RE HIGHLIGHTS RECENT NEGOTIATIONS
FOURTH BANK LOAN BNDE REGARDS

POLLAN

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Hans Pollan

DEPT. Development Finance Companies

SIGNATURE *H. Pollan*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

HP:lgs cc: Messrs. Bart, Kreuter

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Checked for Dispatch: *1*

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Checked for Release

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SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO SIGN)

DATE

DEPARTMENT OF JUSTICE

COMMUNICATIONS

NAME

NAME: ROTTEN

AUTHORIZED BY

15:18a

cc: Messrs. RULF, KLEIN

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MOR-BNDE
42)

Mr. E.H. Rotberg

December 17, 1969

Maurice P. Bart *inf*

Morocco - Proposed Loan of \$15 million to BNDE

1. Borrower: Banque Nationale pour le Développement Economique (BNDE)
2. Guarantor: Kingdom of Morocco
3. Amount: \$15 million
4. Purpose: To be used by BNDE for making loans to, and other investments in, private industrial and other productive enterprises in Morocco to cover the foreign exchange costs of specific projects
5. Disbursements: \$ 1.0 million in 1970
\$ 5.0 million in 1971
\$ 6.0 million in 1972
\$ 3.0 million in 1973
6. Source of Supply: Mostly Western European Countries
7. Interest rate: Standard rate
8. Maturities: The attached amortization schedule is subject to change to conform substantially with the aggregate of the amortization schedules for the projects for which loan funds are disbursed
9. Date for Executive Directors Consideration: January 13, 1970

c.c. Mr. Knapp
Mr. Aldersweld
Mr. Cope
European Office (Attention: Mr. de Lesseps)

Attachment

FMendoza:ml

FM

December 17, 1969

Dear Mr. Benchebkroun:

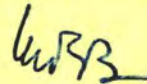
Fourth BNDE loan

Please find enclosed herewith the French and English versions of the draft Guarantee and Loan Agreements and the draft Supplemental letters as agreed upon in Washington during negotiations.

You will notice that there are two minor changes in the English version of the draft Loan Agreement. The first one substitutes the word "each" in line 15 of Section 2.03 (b) for the word "either"; this change is of an editorial nature and does not affect the French translation. The second change is in line 8 of Section 2.07 (a) where the word "requested" has been replaced by the word "authorized" in order to be consistent with the new system under which free limit sub-loans result in authorization to withdraw instead of request for crediting to the loan account; the same correction has been incorporated in the French version.

With best regards.

Sincerely yours,



Maurice P. Bart
Europe, Middle East and North Africa
Department

Mr. Benchebkroun
Directeur du Trésor
Ministère des Finances
Rabat, Morocco


FMendoza/MP Bart:ml
IBRD

c.c. Mr. Nougaim/Pollan
Mr. T. Jones
Mr. T. Simms

December 17, 1969

Dear Mr. Benkirane:

Fourth BNDE loan

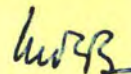
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I also enclose two signed copies of the agreed aide-mémoire for your signature. There again please note two purely editorial changes, one in paragraph 3 and one in paragraph 4, which I believe improve the style. I would appreciate your returning the original of the aide-mémoire with your signature so that it reaches us by January 7 at the latest.

With best personal regards.

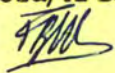
Sincerely yours,



Maurice P. Bart
Europe, Middle East and North Africa
Department

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le
Développement Economique
P.O. Box 407
Rabat, Morocco

c.c. Mr. Nougaim/Pollan
Mr. T. Jones
Mr. T. Simms

FMendoza/MP Bart:ml
IBRD 

MJR-BNDE ger
✓ BNDE (42)

December 17, 1969

Letter No. 1

Dr. A. A. Khosropur
c/o Hilton Rabat Hotel
Rabat
Morocco

Dear Khosro:

We just got yesterday the agenda for BNDE's Board Meeting and in a day or two we should be able to suggest a communication to you on the two project items, Maroc Leasing VI and CADEM, as well as other matters.

I cabled you today to alert you to the dispatch of this letter which deals principally with some highlights of the recent negotiations with Mr. Benkirane and Mr. Benchekroun (who represented the Moroccan Government) concerning the fourth loan to BNDE. The amount of the proposed loan is \$15 million. It is supposed to cover BNDE's estimated foreign exchange needs through March 1971. BNDE as far as the Bank is concerned would continue being allowed to finance hotels. Indeed, Mr. Benkirane produced a letter from Mr. Lazrak, Director General of CIH, in which he asked that BNDE finance from the proposed loan, once it is available, six hotels for a total of \$2.1 million equivalent.

The date by which BNDE is to appoint a Deputy Director General was moved from December 31, 1969, as had been agreed by Messrs. Bart and Benkirane in September 1968, to the end of August 1970. Mr. Benkirane can brief you on this aspect.

In negotiations, Mr. Benkirane requested that the Bank agree to increase the discretionary limit of BNDE's Executive Committee from DH 4 million to DH 6 million. We saw no good reason to accommodate this request, neither were we given one. After consultation with IFC, we therefore declined this request. Should Mr. Benkirane wish to propose it again in due course he would have to give us a well-founded reason for doing so.

On the other hand, the Bank agreed to Mr. Benkirane's request for our agreement to change the limit set forth in paragraph 7 of BNDE's Policy Statement concerning commitments to a single enterprise from 10% to 15%. You will recall that the draft appraisal report dated October 23 already suggested that an increase occur in absolute terms from DH 7 million to DH 10 million. This would have had the effect at that time of a 13% limit.

The limit has been put on a percentage basis and the Bank agreed, as per the attached cable. I suppose that IFC will revert to this matter in its cable briefing to you because Mr. Benkirane told us that he wants to put this matter to the ENDE Board at the meeting of December 22.

Mr. Benkirane also wondered whether you would consider remaining in Rabat through and including December 29 to participate in ENDE's screening committee meeting to be held on that Monday to deal with a review of various project papers prior to their presentation to ENDE's Executive Committee. Mr. Benkirane wants you to see the committee in action.

Should you only be coming back after the first of the year, I wish you all the best for a splendid transition into 1970. I will repeat my wishes on March 21, 1970 for 1349.

With best regards,

Sincerely yours,



Hans Pollan
Development Finance Companies

Cleared with and cc to: Messrs. Kreuter, Mendoza
cc: Mr. Bart

HP:lgs

MOR - INDC (4th)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INCOMING CABLE

DATE AND TIME
OF CABLE:

DECEMBER 16, 1969 1814

LOG NO.:

NCA TELEX/16

TO:

INTRAFRAD

FROM:

RABAT

ROUTING

ACTION COPY:

MR. POLLAN

INFORMATION

COPY:

MR. DIAMOND

DECODED BY:

TEXT:

A L'ATTENTION DE MONSIEUR KHALIL NOUGAIM

RENSEIGNEMENTS DEMANDES TRANSMIS 15.12.1969 PAR LETTRE. DIFFICULTES

TRANSMISSION PAR TELEX CHIFFRES DEMANDES. SI NECESSITE URGENTE NOUS POUVONS
A VOTRE DEMANDE TRANSMETTRE CHIFFRES PAR TELEX.

SECONDO. LA BAISSE DU NIVEAU DU CREDIT A MOYEN TERME RESCRIPTABLE EST
DUE PRINCIPALEMENT A LA CONJONCTURE GENERALE CARACTERISEE EN 1969

PAR UNE DIMINUTION SENSIBLE DU NOMBRE DE PROJETS PRESENTES NOTAMMENT

DANS LE SECTEUR PUBLIC ET SEMI-PUBLIC. ELLE EST DUE EGALLEMENT A L'INTERVENTION
DE PLUS EN PLUS DIRECTE DE LA BANQUE DONT LA PART RELATIVE DANS LE FINANCEMENT
DES INVESTISSEMENTS INDUSTRIELS A NETTEMENT AUGMENTE PAR RAPPORT A CELLE
DU CREDIT A MOYEN TERME RESCRIPTABLE SALUTATIONS

BAHMANOC RABAT

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MOR-BNDE 14th F

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SecM69-543

December 16, 1969

FROM: The Secretary

STATUS OF NEGOTIATIONS - MOROCCO

Fourth BNDE project

Negotiations have been substantially completed and loan documents will be submitted to the Executive Directors for consideration on a date to be determined.

The following is a description of the proposed loan:

<u>Borrower:</u>	Banque Nationale pour le Développement Economique (BNDE)
<u>Guarantor:</u>	Kingdom of Morocco
<u>Purpose:</u>	To be used by BNDE for making loans to, and other investments in, private industrial and other productive enterprises in Morocco to cover the foreign exchange costs of specific projects
<u>Amount:</u>	The equivalent of \$15 million in various currencies
<u>Amortization:</u>	In 17 years including a two-year period of grace, through semi-annual installments starting March 15, 1972 and ending September 15, 1986, subject to change to conform substantially with the aggregate of the amortization schedules for the projects for which loan funds are disbursed
<u>Interest rate:</u>	Standard rate
<u>Commitment charge:</u>	Three fourths of one percent (3/4 of 1 percent) per annum on the unwithdrawn amount of the loan

Distribution:

Executive Directors and Alternates
President
President's Council
Executive Vice President, IFC
Vice President, IFC
Department Heads, Bank and IFC

Mr. Mendoza, Mr. Simms, Mr. Jones.

December 15, 1969.

Khalil Nougaim ✓

MOROCCO - BNDE Proposed Fourth Loan

I attach a preliminary amortization schedule to be included as schedule in the draft Loan Agreement with BNDE.

Date Payment Due	Payment of Principal (expressed in dollars)*
March 15, 1972	39,000
September 15, 1972	60,000
March 15, 1973	210,000
September 15, 1973	240,000
March 15, 1974	531,000
September 15, 1974	588,000
March 15, 1975	855,000
September 15, 1975	939,000
March 15, 1976	1,104,000
September 15, 1976	1,164,000
March 15, 1977	1,203,000
September 15, 1977	1,182,000
March 15, 1978	1,074,000
September 15, 1978	1,023,000
March 15, 1979	807,000
September 15, 1979	762,000
March 15, 1980	558,000
September 15, 1980	510,000
March 15, 1981	402,000
September 15, 1981	387,000
March 15, 1982	261,000
September 15, 1982	255,000
March 15, 1983	147,000
September 15, 1983	141,000
March 15, 1984	111,000
September 15, 1984	105,000
March 15, 1985	96,000
September 15, 1985	90,000
March 15, 1986	90,000
September 15, 1986	66,000
	15,000,000

*

To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

MOR - BNDE (4th)

Mr. M. P. Benjenk

December 15, 1969

Maurice P. Bart *MBB*

Morocco - 4th BNDE loan - Presentation to the Executive Directors

1. Negotiations for a fourth loan to BNDE were completed last Friday. Presentation to the Executive Directors is at present scheduled for January 6. To meet this target we ought to submit the draft loan documents, appraisal report and President's report to Mr. Knapp by tomorrow, which is not possible in view of the changes to be introduced in the appraisal report and of the time required to complete the draft President's report.

2. After consultation with Mr. Pollan, I suggest to postpone presentation to the Executive Directors to January 13. This would require submission of the documents to Mr. Knapp on December 24 and distribution to the Executive Directors on December 31. May I have your approval, please.

FM
FMendoza/MPBart:ml

cleared with and cc: Mr./Nougaim/Mr. Pollan

December 15, 1969

Dear Mr. Benkirane:

Fourth BNDE loan

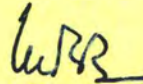
Please find enclosed a marked copy of the English version of Supplemental Letter No. 1 as agreed between us last Friday. Please note that the word "only" has been added at the beginning of the new text agreed upon; I think it now reflects more precisely our mutual understanding.

I shall forward to you a copy of the draft loan documents to be submitted to our Executive Directors as soon as they are reprinted.

I am also enclosing herewith a copy of my letter to Mr. Tahiri giving the Bank's comments on the Wright Engineer's report on the SEVERIF mining project, that you requested during your stay in Washington last week.

We all enjoyed having you with us in Washington.

Sincerely yours,



Maurice P. Bart
Europe, Middle East and North Africa
Department

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le
Développement Economique
P.O. Box 407
Rabat, Morocco


FMendoza/MP Bart:ml
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ML. JOURNAL STAGNE DES REVENUS, 2 COMMENCEMENT EN DES MARCHES FAVORABLES, 2

I am also enclosing reference to both of the letters.

sa ppea eia iahyueq.

documents to be distributed to our executive directors as soon

I hereby declare to her & each of the other persons

ЛЕЙТЕСЬ ВОДОЙ И СЕГНЕТА ОН. ИИСУС ПУДЕЛАРЕУЩИК.

the beginning of the new year blessed them! I think it was

ALLGAIL. Please note that the word "only" has been added to

DELATION OF SUBTERRANEAN TUNNEL NO. 1 IN SILENT REGION IN 1908

PLEASE PRINT ENCLOSED & MARKED COPY OF THE RETURN

LOUISIANA MADE JOHN

DEVL. ML. REPORTS:

DECEMBER 12th 1898

W26 8470 (H44)

Banque Nationale pour le
Développement Economique

Central files
MOR-BNDE
(14#)

DG/

Le 12 décembre 1969

Banque Internationale pour la
Reconstruction et le Développement
1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

Messieurs,

Au cours de nos entretiens du 8 au 12 décembre 1969 au sujet du quatrième prêt de la BIRD à notre Banque, j'ai eu l'honneur de vous informer que je me propose de soumettre à notre prochain conseil d'administration qui se tiendra le 22 décembre 1969 à Rabat la résolution suivante portant modification du paragraphe septième de la Déclaration de Politique Générale de la Banque ainsi rédigé:

"La BNDE ne doit pas normalement faire de prêts directs ou d'autres investissements en faveur d'une seule entreprise s'élevant à plus de 15 pourcent de son capital versé, de ses réserves et de l'encours des prêts à long terme de l'Etat, à l'exception de ceux couverts par une garantie publique ou aval de la C.C.G. ou par un aval ou une caution bancaire après examen de la situation financière de la Banque intéressée."

Vous avez bien voulu me faire savoir que vous n'aviez pas d'objections sur l'amendement su-visé. Conformément aux dispositions des contrats de prêts signés avec votre Banque, je vous serais reconnaissant de bien vouloir me confirmer votre accord à ce sujet.

Veuillez agréer, Messieurs, l'expression de mes sentiments distingués.

Mohamed Benkirane

Directeur Général

Mr. Robert Armstrong

December 11, 1969

Khalil Nougaim ✓

MOROCCO - BNDE: Revision of Appraisal Report

1. As soon as the present loan negotiations with BNDE are over, we shall revise our Appraisal Report on BNDE (IB 57, October 23, 1969) for Board presentation. I would appreciate your comments, particularly with respect to Part II: Economic and Financial Environment, in the light of the most recent economic information available to you.

2. As discussed over the phone, I am attaching a copy of Report IB 57 that you can pencil in any suggestions you may have.

Thank you.

Attachment

KNougaim:jb1

G.c. Messrs. Gulhati
Bart/Mendoza
Pollan

Mr. William Diamond (through Mr. Pollan)

December 11, 1969

Khalil Nougaim *KN*

MOROCCO - BNDE: Loan Negotiations. Maximum Exposure in a Single Enterprise

1. BNDE's Policy Statement, as amended on September 24, 1969 states that:

BNDE should not normally make direct loans or other investments in favor of one single enterprise aggregating more than 10% of BNDE's paid-up capital, reserves and outstanding long-term Government loans, with the exception of such loans and investments which are covered by a Government guarantee or guarantee from the Caisse Centrale de Garanties or by a bank guarantee after examination of the financial position of the bank concerned. In entering into discounting arrangements with a commercial bank, involving contingent liabilities, BNDE will limit the amount of its individual commitments on the basis of its assessment of the financial position of the bank concerned and in the light of BNDE's share capital and reserves."

2. During our appraisal mission to BNDE last April, BNDE's management expressed the desire to be able to undertake maximum commitments of DH 10 million instead of DH 7.3 million under the 10% normal limitation outlined in its Policy Statement. We recommended in the Appraisal Report on BNDE (DB 57, October 23, 1969, paragraph 47) that such an increase be agreed to.

3. During negotiations, Mr. Benkirane asked for our agreement for maximum commitments equivalent to a 15% limit of share capital plus subordinated loans (rather than DH 10 million previously requested). A 15% limit would represent now a maximum exposure of DH 11 million as compared to the DH 10 million previously recommended. It would in fact be more appropriate to relate the size of the maximum exposure to the level of equity and subordinated loans, growing or decreasing proportionately with them, rather than as an absolute amount; the latter had been done only at the request of BNDE in April. A normal 15% maximum exposure per enterprise is not excessive, and I recommend that we do not object to BNDE's request for our agreement to change its Policy Statement in order to put the 15% limit into effect.

KNougaim:jb

c.c. Messrs. Bart, Mendoza, Jones, Simms, Kreuter, Khosropur

Mr. Hans Pollan

December 9, 1969

Khalil Nougain ✓

**MOROCCO - BNDE: Forecast of Resources Needed and
Size of Proposed Bank Loan**

Commitments

1. Mr. Benkirane gave us yesterday afternoon some recent figures on actual commitments for 1969, and BNDE's projections of commitments for the next five years.
2. Commitments so far in 1969 have totalled DH 49.965 million in foreign exchange loans, and Mr. Benkirane plans to sign in December new contracts for DH 16.5 million of which DH 11 million in foreign exchange financing. Thus total commitments for 1969 would amount to DH 66.5 million of which DH 61 million for foreign exchange loans. This is not materially different from the commitment figure of DH 65 million for 1969, given in the appraisal report on BNDE (DB 57, October 23, 1969).
3. For 1970 and 1971, BNDE plans to have loan commitments of DH 65 million and DH 60 million, respectively. This compares with last April's estimates of DH 50 million of new commitments for each of these two years. Mr. Benkirane thinks that BNDE's traditional financing pattern will continue and that 90% of new loan commitments will be for foreign exchange needs.

Pipeline of Projects

4. To support his argument that BNDE's commitments will be higher than estimated earlier, Mr. Benkirane has given us a list of projects in the pipeline at BNDE. This pipeline consists of 25 industrial projects for DH 376.8 million. The pipeline includes six very large projects for DH 235 million, for which BNDE will only provide partial financing, and the timing of which is uncertain. The six projects are as follows (DH thousands):

SCP (Pipeline)	DH 20,000
Samir (Refinery)	DH 30,000
Cellulose du Maroc (Paper pulp)	DH 50,000
Nylon Project (AKU)	DH 50,000
Minas del Rif (Mining)	DH 75,000
Maroc Leasing	DH 10,000

DH 235,000

5. The inclusion of these very large projects obviously inflates BNDE's pipeline. When they are excluded, the remaining pipeline consists of 19 industrial projects involving direct BNDE financial assistance of DH 142 million.

December 9, 1969

6. The total pipeline in May 1969 consisted of 30 industrial projects for DH 173 million and 18 hotel projects for DH 54 million. When 4 large industrial projects for DH 100 million and 3 large tourist projects which were unlikely to be financed, are excluded, the May pipeline amounts to DH 98 million.

7. Thus, the present pipeline, after exclusion of very large projects is about 50% higher than last May which included hotels. This would tend to support Mr. Benkirane's view that BNDE's industrial financing volume is picking up. Mr. Benkirane thinks that most of these projects will come up for financing in 1970. Although there are bound to be many casualties, the pipeline of DH 142 million, excluding hotels and large projects, could lead to foreign exchange commitments of DH 65 million in 1970 and DH 60 million in 1971, particularly since casualties will be replaced by new projects.

Resources Needed

8. I have worked out, in the attachment, the resources needed by BNDE on the basis of commitments, for different time periods (13, 16 and 19 months) and on both the old projections basis (DB-57, October 23, 1969) and the new basis. Assuming that half of the \$3 million AID loan (not yet signed) is for foreign exchange requirements, BNDE would need the following amounts to cover its foreign resource gap:

	(in \$ millions)	
	<u>Original Forecast</u>	<u>Revised Forecast</u>
	\$	\$
Through December 31, 1970	19.20	11.5
Through March 31, 1971	11.4	14.2
Through June 30, 1971	13.7	16.9
Through December 31, 1971	18.2	22.3

Size of Bank Loan

9. In view of the Loan Committee's recommendation that we should cover BNDE's requirements for commitments through March 1971, I would recommend a loan of \$ 14 million as a reasonable estimate of resources needed for that period.

Attachment

KNougain/lcv

cc: Mr. Diamond
Mr. Bart
Mr. Mendoza
Mr. Kreuter

Forecast of Foreign Exchange Resources Needed
(DM in thousands)

Present Foreign Exchange Resource Situation

Resources available on 571-MOR - December 1, 1969	DM 4,635
Project pending (Africa-Palace)	<u>DM 4,800</u>
Shortfall	DM 165

Resources Needed December 5, 1969 to December 31, 1970

	<u>Original Forecast</u>	<u>Revised Forecast</u>
	<u>Foreign Exchange</u>	<u>Foreign Exchange</u>
Shortfall	165	165
Balance of 1969 commitments (not covered by 571-MOR)	8,235	6,200
1970 commitments	<u>45,000</u>	<u>58,500</u>
	<u>53,400</u>	<u>64,865</u>
Less AID Loan	<u>7,500</u>	<u>7,500</u>
	45,900 (\$9.2 mln)	57,365 (\$11.5 mln)

Resources Needed to March 31, 1971

	<u>Original Forecast</u>	<u>Revised Forecast</u>
From above	45,900	57,365
1971 Foreign exchange commitments (1st quarter)	<u>11,250</u>	<u>13,500</u>
	57,150 (\$11.4 mln)	70,865 (\$14.2 mln)

Resources Needed to June 30, 1971

	<u>Original Forecast</u>	<u>Revised Forecast</u>
From above	57,150	70,865
1971 commitments (2nd quarter)	<u>11,250</u> (\$13.7 mln)	<u>13,500</u> (\$
	68,400 (\$13.7 mln)	84,365 (\$16.9 mln)

OUTGOING WIRE

TO: HE MAMOUN TAHIRI
MINISTER OF FINANCE
RABAT

DATE: DECEMBER 4, 1969

CLASS OF LT
SERVICE:

COUNTRY: MOROCCO

TEXT:
Cable No.:

PRIMO THANKS FOR YOURCAB NOVEMBER 29 AGREEING TO START
NEGOTIATIONS FOR BNDE FOURTH LOAN ON DECEMBER 8 IN WHICH
ALL MATTERS CAN BE DISCUSSED SECUNDO OUR APPRAISAL OF
BNDE HAS LED US TO DETERMINE \$12.5 MILLION AS A SUITABLE
AMOUNT FOR A FOURTH LOAN TO BNDE SEMICOLON WOULD BE GLAD
TO HEAR FROM BNDE DELEGATION ANY INFORMATION NOT NOW KNOWN
TO US WHICH MIGHT HAVE BEARING ON THIS SUBJECT STOP REGARDS

LEJEUNE

INTBAFRAD

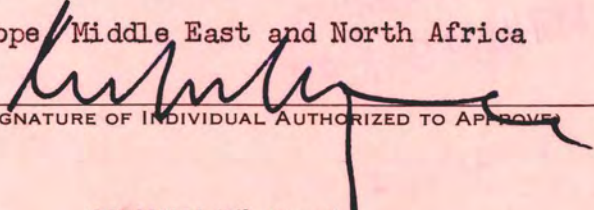
DEC 4 1969

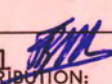
NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Michael L. Lejeune - Director

DEPT. Europe / Middle East and North Africa

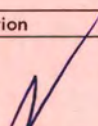
SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

FMendoza:ml 
CLEARANCES AND COPY DISTRIBUTION:

cleared with and cc: Mr. Pollan

For Use By Communications Section

ORIGINAL (File Copy)
(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: 

OUTGOING WIRE

TO: BADEMAROC

DATE: DECEMBER 4, 1969

RABAT

CLASS OF
SERVICE: LT

COUNTRY: MOROCCO

178

TEXT:

Cable No.: REFERENCE MA LETTRE 2 DECEMBRE ADRESSEE MR BENKIRANE SERAIS RECONNAISSANT
EXPEDITION URGENTE DES RENSEIGNEMENTS DEMANDES DONT RESUME CI-APRES
ETATS FINANCIERS BNDE AU 30 SEPTEMBRE VIRGULE ANALYSE DETAILLEE PAR
SECTEUR LIEU ET NATURE DES OPERATIONS DIRECTES ET INDIRECTES
APPROUVEES MEME PERIODE VIRGULE LISTE DES DIVIDENDES RECUS EN 1969
VIRGULE ET CONTRATS SIGNES MEME PERIODE SALUTATIONS

~~SALUTATIONS~~

NOUGAIM

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

K. Nougaim

DEPT.

Development Finance Companies

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

KNougaim/ tk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch:

SECRET

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11/11/11

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K. HOLLAND

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December 2nd, 1969.

Monsieur Mohamed Benkirane,
Directeur Général,
Banque Nationale pour le Développement Economique
Boite Postale n° 407,
Rabat,
Maroc.

Cher Monsieur Benkirane,

En vue des négociations qui doivent bientôt se tenir entre la BNDE et la Banque, et donc de la nécessité de mettre à jour notre rapport pour la présentation prochaine du prêt à notre Conseil d'Administration, je vous saurais gré de demander à vos services de préparer certaines informations d'ordre statistique et financier.

J'inclus, tout d'abord, un résumé des bilans et comptes d'exploitation de la BNDE au 31 décembre 1968 (Annexes 9 et 10) et il serait utile que ces chiffres soient mis à jour en ajoutant une colonne pour les résultats et bilans au 30 septembre, 1969.

Pour ce qui est de l'annexe 8, décrivant le portefeuille d'actions de la BNDE, il faudrait mettre à jour les trois dernières colonnes avec les bénéfices et dividendes sur l'exercice 1968 au lieu de 1967.

Dans l'annexe 7, les opérations approuvées durant les neuf premiers mois de 1969 devraient être insérées dans l'avant-dernière colonne, et les chiffres totaux ajustés en conséquence. Je vous serais reconnaissant si vous pouviez aussi faire vérifier par les services compétents les chiffres se rapportant aux années précédentes, qui contiennent certaines erreurs. Par exemple, pour 1968, le total de l'assistance directe nette (DH900 + DH63,275) ne correspond pas au total de DH63,875 reporté plus bas.

Je voudrais vous demander une liste aussi récente que possible des contrats signés en 1969, ainsi que des contrats en instance de signature.

J'espère que cette demande d'informations ne vous causera pas trop de dérangement. En attendant le plaisir de vous revoir bientôt à Washington, je vous prie d'agréer, cher Monsieur Benkirane, l'assurance de mes meilleurs sentiments.

Attachment.

K.Nougaim:jm

cc. Messrs. Bart/Mendoza

Khalil Nougaim KN

Translation : Requesting updating information for BNDE report.

MOR-BNDE(44)

242a
DEC 1 1969

INCOMING CABLE

DATE AND TIME
OF CABLE:

NOVEMBER 29, 1969

1130

LOG NO.: RC 27/29

TO: INTBAFRAD

FROM: RABAT

TEXT:

ROUTING

ACTION COPY: 1. ~~MR. LEJEUNE~~

INFORMATION MR. BENJENK

COPY: 2. MR. BART's off.

DECODED BY:

A L'ATTENTION DE M. LEJEUNE

FAISANT SUITE VOTRE TELEX DU 22 NOVEMBRE RELATIF A LA NEGOCIATION LIGNE DE CREDIT BNDE PREVUE POUR LE 8 DECEMBRE J'AI L'HONNEUR DE VOUS FAIRES CONNAITRE QUE LA DELEGATION MAROCAINE SERA COMPOSEE PAR M. BENKIRANE POUR LA BNDE ET M. BENCHEKROUN CHEF DU SERVICE DU TRESOR POUR LE DEPARTEMENT DES FINANCES. JE DOIS SIGNALER D'AUTRE PART QUE LE CHIFFRE DE 12.5 MILLIONS DE DOLLARS INDIQUE DANS VOTRE TELEX NE CORRESPOND NULLEMENT AUX BESOINS EXPRESSES ET JUSTIFIES PAR LE BNDE. JE VOUS SERAIS EN CONSEQUENCE OBLIGE DE CABLER CONFIRMATION DE CE QUE LA NEGOCIATION NE SE TROUVE NULLEMENT LIMITEE A CE MONTANT PARFAITE CONSIDERATION

MAMDUN TAHIRI

DEC 4 1969

Mr. BenjenkMr. Bart's URGENT

Could you please have
someone compose an appropriate
reply to Tahiri.

NA

TYPED

Nov 29 12 18 PM 1969

GENERAL FILES
COMMUNICATIONS

WMOOK JEWEL

INTERPRETE FINISSE V CE MOUVEMENT JEWEL COMMISSION
CONSEILLER OFFICE DE CABLE COMMISSION DE CE QUE IV NEGOCIATION NE SE JUSQUE
VUX BEGINS EXEMPLES NE JUSQUE FVE TE ENDE. LE ALOS JEWEL EN
DE TE 2 MITTIONS DE DOUTRE JEWEL DUNE ALOS JEWEL NE COMMISSION JEWEL
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V JEWEL JEWEL LE M. JEWEL

JEWEL

FROM: JEWEL

TO: JEWEL

FILE NO: JC 51/53

OF CABLE: NOVEMBER 28 1969

1730

DECODED BY: JEWEL
COBA: JEWEL
INFORMATION: JEWEL
ACTION COBA: JEWEL

FOR JEWEL

INCOMING CABLE

November 26, 1969

Dear Mr. Minister:

I am pleased to confirm my cable of November 21 inviting the Government to send representatives to Washington on December 8, 1969 to negotiate a Guarantee Agreement for a proposed \$12.5 million Bank loan to BNDE. A parallel invitation was sent to the Chairman of BNDE, and His Highness the Prince Moulay Hassan has communicated to us his agreement to it, nominating Mr. Benkirane as BNDE's representative. I look forward to hearing from you whether the suggested date is convenient and who will represent the Government in these negotiations.

For your convenience, I enclose translations of our initial drafts of the loan documents. In order to save time, I am forwarding a preliminary draft of the French translation which has not yet been reviewed by our Legal Department. The English versions, which I also enclose, should, in any case, be considered as the official versions of the drafts.

With best regards,

Sincerely yours,



Michael L. Lejeune
Director
Europe, Middle East and North Africa
Department

NOV 26 1969

His Excellency
Mamoun Tahiri
Minister of Finance
Rabat, Morocco

FMendoza:ml
IBRD

cleared with and cc: Messrs. Diamond/Nougaim
Jones

cc: Mr. Petretti

✓ MOR-BNDE (44)
CC BNDE-gen

November 26, 1969

His Highness
Prince Moulay Hassan Ben-Mehdi
Chairman
Banque Nationale pour le
Développement Economique
P.O. Box 407
Rabat, Morocco

Your Highness:

I wish to thank you for your cable of November 24 agreeing to start negotiations on December 8 for a proposed fourth loan to BNDE, and nominating the Director General, Mr. Benkirane, as BNDE representative. The other purpose of this letter is to give you advance notice of the points we would like to discuss during the negotiations.

In addition to reaching agreement on the usual draft loan documents, we intend to raise two other major points during negotiations, namely the appointment of a suitable Deputy Director General to BNDE and the methods and criteria for the evaluation of projects financed by BNDE under the present circumstances.

As Your Highness is aware, the Bank has always attached a great importance to the reinforcement of BNDE's management through the appointment of a suitable Deputy Director General who would assist the Director General in the task of coordinating BNDE's different departments and in BNDE's day to day operations. This need has become more pressing with BNDE's increasing volume of work and its expanding portfolio. As previously discussed with BNDE's management, we expect BNDE to make during negotiations firm and specific proposals as to candidates for the post and the timing of the appointment, to which BNDE would formally commit itself.

The second matter which we intend to discuss, is the

evaluation of projects financed by IMF. This has already been the subject of extensive discussions between the Bank and IMF's Director General, the last of which took place during the Bank's Annual Meeting in late September. As there was agreement in principle to analyse projects from the financial and economic view points in a way which would be independent from the interest rate charged on the loans made by IMF, we intend to exchange ideas at a technical level with a view to reaching agreement as to the specific techniques which ought to be used to that effect.

Of course, these are not the only matters that would be discussed during negotiations and we are prepared to review with IMF's representative any other matters that you or Mr. Bendrans may wish to bring up.

For your convenience, I enclose translations of our initial drafts of the loan documents. In order to save time, I am forwarding a preliminary draft of the French translation which has not yet been reviewed by our Legal Department. The English versions, which I also enclose, should, in any case, be considered as the official versions of the drafts.

I am sending a copy of this letter to Mr. Bendrans, as he has been directly involved in the discussions on the above matters.

Yours sincerely,

Michael L. Lejeune
Director
Europe, Middle East and North Africa
Department

c.c. Mr. Bendrans

FMendoza:ml
IBRD



cleared with Messrs. Diamond/Nougaim
Jones

c.c. Mr. Petretti



CAPITAL 20 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TÉL. 264-41-42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC
TELEX : BADEMAROC - RABAT. 319.42
R.C. 16.423 - RABAT - C.N.S.S. 66.805

LE PRÉSIDENT

P/HL n° 214

RABAT, LE 25/11/1969

242e
DEC 1 1969

MOR-BNDE
(12/12)

Monsieur Michael L. LEJEUNE
Director
Europe, Middle East and North Africa
Department
I. B. R. D.
1.818 H. Street NW
WASHINGTON DC. 20.433

Cher Monsieur Lejeune,

Je vous remercie de votre câble reçu le 24 novembre 1969 ainsi rédigé :

"SAR Prince Moulay Hassan Ben-Mehdi Bademaroc Rabat
"Pleased to inform you that Bank is prepared to enter into negotiations with
"BNDE and Government on a proposed dollar 12.5 million loan to BNDE stop
"Propose to start negotiations in Washington december eight stop Appreciate
your cabling who will represent BNDE and wheter suggested date convenient
"top letter indicating major issues to be discussed during negotiations will
"follow stop cabling Minister Finance inviting him to send Government repre-
"sentatives top Regards - LEJEUNE Intbafrad".

A la même date j'ai eu l'honneur de vous répondre par câble dont vous voudrez bien trouver ci-après le texte transmis :

"Rabat le 24 novembre 1969 - A l'attention de M. Michael L. LEJEUNE
"Remerciements votre câble du 22 novembre 1969 sujet négociations 4ème
"prêt BIRD à notre Banque stop - Sommes d'accord pour négociations prêt
"à Washington le 8 décembre 1969 stop - Conformément décision Conseil 15
"septembre notre Directeur Général Mohamed BENKIRANE représentera la
"BNDE dans ces négociations stop - Lettre suit à ce sujet stop - Salutations
"distinguées stop - Moulay Hassan Ben Mehdi Président Bademaroc".

cc to Messrs. Pollau / Mougain
Peretti

T. Jones

Division files

original to central files

. / .

RECEIVED
GENERAL FILES

1969 DEC -1 AM 10:51

BIIDE
BIIDE
BIIDE

Je me réjouis d'apprendre que les négociations au sujet du 4ème prêt à notre Banque vont bientôt commencer à Washington. En effet, le 3ème prêt de 15 M. \$ consenti à notre Banque a été complètement épuisé voir dépassé à fin octobre 1969 soit moins d'un an après la signature de nos accords le 14 novembre 1968 ce qui témoigne une fois de plus de la capacité d'absorption de notre Banque et des besoins croissants du secteur industriel privé local.

Vous avez, en m'annonçant l'ouverture des négociations pour un 4ème prêt, mentionné l'octroi à notre Banque d'un prêt de 12,5 M. de \$. Ce montant me paraît très insuffisant au regard de nos emplois basés sur les affaires à l'étude pour les mois de novembre et de décembre, et pour les exercices 1970 et 1971.

Comme la mission B.I.R.D. l'a bien constaté lors de son récent séjour au Maroc et comme l'attestent encore diverses démarches de promoteurs locaux et étrangers, nos affaires à l'étude connaissent une progression sensible qui témoigne d'un regain d'activité industrielle au Maroc.

De telles affaires concernent les secteurs divers tels que les mines, les cimenteries, le raffinage du pétrole, les fibres synthétiques, les engrais, l'emballage, l'industrie de la pâte à papier, l'industrie de transformation des produits agricoles.

Notre intervention dans ces divers projets permettrait d'assurer dans de meilleures conditions l'expansion industrielle du Pays laquelle comme vous le savez a été l'objet principal de nos entretiens avec M. le Président Robert S. McNAMARA lors de sa dernière visite au Maroc.

Je vous adresse à ce sujet l'aide-mémoire que nous lui avons remis relatif à divers problèmes de notre Banque et notamment à ses besoins en ressources en devises pour les périodes 1969/1974.

./.

Par ailleurs, comme vous le savez, notre qualité de Banque de Développement nous impose de nous couvrir pour une période suffisamment longue qui ne saurait sans dommage, être inférieure à deux exercices.

De plus, l'importance de vos concours pour le financement de nos emplois évalués de façon réaliste est directement liée à notre rentabilité qui se doit de s'améliorer au meilleur profit de ses actionnaires.

En vous remerciant de votre appui, je vous prie de croire,
Cher Monsieur Lejeune, à l'expression de ma considération distinguée. -

Le Président,



S.A. Moulay Hassan Ben Mehdi. -

I/ Opérations de crédit de la Banque au 31 octobre 1969 :

L'activité de la B. N. D. E. a été caractérisée, au cours de ses 10 années d'existence, par une intervention de plus en plus efficace dans l'économie marocaine tant par la nature que par le nombre de ses interventions.

Au 31. 10. 1969, la B. N. D. E. aura agréé 573 opérations représentant 163 M. de dollars qui ont permis la réalisation d'investissements s'élevant à 400 M. de dollars, soit un effet multiplicateur de 2,50.

L'ensemble des crédits directs financés sur les ressources propres, sur celles de l'Etat ou du marché local, et sur les lignes ouvertes à notre Banque par la B. I. R. D., s'élève au 31. 10. 1969 à 75,4 M. de dollars. Ces crédits directs ont permis la création ou l'extension d'entreprises industrielles diverses requérant un investissement de 205 M. de dollars avec un effet multiplicateur de près de 3.

L'ensemble des lignes B. I. R. D. ouvertes à notre Banque s'élève à 47,5 M. de dollars utilisés au 31. 10. 1969 à hauteur de 32,5 M. de dollars.

La 3ème ligne B. I. R. D. de 15 M. de dollars consentie le 14 novembre 1968 à la B. N. D. E. pour une durée d'un an, a été complètement engagée à la fin du mois d'octobre 1969, ce qui démontre notre capacité d'utilisation des crédits, et les besoins croissants du secteur privé.

II/ Participations de la Banque :

Diverses participations ont été souscrites par la Banque pour près de 4 M. de dollars, la plupart dans des affaires nouvelles relevant de la promotion industrielle ou touristique ; leur rendement sans être encore satisfaisant, s'améliore d'année en année.

La Banque se propose, compte tenu de ses ressources propres, de participer davantage au capital de sociétés rentables en exploitation ou en création afin de mieux renforcer sa profitabilité et de répondre aux besoins du secteur industriel privé.

III/ Activité de promotion :

Afin de contribuer à l'expansion du secteur industriel et touristique dans le pays, notre Banque a entrepris diverses études grâce aux ressources mises à sa disposition par l'Etat, ou par certains Gouvernements étrangers. C'est ainsi que nous avons pu réaliser dans le domaine industriel, d'importantes études portant sur la fibranne, la pêche au thon, l'industrie chimique, la céramique, le ver à soie, le mafe, les huilleries, l'industrie laitière, l'industrie du jus de fruits.

D'autre part, notre Banque a joué un rôle pilote dans les études touristiques ; c'est ainsi qu'avec le concours de bureaux spécialisés étrangers elle a réalisé une étude sur les possibilités touristiques des côtes marocaines, et sur les projets d'aménagement de la Baie de Tanger, de Ksar-Seghir, et de Tarhasoute près d'Agadir.

Ces diverses études ont permis, dans certains cas, d'attirer des investissements locaux ou étrangers dans des secteurs nouveaux ou insuffisamment exploités.

Poursuivant son effort dans le domaine de la promotion, notre Banque se propose de concentrer ses efforts au cours des 5 prochaines années sur l'étude, par des sociétés spécialisées, des possibilités de transformation de produits agricoles dans le cadre des zones irriguées ou en voie d'irrigation. Elle envisage également d'entreprendre, par les mêmes moyens, une vaste étude d'identification de projets industriels au Maroc.

Compte tenu de l'expérience de la B. I. R. D. et de la S. F. I. en ce domaine, nous nous proposons de leur demander leur assistance pour mener à bonne fin ces importantes études.

La Banque est d'avis que de telles études conditionnent son expansion dans les années à venir, leur réalisation devant accroître son activité dans le domaine des prêts.

IV/ Emploi et ressources prévisibles pour 1969-74 :

Nos prévisions d'emploi pour 1969-74, connues de la mission B. I. R. D. qui s'est rendue au Maroc aux mois de Mai et Septembre 1968 et évaluées suivant ses propres indications, s'élèvent pour le secteur industriel à 75,6 M. de dollars.

Compte tenu de nos possibilités d'autofinancement et de la soulte du 3ème prêt B.I.R.D., les prévisions de ressources nécessaires en devises pour cette période atteignent 62 M. de dollars.

Pour les deux prochaines années (Novembre 1969 - Octobre 1971), nos besoins en devises s'élèvent à 25 M. de dollars.

Pour diverses raisons relevant aussi bien de la technique bancaire que de la nature de la demande de leurs clients, les banques de développement devraient pouvoir disposer de lignes de crédit d'une durée minimum de 2 ans.

V/ Evaluation des projets :

Grâce à l'expérience acquise au contact de la B.I.R.D. et de la S.F.I., à l'effort entrepris par la Banque par le recrutement et la formation d'agents qualifiés, nos méthodes d'évaluation s'améliorent d'année en année.

L'évaluation technique et économique effectuée par nos ingénieurs et nos économistes précède et étoffe désormais l'analyse financière qui constituait, jusqu'à une date récente, la base principale de nos études.

Afin de renforcer davantage la formation de ses cadres, la Banque a organisé en 1969 des séminaires avec le concours de Professeurs de Harvard Business School, et se propose d'organiser chaque année, en relation avec Harvard Business des séminaires sur l'administration des entreprises pour ses cadres et ses principaux clients.

Nous sommes conscients que l'acquisition des méthodes modernes de gestion par nos cadres aura d'heureuses incidences sur l'évaluation des projets soumis à notre examen, et donnera une meilleure efficacité aux concours que sommes appelés à donner à certains de nos clients.

Les Compagnies Financières de Développement ne devraient pas servir à notre avis uniquement d'intermédiaire entre l'épargne étrangère et les investisseurs locaux, elles devraient être également un organe de transmission des méthodes modernes de travail aux hommes d'affaires locaux qui sous-estiment parfois les effets des méthodes de gestion dont l'emploi, autant sinon plus que l'investissement, peut améliorer la profitabilité des entreprises.

. . .

Au-delà de son rôle classique de banquier, la B.N.D.E. a exercé une action de promotion industrielle par le financement direct de nouvelles affaires, par l'octroi de prêts à de nouveaux promoteurs, par le lancement et le financement d'unités pilotes dans de nouveaux secteurs, et par la diffusion dans les milieux d'affaires marocains, de méthodes modernes d'évaluation et de gestion des affaires. -

Rabat, le 13 Novembre 1969

MOR-BNDE (4th)

Mr. Hans Pollan

November 24, 1969

William Diamond

MOROCCO --- BNDE

Mr. Lejeune is using the "new auditing clause" in connection with the BNDE loan. I have promised that, if the Moroccans kick up a fuss because this new standard clause is so new, I would agree to revert to the precise phraseology used in the previous loan -- but only this time.

cc Mr. Lejeune

WDiamond:us

Central File
239a

NOV 25 1969
MOR-BND
(4 ch)

INCOMING CABLE

DATE AND TIME
OF CABLE:

NOVEMBER 24, 1969 1657

LOG NO.:

RC 22/25

TO:

INTBAFRAD

FROM:

RABAT

TEXT:

ROUTING

ACTION COPY: ① MR. LEJEUNE

INFORMATION COPY: MR. BENJENK

DECODED BY: ② MR. BART'S

A L'ATTENTION DE MONSIEUR MICHAEL L. LEJEUNE
REMERCIEMENTS VOTRE CABLE DU 22 NOVEMBRE 1969 SUJET NEGOCIATIONS 4EME PRET
BIRD A NOTRE BANQUE. SOMMES D'ACCORD POUR NEGOCIATIONS PRET A WASHINGTON
LE 8 DECEMBRE 69. CONFORMEMENT DECISION CONSEIL 15 SEPTEMBRE NOTRE
DIRECTEUR GENERAL MOHAMED BENKIRANE REPRESENTERA B.N.D.E. DANS CES NEGOCIATIONS.
LETTRE SUIV A CE SUJET. SALUATIONS DISTINGUEES

MULAY HASSAN BEN MEHDI

PRESIDENT BADEMAROC

MT

INT.

МАТКА МУЗЕУМ БЕИ МЕДИ

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INJURY

BC 55/S2

MOABITE SP² TAGS TAGS

MORBND (4th)

OUTGOING WIRE

TO: H.E. MAMOUN TAHIRI
FINANCE MINISTER
RABAT

DATE: November 21, 1969

CLASS OF LT
SERVICE:

COUNTRY: MOROCCO

TEXT:
Cable No.: PLEASED TO INFORM YOU THAT BANK PREPARED TO ENTER INTO NEGOTIATIONS
WITH GOVERNMENT AND BNDE ON A PROPOSED \$12.5 MILLION LOAN TO BNDE AND
GOVERNMENT GUARANTEE AGREEMENT STOP PROPOSE TO START NEGOTIATIONS IN
WASHINGTON DECEMBER EIGHT STOP APPRECIATE YOUR CABLING WHETHER SUGGESTED
DATE CONVENIENT AND WHO WILL REPRESENT GOVERNMENT STOP CABLING INVITATION
TO CHAIRMAN BNDE STOP REGARDS

LEJEUNE
INTBAFRAD

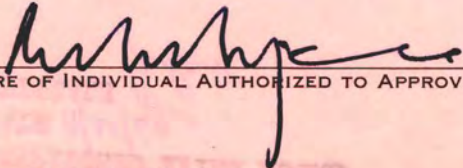
NOT TO BE TRANSMITTED

FMendoza:cmc

AUTHORIZED BY:

NAME Michael L. Lejeune

DEPT. EMENA

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

cleared with and cc.:
Messrs. T. Jones
W. Diamond
R. Petretti

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

Dispatched 11/21/69 - 0:45

ORIGINAL (1996)

TRIALS

INITIALS *P.P.K.*

ENERGY

WICHTIGER F. VERBODEN

U. Berthoff

A. D. SWOING

WHEELER, J. JONES

CT00183 MPD SDG CC*:

TELEPHONE: 644

DALB03B9D

179306

DO NOT WRITE IN THESE SPACES

COASTGUARD VESSELS, COASTGUARD, ZONE, BELONGS TO CIVIL DISPOSITIONS IN

СОННИКА : 9090000

10. H. E. MYNOM, J. N. N. N.

DNIF NOΛΕΠΡΟΧ ΣΤ' ΙΑΦΘ

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

MOR-BNDE (47)
INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR BENKIRANE
BADEMAROC
RABAT

DATE: NOVEMBER 21, 1969

CLASS OF
SERVICE: LT

COUNTRY: MOROCCO

TEXT:
Cable No.:

REYURCAB NOVEMBER 19 TO MR BART STOP CABLED TODAY MINISTER OF
FINANCE AND BNDE'S CHAIRMAN TO SEND REPRESENTATIVES TO WASHINGTON
ON DECEMBER 8 TO NEGOTIATE PROPOSED FOURTH LOAN TO BNDE STOP
REGARDS

LEJEUNE

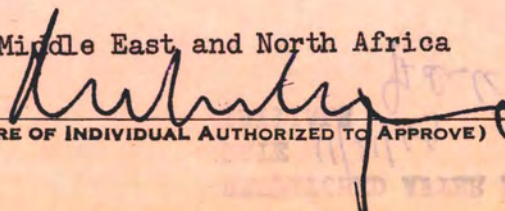
INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Michael L. Lejeune

DEPT. Europe, Middle East and North Africa

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)


FMeidoza:ml
CLEARANCES AND COPY DISTRIBUTION:
c.c. Mr. Nougaim

For Use By General Files and Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

dispatched 11/21/69 - 6:45

ORIGINAL (NO COPY)

DESPATCHED AFTER HOUR

DATE 11/21/69
INITIALS J. L. K.

For Use by General Staff and Communications Section

SIGNATURE

DEPT: Air Force, Middle East and North Africa

NAME: Michael R. Trefelme

MESSAGE AUTHORIZED BY:

C.O. Mr. Holgate

CLEARANCES AND COPY DISTRIBUTION:
AUTHORITY: BT

NOT TO BE TRANSMITTED

IMJBYMVD

ITREME

RECEIVED

ON DECEMBER 2 TO NEGOTIATE PROPOSED MORRIS TOWN TO BIDE 2505
LIMANCE AND BIDE:2 CHAIRMAN TO SEND REPRESENTATIVES TO WASHINGTON
WELLSIDE MOLENNER TO TO ME BURE 2505 CABLED TODAY MINISTERS OF

COPY NO:

TEXT:

CODING:

MOB0000

NYBTL
EVIDENTBOD
NY BEMKIBVME

TO:

SERVICE
CLY22 OF

DATE: MOLENNER ST, 1969

OUTGOING MIKE

ASSOCIATION

INTERNATIONAL DELEGATION

(2-58)

FORM 100-75

RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL BANK FOR

CORPORATION

INTERNATIONAL FINANCE

100-75

MOR-BNDE
(4/24)

OUTGOING WIRE

TO: SAR PRINCE MOULAY HASSAN BEN-MEHDI
BADEMAROC
RABAT

DATE: November 21, 1969

CLASS OF LT
SERVICE:

COUNTRY: MOROCCO

TEXT:
Cable No.: PLEASED TO INFORM YOU THAT BANK IS PREPARED TO ENTER INTO NEGOTIATIONS
WITH BNDE AND GOVERNMENT ON A PROPOSED DOLLAR 12.5 MILLION LOAN TO BNDE
STOP PROPOSE TO START NEGOTIATIONS IN WASHINGTON DECEMBER EIGHT STOP
APPRECIATE YOUR CABLING WHO WILL REPRESENT BNDE AND WHETHER SUGGESTED
DATE CONVENIENT STOP LETTER INDICATING MAJOR ISSUES TO BE DISCUSSED
DURING NEGOTIATIONS WILL FOLLOW STOP CABLING MINISTER FINANCE INVITING
HIM TO SEND GOVERNMENT REPRESENTATIVES STOP REGARDS

LEJEUNE

INTBAFRAD

Dispatched 11/21 - 6:45

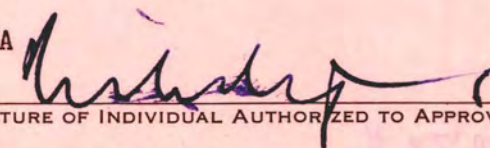
NOT TO BE TRANSMITTED

FMendoza:cmc

AUTHORIZED BY:

NAME Michael L. Lejeune

DEPT. EMENA

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

cleared with and cc.:
Messrs. T. Jones
W, Diamond
R. Petretti

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

DATE 11-21-69
INITIALS [Signature]

Denk

STUDY OF INDIVIDUAL VARIATION IN VIBROLYSIS

MITCHELL T. POLANS

B. BOLOFET

M. DESMOULIER

WHEELS • J. JONES

STANDARD MAPS INC. CO.

ALBINOES: GNC

DILEMMA

REFUSED TO INFORM LAA THAT BANK IS PREPARED TO ENTER INTO NEGOTIATIONS

NO30360

352

DYDZHWGE

10. THE ABOVE NAMED PERSONS ARE

0022 OF 11

DATE RECEIVED BY: _____

MOR-BNDE(4th)

LOAN COMMITTEE

DECLASSIFIED

MAR 24 2015

WBG ARCHIVES

LM/M/69-51

November 21, 1969

MEMORANDUM TO THE LOAN COMMITTEE

Attached for information are the Minutes of a Special Loan Meeting to discuss a proposed fourth loan to the Banque Nationale pour le Developpement Economique (BNDE), Morocco, held on November 5, 1969.

David Pearce
Secretary

- DISTRIBUTION -

Committee:

Mr. J. Burke Knapp, Chairman
Mr. S.R. Cope, Deputy Chairman
Mr. S. Aldewereld, Vice President
Directors, Area Departments
Director, Projects Department
General Counsel
Director, Economics Department
Director, Development Services Department
Treasurer

Copies for Information:

President
The Economic Adviser to the President
Sir Denis Rickett, Vice President
Mr. M. Shoaib, Vice President
Directors, other Departments
Special Adviser to the President
Executive Vice President (IFC)
Vice President (IFC)

LM/M/69-51

November 21, 1969

Minutes of Special Loan Meeting to discuss a proposed fourth loan to the Banque Nationale pour le Developpement Economique (BNDE), Morocco, held on November 5 at 11:30 a.m.

1. Present: Messrs. Knapp (Chairman), Cope, Broches, Diamond, Lejeune, Benjenk, Bart, T. Jones, McCall, Mendoza, Pollan and Pearce.

2. Issues: The meeting considered the Area Department memorandum of November 3, 1969 (LC/O/69-95) which recommended negotiations for a proposed fourth loan to BNDE of \$18 million. It had been called to discuss the related issues of Morocco's interest rate structure and BNDE's lending rate.

3. Discussion: The Area Department recalled that the Moroccans, at the 1969 Annual Meeting, had confirmed their readiness that a proposed study, to be undertaken with Bank assistance, be made of the country's interest rate structure. This study, which would also include a review of industrial subsidies and incentives along the lines previously recommended for tourism, would address itself mainly to the question of interest rate policy in relation to resource allocation, mobilization of savings and price stability. It would be undertaken within the context of the country economic review scheduled for March/April, 1970, and would be followed by discussions with the Government in the last quarter of 1970 and early 1971 (i.e. during the greater part of the two year commitment period envisaged for the proposed fourth loan to BNDE).

4. For some years the Bank had been concerned about the effect on its operations of the low interest rate (currently 7%) applied by BNDE. The lending rate, however, need not affect the selection of projects provided that BNDE required appropriate standards of profitability in the projects it financed. The Development Finance Companies Department said that BNDE had agreed orally to the requirement of a minimum of gross return of 10% on a project, and could probably be relied upon to implement the agreement. There was also some concern about the much lower effective interest rate of Credit Immobilier et Hotelier (CIH) resulting from the rebate of 4.25% given by the Government to CIH borrowers which reduced the rate they paid from 8.7% to 4.5%. Accordingly, a similar procedure had also been tentatively agreed with CIH and recorded in a draft Memorandum of Understanding.

5. The Chairman said that the real question was that of the general level of interest rates in Morocco. He felt that the Bank could go ahead with a loan to BNDE provided that the Government was willing to cooperate in the study of interest rates and to discuss with the Bank the study's findings.

6. The Chairman said that in order to retain Bank leverage on the general interest rate issue, BNDE should be kept on a short leash, i.e. the proposed loan should be only so large as to permit commitments up to the time we could reasonably expect agreement on the results of the interest rate study and on its implementation. Having regard to all the facts, he thought the proposed loan should cover the period through March 1971. The Development Finance Companies Department said this would require a loan of \$12.5 million, compared with the \$18 million loan currently envisaged through December, 1971.

7. The Chairman considered that a forthcoming proposed loan to CIH should also be geared to the same commitment period, for these reasons: (a) CIH was a new client, (b) BNDE should not be treated less favorably than CIH, and (c) CIH was affected no less than BNDE by the general interest rate issue. Accordingly, a loan of about \$10 million might be appropriate, subject to the findings of the appraisal mission.

8. Conclusion: It was agreed that negotiations for the proposed fourth loan to BNDE should proceed on the basis of paragraphs 4-5 above and that the loan should be reduced to an amount reflecting BNDE's commitment requirements through March/April 1971 (about \$12.5 million).

David Pearce
Secretary

Cleared by: Messrs. Knapp
Cope
Lejeune/Benjenk
Diamond/Pollan

cc: Loan Committee
Participants

MOR-BNDZ
(14/2)

INCOMING CABLE

DATE AND TIME
OF CABLE:

NOVEMBER 19, 1969 1615

LOG NO.:

RC 8/20

TO:

INTBAFRAD

FROM:

RABAT

ROUTING

ACTION COPY:

MR. BART

INFORMATION
COPY:

MR. LEJEUNE

DECODED BY:

MR. BENJENK

TEXT:

A L'ATTENTION DE MONSIEUR MAURICE BART

ESPERE QUE VOUS ETES BIEN REPOSE APRES VOTRE SEJOUR MAROC. SUITE NOS ENTRETIENS
VOUS TRANSMETS CE JOUR PAR EXPRES LETTRE DEMANDEE. COMPTE TENU PRIMO ENGAGEMENT
TOTALITE 3EME LIGNE FIN OCTOBRE SECONDO PROJETS SOUMIS COMITE EXECUTIF NOVEMBRE
QUI TOTALISENT 9.95 M DE DH ET PROJETS A L'ETUDE POUR COMITE DECEMBRE QUI S'ELEVENT
A 10 M DH ENVIRON VOUS SERAIS RECONNAISSANT ME CONFIRMER PAR CABLE DATE OUVER-
TURE NEGOCIATIONS WASHINGTON FIXEE 1ER DECEMBRE 1969. MEILLEURS SOUVENIR

BENKIRANE BADEMAROC

MT

e.c. to Mr. Nougain

COMMUNICATIONS

DATE NEGOTIATIONS WASHINGTON FIXED TEN DECEMBER 1960. MATTHEWS SOLICITED
V TO M ON EMALION LONG SERVICE RECONSTRUCTION OF COMPLETION FOR CURE DATE GRAB-
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JOINTMENT 3ENE FINE EN OCTOBRE SECONDO BROTHERS SOLICIT COMITE EXECUTIVE NOVEMBER
LONG DIVISIONS DE LONG FOR EXHIBIT FELLOW DEMONSTRATE. COMITE JUNE LINDO ENGAGEMENT
EXHIBIT ONE LONG FINE BIEN BELOVE VIBES LONGE SERIOUS MYBOS. ANTE NOS EMERGENCY
V FULFILLMENT DE MONSIEUR MARICE BURE

MOR-BNDE
(2nd)

OUTGOING WIRE

TO: M BART
~~NEW~~ Omayad HOTEL
DAMASCUS

DATE: NOVEMBER 18, 1969

CLASS OF LT
SERVICE:

COUNTRY: SYRIA

Rc

TEXT: ~~15~~ 5
Cable No.:

INTERNAL DISCUSSIONS WHICH STILL CONTINUE ON BNDE DRAFT LOAN
DOCUMENTS AND POLLAN'S ABSENCE TILL DECEMBER 5 WILL PROBABLY
POSTPONE STARTING NEGOTIATIONS UNTIL DECEMBER 8 stop SINCE
MENDOZA NEEDED HERE FOR SEVERAL MORE DAYS SEEMS LITTLE POINT
IN HIS JOINING YOU AND HE DOES NOT PLAN TO DO SO stop
PLEASE CONFIRM RECEIPT REGARDS

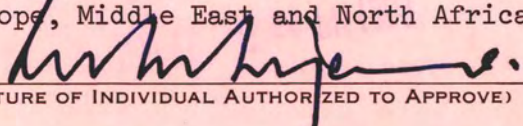
LEJEUNE

~~INTBAPRAD~~

NOT TO BE TRANSMITTED

MLLejeune/FMendoza:ln

AUTHORIZED BY:

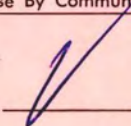
NAME M. L. Lejeune
Director
DEPT. Europe, Middle East and North Africa
SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

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DISPATCHED

SIGNATURE OF INDIVIDUAL AUTHORIZED TO SIGN

SIGNATURE

DATE

NAME

ADDRESS

1104 16 6 59 PM 1989
COMMUNICATIONS
H. T. Jensen

Created for Dispatch

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Reference: Jensen: 11

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DATE

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COMMUNICATION

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FOR THE DIRECTOR

1104 16 6 59 PM 1989

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Central files

4th BNDE

10R

Rabat, le 15 novembre 1969

BNDE
Rabat, Maroc

MOR - BNDE

14/69

Cher Monsieur Bart,

Je me réfère à nos derniers entretiens à Washington et à Rabat au mois de septembre et octobre 1969, relatifs à l'application par notre banque de certaines dispositions contenues dans le mémorandum daté du 10 septembre 1968.

Comme je l'ai indiqué, il ne nous a pas été possible de procéder à la date prévue à la désignation d'un directeur général-adjoint, chargé de seconder la direction générale de la Banque, compte tenu de l'accroissement sensible de nos activités, en raison du départ imprévisible d'un de nos directeurs de département ce qui nous a amené à assurer en priorité le maintien et la consolidation des cadres de notre établissement.

Au plus tard à la fin du mois d'août 1970, et compte tenu de la situation de la banque, je me propose de prendre les mesures nécessaires pour recruter à l'extérieur de la banque un agent qualifié et compétent ayant l'expérience requise pour assumer la fonction concernée.

Au cas où il se révélerait difficile de trouver à cette date un tel agent, je me propose de nommer l'un des directeurs de département en place, en l'occurrence M. Azzedine Sefroui dont l'expérience, les qualités professionnelles et morales, et l'esprit d'équipe sont de nature à m'assurer de ses capacités à remplir la fonction de directeur général-adjoint à la BNDE.

En vous informant de ces dispositions, je vous serais reconnaissant de bien vouloir lui donner un caractère réservé et confidentiel, dans l'intérêt bien compris de l'organisation de la Banque.

Veillez agréer, Cher Monsieur Bart, l'expression de mes sentiments de considération distinguée.

signé Mohamed Benkirane

RABAT, LE 15-11-1969,

Monsieur Maurice Dart.

BIRD. Washington D.C.

Cher Monsieur Dart,

Je me réfère à nos services antérieurs à Washington et à Rabat aux mois de septembre et octobre 1969, relatifs à l'application par votre banque de certaines dispositions contenues dans la loi n° 12 du 10 septembre 1968.

Comme je l'ai indiqué, il ne nous a pas été possible de procéder à la date prévue à la désignation d'un directeur général-adjoint, chargé de remplacer le directeur général de la Banque, compte tenu de l'accroissement des besoins de la banque, en raison du fait impossible d'un de nos directeurs de département ce qui nous a amenés à assurer en priorité la continuité et la consolidation du cadre de notre établissement.

Après réflexion à la fin du mois d'octobre 1970, et compte tenu de la situation de la banque, je me propose de pourvoir les mêmes fonctions par recrutement à l'extérieur de la banque d'un agent qualifié et compétent ayant l'expérience requise pour assurer la fonction concernée.

Pour ce cas où il se révélerait difficile de trouver à cette date, un tel agent, je me propose de nommer l'un des directeurs de département en place, en l'occurrence M. Azizeddine Lefroui, dont l'expérience, les qualités professionnelles et morales, et l'esprit d'équipe sont de nature à lui assurer les capacités à remplir la fonction de directeur-adjoint à la BNDE.

En vous informant de ces dispositions, je vous prie de recommander le bien-
être de la femme au caractère sérieux et confiant, dans l'intérêt
des intérêts de l'organisation de la Bague.

Veillez, après, chez Maria Bart, d'exprimer la même sentiment de considération
et de bien.


Michael Beckmann.

MOR-BNDE
(14th)

OUTGOING WIRE

TO: ~~RE~~ BART
HILTON HOTEL
RABAT

DATE: NOVEMBER 13, 1969

CLASS OF
SERVICE: FULL RATE

COUNTRY: MOROCCO

144

TEXT:

Cable No.: NUMBER THREE ALPHA SENT YESTERDAY FOLLOWING CABLE TO BENJENK QUOTE
NO. ONE REURCAB ONE STOP REVISED DRAFT LOAN AND GUARANTEE AGREEMENTS
COMMA
BNDE / SUPERSEDING DRAFTS DATED OCTOBER 30 COMMA JUST RECEIVED AND NOT YET
CLEARED INTERNALLY STOP AFTER CAREFUL REVIEW OF MATTERS TO BE NEGOTIATED
AND AVAILABILITY OF REQUISITE STAFF INCLUDING DFC HAVE AGREED WITH KNAPP TO
RESCHEDULE BOARD CONSIDERATION FOR JANUARY SIX STOP INVITATION FOR
NEGOTIATIONS WILL BE ISSUED THURSDAY OR FRIDAY WITHOUT NAMING PRECISE
DATE STOP PLEASE ADVISE SUITABLE DATE TO OPEN NEGOTIATIONS WASHINGTON
UNQUOTE BETA SAME SITUATION TODAY STOP HOPE TO SEND INVITATION FRIDAY STOP
REGARDS

LEJEUNE

Dr. Spauldred 11/13 - 7:00 pm

NOT TO BE TRANSMITTED

FMendoza:ab

AUTHORIZED BY:

NAME Michael L. Lejeune - Director

DEPT. Europe, Middle East and North Africa

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Diamond

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STANDARD

DISPATCHED AFTER HOURS

DATE 11-13-69

RECEIVED: 11/13/69

NAME: MICHAEL P. GELMAN - DIRECT

UNCLASSIFIED BY

CC: MR. DILLON

CLASSIFIED AND COM. DISSEMINATION

NOT TO BE RECLASSIFIED

RECLASSIFIED BY

RECEIVED

RECEIVED

UNCLASSIFIED BY: 11/13/69

DATE: 11/13/69

RECEIVED: 11/13/69

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DATE: 11/13/69

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Mr. Khalil Nougain

November 12, 1969

Hans Pollan Morocco: Further Processing of Appraisal Report on BNDE

There are several items which you should take care of in connection with above.

Appraisal Report

a. We will need to insert recent unaudited financial statements of BNDE. We have already those from June 30, 1969, but I would prefer that you arrange with BNDE to get data as of September 30, 1969.

b. We should have as recent data as possible on the position of contracts signed and expected to be signed by BNDE in respect of its direct loans. (I recall that the data sent in Mr. Benkirane's telex of September 16 to you was very useful and might serve as a format for more recent data needed.)

c. As Loan 571-MOR may be fully credited very shortly the resource ~~man~~ computation set forth in paragraph 52 of report DB-57 should be updated. You should also be in touch with AID (Mr. Green's office) to learn the latest status of the \$3 million AID loan.

You should work out a program to discuss criteria for project evaluations requiring a minimum gross return of 10% along the lines discussed in the draft minutes of the special Loan Committee Meeting held on November 3 regarding BNDE (copy attached -- see paragraphs of our draft within brackets). You may get some help on this from the memorandum on the similar arrangement that we have tentatively worked out with CIH. Furthermore, you will recall that the concept on the return on investment in judging the project merit was used by BNDE in project No. A-26 Nassige Al-Maghrib.

HP:lgs

cc: Messrs. Bart, Mendoza, Kreuter, Khosrepur

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

MOR-BN02CH9

OUTGOING WIRE

TO: BENJENK
HOTEL TOUR HASSAN
RABAT

DATE: NOVEMBER 12, 1969

CLASS OF
SERVICE: LT

COUNTRY: MOROCCO

TEXT:
Cable No.:

NO. ONE REURCAB ONE STOP REVISED DRAFT LOAN AND GUARANTEE AGREEMENTS
BNDE COMMA SUPERSEDING DRAFTS DATED OCTOBER 30 COMMA JUST RECEIVED
AND NOT YET CLEARED INTERNALLY STOP AFTER CAREFUL REVIEW OF MATTERS
TO BE NEGOTIATED AND AVAILABILITY OF REQUISITE STAFF INCLUDING DFC HAVE
AGREED WITH KNAPP TO RESCHEDULE BOARD CONSIDERATION FOR JANUARY SIX STOP
INVITATION FOR NEGOTIATIONS ~~WILL BE ISSUED~~ ~~WILL BE ISSUED~~ THURSDAY OR FRIDAY WITHOUT NAMING
PRECISE DATE STOP PLEASE ADVISE SUITABLE DATE TO OPEN NEGOTIATIONS
WASHINGTON REGARDS

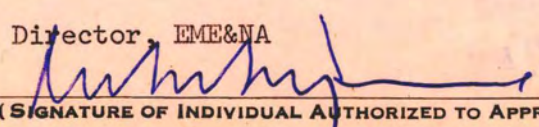
LEJEUNE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Michael L. Lejeune

DEPT. Director, EME&NA

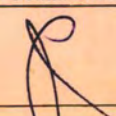
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Dispatched 6:30 - 11/12/69

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DEPT

DIRECTOR, BUREAU

NAME

Michael J. DeLoach

MESSAGE AUTHORIZED BY

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NOV 12 7 35 AM 1969
COMMUNICATIONS

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PERSON

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DISPATCHED DATE 2005 BY THE NATIONAL ARCHIVES TO THE NATIONAL ARCHIVES

INFORMATION FOR NEGOTIATIONS ~~CONFIDENTIAL~~ DISPATCHED ON 11/12/69 WITH NO COMMENT
MAY BE ISSUED

WOMEN WITH KIDNAP TO BE CONSIDERED FOR CONSIDERATION FOR 11/12/69 SIX 2005

TO BE RECONSIDERED AND VARIOUS OTHERS OF RECENTLY BEING INCLUDING DISC HAVE

AND NOW ARE CREATING INTERESTS 2005 WITH CURRENT BEARING OF WATERS

DATE COMING 2005/2005/2005 2005/2005/2005 2005/2005/2005

Copy Not
Text:

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COPIES:

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BUTLE
HOLLY 2005/2005/2005
BUTLE

TO:

SERVICE PL
CLASS OF

DATE: NOVEMBER 13, 1969

OUTGOING MIKE

ASSOCIATION

INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL BANK FOR

COOPERATION

INTERNATIONAL FINANCE

(9-20)

Form 100-23

140K 11/12/69

From: The Secretary

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MAR 24 2015

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RESTRICTED

Sec M/69-502

November 10, 1969

NOTICE OF INTENTION TO NEGOTIATE

MOROCCO - FOURTH LOAN TO BNDE

The Bank is planning to invite the Government and Banque Nationale pour le Développement Economique (BNDE) to negotiate a proposed fourth loan of \$12.5 million to BNDE.

Distribution:

Executive Directors and Alternates
President
President's Council
Executive Vice President (IFC)
Vice President (IFC)
Department Heads (Bank and IFC)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

MOR-BNDE (4th)

OUTGOING WIRE

TO: ~~MR BART~~
~~HOTEL TOUR HASSAN~~
RABAT

TOUR HASSAN HOTEL

DATE: NOVEMBER 10, 1969

CLASS OF
SERVICE: LT

COUNTRY: MOROCCO

TEXT:
Cable No.:

ONE

DRAFT LOAN DOCUMENTS FOR BNDE NOT READY BY TIME OF MR PIEK'S
DEPARTURE STOP THEY WILL BE READY ON WEDNESDAY SEMICOLON SEE
NO POINT TO MAIL THEM TO YOU THEN STOP

MENDOZA

~~INTBAPRAD~~

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME ~~For Fernando Mendoza~~ Michael L. Lejeune

DEPT. Europe, Middle East and North Africa

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

~~FMendoza:ml~~

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MOR - Tair
✓ ENDE (yck)
SIR - Tair
IC Gen Neg
November 7, 1969
JO - Tair
IC Gen Neg
LEB - Tair
IC Gen Neg

Messrs. Bart, Armstrong, de Wit, Mendoza

November 7, 1969

Michael L. Lejeune

Missions to Morocco, Syria, Jordan and Lebanon - Terms of Reference

Morocco

1. Mr. Bart will join Mr. Manjenk in Morocco from November 10 to 16 in order to assist in the preparations for and program of Mr. McKinnon's visit. Mr. Bart will also raise with ENDE the main subjects to be discussed during the forthcoming negotiations for a fourth loan.

Syria

2. Messrs. Bart, de Wit and Armstrong will proceed to Damascus on November 17 with a view to: (i) completing the updating of the draft economic report on Syria and (ii) discussing with the authorities possible further lending.

3. Mr. de Wit will stay in Syria about one week in the course of which he will, jointly with Mr. Armstrong: (i) discuss with the authorities the present draft report and economic developments since it was prepared; and (ii) collect the data needed to bring the draft report up to date. Mr. Bart will participate in the discussions on (i) above to the extent he deems desirable.

4. Mr. Armstrong will remain in Syria for about two weeks in total to pursue the discussions and data collection. Upon his return to Washington, he will write a short back-to-office report. Immediately thereafter, he will proceed with the updating of the draft report so as to have it completed by the end of December at the latest.

5. Mr. Bart will discuss with the authorities a possible second road project and identify in a preliminary way sectors or projects which could lend themselves to financing by the Bank along the lines set out in the Bank's letter to the Finance Minister of August 20, 1967.

Jordan

6. Mr. Bart will proceed to Jordan on or about November 22 for general discussions with the Government on the projects in the Bank/IDA lending program.

Lebanon

7. Mr. Bart will proceed to Lebanon on or about November 25 to discuss with the Government the status of the projects in the Bank lending program and possibility of mounting a project identification mission in the course of 1970.

L. the

8. If his workload in the East permits, Mr. Mendoza will join Mr. Bart in Damascus on November 17 and accompany him to Jordan and Lebanon.

9. Messrs. Bart and Mendoza are expected to be back in Washington on December 1. They will write a short back-to-office report upon their return.

h. f. s.
MPBart:cmc

NOV 7 1969

✓ MOR-BNOE (4th)
C.I.H. Proj.

Mr. M. L. Lejeune

November 6, 1969

H. Pollan *h*

MOROCCO - ENDE's and CIH's Needs for IBRD Loans

1. ENDE: The estimates below are based on the resource needs forecast in paragraph 52 of the draft appraisal report DB-57.

	<u>End 1970</u>	<u>Up to</u> <u>March 1971</u>	<u>June 1971</u>
Fresh Foreign Exchange needed (\$ million equivalent)	13.7	11.425	12.65
Less Resources Available			
(Loan 571-MOR)	- 3.0	-	-
(New AID Loan)	- 1.5	-	-
Bank Loan for balance	9.2	Say 11.5	Say 12.7

2. CIH, estimates from draft appraisal report.

Import Financing Needed	5.9	8.7	11.6
(i.e. Need for Bank Loan)	Say 6	Say 9	Say 12

HPollan:nvr

cc: Messrs. Diamond
Bart

~~EST~~
Central Files

MOR-BNDE (4th)

INCOMING CABLE

DATE AND TIME
OF CABLE:

OCTOBER 30, 1969 1540

LOG NO.:

RC 48/30

TO:

INTBAFRAD

FROM:

RABAT

ROUTING

ACTION COPY:	MR. BART
INFORMATION COPY:	MR. LEJEUNE
DECODED BY:	MR. BENJENK

TEXT:

A L ATTENTION DE MONSIEUR MAURICE BART
RABAT LE 30 OCTOBRE 1969 PRIERE ME CONFIRMER PAR CABLE SI
POSSIBLE DATE PROPOSEE NEGOCIATION QUATRIEME PRET A NOTRE
BANQUE PREVUE POUR PREMIERE QUINZAIN NOVEMBRE REMERCIEMENTS
MEILLEURES SALUTATIONS.

BENKIRANE BADEMAROC

*Phoned Benkirane
that we may have
preliminary negotiations
in Rabat next week*

COMMUNICATIONS
GENERAL LINES
OCT 30 4 55 PM 1969

hus 2/21

Thu

TYPED

OCT 30 4 22 PM 1969

GENERAL FILES
COMMUNICATIONS

Handwritten notes:
New this cable
International information
from the main point
of view

RECEIVED INFORMATION

RECEIVED INFORMATION

RECEIVED INFORMATION FROM THE MAIN POINT OF VIEW

RECEIVED INFORMATION FROM THE MAIN POINT OF VIEW

RECEIVED INFORMATION FROM THE MAIN POINT OF VIEW

RECEIVED INFORMATION FROM THE MAIN POINT OF VIEW

TEXT

FROM

STATE

TO

INTERNATIONAL

TOC NO

IS 1030

OF CABLE
DATE AND TIME

OCTOBER 30 1969 1230

DECODED BY:	MR. BENTLEY
COPIES:	MR. FLETCHER
INFORMATION:	MR. BENTLEY
ACTION COPIES:	MR. BENTLEY
E.O. 1.1.1.1	

INCOMING CABLE

Handwritten notes:
10/30/69
1230

MOR-BNDE
(4th)

INCOMING CABLE

DATE AND TIME
OF CABLE:

OCTOBER 20, 1969 1030

LOG NO.:

RC 15/20

TO:

POLLAN INTBAFRAD

FROM:

CASABLANCA

ROUTING

ACTION COPY: MR. POLLAN

INFORMATION
COPY: MR. DIAMOND

DECODED BY:

TEXT:

PRIERE NOUS ADRESSER CONVENTIONS DE PRET BANQUE MONDIALE/BNDE
SALUTATIONS DISTINGUEES

LAZRAK MOHAMMED

COMMUNICATIONS
RECEIVED
OCT 20 10 25 AM 1969

MT

TYPED

OCT 20 10 52 AM 1969

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COMMUNICATIONS

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INFORMATION RECEIVING

INFORMATION RECEIVING COMMUNICATIONS DE BUREAU NORDVILLE/INDE

TEXT:

FROM: CLEVELAND

TO: BOSTON INTERVIEW

DATE: 10/20/69

ORIGIN: OCTOBER 20 1969 1030

DATE AND TIME

DECODED BY:	
CLASS:	
INFORMATION:	RE: BOSTON
ACTION CODE:	RE: BOSTON
BOSTON	

INCOMING CENTER

OUTGOING WIRE

TO: **BADEMAROC**

DATE: **OCTOBER 15, 1969**

RABAT

CLASS OF **LT**
SERVICE:

COUNTRY: **MOROCCO**

TEXT:
Cable No.:

POUR MONSIEUR BENKIRANE EN REPOSE VOTRE CABLE 14 OCTOBRE
A MONSIEUR POLLAN SOUS RESERVE CONFIRMATION ULTERIEURE ESPERONS
ETRE EN MESURE LANCER INVITATIONS POUR NEGOCIATIONS QUATRIEME
PRET VERS FIN OCTOBRE AFIN ENTAMER NEGOCIATIONS PREMIERE MOITIE
NOVEMBRE STOP MEILLEUR SOUVENIR

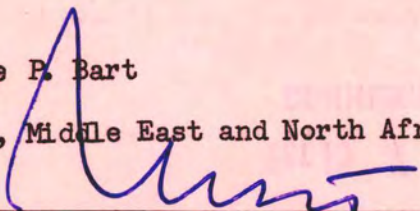
BART

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME **Maurice P. Bart**

DEPT. **Europe, Middle East and North Africa**

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)


FMendoza/MPBart:ml
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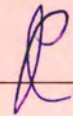
cleared with and cc: **Mr. Pollan**

c.c. **Mr. Tazi**
Mr. T. Jones
Mr. Petretti

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Mr. Tolson

Mr. DeLoach

Mr. Mohr

Created after and cc: Mr. Tolson

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COOPERATION

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Form No. 11

10/15/69

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Washington, le 15 octobre 1969.

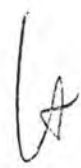
Monsieur Mohamed Benkirane
Directeur Général
Banque Nationale de Développement Economique
Boîte Postale n° 407
Rabat,
Maroc.

Cher Monsieur,

Je profite du départ de M. Feige pour Rabat pour lui confier les documents ci-joints concernant les cours de gestion financière que je vous avais promis. Comme vous le verrez, cette documentation est incomplète, mais je souhaite que, au moins, ce premier envoi vous soit utile.

Nous espérons être en mesure de vous écrire très prochainement au sujet des négociations en vue de la quatrième tranche du prêt de la Banque à la B.N.D.E.

Avec mon meilleur souvenir, je vous prie d'agréer, Cher Monsieur, l'assurance de mes sentiments les meilleurs.



H. Pollan.

cc: Mr. Bart

Translation: Corporate Finance Course documents being conveyed to Mr. Benkirane.

*Bart
Kreuter*

MOR-BNDE (4th)

INCOMING CABLE

DATE AND TIME
OF CABLE:

OCTOBER 14, 1969

1645

LOG NO.:

RC 9/15

TO:

INTBAFRAD

FROM:

RABAT

ROUTING

ACTION COPY: MR. POLLAN

INFORMATION
COPY: MR. DIAMOND

DECODED BY:

TEXT:

A L'ATTENTION DE MONSIEUR HANS POLLAN

VOUS REMERCIE DE L'ACCEUIL ET DES ENTRETIENS INTERESSANTS QUE

NOUS AVONS EUS LORS DE MON DERNIER SEJOUR A WASHINGTON. VOUS

PRIE DE BIEN VOULOIR INFORMER A VOTRE MEILLEURE CONVENANCE DATE

PREVISIBLE POUR NEGOCIATIONS QUATRIEME LIGNE CREDIT BIRD A NOTRE

BANQUE. MEILLEUR SOUVENIR

BENKIRANE BADEMAROC

MPB

TYPED

OCT 15 9 06 AM 1969
COMMUNICATIONS

БНАКІВІЕ РВІЕНВБС

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V. P. ALLENATION DE MONSIEURS HENRI BOITVIN

DOE WO 1- BC 3/J2

OL CVRRE OCTOBER 17, 1998
E VMD JUNE

1972

Mr. Hans Pollan

William Diamond

Annual Meeting - Review of Discussions

Following our review of the discussions that took place at the Annual Meeting, it appears that the following principal actions are pending.

India

1. A mission is scheduled for January to review ICICI's operations and to see whether the rate of commitment of resources justifies proceeding at once with a loan.
2. You will put out the revised version of the end-use report in the next week or so.
3. You owe me a letter to Parekh along the lines we discussed.

Ireland

1. We await your review of the papers Mr. Murray left regarding the ICC.
2. Depending on the results of that review, we may have to plan a mission to Ireland.

Ivory Coast

1. A follow-up mission is scheduled for mid-November.
2. One of the objects of the mission is to form an independent judgement on the question of the management succession in BIDI and what kind of back-up assistance an Ivorian manager would need.
3. We must look out for a controller to meet the specifications you agreed with Reimfelder.

Morocco

1. The BNDE Appraisal Report has not yet gone to the Loan Committee.
2. We have undertaken to find for BNDE an engineer and an economist to meet the specifications you agreed with the Bank.
3. Can we use somewhere, persons with the experience of Kabbaj and Mansouri.

IN-ICICI -

Project

cc IRE-gen in-egs

cc UK - BIDI gen

cc IM - Dev Bank

October 14, 1969

✓ cc MOR - BNDE (Hth)

cc MOR - C.I.H.

cc UNI - Dev Bank

cc TR - Dev Bank

October 14, 1969

Morocco (c&f.)

4. We await your draft ^{proposal} report on CIH.
5. You owe the Finance Minister a letter on the matters you discussed with him during the Annual Meeting.

Nigeria

1. Our mission is due in Nigeria in mid-November to review the situation of the company.
2. We must arrange for Ahmed's visit to NIDB.

Trinidad and Tobago

1. I await a discussion with you and de Andrea on where we go from here on the new bank.

Jamaica

1. I await your proposals on what action is needed with regard to JDB.

Tunisia

1. Loan negotiations are in progress.

cc: Mr. Mathew

WDiamond:jm

Mr. William Diamond

September 27, 1969

Hans Pollan 

Morocco - BNDE: Talk with Mr. Mohamed Benkirane on
September 23, 1969 in Rabat

1. In connection with CIH business I had to go to Rabat from Casablanca last Tuesday. I took advantage of that visit to talk with Mr. Benkirane with whom I spent about 2-1/2 hours. The principal topics were the proposed IBRD loan to BNDE, possible measure to improve BNDE's performance in project appraisal, and ways to further the training of BNDE's staff.
2. Proposed Loan. Mr. Benkirane was keen to know when he could expect negotiations to take place and I told him that no date had been fixed as yet. I expressed the hope that during the forthcoming Annual Meeting which Mr. Benkirane is attending as Moroccan Alternate Governor for the Bank, the Bank would be in a position to let him know. Mr. Benkirane is keen on obtaining a loan of \$20-25 million because of his judgment of BNDE's business prospects and because of what he considers high BNDE's capacity to "consume" (in fact Mr. Benkirane is very proud that BNDE has moved quite rapidly through the Bank's third loan made in November 1968 and that except for the large Holiday Inn project in Marrakeshe which BNDE is no longer pursuing, there has been no project refused by the IBRD).
3. I am sure that the question of the size of the loan will be raised by Mr. Benkirane during the Annual Meeting. I recommend that this matter be left for the negotiations.
4. In discussing BNDE's recent operations and near-term business outlook, I enquired about the substantial drop in BNDE's medium-term re-discountable loan business in 1969 as compared to earlier years. Mr. Benkirane stressed that this was due to the restrictions imposed on the Moroccan Bank by the Central Bank on regarding the credit volume in 1969; this feature had also been stressed to me earlier by Mr. Bengelloun, President of Banque Marocaine pour le Commerce Extérieur. Mr. Benkirane did not expect a significant rise in the medium-term re-discountable loan business until the Central Bank's "plafonds" is raised as expected later in 1969.
5. Improvements of BNDE's Project Work. Mr. Benkirane himself referred to the weaknesses in BNDE's economic and marketing evaluation connected with its project appraisal. He very much wants IBRD's help and guidance. I mentioned that we may be favorable disposed to arrange the visit for a few weeks of possibly one or two Bank staff members to help BNDE's appraisal staff in improving these aspects. This would mean that such a mission would have to work actively with BNDE's appraisal staff. I also told Mr. Benkirane that according to my feeling the work of such a mission may throw-up more precisely BNDE's specific weaknesses (staff, lack of specific expertise) which might be alleviated by an Advisor or an economist whom Mr. Benkirane wishes to hire.

6. Although BNDE now has two engineers, one being the head of BNDE's development department (Mr. Mahrouche), and the other an expert from France (Mr. Muchshirn), Mr. Benklirane has concluded that he needs another engineer. I believe he is right because (1) Muchshirn will probably go away after 2 or 3 years time (11) Mahrouche still has to gain experience and (111) of the volume of BNDE's work.

7. Mr. Benklirane reverted to his request for the Bank's help, first raised in his letter of May 14, 1969 in finding an economist and an engineer for BNDE. Similar requests have been addressed to two other agencies abroad but no satisfactory candidate has as yet been produced. Giving Mr. Benklirane my personal reaction, I said that we would like to be constructive but the needed fluency in French narrowed down considerably the area in which the Bank could search. In my view Mr. Benklirane's desire to hire an engineer is straightforward and needs no special comment. However the findings of a possible Bank's technical assistance mission in economic work might help BNDE to establish more specific terms of reference for the wanted economist. This position seems to agree with Mr. Benklirane. A letter, offering a constructive Bank reaction to Mr. Benklirane, is attached for your signature. Since the letter suggests that the subject be discussed with him next week, could I speak to you about this first?

8. Training of BNDE's Staff. Mr. Benklirane stressed the success he felt BNDE's Tenth Anniversary Seminar had last June, (Mr. Benklirane was particularly appreciative of Gunter Kreuter's contribution and of that of the Harvard Business School professors). Mr. Benklirane said after evaluating the experience of the recent seminar he would like to conduct another one next June or July that would only be attended by BNDE's staff and focus on case studies more directly relevant to the Moroccan situation rather than discussing American business cases. He wondered whether one or two financial analysts from the Bank/IFC could come to participate in the Seminar.

9. Secondly, Mr. Benklirane said that he would also appreciate occasional visits of Bank Group financial analysts who would work along with his people for some weeks particularly to introduce into BNDE's practice newer methods e.g., the discounted cash flow method - Mr. Benklirane may have more specific suggestions on these needs for help during his Washington visit.

10. I am writing a separate note on other BNDE staff matters.

cc: Messrs Mathew, Bart, Kreuter

Mr. Michael L. Lejeune
William Diamond

September 22, 1969

Morocco: BNDE

1. A clean draft of the BNDE appraisal will be delivered to interested parties tomorrow. I send you in advance this summing up, to assist you in seasonal briefing.
2. Several principal issues should concern you in considering a new loan to BNDE: (a) quality of operational performance; (b) senior staff and management situation; (c) financial performance.
3. (a) Regarding operational performance, the recent record is not bad. Both appraisals and follow-up are better than they used to be, although both need strengthening. In particular they need strengthening on the marketing and economic aspects. Furthermore, the appraisal of larger and relatively complex projects is dispersed among several departments that tend not to consult each other. As for economic review, we ought to make available some technical help; on the coordination issue, see para 7 below.
4. The volume of direct lending continues to increase. Regretfully, equity investment has declined. The reason seems to be caution and reluctance stemming from the problems faced by earlier promotions and investments and their very low yield to date.
5. BNDE's portfolio seems better today than when last we looked at it. Good harvests and consequent better purchasing power have improved both the position and prospects of several projects, especially in the textiles field. As we see it now, such hard-core risks as the portfolio contains are adequately covered by reserves.
6. In recognition of this improvement of operational performance, we are recommending a doubling of the free-limit from \$150,000 to \$300,000.
7. (b) As for senior staff and management, two problems persist. They have existed for some years and are growing worse. The D.G., who is hard pressed from all sides, has no back-up; and the staff's work is not adequately coordinated, since the D.G. must focus on external relations and big issues, and internal administration necessarily suffers. The solution is a first-class deputy D.G. Benkirane undertook, in an aide-memoir he signed September 10, 1968, to name a deputy by the end of 1969. So far as we know, no one is about to be named.
8. Judging from 7 years of observation, I imagine Benkirane fears to name a Moroccan deputy, just as his predecessor did. His predecessor, however, was able to use a foreign "technical advisor" as a deputy-in-fact, if not in-name. That he could do this was the result, partly of the previous D.G.'s strength vis-a-vis his staff, partly of his own wish to have advisors, and partly of the

high qualifications of the two "advisor-deputies" he chose. Today, the situation is different. Benkirane has always questioned his need for an advisor; his senior staff, though still lacking many qualifications, has been there long enough to consider an expatriot deputy as an interloper; BNDE's operations are now so large that Benkirane cannot oversee it adequately; ~~hence~~ his Moroccan staff has a stature it did not previously have. I feel the quick resignation of the advisor who came to BNDE in March is, at least to some extent, the result of Benkirane's inability to control a staff which is beginning to feel its oats.

9. We can no longer insist on an advisor as a condition for a loan. Benkirane's own growing experience and BNDE's relatively satisfactory operational performance makes it impossible to say an advisor is essential, although he may still be desirable.

10. On the other hand, the need for a deputy D.G. has become greater, and indeed critical. Benkirane's undertaking to produce a deputy by the end of 1969 should become a part of the proposed loan documents; and failure to name the man by December 31, would then be an event of default. I wish we could say the deputy should be satisfactory to us; but I think this would be unwise, since we shall not be in a position to judge the man.

11. (c) BNDE's financial performance has improved, as measured by return on equity and on share capital. This is a natural consequence of the reduction in share capital which took place last year and whose object was precisely to improve profitability. An immediate consequence was the 6% dividend authorized this summer. Unfortunately, this still is not high enough to stimulate sales of shares to private investors. This should be a matter of concern, both to BNDE's shareholders and to BNDE itself, which ought to be looking forward to the day when its financial prospects are good enough to enable it to increase its share capital.

12. However, the return on the capital employed by BNDE has not risen significantly and does not seem likely to do so. It was about 5.2% in 1968 and does not seem likely to rise beyond 5.6%, both substantially below the cost of imported capital. The critical factor here is BNDE's interest rate, which the Bank has considered low since 1962. Last year the Government undertook to review interest rate policy. We have no news on the results of such a review. I recommend the following, as conditions for a new loan:

- a. The Government should undertake to carry out the proposed study on a time schedule, and with terms of reference agreed by the Bank.
- b. BNDE should agree to apply a higher notional interest rate (to be agreed by the Bank) in its appraisal of projects presented to it.

13. BNDE could use up to \$18 million in the next two years. I would once again recommend a one-year loan, i.e., \$10 million to \$15 million at the most.

cc: Mr. Pollan

WDiamond:jmb

Morocco
BNDE 4th print

Messrs. M. Bart/F. Mendoza, G. Kreuter, August 26, 1969
T. Jones, H. Garrana, G. Kalmanoff, S. Please.
Khalil Nougaim

MOROCCO - BNDE: Draft appraisal report on Banque Nationale pour
le Developpement Economique (BNDE)

1. Attached is a draft appraisal report on BNDE. It is based to a large extent on information collected in Morocco in May of this year by a mission of the DFC Department.
2. I would be grateful if you could send comments on the attached by September 4, 1969 to Mr. Pollan who should be back in his office on the 28th of August.

Attachment

cc: Messrs. Diamond, Mathew, (Rhosropur (w/ attachment))

KNougaim:tk

MOR-BNDE-4th project

RABAT, LE 24 juillet 1969



CAPITAL 20 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TEL. 264.41.42
& 43 ADRESSE TELEGRAPHIQUE BADEMAROC
TELEX : BADEMAROC - RABAT, 319-42
R.C. 16 423 - RABAT - C.N.S.S. 6.6805

Monsieur Hans POLLAN
Département des Compagnies Financières
de Développement

B. I. R. D.

Direction Générale

DG/HL n° 297

WASHINGTON DC.

Cher Monsieur Pollan,

Je vous serais reconnaissant de bien vouloir me faire savoir, à votre meilleure convenance, la date à laquelle il vous sera possible d'ouvrir les négociations officielles de la quatrième ligne de crédit à la BNDE à la suite de votre dernière mission d'évaluation au Maroc.

Comme vous le savez, les crédits disponibles sur la troisième ligne de crédit à la date de ce jour, ne nous permettent pas de faire face aux engagements prévisibles pour les prochains mois.

Dans l'attente de vous lire, veuillez agréer, Cher Monsieur Pollan, l'expression de mes sentiments de considération distinguée. -

Le Directeur Général

Mohamed BENKIRANE

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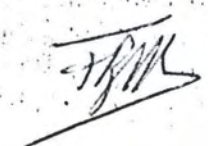
May 23, 1969

Dear Mr. Benkirane:

✓
Thank you for your letter of May 18, acknowledging receipt of the "General Conditions Applicable to Loan and Guarantee Agreements" and requesting two additional copies of them.

Please find these copies enclosed herewith.

Sincerely yours,


Fernando Mendoza
Europe, Middle East and North Africa
Department

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le
Developpement Economique
Boite Postale 407
Rabat, Morocco

Enclosures

FMendoza:vam
IBRD

البنك الوطني للائتماء الاقتصادي
BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE

CAPITAL 20 MILLIONS DE DIRHAMS
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& 43 ADRESSE TELEGRAPHIQUE BADEMAROC
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DG/HL n° 167
DIRECTION GÉNÉRALE

RABAT, LE

18 Mai 1969

MPB
MOR - BNDE gr.
✓ CC BND: 14

Monsieur Fernando MENDOZA
Europe, Middle East and North Africa
Department
I. B. R. D.
WASHINGTON D. C.

Cher Monsieur Mendoza,

J'ai l'honneur d'accuser réception de votre lettre en date du 13 mai 1969 par laquelle vous avez bien voulu me transmettre la version française des "Conditions Générales Applicables aux accords de Prêt et de Garantie".

Je vous en remercie et vous prie de bien vouloir m'en faire parvenir deux autres exemplaires.

Avec mes remerciements anticipés, veuillez agréer, Cher Monsieur Mendoza, l'expression de mes sentiments distingués. -

Le Directeur Général

Mohamed BENKIRANE

c.c. to Division Files
orig. to Central files

ack. May 23/69

Mr. Hans Pollan

1412-2025
cc 571 MOR 200
cc MOR-BNDE Proj (4M)
cc MOR-Ty 2
April 28, 1969

William Diamond

MOROCCO: Terms of Reference for Mission to Banque Nationale pour
le Developpement Economique (BNDE)

1. On or about April 28, you will go to Rabat and be in charge of a mission including Messrs. Nougain and Hidalgo to re-appraise BNDE's performance.
2. Aside from the usual matters required of a mission of this kind, there are some particular features to which you should pay special attention, some of them arising from the discussions with BNDE and the Moroccan Government last year as a preliminary to Loan 571-MOR:
 - a. Progress on the quality of BNDE's project appraisal. In this connection, you will review and try to resolve, the issues that have arisen in projects reviewed by us and still pending, and in projects now being considered by BNDE for eventual presentation to the Bank. You will also test the quality of a representative sample of appraisals of small projects not requiring Bank approval.
 - b. Progress in improving the decision-making process, including the activities of the recently arrived advisor.
 - c. The effect on BNDE if the Bank were to lend directly to CIH.
 - d.- BNDE's efforts to promote new business.
 - e. The adequacy of BNDE's earnings, and in particular the present status of thinking on BNDE's interest rate.
3. BNDE wants a new loan and you will therefore give particular attention to its prospects over the next five years (especially the next two) and the prospects of obtaining funds from other sources.
4. Your work on BNDE should require about 2-3 weeks in Morocco, the length of your stay being influenced by your own work on CIH, for which (as well as for your subsequent visit to Berlin) separate terms of reference are being issued. Messrs. Nougain and Hidalgo will be returning to Washington before you. Mr. Nougain should have ready, three days after his return, a back-to-office report on principal findings and issues, which will already have been drafted in Morocco.

HPollan/WDiamond:ebb

Cleared with & cc to: Mr. Bart

cc: Messrs. Boyd, Krentler, Nougain, Hidalgo, Ryck

✓ cc [unclear]
cc [unclear]
cc [unclear]
cc [unclear]
cc [unclear]
March 19, 1969

Dear Mr. Bankirane:

Re: Loan 571-MOR

I wish to refer to your letter of March 5 in which you request the Bank to review BNDE's free limit before negotiations for a possible fourth loan take place, and enquire about the Bank's final decision about five sub-projects presently under consideration for Bank financing under Loan 571-MOR.

As far as the free limit is concerned, I wish to confirm that we feel this matter should be reviewed in the more general framework of a mission which would look into the development finance company as a whole. Given the fact that a Bank mission is scheduled to go to Morocco to review BNDE's operations and prospects in the second half of April, it appears just natural that such a mission would look into this particular aspect.

With regard to the status of the five sub-projects you mention in your letter, and which were listed as pending in the attachment to my letter of February 20, I would like to point out that our final decision on them will be subject to the receipt and analysis of additional information requested from BNDE on various dates, i.e. letter of June 21, 1968 for Altair/Taifor project, letter of October 23, 1968 for Maghreb-Gas project, letter of February 13, 1969 for Doukkala Sugar Mill project and letters of February 19, 1969 for Samir and Société Marocaine de Volailles projects. You sent us interim replies announcing the requested information on Altair/Taifor (your letter of July 24, 1968) and on Société Marocaine de Volailles (your letter of March 5, 1969).

With best personal regards,

Sincerely yours,

[Signature]
Maurice P. Bart
Europe, Middle East and North Africa
Department

Mr. Mohamed Bankirane
Director General
Banque Nationale pour le
Développement Économique
Postal Box 407
Rabat, Morocco

[Signature]
Enclosure: ml
cleared with and cc. Messrs. Pollan/Helling

BNDE

البنك الوطني
BANQUE MAROCAINE POUR LE
DEVELOPPEMENT ECONOMIQUE

CAPITAL 20 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TEL. 264.41.42
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DIRECTION GÉNÉRALE

DG/HL n° 077

RABAT, LE

571
5 Mars 1969 (low)

FRM 3/10

Monsieur Maurice BART

Banque Internationale pour la Reconstruction
et le Développement

Washington D.C.

571
Cher Monsieur Bart,

Nous vous remercions de votre lettre en date du 20 février 1969 relative à la situation des projets que nous vous avons soumis en vue d'un financement dans le cadre du prêt 571 MOR.

Nous espérons que vous pourrez nous donner rapidement votre position définitive au sujet des projets actuellement à l'étude, à savoir : Sté Marocaine de Volailles, Hôtel Samir, Sucrerie de Doukkala, Maghreb-Gaz, Sté Altair/Taifor.

Par courrier séparé nous vous faisons connaître notre réponse relative au dossier "Holiday Inns Marrakech", contacts pris avec le C.I.H.

En ce qui concerne le problème de la free-limit, nous regrettons que vous ayez estimé reporter son examen à plus tard, à l'occasion de la négociation d'un 4ème prêt à la BNDE.

Nous pensons que, compte tenu des lenteurs des procédures de la BIRD reconnues d'ailleurs par M. le Président McNAMARA, et de leurs répercussions aussi bien sur nos clients qui diffèrent souvent leur décision d'investir dans l'attente de notre accord de principe que sur notre exploitation qui souffre de cet état de choses, l'augmentation de la free-limit aurait mérité un examen rapide de votre part.

Nous vous serions reconnaissant de bien vouloir examiner à nouveau cette affaire pour nous faire connaître votre position avant la négociation du 4ème prêt.

Veillez agréer, Cher Monsieur Bart, l'expression de nos sentiments les plus distingués. -

Le Directeur Général

Mohamed BENKIRANE

c.c. to Mr. Pollan
Mr. T. Jones
Division files
Original - op. files

COMMUNICATIONS

1969 MAR -8 AM 10:54

3-8-69

BNDE (4)

BNDE

البنك الوطني
BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE

CAPITAL 20 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TEL. 264.41.42
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DG/HL n°070

DIRECTION GÉNÉRALE

RABAT, LE 28 février 1969

Rec'd MAR - 4 1969 26K

Monsieur M. P. BENJENK
Directeur-adjoint
Département Europe, Moyen-Orient et
Afrique du Nord

B. I. R. D.

Washington D. C.

Cher Monsieur Benjenk,

Je me réfère à votre lettre en date du 20 février 1969 au
sujet de votre accord pour l'envoi d'une mission d'évaluation à la BNDE pour
l'examen de nouveaux concours à notre Banque.

J'ai l'honneur de vous donner mon accord au sujet de la date
proposée, soit la deuxième moitié d'avril 1969, pour recevoir une délégation
de la BIRD chargée d'évaluer la situation actuelle de la BNDE, ses perspec-
tives d'avenir ainsi que ses besoins financiers.

Je vous prie d'agréer, Cher Monsieur Benjenk, l'expression
de mes sentiments distingués. -

Le Directeur Général
Mohamed BENKIRANE

cc to Messrs. Pollan
T. Jones
Petrelli

Division files

original: op. files

BNDE (J)

February 20, 1969

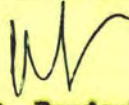
Dear Mr. Benkirane:

I wish to refer to your letter of January 6, requesting the Bank to send an appraisal mission with a view to discussing, in a preliminary way, the possibility of a fourth loan to BNDE. I am sure you will agree that the forecast of commitments and resources enclosed with your letter may be affected by such factors as possible delays in committing the proceeds of Loan 571-MOR and possible additional loans from U.S. A.I.D. and the Kreditanstalt. Nevertheless, I am pleased to inform you that we would be prepared to send a mission at an early date to appraise BNDE's position and prospects as well as its further resource needs.

Due to our present commitments, it will be difficult for the proposed mission to visit Morocco before the second half of April. I believe, however, that this date is close enough to the one you have suggested as not to cause you much inconvenience. If the timing is convenient for you, I would be grateful for an early reply so that we can make our preparations accordingly.

With best regards,

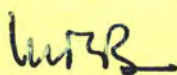
Yours sincerely,



M. P. Banjenk
Deputy Director
Europe, Middle East and North Africa
Department

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le
Developpement Economique
Boite Postale 407
Rabat, Morocco

cc: Mr. Tazi
cleared with and cc: Mr. Pollan
cc: Mr. El-Fishawy
Mr. Petretti
KENougaim/HPollan/MPBart:hh
IBRD



2/20

cc 11628