

PROTOCOL 1

on technical and financial cooperation

Article 1

The Community shall participate, within the framework of financial and technical cooperation, in the financing of measures such as to contribute to the economic and social development of Morocco.

Article 2

1. For the purposes specified in Article 1, and for a period expiring on 31 October 1981, an aggregate amount of 130 million units of account may be committed as follows;

- (a) 56 million units of account in the form of loans from the European Investment Bank, hereinafter called 'the Bank', granted from its own resources on the terms set out in its Statute;
- (b) 58 million units of account in the form of loans on special terms;
- (c) 16 million units of account in the form of grants.

Provision may be made for contributions to risk capital formation, to be charged against the amount shown in (b).

2. The loans referred to in paragraph 1 (a) shall generally be combined with 2% interest rate subsidies financed by means of the funds shown in paragraph 1 (c).

Article 3

1. The amount fixed in Article 2 shall be used for the financing or part-financing of:

- capital projects in the fields of production and economic infrastructure, aimed in particular at diversifying the economic structure of Morocco and, especially, at promoting its industrialization and modernizing its agriculture;
- technical cooperation as a preliminary or complement to capital projects drawn up by Morocco;

— technical cooperation in the field of training.

2. Community aids shall be used to cover costs necessarily incurred in carrying out approved projects or measures. They may not be used to cover current administrative, maintenance or operational expenditure.

Article 4

1. Capital projects shall be eligible for financing either by loans from the Bank, combined with interest rate subsidies on the terms set out in Article 2, or by loans on special terms, or by a combination of these two means.

2. Technical cooperation shall normally be financed by grants.

Article 5

1. The amounts to be committed each year for each of the various forms of aid shall be distributed as evenly as possible throughout the period of application of this Protocol. During the initial period of application however, a proportionately higher amount may, within reasonable limits, be committed.

2. Any funds not committed by the end of the fifth year following the entry into force of the Agreement shall be used, until exhausted, in accordance with the same arrangements as provided for in this Protocol.

Article 6

1. Loans granted by the Bank from its own resources shall be subject to terms as to duration established on the basis of the economic and financial characteristics of the projects for which such loans are intended. The interest rate shall be that applied by the Bank at the time of signature of each loan contract, subject to the interest rate subsidy referred to in Article 2 (2).

2. Loans on special terms shall be granted for 40 years with an amortization period of 10 years. The interest rate shall be fixed at 1%.

3. The loans may be granted through the intermediary of the State or appropriate Moroccan bodies, on condition that they onlend the amounts to the recipients on terms decided, by agreement with the Community, on the basis of the economic and financial characteristics of the projects.

Article 7

Aid contributed by the Community for the execution of certain projects may, with the agreement of Morocco, take the form of co-financing in which, in particular, credit and development bodies and institutions of Morocco, of Member States or of third States or international finance organizations would take part.

Article 8

The following shall be eligible for financial and technical cooperation:

(a) in general:

— the Moroccan State ;

(b) with the agreement of the Moroccan State, for projects or measures approved by it:

— Moroccan official development agencies,

— private agencies working in Morocco for economic and social development,

— undertakings carrying on their activities in accordance with the methods of industrial and business management which are set up as companies or firms under Moroccan law,

— groups of producers who are nationals of Morocco, and exceptionally, where no such groups exist, the producers themselves,

— scholarship holders and trainees sent by Morocco under the training schemes referred to in Article 3.

Article 9

1. Upon the entry into force of the Agreement the Community and Morocco shall establish by mutual agreement the specific objectives of financial and

technical cooperation, by reference to the priorities set by Morocco's development plan.

These objectives may be reviewed by mutual agreement to take account of changes in Morocco's economic situation or in the objectives and priorities set by its development plan.

2. Within the framework established pursuant to paragraph 1, financial and technical cooperation shall apply to projects and measures drawn up by Morocco or by other beneficiaries approved by that country.

Article 10

1. For each request for financial aid under this Protocol, a dossier shall be submitted to the Community by the beneficiary referred to in Article 8 (a) or, with the agreement of Morocco, by those referred to in Article 8 (b).

2. The Community shall appraise the requests for financing in collaboration with the Moroccan State and the beneficiaries in accordance with the objectives set out in Article 9 (1), and shall inform them of the decisions taken on such requests.

Article 11

The execution, management and maintenance of schemes that are the subject of financing under this Protocol shall be the responsibility of Morocco or the other beneficiaries referred to in Article 8 of this Protocol.

The Community shall make sure that this financial aid is expended in accordance with the agreed allocations and to the best economic advantage.

Article 12

1. As regards projects and measures financed by the Community, participation in tendering procedures and other procedures for the award of contracts shall be open, on equal terms, to all natural or legal persons of the Member States and of Morocco.

2. To promote participation by Moroccan undertakings in the performance of works contracts, an accelerated procedure for issuing invitations to tender involving shorter time limits for the submission of

tenders may be used at the proposal of the relevant Community body where the works in question, because of their scale, are mainly of interest to Moroccan undertakings.

This accelerated procedure may be used for invitations to tender whose value is estimated at less than one million units of account.

3. Participation by other countries in contracts financed by the Community may be decided by mutual agreement in exceptional cases.

Participation by third countries may also be decided, in the same circumstances, where the Community participates in the financing of schemes together with other sources of funds.

Article 13

Under its national law in force, Morocco shall apply to contracts awarded for the execution of projects or measures financed by the Community fiscal and customs arrangements as favourable as those applied in respect of other international organizations.

Article 14

Where a loan is accorded to a beneficiary other than the Moroccan State, the provision of a guarantee by

the latter or of other adequate guarantees may be required by the Community as a condition of the grant of the loan.

Article 15

Throughout the duration of the loans accorded pursuant to this Protocol, Morocco shall undertake to make available to debtors enjoying such loans the foreign currency necessary for the payment of interest and commission and the repayment of principal.

Article 16

The results of financial and technical cooperation shall be examined annually by the Cooperation Council. The latter shall define, where appropriate, the general guidelines of such cooperation.

Article 17

Before the end of the fifth year following the entry into force of the Agreement, the Contracting Parties shall examine what arrangements could be made for financial and technical cooperation during a possible further period.