Folder Title: Banque Nationale de Developpement Economique Project [BNDE] (04) - Morocco - Loan 0660 - P005356 / Credit Immobilier et Hotelier Project (01) - Hotel Financing - Morocco - Loan 0704 - P005359 - Negotiations - Volume 3

Folder ID: 1697587

Project ID: P005356

Dates: 1/2/1967 - 5/23/1968

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BUDE/CITY Hotel Finance

FORM No. 33 D
(12-61)

Mr. P. Bart
Room 672

May 23, 1968

MEMORANDUM

1. In the course of the negotiations that took place in Washington from May 15 to 24 between Mr. Mohammed Benkirane, Director/General Manager of the BNDE (hereinafter called "the BNDE") and representatives of IBRD and IFC (hereinafter called "the Bank"), regarding the third loan of $15 million to the BNDE which the Bank is prepared to recommend to its Executive Directors, the parties discussed several questions which arose during the discussions. The purpose of the present memorandum is to set forth the respective positions of the parties regarding these questions, and to indicate the points of agreement reached in connection therewith.

Activities of the BNDE

2. The BNDE reaffirmed its intention to adhere closely to the criteria set forth in its declaration of general policy, which required it to finance only projects of a high order of economic priority, offering the prospect of a satisfactory return on the capital committed.

3. It was agreed that the BNDE's decisions should be prompted not merely by (consideration of) the financial risks that it is able to assume directly, but also by regard for the need to act as an adviser to the private sector, the commercial banks and the public authorities in the promotion of economically justified projects; it was also agreed that it was the duty of the BNDE to draw the attention of the promoters of a project to any weaknesses that it might present, even though the assistance for which the BNDE was being asked involved the latter in only a limited amount of risk, as for example in the case of projects covered by official guarantees or financed by rediscountable medium-term credits.

4. With regard to the file of projects under study by the BNDE, the Bank noted the proportion of those requiring financial assistance in excess of the ceiling laid down in BNDE's declaration of general policy, namely an upper limit of approximately DH 7 million at present. The Bank pointed out that it would be desirable for projects calling for assistance above this ceiling to form the subject of joint transactions entered into by local or foreign institutions or bodies and the BNDE. So far as they were concerned, the Bank and IFC would be in a position to lend their assistance in the case of large industrial or hotel projects, provided that these were economically justified and financially viable. The BNDE stressed the importance it attached to financing such projects, which would serve to increase its profits substantially without involving a proportionate increase in risk, since the BNDE intended to obtain an official or bank guarantee, or else mortgages

TRANSLATION SECTION E-530/68
Translated From: French 6/5/68 By: CHS/hh

on assets other than those of which the project consisted, in the case of any amount in excess of the limits laid down for the commitment of its equity; the financing of such projects would require BNDE's declaration of general policy to be amended.

5. The Bank considered that the BNDE ought in certain cases, to have recourse either to the official development funds administered by the BNDE on behalf of the State, such as those provided for under Article 5 of Convention No. 1 of July 30, 1959, concluded between the BNDE and the State, or to other public funds, either the Central Guarantee Fund or some other system of official guarantee. It was agreed that the BNDE would resort to one or other of the above-mentioned systems in all instances in which the projects to be financed did not entirely meet the standards laid down in the declaration of general policy, and in which the BNDE did not on that account, consider it possible to assume the risks involved, even though the public authorities considered such projects to be justifiable in the public interest. While in Washington the Minister of Finance informed the Bank that he was agreeable to the Central Guarantee Fund system being extended to cover any projects of this type that the BNDE might be inclined to finance.

Executive Committee

6. It was agreed between the Bank and the BNDE that the latter's Management would propose to its Board of Directors the setting up of an Executive Committee to replace the present Consultative Committee; this Committee would represent the Board of Directors and would be elected by the latter. It was further agreed that the Management of the BNDE would recommend that the Executive Committee consist of seven Directors, namely the Chairman, the General Manager, a representative of the public sector, a representative of the Bank of Morocco, two representatives of the private sector and the IFC representative. Furthermore, the Government Commissioner would attend the discussions of the Executive Committee, with the prerogatives provided for in Convention No. 1, concluded between the State and the BNDE. The Minister of Finance had signified that he was in agreement with these proposals.

7. It was agreed that the Board of Directors of the BNDE would be recommended to delegate to the above-mentioned Executive Committee its powers of approval in the case of all financial transactions involving, for the BNDE, an overall first-line risk, in the case of a single enterprise, of up to and including DH 4 million. Such a delegation of powers would make it possible to restrict the postal vote of the Board of Directors to cases of extreme urgency.

8. It was agreed that the decisions of the Executive Committee would have to take into account the general policy of the BNDE, as laid down at the meeting it held on March 29, 1963 and as amended on March 7, 1966. Any transaction involving exceptions to that policy would have to be referred by the Committee to the Board.

Adviser

9. The Bank indicated that it regarded the appointment by the BNDE of an Adviser, as was contemplated during the negotiations held in respect of the previous loan, to be essential. It was agreed that this Adviser would have the duty of assisting the Chairman and the Director/General Manager, for one year at least, in drawing up the investment policy recommended to the Board of Directors and in the evaluation of cases (DOSSIERS). In view of the importance that it attached to this question, and of its urgency, the Bank considered that the said appointment should be made before the third loan was submitted for approval by its Executive Directors. Although the BNDE was alone competent to make a choice from among the applications, from various sources, that might be submitted for this post of Adviser, the Bank felt that the post should be filled by a candidate possessing the ability and experience and having the duties and obligations that the BNDE and the Bank considered necessary. It was agreed that, should the Adviser leave the BNDE before the end of his contract and, in any case, upon the expiry of that contract, the Bank and the BNDE would consult together concerning the steps to be taken in this regard.

10. Should the Bank institute, during the period of employment of the above-mentioned Adviser by the BNDE, a method whereby the Bank could assume responsibility for part of the expense incurred by the BNDE on account of that employment, it would allow the BNDE the benefit of that method, but not retrospectively.

Assistant General Manager

11. It was agreed that the large increase in the volume of the BNDE's operations during recent years justified the institution of the post of Assistant General Manager, the holder of which would assist the General Manager on a permanent basis. The Bank considered that it was for the Chairman and the Director/General Manager to decide on the appropriate moment at which to fill this post, and to choose the Assistant General Manager, who should however be a man whose personality, ability, experience and promotional qualities fitted him effectively to assist the General Manager. In order that the Assistant General Manager might benefit by the help provided by the Adviser, he should be appointed six months at least before the expiry of the Adviser's contract and at the latest before the 31st December 1969.

Reduction in Capital; Quasi-Capital

12. It was agreed during the discussions held with the Minister of Finance and the BNDE that the reduction in the capital stock from DH 30 million to DH 20 million (pro rata to the stock held by each shareholder, except in the case of very small shareholders) and the increase of DH 10 million in the quasi-capital should be made simultaneously and as soon as possible, and that these operations would be regarded by the Bank as prerequisite for the putting into effect of the Loan Agreement.

13. The Bank emphasized that it considered it incumbent on the BNDE's shareholders to decide as to the terms and conditions governing the repurchase of their shares or the conversion of those shares into bonds. Nevertheless, this should be undertaken on conditions satisfactory to the shareholders as a whole. For its part, IFC intended to opt for the repurchase of its shares at a price equivalent to the amount in U.S. dollars that it originally paid for the same shares.

14. As regards the quasi-capital, the Minister of Finance indicated that he intended to apply to the additional DM 10 million the same conditions as those applicable to the previous quasi-capital, namely repayment in 30 years, including 15 grace years, at interest of 2%. The Bank considered these terms and conditions to be satisfactory.

Submission of projects to the Bank

15. Section 3.02 of the new Loan Agreement provides that except as the Bank and the Borrower shall otherwise agree ....., no withdrawals shall be made on account of expenditures made by any Investment Enterprises for any such Investment Project more than 90 days prior to the date on which the Bank shall have received the application for approval under Section 3.03(a) or the request for a credit to the Loan Account under Section 2.02(c) of the Agreement. It having been noted that the BNDE had already approved loans and investments which, if the Bank agreed to finance them, would absorb an amount greater than that provided for under Loan 447-BDR, a decision was taken to the effect that, should the BNDE submit to the Bank applications for the crediting of the new loan account before the proposed loan agreement came into effect, the Bank would regard the dates of those applications as the dates applicable by virtue of Section 3.02 of the proposed Loan Agreement.

Financing of Hotel Projects

16. It had been agreed with the Minister of Finance that the BNDE would continue to share in the financing of hotel projects within the framework of the Convention with the CIH during the period of commitment of the new loan, without prejudice to any methods of financing that might be adopted subsequently in respect of the hotel sector.

17. It was agreed that the procedures stipulated in the Bank's memorandum of April 10, 1968 (attached hereto), which was forwarded to the BNDE on April 22, 1968, would be applicable to projects financed within the scope of the Convention concluded between the BNDE and the CIH. These procedures would be reviewed by the Bank and the BNDE in the light of the experience gained in applying them. The Bank could not consider the proceeds of its new loan being utilized for loans designed to develop the hotel sector until the legal problems relating thereto had been settled.

Diversification of Resources

18. It appeared desirable for the BNDE to have at its disposal, for lending purposes, long-term funds from sources other than the Bank. The BNDE would make every effort to find such funds.

Profitability

19. Although the Bank was prepared to recommend the new loan to its Executive Directors on the basis of the terms and conditions agreed upon between the Guarantor, the BNDE and the Bank, and on the basis of the improvement in the profit-earning capacity of the BNDE resulting from the changes provided for under paragraphs 14-16 above, it was the Bank's intention to devote special attention, to studying the degree of profitability required on the part of the BNDE when appraising any future loans for which application might be made to it.

Approval of Loan Documents

20. The Guarantor and the BNDE would inform the Bank as soon as possible of their final approval of the draft loan documents, so as to enable the Bank to begin the procedure for approval of the loan by the Executive Directors.

For the Bank

For the BNDE

CIH
BNDE

Mr. Maurice P. Bart May 17, 1968

H. David Davis

MOROCCO - Crédit Immobilier et Hôtelier

With reference to your memorandum of May 16, I assume from your quotation from Mr. Benjenk's May 1 letter to the Minister of Finance that the Bank is tacitly accepting the proposition that BNDE will specialize in industry and that CIH will be concerned with hotel finance.

My personal view is that there is no objection to a hotel credit institution being government controlled. In fact, there are some advantages. Hotel development should be closely linked with all other phases of an integrated national tourism program, particularly with the development of tourism infrastructure. By a judicious use of the credit mechanism, the expansion of hotel capacity can take place where and when it is most needed, taking into account the priorities established in the national tourism program. For these reasons, close relations between the public authorities and the hotel credit institution are most useful.

The activities of CIH with respect to hotel finance should be clearly distinguished from those with respect to housing, since the former serve an economic function while social considerations enter heavily into the latter. Secondly, a distinction should be made between hotel financing and mortgage banking; provision of credit to hotel enterprises should take into account the potential of the business as a going concern and should not be limited to the collateral represented by the real estate value of the land and buildings.

Lending policies should include the following elements:

i. Financing should be on the basis of the total project and both construction and equipment requirements should be included in a single loan.

ii. Amortization periods should be raised to 20 years (as proposed) and be applied to the loan as a whole.

iii. Grace periods should be sufficient to cover the estimated period of construction, together with the first and second years of operation.

iv. A single rate of interest should be charged.

v. The percentage of the total investment cost to be financed should be determined in the light of financial forecasts of cash flow and the leverage required to ensure that an adequate return on equity funds is not unduly delayed.

We might tell the Moroccans that in view of the prospect of continued joint financing of hotels between BNDE and CIH for the next year or so (and our own third loan to BNDE), we would not want to consider a separate loan to CIH until that institution was effectively the sole source for hotel finance. In the meantime, we would hope that the Hotel Financing Division of CIH would be strengthened. It might be desirable for it to become a separate Department (with its own disbursement and inspection divisions). Once this were achieved and suitable lending policies along the aforementioned lines were promulgated, the Bank could then consider the possibility of a loan in the light of the general tourism outlook for Morocco at that time and the consequent need for hotel finance. It should be made clear that we would want to lend in support of CIH's hotel activities alone (as distinct from housing). This is all the more reason for increasing the independence of Hotel Financing Division.

cc: Mr. Sadove
Mr. Boyd/Mr. Sekse

HDavidDavis/mm

Mr. Robert S. McNamara May 17, 1968

Michael L. Lejeune

Mr. Tazi's Question Regarding Financing of Tourism in Morocco

1. With respect to lending for tourism in Morocco, I believe Mr. Tazi has told you that, as he understands it, the Bank prefers to lend to BNDE (the development finance company to which we extend credit) rather than to a specialized government agency for financing hotels, among other things. The following is a brief review of how the situation has evolved.

2. The Bank and IFC went into BNDE at a time when it was open to BNDE to deal with both industrial and tourism projects; BNDE was actively acquainting itself with tourism. Subsequently it was impressed upon us that the government had a policy of "specialization." There existed a government-controlled entity, CIH (Credit Immobilier et Hotelier), which was devoted to financing housing and hotels, but in fact had done little with hotels. Until recently at least, BNDE's technical capacity to deal with hotel projects was greater than that of CIH, although CIH had important legislative privileges which made it more attractive to hotel borrowers.

3. For a number of reasons, including its character as a government-controlled agency, we found the CIH unattractive as a potential borrower and initially declined to lend to it. However, upon the insistence of the Finance Minister, Mr. Tahiri, a procedure was eventually worked out under which part of the Bank's line of credit to BNDE was channelled to hotel projects through CIH. This, however, has been a complicated and cumbersome arrangement which has not given satisfaction to anybody. A recent revision of the arrangement promises to work more smoothly but it has yet to be put to the test.

4. We think BNDE would have b etter business and financial prospects if it could work in tourism as well as in industry. However, we do not consider BNDE's suitability as an object of IFC investment and of IBRD lending to be conditional on preserving this possibility for BNDE. In the case of the new loan now being negotiated with BNDE, the Bank has asked only that BNDE should not be barred from hotel financing while the new loan is being committed, i.e. for about a year.

5. While preserving this position, the time has perhaps come to bow to the Government's wishes that the Bank also consider a line of credit to a separate hotel financing company in Morocco, where the development of tourism is a matter of high priority. The Government will no doubt ask us to consider making such a line of credit to CIH, the Government's chosen instrument for hotel financing. At the request of the Government,

we had a preliminary look at CIH at the end of 1967. The conclusion was that it was not yet a suitable institution to receive a direct line from the Bank for hotel financing. It was originally essentially a mortgage finance company largely concerned with financing housing and only to a minor extent with financing hotels. Although some progress has been made in adapting its organization and procedures to new criteria for investment more suited to the tourist industry, there is still much room for improvement if this is to become a tourism development institution. The proportion of hotel financing has steadily increased. It continues to be essentially government-controlled though the government's interest has been reduced to 52%.

6. We would have to decide whether as a matter of policy we are prepared to lend to a government-controlled company and we would have to appraise carefully the management and operations of CIH to determine whether it could be made a suitable borrower. With respect to the question of government ownership the Bank has been accustomed to lending to government agencies for relending for agriculture (including, on some occasions, agricultural processing activities). It has also lent through government agencies to finance private fishing operators. Extending this pattern to the hotel business would widen the area somewhat and a question might be whether to do so would create a precedent for lending to government-controlled industrial finance companies.

7. My own view is that in Morocco a well-organized and well-run organization to finance investment in tourism, particularly hotels, could be a suitable object of Bank finance even if government controlled. I know that Mr. Knapp agrees with this view.

(signed) Michael L. Lejeune

c.c. Messrs. Knapp, Rosen/Raj, Diamond, Von Hoffman, Bell, Benjenk, Bart/

MLL:ms

CIH

Mr. H. David Davies May 16, 1968

Maurice P. Bart

MOROCCO - Crédit Immobilier et Hôtelier (CIH)

1. I believe you are familiar with the arrangement in force with BNDE in Morocco for the use of the proceeds of Loan 447-MOR for hotel financing under a special agreement between BNDE and CIH. The joint financing of hotels by BNDE and CIH might continue for the next year or so, which would correspond to the period of commitment of the third loan to BNDE (which is being negotiated).

2. The Minister of Finance has recently reiterated his determination to have BNDE and CIH eventually specialized in the financing of industry and housing cum tourism respectively. He is quite anxious to obtain that the Bank lend directly to CIH, but in the past two years we had taken the position that this activity was indispensable to maintain BNDE's profitability at an adequate level and that CIH was, in its present form, unsuitable for Bank loans.

3. However, following a recent Loan Committee meeting on BNDE, the principle has been accepted that BNDE and CIH should eventually be specialized. Subsequently, Mr. Benjenk wrote the Minister of Finance on May 1, 1968 that "we will continue, with your agreement, to keep CIH under review and to discuss with you the measures needed for it to become a suitable borrower from the Bank. As Messrs. Bart and Sekse told you, this could come about only if the Government were willing to introduce far-reaching changes in CIH's structure and policies but we assume that it is not impossible that these changes be brought about."

Mr Get note;

4. In the course of the last appraisal of BNDE by IFC, Mr. Boyd made a special study of CIH; you will find attached his report of January 1968. This report reflects the approach followed for development finance companies whereby emphasis is given to the private character of the credit institutions and to their profitability. I am not sure that the same approach will be necessarily followed if the Bank were to finance credit institutions dealing with tourism.

/...2

5. I would appreciate receiving your views on the present status of CIH, on the changes which may have to be sought by the Bank to make it a suitable borrower (structure, lending policies, lending rate, etc.) and on the steps you would recommend to be taken to pave the way for a possible loan by the Bank. An early preliminary reaction would be appreciated since the Minister of Finance is likely to raise this subject when he meets Mr. McNamara and Mr. Knapp on May 23.

cc: Mr. Lejeune/Benjenk
Mr. Boyd
Mr. Sekse

MPBart:ab

REDRAFT
WDiamond:fmc

May 14, 1968

TO: Mr. Robert S. McNamara

FROM: William Diamond

SUBJECT: Mr. Tazi's Question Regarding Financing of Tourism in Morocco

1. I understand Mr. Tazi told you "the Bank prefers BNDE to a government agency for financing tourism". I promised you a note on the subject.

2. The Bank and IFC went into BNDE with the understanding that it dealt with both industrial and tourism projects; BNDE was already active in the field. Subsequently it was impressed upon us that the government had a policy of "specialization". There existed a government entity, CIH (formerly CIPM), which was devoted to financing housing and hotels, but in fact had done little with hotels. Until recently at least BNDE's technical capacity to deal with hotel projects was greater than that of CIH, although CIH had important legislative privileges which made it more attractive to hotel borrowers.

3. Beginning in late 1964, the Finance Minister has insisted that CIH is the chosen instrument for financing hotels. The Bank, however, would not consider a loan to CIH. (See Para. 4c below). So two years were devoted to working out a procedure for allowing the Bank's loan to BNDE to be channelled through BNDE to CIH's clients, within the framework of a Bank-BNDE loan contract in which CIH has no part. The result has been a complicated and so far inefficient arrangement, which has irritated everyone concerned: the Bank, the Government, CIH, BNDE and BNDE's Board, which was not, regrettably, adequately consulted on the arrangements; and it led to the

Government's forcing two foreign directors, who expressed displeasure on the substance of the arrangements as well as on how they were made, to resign from BNDE's Board. A recent revision of the arrangements promises to work more smoothly, but it has not yet been tested.

4. What is the present position on tourism investment, i.e. investment in hotels?

a. We think BNDE would have better business and financial prospects if it could work in tourism as well as in industry. However, we do not consider the ability to finance tourism a sine qua non for BNDE's suitability as an object of IFC investment or of an IBRD loan. In the case of the new loan about to be negotiated with BNDE, the Bank has asked only that BNDE should not be barred from hotel financing while the new loan is being committed, i.e. for about a year.

b. There is no need to separate hotel and industry financing. (In Tunisia, they are happily combined.) But if it is the Government's wish to separate them, I see no reason to throw up obstacles. Accordingly, while asking, but not insisting, that BNDE be allowed to finance hotels when it gets the business, I would recommend that the Bank consider providing a line of credit to a hotel-financing company in Morocco, where the development of tourism is a matter of high priority.

c. As for CIH, the Government's chosen instrument for hotel financing, (i) the Government holds a majority of the shares and, (ii), while we know a fair amount about CIH, it has not been specifically appraised to determine whether it is a suitable borrower for a Bank loan. On (i), the Bank must consider whether its policy regarding ownership of a hotel-financing company should be different from its policy towards an all-purpose development

finance company. On (ii), an appraisal could readily be arranged to determine whether CIH is now, or the conditions in which it could become, a company suitable for a Bank loan.

cc: Messrs. Rosen/Raj
Knapp
Von Hoffman
Lejeune
Sekse

Form No. 27
(7-61)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Cite BNDE

OUTGOING WIRE

TO: SAR PRINCE MOULAY HASSAN
BADEMAROC
RABAT

DATE: MAI 8, 1968

CLASS OF SERVICE: NLT

277

COUNTRY: MAROC

TEXT:
Cable No.:

EN REPONSE VOTRE CABLE 7 MAI AVONS L'HONNEUR PRECISER BASES QUE PROPOSONS POUR NEGOCIATIONS COMME SUIT

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GAMMA NE METTONS PAS EN QUESTION DECISION GOUVERNEMENT SUR PRINCIPE SPECIALISATION BNDE CIH ET CONSIDERONS COMME SEUL PREALABLE EN LA MATIERE CONTINUATION COLLABORATION BNDE CIH SUR TOURISME PENDANT PERIODE ENGAGEMENT NOUVEAU PRET AINSI QUE CONVENU AVEC BART ET SEKSE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME

DEPT.

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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OUTGOING WIRE

TO:

DATE:

CLASS OF SERVICE:

COUNTRY:

TEXT:
Cable No.:

DELTA CONCERNANT PERSONNEL PRIMO ENTENDONS LAISSER A BNDE ENTIERE LIBERTE POUR SUSCITER CANDIDATURES DE SOURCES DIVERSES ET POUR SELECTIONNER CONSEILLER COMPETENT MAIS ESTIMONS RECRUTEMENT CONSEILLER ACCEPTABLE A BANQUE NECESSAIRE AVANT SIGNATURE PRET SECUNDO SOMMES D'ACCORD QU'IL APPARTIENT A BNDE JUGER OPPORTUNITE DESIGNATION DIRECTEUR GENERAL ADJOINT MAIS PENSONS QUE PRINCIPE ETABLISSEMENT POSTE ET DELAI DANS LEQUEL IL SERA POURVU DEVRAIENT ETRE DISCUTES AU COURS NEGOCIATIONS

EPSILON NOTONS ACCORD DE PRINCIPE SUR ROLE CONSEIL ADMINISTRATION VIRGULE COMITE EXECUTIF VIRGULE REDUCTION CAPITAL ET AUGMENTATION QUASI CAPITAL

ZETA SUPPOSONS FONDS SPECIAL OU GARANTIE GOUVERNEMENTALE PROPOSES NE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

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OUTGOING WIRE

TO:

DATE:

CLASS OF SERVICE:

COUNTRY:

TEXT:
Cable No.:

SOULEVENT PAS DIFFICULTES

ETA SOMMES DISPOSES ENTAMER NEGOCIATIONS AVEC BENKIRANE 15 MAI STOP

HAUTE CONSIDERATION

BENJENK
INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME H.P. Benjenk

DEPT. Middle East and North Africa

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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MPBart:vam
CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Tazi

Cleared with and cc: Mr. T. Jones
Mr. Petretti
Mr. Sekse

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Form No. 26
(7-65)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: MAY 7, 1968 1230

LOG NO.: RC 33/7

TO: INTBAFRAD

FROM: RABAT

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

TEXT:

A L'ATTENTION MR BENJENK

NOUS AVONS DONNE COMMUNICATION VOTRE LETTRE 30 AVRIL A MINISTRE FINANCES QUI A MARQUE SA SATISFACTION SUR DECISION REPRISE NEGOCIATIONS QUOI QUE TARDIVE. FINANCE SE MONTRE SURPRISE PROPOSITIONS LIMITE A 1 AN 10 MILLION DOLLARS NOUVELLE LIGNE BIRD. CONSIDERE MONTANT NETTEMENT INSUFFISANT PREVISION DÉNGAGEMENT BNDE SUR INDUSTRIE ET CIH VIA BNDE POUR HOTELLERIE D'UNE PART ET CARACTERE PARTICULIEREMENT LABORIEUX DERNIERES NEGOCIATIONS. SOMMES PRIES D'INSISTER DONES ET DEJA SUR NECESSITE PORTE 20 25 MILLION OBJET PROCHAINE DISCUSSIONS WASHINGTON. PAR AILLEURS FINANCES SOUHAITE-RAIENT SOULIGNER QUE PRINCIPE SPECIALISATION ORGANISME DE CREDIT RESTE INTEGRIBLE FORMULE COLLABORATION CIH BNDE SUR TOURISME STRICTEMENT PROVISOIRE ET NE AURAIT ETRE CONSIDERE COMME CONDITION NI PREALABLE A OUVERTURE 3EME LIGNE DE CREDIT. ACCORD SUR DISCUSSION ROLE CONSEIL ADMINISTRATION ET CREATION COMITES EXECUTIF DONT COMPOSITION DEJA ESQUISSEE PAR MINISTRE FINANCES AU COURS DISCUSSION RABAT. IL APPARTIENT PRESIDENCE ET DIRECTION GENERALE BNDE JUGER OPPORTUNITE DESIGNATION DIRECTION GENERALE ADJOINT QUESTION NE SEMBLANT PAS DE VOIR ETRE DEBATTU OCCASION NEGOCIATIONS LIGNE CREDIT. POUR RECRUTEMENT CONSEILLERS TECHNIQUES VOUS CONFIRMANT ACCORD DE PRINCIPE SOUS RESERVE QU'UNE LARGE MARGE D'APPRECIATION SUR LISTE EXCESSIVE CANDIDATURES SOIENT LAISSER A PRESIDENCE ET DIRECTION GENERALE.

AS RECEIVED

FOR INFORMATION REGARDING CABLES, PLEASE CALL THE COMMUNICATIONS UNIT EXT. 2021

DUPLICATE

FORM NO. 26
(6-65)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: MAY 7, 1968 1230

LOG NO.: RC 33/7

TO: INTBAFRAD

FROM: RABAT

ROUTING	
ACTION COPY:	MR. RENJENK
INFORMATION COPY:	MR. LEJEUNE
DECODED BY:	

TEXT:

PAGE TWO

REMUNERATION GLOBALE DOIT TENIR COMPTE A LIRE CONTRE EXPLOITATION ET PROSPECTABILITE BNDE. ESPERONS REACTION FAVORABLE BIRD ET SFI SUR NOS PROPOSITIONS DE PRISE EN CHARGE PARTIELLE. REDUCATION CAPITALE ET REMBOURSEMENT OU CONVERSION CONFIRMEZ IDEM RECOMPLEMENT KUASI CAPITALE SELON GRANDES LIGNES TRACEES RABAT. QUESTION TAUX D'INTERET RESTE TOUJOURS OUVERTE. ELEMENT D'APPRECIATION SUBORDONNES A ETUDE GENERALE QUI SERA ENTAME PROCHAINES MOIS. MAIS FINANCES REFUSENT LA CONSIDERER, COMME PREALABLE A LA LIGNE. FINANCES CONSIDERENT CETTE QUESTION RELEVE INTERET ECONOMIE GENERALE MAROC ET NON PROBLEMENT EN SOI. POUR NOTRE PART VOUS CONFIRMONS ARRIVEE MOHAMED BENKIRANE NOTRE DIRECTEUR GENERAL 14 MAI QUI PRENDRA IMMEDIATEMENT CONTACT AVEC VOUS DES 15 COURANT. PRIERE CONFIRMER SI DATE PROPOSE VOUS CONVIENT. PASSAGE A WASHINGTON MONSIEUR TAHIRI ENTRE 18 ET 20 MAI PERMETTRA ULTIME CONTACT AVANT CLOTURE NEGOCIATIONS. VOUS SERIONS TRES OBLIGES TELEXER REACTION BIRD ET SFI SUR ELEMENTS QUI PRECEDENT.

PRESIDENT BADEMAROC

FOR INFORMATION REGARDING CABLES, PLEASE CALL THE COMMUNICATIONS UNIT EXT. 2021 AB

DUPLICATE

Central file

Reg No. 583

RABAT, LE 6 mai 1968

(ack'd 5/14/68)

البنك الوطني للإنماء الاقتصادي

BNDE

BANQUE NATIONALE POUR LE DÉVELOPPEMENT ÉCONOMIQUE

CAPITAL 30 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TEL. 264.41.42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC

INTERNATIONAL FINANCE CORPORATION
WASHINGTON D.C.

DIRECTION GÉNÉRALE
DG/MC N° 209

Messieurs,

Nous vous prions de bien vouloir trouver ci-joint, en deux exemplaires, le document préparé par notre établissement à l'intention des Banques commerciales installées au Maroc sur les "crédits bancaires à moyen terme réescomptables "équipement".

Nous vous en souhaitons bonne réception, et vous prions de croire, Messieurs, à l'expression de nos sentiments distingués.

Le Directeur Général

Mohamed BENKIRANE.

Mr. Boyd
" Hilling

(I have the other copy in our BNDE papers.)

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Space

CIH/SONATOUR/INTERCONTINENTAL HOTEL

w/ltr May 3, 1968

CIH/SOMATOUR/INTERCONTINENTAL HOTEL
FD/GA

FICHE CONCERNANT L"AFFAIRE
CIH/SOMATOUR/INTERCONTINENTAL HOTEL

/OPERATION A LONG TERME DIRECTE/

A) CIH/SOMATOUR S.A

Le Crédit Immobilier et Hotelier a accordé à la Société Marocaine de Tourisme et d'Hôtellerie "SOMATOUR S.A", un prêt construction de 3 500 000 DH (séance du 1er Juillet 1967), destiné à financer partiellement la création d'un hôtel à Tanger, susceptible d'être classé dans la catégorie 5 étoiles B.

Ce prêt construction est consenti aux conditions suivantes :

- Durée : 20 ans avec 5 ans de différé d'amortissement
- Taux d'intérêt : 8,75 % l'an (moins ristournes du crédit hôtelier)
- Amortissements : En 30 semestrialités constantes comprenant le principal et les intérêts de 211 721,27 DH.
  Compte tenu des ristournes du Crédit Hôtelier, la semestrialité constante sera de :
  161 697,69 DH de la fin du 11ème semestre à la fin du 20ème semestre.
  178 567,41 DH de la fin du 21ème semestre à la fin du 40ème semestre.
- Garantie : Hypothèque en 1er rang sur les immeubles de l'hôtel SALAM.

B) CIH/INTERCONTINENTAL HOTEL S.A.

Le Crédit Immobilier et Hôtelier a accordé à la Société Intercontinental Hôtel SA, propriétaire du fonds de Commerce de l'hôtel SALAM à Tanger, un crédit équipement de 500 000 DH (séance du 31 Janvier 1968) aux conditions suivantes :

- Durée : 7 ans
- Taux d'intérêt : 8,75 % l'an (moins ristournes du crédit hôtelier)
- Amortissements : En 14 semestrialités constantes de 48 513,77 DH comprenant le principal et les intérêts.
  Compte tenu de la ristourne du crédit hôtelier, la semestrialité constante sera de 42 768,27 DH.

- Garantie : Nantissement du matériel et du fonds de commerce de la Société. Caution solidaire de la SOMATOUR S.A (exigée par le CIH comme condition à l'octroi du prêt).

- Conditions spéciales du CIH :

  - Le capital de la Société devra être porté à 350 000 DH.

  - La durée du bail devra être portée de 3 ans à 9 ans.

  - Le loyer annuel fixé par le contrat de bail conclu entre la SOMATOUR S.A et Intercontinental Hôtel S.A devra être majoré de 20 000 DH, afin de permettre au propriétaire de faire face aux dépenses d'entretien du gros oeuvre qui lui incombent.

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Le Crédit Immobilier et Hôtelier demande le concours de la Banque Nationale pour le Développement Economique à hauteur de 2 575 000 DH des deux prêts ci-dessus mentionnés.

Ce montant représente 38 % du coût total du projet, terrain et fonds de roulement non compris ; il est déterminé sur la base des pourcentages moyens des coûts en monnaie étrangère des hôtels au Maroc, tels qu'établis par le Bureau SECURITAS (SOCOTEC).

Le présent rapport a pour objet d'analyser l'opération que se propose de réaliser la B.N.D.E. aux conditions suivantes :

- Durée : 15 ans
- Taux d'intérêt : 7 % l'an
- Commission d'étude et d'ouverture du crédit : 3 087,5 DH
- Commission d'engagement : 0,75 % par période indivisible ~~de 30 jours~~ calculée sur le montant inutilisé du crédit.
- Amortissements : En 30 semestrialités :
  les 10 premières de 25 000 DH chacune
  les 10 suivantes de 110 000 DH chacune
  les 10 dernières de 122 500 DH chacune.
- Déblocage des fonds : sur le vu :

- du contrat de prêt signé par le CIH et l'investisseur
- des pièces certifiant l'inscription effective des garanties
- des documents justifiant les dépenses effectuées par l'acquisition des biens importés directement et indirectement, et indiquant le ou les pays d'origine.

CONDITIONS SPECIALES DE LA B.N.D.E. :

Le contrat de bail conclu entre la SOMATOUR S.A et Intercontinental Hôtel S.A devra être modifié afin de prévoir :

- Un loyer annuel dont le montant minimum serait de 600 000 DH.
- Une extension de sa durée de 3 ans à 15 ans.

Le contrat de bail modifié devra par ailleurs être soumis à la B.N.D.E.

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NOTE GENERALE DE PRESENTATION

A.

DEMANDEUR : Le Crédit Immobilier et Hôtelier

BENEFICIAIRE : SOCIETE MAROCAINE DE TOURISME ET D'HOTELLERIE "SOMATOUR"

DATE DE CREATION : 21 Octobre 1964

FORME JURIDIQUE : Société Anonyme

SIEGE SOCIAL : 3, Rue Henri Regnault - TANGER -

OBJET SOCIAL : La propriété, l'équipement et la gestion d'établissement hôteliers et d'hébergement ; l'organisation de circuits touristiques au Maroc et de l'étranger vers le Maroc, l'organisati de voyages individuels et par groupes ; le transport touristique et en général toutes opérations commerciales, immobilières, financières, industrielles, agricoles et mobilières se rattachant directement ou indirectement à l'objet sus-nommé.

CAPITAL SOCIAL : 2 000 000 DH divisé en 200 actions de 10 000 DH chacune.
L'évolution du capital social a été la suivante :

Capital d'origine (21.10.64) 200 000 DH divisés en 200 actions de 1 000 DH chac.
- 1ère augmentation (17.8.66) de 200 000 DH à 1 200 000 DH
- 2ème augmentation (25.9.67) de 1 200 000 DH à 1 400 000 DH
- 3ème augmentation (8.11.67) de 1 400 000 DH à 2 000 000 DH

CONSEIL D'ADMINISTRATION : MM Mohamed BENNANI
Benjamin BENAROCH
Omar HARICI

B.

DEMANDEUR : Le Crédit Immobilier et Hotelier

BENEFICIAIRE : Société Intercontinental Hôtel

DATE DE CREATION : 11 Mai 1967

FORME JURIDIQUE : Société Anonyme

SIEGE SOCIAL : 3, Rue Henri Regnault - TANGER -

OBJET SOCIAL : L'exploitation d'Hôtels, toutes opérations mobbilières et Immobilières, voyages, transports touristiques, et d'une façon générale, toutes transactions susceptibles de favoriser son développement.

CAPITAL SOCIAL : Fixé à 10 000 DH divisé en 100 actions de 100 DH chacune.

Il est réparti comme suit :

MM Mohamed Ben Larbi BENNANI :	26 actions
Omar HARICI	25 actions
Benjamin BENARROCH	20 actions
JOSE ANTONIO ARIVELO DIAZ	17 actions
Mohamed Ben Jilali BANNANI	6 actions
Mohamed LAHLOU	5 actions
Abdeluahed BENNANI	1 action

CONSEIL D'ADMINISTRATION

Le Conseil d'Administration comprend quatre membres qui ont été nommés par l'Assemblée Générale constitutive du 11 Mai 1967 pour une durée de six ans :

- MM Mohamed Ben Larbi BENNANI ,	Président
Benjamin BENARROCH	Administrateur
Omar HARICI	"
JOSE ANTONIO ARIVELO DIAZ	"

PROGRAMME D'INVESTISSEMENT

Le nouvel Hôtel SALAM, actuellement en cours de construction et dont les travaux seront achevés à la fin du Mois de Juin 1968 est propriété de la Société Marocaine de Tourisme et d'Hôtel "SOMATOUR" qui le cède en location à la société Intercontinental Hôtel, suivant un contrat de bail récemment signé.

La Société Intercontinental Hôtel assurera l'exploitation du nouvel hôtel SALAM, dont l'équipement complet est à sa charge.

Le nouvel établissement classé dans la catégorie 5 étoiles B est situé sur un terrain de 3 527 m2 au milieu du quartier résidentiel, à moins d'un kilomètre du centre de Tanger, parmi les eucalyptus du parc Brooks. (Pour l'étude détaillée du site et les renseignements concernant l'équipement touristique de la ville de Tanger, se reporter au dossier AFRICA PALACE présenté au Comité du 30 novembre 1967).

L'hôtel SALAM comprendra un sous-sol, un rez de chaussée et 7 étages. La capacité totale d'hébergement commercialisable sera de 129 chambres équipées de 258 lits réparties entre 6 étages.

Les caractéristiques des chambres seraient les suivantes : meublées boiseries noyer et tapissées de moquettes de luxe, toutes avec salle de bain, radio, téléphone, et télévision sur demande.

L'hôtel comprendra en outre des éléments communs ainsi que des lieux de distraction et de détente à savoir :

- Deux restaurants, l'un au rez de chaussée et l'autre au 7ème étage avec vue panoramique sur la baie de Tanger.
- Un night Club dans un salon andalou climatisé et insonorisé
- Une salle de réunions de 150 places, climatisée et insonorisée, pour conférences, congrès, banquets.
- Un sauna de 5 m2
- Une boutique
- Un parking
- Une piscine de 200 m2 avec terrasse

L'investissement global (dont nous donnons le détail en annexe) s'élève à 7 080 000 DH, il se décompose comme suit :

1) Programme Immobilier

Investissement	5 876 000 DH

Financement

Capital social SOMATOUR	2 000 000 DH
Prime d'équipement	512 000 DH
Prêt CIH construction (20 ans avec 5 ans de différé d'amortissement)	3 500 000 DH
	6 012 000 DH

2) Programme mobilier

Investissement	1 012 000 DH
Fonds de roulement (un mois environ du C.A)	190 000 DH
	1 202 000 DH

Financement

Capital Intercontinental Hôtel	10 000 DH
Augmentation de capital (exigée par le CIH comme condition à l'octroi de son prêt)	340 000 DH
Prime d'équipement	352 000 DH
Prêt CIH équipement	500 000 DH
	1 202 000 DH

LE PLANNING DE RALISATION

Les travaux de construction ont débuté le 1er Avril 1966 et seront entièrement achevés en Juin 1968. De la sorte, l'hôtel pourra être mis en service le 1er Juillet 1968, ce qui lui permettra d'être prêt pour la campagne d'été 1968.

En tous cas, le contrat de bail qui lie la Somatour et la Société Intercontinental hôtel entrera en vigueur à partir du 1er Mai 1968.

Il convient de signaler que le crédit construction accordé par le CIH à la SOMATOUR, au cours de son comité de 20 Juillet 1965, a été en partie utilise par la société ; plusieurs déblocages, en effet, ont été effectués au cours de l'exercice 1967.

Leur montant total s'élèvent à 1 734 000 DH, ce qui laisse un reliquat de 1 766 000 DH.

En ce qui concerne cependant le prêt équipement, aucun déblocage n'a été effectué en faveur de la société Intercontinental Hôtel.

COMMISSION DES INVESTISSEMENTS

Au cours de sa réunion du 18 Octobre 1966, la Commission des Investissements a accordé à la société SOMATOUR les avantages suivants :

- Exonération des droits de douane pour les biens d'équipement neufs importés.
- La réduction des droits d'enregistrement pour l'augmentation du capital de 200 000 à 1 400 000 DH.
- Le bénéfice des amortissements accélérés
- L'exonération partielle et temporaire de l'impôt des patentes.
- Une prime d'équipement de 15 % sur un investissement maximum de 5 758 000 DH, soit 863 700 DH (décision du Ministère des Finances n° 167).

Une partie de cette prime serait utilisée pour financer partiellement le programme équipement de la société Intercontinental, les deux sociétés appartiennent au même groupe.

Prix de revient moyen d'une chambre meublée

construction $\frac{5\ 876\ 000}{129} = 45\ 550$ DH

équipement $\frac{1\ 012\ 000}{129} = 7\ 840$ DH

soit au total un prix de revient unité chambre de 53 390 DH.

ETUDE DE RENTABILITE

La Société SOMATOUR sera propriétaire des murs de l'hôtel SALAM de Tanger, dont l'équipement et la gestion seront assurés par la Société Intercontinental Hôtel .

Le contrat de bail qui lie ces deux sociétés stipule notamment :

a) Une obligation d'entretien et de réparation à l'exclusion des travaux incombant généralement au propriétaire.

b) La prise en charge par la société d'Exploitation des impôts fonciers ainsi que des taxes locales et municipales, dont est normalement redevable le propriétaire.

c) Un loyer égal aux amortissements (principal et intérêts) dûs par le bailleur au Crédit Immobilier et Hôtel du prêt qui a été accordé pour la construction de l'établissement. Ce bail est consenti et accepté par la Société Intercontinental Hôtel pour une durée de trois années à partir du 1er Mai 1968 au 1er Mai 1971, renouvelable par tacite reconduction sauf dénontiation par l'une des parties, six mois avant l'expiration.

Le Crédit Immobilier et Hôtel a imposé à la SOMATOUR, comme conditions à l'octroi de son prêt, l'extension de la durée du bail à 9 ans et une majoration de 20 000 DH de ce loyer annuel afin d'assurer au propriétaire des murs la couverture des dépenses d'entretien du gros oeuvre qui normalement, lui incombent.

Vue la faiblesse du montant de ce loyer, qui ne permettrait pas à la société propriétaire des murs d'effectuer la totalité de ses amortissements techniques et (naturellement) de dégager un bénéfice qui servirait à rémunérer de façon correcte son capital, nous envisageons d'imposer comme condition spéciale à l'octroi de notre crédit le versement par la société de gestion d'un loyer minimum déterminé de la façon suivante :

- Amortissement construction	245 000 DH
- intérêts moyens du prêt CIH	157 000 DH
- Rémunération nette du capital (6 %)	120 000 DH
- Impôts et frais de gestion (4 % du capital de SOMATOUR)	80 000 DH
	602 000 DH
arrondi à	600 000 DH

D'autre part, la durée du bail devra être portée à 15 ans, soit la durée du crédit B.N.D.E. au CIH.

Etant donné qu'il s'agit de deux sociétés faisant partie du même holding, nous supposons que la modification du contrat ne soulèvera pas de difficultés.

Nous avons, de toute façon, établi nos prévisions financières sur la base d'un loyer dont le montant serait de 600 000 DH. Toutefois, et afin d'alléger l'exploitation de la société de gestion pendant sa première année d'activité, le versement de ce loyer pourrait s'échelonner de la façon suivante :

- 1ère année (1968) : 25 % de 600 000 DH soit 150 000 DH
- 2ème année (1969) : 125 % de 600 000 DH soit 750 000 DH
- 3ème année (1970) : 150 % de 600 000 DH soit 900 000 DH
- A partir de 1971 : 600 000 DH.

I. CHIFFRE D'AFFAIRES

Les coefficients d'occupation que nous avons prévus dans le compte d'exploitation sont les suivants :

- Taux d'occupation moyen : 40 % pendant la première année (6 mois)
- Taux d'occupation double : 60 % " " "

- Taux d'occupation moyen : 50 % pendant la 2ème année
- Taux d'occupation double : 80 % " " "

- Taux d'occupation moyen : 55 % par la suite
- Taux d'occupation double : 80 % " "

L'hôtel comptera 129 chambres équipées de 258 lits

Effectif moyen des clients :

1ère année

52 chambres dont (21 occupées par 1 personne
(31 occupées par 2 personnes.
soit une moyenne de 83 clients

2ème année

65 chambres dont (13 occupées par 1 personne
(52 occupées par 2 personnes.
soit une moyenne de 117 clients

3ème année et suivantes

71 chambres dont (14 occupées par 1 personne
(57 occupées par 2 personnes.
soit une moyenne, de 128 clients.

Recettes annuelles

- Dépense journalière moyenne par client : 65 DH
  (taxes et service compris)
  Extras (boissons, liqueurs, sauna,
  blanchisserie, téléphone) 5 DH
  70 DH

Dans ces conditions le chiffre d'affaires annuel serait de :

- 1968 : 70 x 15 106 nuités : 1 057 420 DH
- 1969 : 70 x 42 705 nuités : 2 989 350 DH
- 1970 : 70 x 46 720 nuités : 3 270 400 DH

et sui.

Une majoration de 4 % l'an a été prévue à partir de la 5ème année d'exploitation affin de tenir compte des fluctuations monétaires éventuelles.

II CHARGES

A) Charges de la société d'exploitation (intercontinental Hôtel)

Denrées : 20 DH par journée de pension complète pour une personne

Main d'oeuvre : Nous avons majoré le chiffre avancé par la société qui ne représentait que 14,7 % du C.A . Nous avons retenu :

- 25 % du C.A pour la première année (le personnel ayant été recruté 2 mois environ avant le démarrage)

- 20 % du C.A pour la 2ème année soit 598 000 DH ; ce chiffre sera considéré comme définitif par la suite.

L'hôtel emploira en permanence 84 personnes, dont deux directeurs.

Taxes : 4 % sur le chiffre d'affaires
Entretien : 0,50 % de l'investissement global
Publicité et commission aux agences : 5 % du C.A
Autres taxes : Patente, taxe urbaine et taxe d'édilité : 29 000 DH

Signalons qu'une réduction de 50 % est accordée aux entreprises implantées à Tanger.

Ces taxes devraient en principe être supportées par la société Immobilière ; mais conformément à ce qui a été stipulé dans le contrat de bail, elles seraient à la charge de "Intercontinental Hôtel".

Frais généraux :

Electricité, chauffage, eau : 110000 DH
Frais administratifs : 5 % du chiffre d'affaires.

Les charges que nous venons d'examiner, y compris le loyer, sont affectées d'une majoration de 4 % à partir de 1972, pour les raisons que nous avons exposé supra :

Frais financiers : 500 000 DH au taux de 4,5 % l'an.

Amortissements : sur 7 ans

14,3 % x 1 012 000 DH = 144 716 DH arrondi à 145 000 DH.

Les provisions pour amortissement de l'équipement seraient affectées au remboursement du prêt CIH contracté par la société d'exploitation Intercontinental Hôtel en vue de financer partiellement son programme d'équipement mobilier.

B. Charges de la SOMATOUR S.A

Les charges comprennent les intérêts du prêt CIH construction, les amortissements techniques, les frais de fonctionnement de la société et l'entretien du gros oeuvre de l'hôtel, l'entretien courant étant à la charge de la société d'exploitation.

1) charges d'emprunt :

Crédit CIH de 3 500 000 DH aux taux de (ristournes du crédit hôtelier déduites) :

3,25 % l'an pour les 5 premières années
4,50 % l'an pour les 5 années suivantes
6 % l'an par la suite.

2) Amortissements :

Calculés au taux de 5 % sur la valeur globale des constructions, déductions faites de terrain et de la prime d'équipement :

5 % (5 876 000 - (110 000 + 864 000)) = 245 000 DH

3) Les frais divers de gestion comprennent une partie du gros entretien et les frais de fonctionnement de la société. Nous les avons forfaitairement estimés à 60 000 DH par an.

III RESULTATS

A. Bénéfice brut de Intercontinental Hôtel

Il est déterminé par la différence entre les recettes totales d'exploitation et les charges représentant le coût hôtelier, loyer compris.

Dans ces conditions, et sur les bases retenues dans nos prévisions financières (notamment en ce qui concerne le montant du loyer), le montant des bénéfices après impôts s'élève à :

1968 (6 mois)	: 6 000 DH	soit 1,7 %	par rapport au capital de la société
1969	47 000 DH	soit 13 %	"
1970	56 000 DH	soit 16 %	"
1971	300 000 DH	soit 85 %	"

La hausse enregistrée à partir de 1971 provient du fait que la société ne supporte plus les différés de loyers des premières années d'activité et obtient ainsi une rentabilité plus satisfaisante.

B. Bénéfice de la société Immobilière

Il est déterminé par la différence entre le loyer versé par Intercontinental Hôtel S.A et les charges supportées par SOMATOUR.

Ce loyer permettrait à la société de couvrir la totalité de ses charges et de lui assurer une rémunération nette de son capital à un taux moyen de 8 % à partir de la 3ème année d'activité.

Le cash flow dégagé servirait par ailleurs à rembourser le crédit construction accordé par le CIH, ce remboursement représentant 30 % environ de la capacité d'autofinancement prévisionnelle.

CONCLUSION

L'hôtel SALAM, constitue la première réalisation de la Société Marocaine de Tourisme et d'Hôtellerie, créée il y a trois ans pour mettre en place une chaîne hôtelière de première classe dans les principaux points d'impact touristique du Maroc.

D'autre part, la création d'un nouvel hôtel à Tanger, viendrait renforcer l'équipement hôtelier de cette ville, dont la capacité d'hébergement touristique est actuellement insuffisante.

En conclusion, on peut dire que cet établissement apparaît rentable d'après les critères couramment admis : en effet nos prévisions financières établies sur des bases prudentes (rappelons à ce sujet que pour Tanger le coefficient de remplissage moyen est actuellement de 65 %), démontrent que les deux sociétés dégageraient des résultats substantiels qui leur permettront de faire face à la fois aux annuités des prêts contractés , et de rémunérer leur capital à des taux satisfaisants.

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COMPTE D'EXPLOITATION PREVISIONNEL

SOCIETE D'EXPLOITATION INTERCONTINENTAL HOTEL

(en 1.000 DH)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
C.A (majoré de 4 % à partir de 1972)	1 058	2 990	3 270	3 270	3 400	3 536	3 677	3 824	3 977	4 136	4 302	4 474	4 653	4 839	5 033	5 234	5 443	5 660	5 886	6 121
CHARGES																				
1. a) Denrées	302	854	934	934	934	934	934	934	934	934	934	934	934	934	934	934	934	934	934	934
b) Main d'oeuvre	264	598	598	598	598	598	598	598	598	598	598	598	598	598	598	598	598	598	598	598
c) Taxes	42	119	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131
d) entretien, publicité, patente, autres taxes (TU)	87	184	197	197	197	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226
e) frais généraux (chauffage, électricité, frais administratifs)	108	260	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275	275
TOTAL 1 (majoré de 4 % à partir de 1972)	803	2 015	2 135	2 135	2 220	2 371	2 465	2 564	2 666	2 773	2 884	2 999	3 119	3 243	3 373	3 508	3 648	3 794	3 946	4 103
2. Frais financiers	25	22	19	15	11	7	3													
g) Amortissements équipement	73	145	145	145	145	145	145	72												
TOTAL 2	98	167	164	160	156	152	148	72												
3. Loyer	150	750	900	600	624	649	675	702	730	759	789	820	852	886	94	958	996	1 036	1 077	1 120
Total charges (1 + 2 + 3)	1 051	2 932	3 199	2 895	3 000	3 172	3 288	3 338	3 396	3 532	3 673	3 819	3 971	4 129	4 294	4 466	4 644	4 830	5 023	5 223
Résultats avant I.B.P	7	58	71	375	400	364	389	486	581	604	629	655	682	710	739	768	799	830	863	898
I.B.P (20 %)	1	11	15	75	80	73	78	97	116	121	126	131	136	142	148	154	160	166	173	180
Résultats nets	6	47	56	300	320	291	311	389	465	483	503	524	546	568	591	614	639	664	690	718

(en 1.000 DH)

COMPTES D'EXPLOITATIONS PREVISIONNELS

SOCIETE SOMATOUR

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Recettes (loyer)	150	750	900	600	624	649	675	702	730	759	789	820	852	886	921	958	996	1 036	1 077	1 120
CHARGES																				
- Emprunt CIH 20 ans avec différé d'amortissement de 5 ans intérêts	114	114	114	114	114	157	150	142	134	125	155	143	130	117	103	88	73	57	39	20
- Amortissement technique sur 20 ans (5 % sur les constructions prime et terrain non compris	6	484	245	245	245	245	245	245	245	245	245	245	245	245	245	245	245	245	245	245
- Frais divers de gestion et provisions (majorés de 4 % à partir de 1972)	30	60	60	60	62	64	67	70	73	76	79	82	85	88	92	96	100	104	108	112
TOTAL DES CHARGES	150	658	419	419	421	466	462	457	452	446	479	470	460	450	440	429	418	406	392	377
Résultats annuels d'exploitat.	-	92	481	181	203	183	213	245	278	313	310	350	392	436	481	529	578	630	685	743
Réserve d'investissement	-	2	31	7	8	8	10	13	15	18	18	21	24	28	31	35	39	43	48	52
Bénéfice net	-	90	450	174	195	175	203	232	263	295	292	329	368	408	450	494	539	587	637	691
Capacité d'autofinancement	6	576	726	426	448	428	458	490	523	558	555	595	637	681	726	774	823	875	930	988

(en 1.000 DH)

SOMATOUR S.A.

TABLEAU DES LIQUIDITES DISPONIBLES

ANNEES	Recettes globales (loyer)	Amortissements techniques	Bénéfice net avant RI	Réserve d'investissement	Résultat net après R.I	% de rendement des fonds propres	Réserve légale	Bénéfice distribuable	% par rapport aux F.P	cash flow	% du cash flow/F.P	Trésorerie Disponible Cumulée	Remboursement des prêts en principal	Excédents cumulés ressources besoins
1	150	6	-	-	-	-	-	-	-	6	0,3 %	6	-	6
2	750	484	92	2	90	4,5 %	4	86	4,3 %	576	28,8 %	582	-	582
3	900	245	481	31	450	22,5 %	22	419	20,9 %	726	36,3 %	1 299	-	1 299
4	600	245	181	7	174	8,7 %	8	157	7,8 %	426	21,2 %	1 716	-	1 716
5	624	245	203	8	195	9,7 %	9	177	8,8 %	448	22,3 %	2 155	-	2 155
6	649	245	183	8	175	8,7 %	9	166	8,3 %	428	21,4 %	2 583	168	2 415
7	675	245	213	10	203	10,1 %	10	193	9,6 %	458	22,9 %	3 041	175	2 698
8	702	245	245	13	232	11,6 %	12	220	11 %	490	24,5 %	3 531	183	3 005
9	730	245	278	15	263	13,1 %	13	250	12,5 %	523	26,1 %	4 054	191	3 337
10	759	245	313	18	295	14,7 %	15	280	14 %	558	27,9 %	4 612	200	3 695
11	789	245	310	18	292	14,7 %	15	277	13,8 %	555	27,8 %	5 167	196	4 054
12	820	245	350	21	329	16,4 %	16	313	15,6 %	595	29,7 %	5 762	208	4 441
13	852	245	392	24	368	18,4 %	18	350	17,5 %	637	31,8 %	6 399	221	4 857
14	886	245	436	28	408	20,4 %	20	388	18,4 %	681	34 %	7 080	234	5 304
15	921	245	481	31	450	22,5 %	22	428	21,4 %	726	36,3 %	7 806	248	5 782
16	958	245	529	35	494	24,7 %	7	487	24,3 %	774	38,7 %	8 580	263	6 293
17	996	245	578	39	539	26,9 %		539	26,9 %	823	41,1 %	9 403	278	6 838
18	1 036	245	630	43	587	29,3 %		587	29,3 %	875	43,7 %	10 278	294	7 419
19	1 077	245	685	48	637	31,8 %		637	31,8 %	930	46,5 %	11 235	312	8 064
20	1 120	245	743	52	691	34,5 %		691	34,5 %	988	49,4 %	12 223	331	8 723

DETAIL DU PROGRAMME D'INVESTISSEMENT

1°) CARACTERISTIQUES DE L'ETABLISSEMENT

A) DISTRIBUTION DES LOCAUX :

Sous-sol : hall - 3 cabines - 4 douches - 2 blocs sanitaires - 2 W.C.

Locaux divers : Petite et grande lingeries - Atelier - 2 vestiaires Personnel - 1 bloc sanitaire - 2 W.C. - 2 douches - 2 dégagements - buanderie - 2 locaux - débarras - 2 chambres froides - Bureau Econome - Bureau de contrôle - 2 réserves - Chaufferie - Poste de transformation - batteries Office et compresseur.

- Cour anglaise - cuisine - cour de service -
- Réfectoire et dégagement - Entrepôt - escalier

Rez-de-chaussée : Piscine et terrasse -

- Administration : Vestiaires - dégagement - sanitaires - 3 bureaux - Toilettes - W.C.

- Réception : Grand hall ave bar et office - coin d'attente - réception avec standard - 2 cabines téléphoniques - 4 blocs sanitaires - débarras - salon - perron -

- Restaurant - Night-Club

1er ETAGE :

21 chambres avec salle de bain et W.C. dont
- 11 chambres avec loggias
- Local de service
- 3 cages d'escalier
- Long couloir
- Appartement directeur, avec hall, 2 chambres avec S ; d.b. et W.C., lingerie, cuisine, terrasse, pergola.

2ème ETAGE :

- 22 chambres avec s.d.b. et W.C. dont
- 11 chambres avec loggias
- Long couloir
- 2 cages d'escalier

3ème ETAGE :

- 21 chambres avec s.d.b. et W.C. dont
- 11 chambres avec loggias
- Local de service
- 2 cages d'escalier

./.

4ème et 6ème ETAGES :

Identiques au 2ème étage

5ème ETAGE :

Identique au 3ème étage

7ème ETAGE :

- Restaurant Panoramique avec bar - barbecue - W.C. - 2 pistes de danse - Orchestre - Night Club - Bloc sanitaire -

B) SUPERFICIE DES LOCAUX :

	Superficie Const. m2	Superficie pondérée m2
Annexe piscine et divers locaux	864	432
Cour Anglaise	55	16,50
Cuisine	115	115
Cour de service	52	10,40
Réfection et dégagement	48	48
Entrepôt	140	70
Escalier	15	3
Piscine et Terrasse - Administration et réception	710	923
Perron	40	10
Restaurant	172	172
Blocs sanitaires	45	45
Night Club	138	138
1er Etage	999	868,30
2ème Etage	827	771,50
3ème Etage	827	771,50
4ème Etage	827	771,50
5ème Etage	827	771,50
6ème Etage	827	771,50
7ème Etage	460	184
TOTAL.	7.988	6.892,70

2°) REPARTITION DE L'INVESTISSEMENT - CONSTRUCTION -

Terrain.		DH :	110.000,00
Génie-Civil :			
Gros oeuvre.	DH	1.606.262,20	
" " Avenant	"	76.500,00	
" " "	"	82.250,00	
" " "	"	29.750,00	
" " "	"	48.750,00	
" " (Dallage	"	180.256,70	
Revêtement)			
(Faïence	"	196.578,75	
Avenant (Sols	"	32.000,00	
(Marbre	"	27.500,00	
Etanchéité	"	46.574,30	
(bois	"	218.384,00	
Menuiserie (Usinor	"	66.500,00	
(Aluminium	"	189.800,00	
(Ferronnerie	"	2.630,00	
Avenant	"	15.000,00	
. Peinture Vitrerie et miroiterie	"	241.360,25	DH 3.060.096,20
Equipement technique :			
Plomberie sanitaire piscine	"	768.780,20	
Plomberie sanitaire piscine Avenant	"	42.500,00	
Chauffage Ventilation	"	448.639,15	
Climatisation	"	40.000,00	
" Avenant	"	118.000,00	
Cuisine Buanderie Lingerie	"	214.870,00	
Chambres froides	"	36.662,00	
Electricité	"	252.686,47	
Avenant transformateur	"	86.000,00	
Ascenceurs et monte-plats	"	303.800,00	
Avenant monte-plats	"	23.500,00	
Avenant Ascenceurs		15.000,00	
Téléphone	"	97.750,00	DH 2.448.187,82
Frais divers :			
Honoraires d'ARCHITECTE 4,5%		246.576,70	
Autorisation de bâtir	"	106,00	
Enregistrement	"	11.200,00	DH 257.882,70
			5.876.166,72

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3°) REPARTITION DE L'INVESTISSEMENT - EQUIPEMENT -

Chambres				
Mobilier	DH	190.830		
Literie	"	161.500		
Lingerie	"	79.880		
Moquettes	"	120.000	DH	552.210
Réception				
Salon - Hall - Bar	"	117.160		
Salle d'attente	"	800		
Office - Bagages	"	1.100	DH	119.060
Restaurant				
Equipement prévu pour 200 couverts	"	144.635	DH	144.635
Cuisine				
Equipement prévu pour 200 couverts	"	18.592	DH	18.592
Night-Club				
Mobilier et équipement	"	46.360	DH	46.360
Jardin et Piscine				
Chaises, tables, Parasols matelas pneumatiques, projecteurs	"	21.800	DH	21.800
Service de Gestion				
Appartement Directeur	"	6.000		
Portier - concierge	"	400		
S/Directeur-Comptabilité Archives	"	44.700		
Vestiaire	"	1.650		
Contrôle		1.925	DH	54.675
Service entretien				
Atelier - réserve	"	5.350	DH	5.350
Véhicules				
1 voiture Fourgon	"	15.000		
2 voitures tourisme	"	25.000	DH	40.000
Autres Services				
Buanderie-Lingerie-Repassage	"	6.350		
Vestiaire	"	2.450		
Pharmacie d'urgence	"	1.000	DH	9.800
			TOTAL.	1.012.482

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RECAPITULATION

Terrain (3.527 m2)	DH	110.000,00
Génie Civil	"	3.060.096,20
Equipement technique	"	2.448.187,82
Equipement Mobilier	"	1.012.482,00
Frais divers	"	257.882,70
	TOTAL. . .	6.888.648,72 DH

Arrondi à 6.888.000 DH

AMORTISSEMENT DES CREDITS CONSTRUCTION ET EQUIPEMENT ACCORDES RESPECTIVEMENT PAR LE CIH AUX SOCIETES SOMATOUR ET INTERCONTINENTAL HOTEL, ET DU CREDIT B.N.D.E. AU CIH

ECHEANCES	SEMESTRIALITES CIH (Principal + Intérêts)	CREDIT B.N.D.E. AU CIH (Principal)
1.1.68	56 875,00	
1.7.68	99 643,27	
1.1.69	99 643,27	25 000
1.7.69	99 643,27	25 000
1.1.70	99 643,27	25 000
1.7.70	99 643,27	25 000
1.1.71	99 643,27	25 000
1.7.71	99 643,27	25 000
1.1.72	99 643,27	25 000
1.7.72	99 643,27	25 000
1.1.73	204 465,96	25 000
1.7.73	204 465,96	25 000
1.1.74	204 465,96	110 000
1.7.74	204 465,96	110 000
1.1.75	161 697,69	110 000
1.7.75	161 697,69	110 000
1.1.76	161 697,69	110 000
1.7.76	161 697,69	110 000
1.1.77	161 697,69	110 000
1.7.77	161 697,69	110 000
1.1.78	178 567,41	110 000
1.7.78	178 567,41	110 000
1.1.79	178 567,41	122 500
1.7.79	178 567,41	122 500
1.1.80	178 567,41	122 500
1.7.80	178 567,41	122 500
1.1.81	178 567,41	122 500
1.7.81	178 567,41	122 500
1.1.82	178 567,41	122 500
1.7.82	178 567,41	122 500
1.1.83	178 567,41	122 500
1.7.83	178 567,41	122 500
1.1.84	178 567,41	
1.7.84	178 567,41	
1.1.85	178 567,41	
1.7.85	178 567,41	
1.1.86	178 567,41	
1.7.86	178,567,41	
1.1.87	178 567,41	
1.7.87	178 567,41	
		2 575 000 DH

7/29 279

RABAT, LE 24 Avril 1968

البنك الوطني للإنماء الاقتصادي
BNDE
BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE
CAPITAL 30 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TEL. 264.41.42
& 43 ADRESSE TELEGRAPHIQUE BADEMAROC

DIRECTION GÉNÉRALE

DG/HL n° 191

Monsieur Michael L. LEJEUNE
Directeur du Département Moyen-Orient
et Afrique du Nord

B. I. R. D.

Washington D. C.

Cher Monsieur Lejeune,

J'accuse réception de votre lettre et des documents joints en date du 22 avril 1968, relatifs aux "Procedures for the financing of Hotels projects from IBRD funds".

Nous vous transmettrons dans les prochains jours nos observations à ce sujet afin d'arriver à un accord définitif sur cette importante question dont dépend l'évolution de l'activité de notre Banque.

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

Le Directeur Général

Mohamed BENKIRANE

cc: Mess. Sebse
T. Jones
Patrick
MENA "B"
Orig.: Oper. Files (7/30)

Tounon

April 22, 1968

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

Dear Mr. Benkirane

Procedures for the Financing of
Hotel Projects from IBRD Funds

I am writing with reference to your letter of February 26, with which you sent us a revised outline, in French, of the procedures envisaged for the financing of hotel projects from IBRD funds under a future IBRD loan to BNDE.

We are in general agreement on all substantial points of this outline, including the substance of the three changes you mention in your letter, which have been incorporated in your text. We are nevertheless suggesting some minor changes, which have been incorporated in a new outline of the procedures (in English) enclosed with this letter. We have marked the changes so that you may easily identify them.

Our concept of this paper is that of an aide memoire, setting out the principles which could apply to the financing of this particular category of projects under a new Bank loan to BNDE; principles which would have to be incorporated in the legal documents for the loan, and which should then be reviewed in the context of these documents.

In the meantime, we are prepared to apply these guidelines to the Africa Palace project to be financed under Loan 447-MOR, and for which we are now awaiting the revised amortization schedules.

ack April 24

It appears to us that one more matter concerning BNDE's intervention in hotel projects in cooperation with CIH needs further clarification. This is the question of the legal implications of BNDE's participation in the financing of equipment loans granted by CIH, which has not been covered in the Convention of October 16, 1966, between BNDE and CIH. A note on this question prepared by Mme. Dupré of BNDE was given to Messrs. Sekse and Bart during their recent visit and has now been reviewed by our Legal Department. I enclose a note prepared by that Department with further observations on the subject and shall appreciate receiving BNDE's further views on the matter. We would then wish to review those portions of the Procedures outline dealing with equipment loans, especially in relation to cases where only equipment, and not construction, is being financed.

Sincerely yours,

(signed) Michael L. Lejeune

Michael L. Lejeune
Director
Middle East and North Africa Department

Enclosures

ESekse:mam
cc: Messrs. Sekse (cl. encl. memorandum on Equipment Loans)
T. Jones (cl. with)
Petretti (cl. with)

MEMORANDUM

Re: Morocco: BNDE-CIH Convention: Equipment Loans

The Convention between BNDE and CIH was set up and entered into on the theory that BNDE would participate only in CIH's Construction Loans, which are secured by first mortgages as required by law. The only security mentioned in the Convention, therefore, is the mortgage, which is the subject of Article 9. Article 4(b) states that BNDE's participation will be relent by CIH pursuant to contracts in the form annexed to the Convention. The annex, entitled "Construction Loan", provides only for first mortgages as security.

Since then it became apparent that CIH has come to BNDE for funds for equipment loans, for which CIH takes only a "nantissement". BNDE is nevertheless re-lending funds from the Bank's loan for the purpose. The first example is the loan to Club Mediterranée which, however, is covered by Government guarantee until the nantissement can be arranged.

The Bank has now the case of Africa Palace under consideration, but it is not certain that BNDE is participating in both construction and equipment. In view of this situation the Bank should request BNDE's opinion as to how BNDE regards its loans to CIH for re-lending as equipment loans, as:

i. authorized under the Convention;

ii. secured in any manner of benefit to BNDE, even if Article 9 could be applied mutatis mutandis, since the preference (priorité) given BNDE under Article 9 of the Convention applies only if CIH has declared the entire amount of its loan to be due and is therefore in a position to foreclose its mortgage.

IBRD's views would depend upon the Moroccan laws and the CIH-investor loan contracts governing the security held by CIH. What is the interplay between a mortgage and a nantissement when they are held by the same creditor and given by the same debtor, but each to secure a separate debt? Would a default only on the equipment loan, for instance, entitle the CIH to premature the construction loan and foreclose the mortgage? Why, when there are both, is not the mortgage simply extended to cover also the equipment loan?

BNDE appears to be satisfied that the Convention is adequate to authorize its participation in equipment loans. Does CIH agree? In particular, does CIH agree that if there is a default by its borrower under an equipment loan, BNDE would benefit from the priority given BNDE under Article 9?

TJones:mm

April 10, 1968

MOROCCO:

SUGGESTED PROCEDURES FOR THE FINANCING OF HOTEL PROJECTS FROM THE IBRD FUNDS UNDER A POSSIBLE FUTURE IBRD LOAN TO BNDE

I. ASSUMPTIONS

1. BNDE will make a full study of the entire hotel project ("immobilier" as well as "mobilier") at the time of its first presentation for financing.

2. The study will include a detailed, full, cost estimate, with a breakdown of costs of land, working capital, "immobilier" (other than land) and "mobilier".

3. A full financing plan for the project will be drawn up, detailing various forms of equity finance and loans necessary for the "immobilier" as well as for the "mobilier". BNDE will only commit itself to a project for which the full financing is assured, or conditional upon satisfactory arrangements in this respect. As applied to CIH, this means that the "immobilier" and the "mobilier" loans must, if both are needed, be decided on simultaneously.

4. IBRD will normally only consider financing hotel projects into which BNDE has actively entered at an early stage, to ensure that BNDE's role is not only one of providing funds, but of active engagement in the appraisal and the planning of the project.

II. APPROVAL OF PROJECTS BY IBRD

1. Any "free limit" which may be agreed upon in connection with a future Bank loan to BNDE will also apply to tourist projects. However, the Bank will have to be satisfied, for projects below the "free limit", that the requirements under I. above have been met.

III. DETERMINATION OF ELIGIBLE AMOUNT FOR IBRD FINANCING

1. IBRD will finance only the estimated foreign exchange cost of goods and services from member countries of IBRD, and Switzerland.

2. As a part of BNDE's appraisal report, any request to IBRD for approval and crediting of a hotel project shall indicate, inter alia:

a) Total estimated cost of project;
b) Cost of land and working capital included in the cost estimate;
c) Cost excluding land and working capital (a-b);
d) CIH construction loan agreed to, as an absolute amount, and as a percentage of (c);
e) CIH equipment loan agreed to, amount and percentage of (c);
f) Proposed BNDE loan to CIH;
g) Estimated timing of construction and equipment works, and estimated timing of CIH's disbursements for the project.

3. Upon approval by IBRD of a construction-cum-equipment hotel project for financing, the maximum eligible amount which can be credited to BNDE's Loan Account with IBRD will be determined on the basis of the Bureau Securitas (SOCOTEC) average percentages of foreign exchange cost of hotels in Morocco, as follows (rounded percentages):

Foreign Exchange Cost as Percentage of Total Cost 1/

Category	"Immobilier"	"Mobilier"	Total
1 star	15%	2%	17%
2 "	19%	3%	22%
3^B "	24%	4%	28%
3^A "	25%	5%	30%
4^B "	28%	6%	34%
4^A "	29%	7%	36%
5^B "	31%	7%	38%
5^A "	32%	8%	40%

4. For a hotel project involving the financing of equipment only, the maximum eligible amount which can be credited to BNDE's Loan Account with IBRD will be the estimated foreign exchange cost for such equipment to be financed.

5. A joint certification by CIH, BNDE, and the Ministry of Tourism, in form agreed upon with IBRD, that the described project falls within the prescribed norm for the class of hotel intended, shall accompany

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1/ Excluding land and working capital.

any request to IBRD for crediting to the Loan Account of BNDE.

IV. DOCUMENTATION REQUIRED FOR DISBURSEMENT

1. Against project situation report signed by the entrepreneur and the architect, progress inspection report signed by CIH, and documentation showing that CIH has made a disbursement under its construction loan, IBRD will disburse, to BNDE, a portion of CIH's disbursement corresponding to the ratio between the estimated foreign exchange "immobilier" component mentioned under III.3 above (first column) for the particular category of project concerned, and the percentage participation which CIH's "construction" loan represents of total estimated project cost (ex land and working capital), as mentioned under III.2(d) above.1/

2. Against normal documentation as required by IBRD (invoices, etc.), and confirmation that CIH made a disbursement under its "equipment" loan, IBRD will disburse 100% of the amounts of foreign invoices and such portion of the amounts of local invoices representing goods previously imported into Morocco through normal trade channels or goods produced in Morocco from components or raw materials so imported as shall be agreed upon for the loan concerned 2/, subject, in the case of a construction-cum-equipment project, to the maximum of the "mobilier" percentage indicated under III.3 (second column) above.

3. In the case of an "equipment" loan only (renewal or modernization of equipment, when no construction loan is being requested), IBRD will disburse the full amount documented as above mentioned, subject only to the amount credited to the Loan Account.

4. Each request for withdrawal submitted in accordance with this section will necessarily be supported with satisfactory evidence of disbursement of the corresponding amount by BNDE to CIH.

V. FURTHER REQUIREMENTS FOR DISBURSEMENT

A. Countries of Origin

1. BNDE will inform the Bank as to the countries of origin of the materials imported or purchased locally for the project. If that

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1/ Example: Hotel category 3^A (25%); CIH's construction loan represents 50% of total cost: IBRD's disbursements will be 25:50 = 50% of CIH's disbursements.

2/ 65% for Loans 329-MOR and 447-MOR.

information is not readily available, BNDE will send to the Bank the most accurate assumption possible, based on the traditional pattern of imports of Morocco for the particular category of goods involved.

2. The cost of goods imported from non-eligible countries shall be deducted from the amount otherwise eligible for disbursement by IBRD according to IV.1 and 2 above.

B. Promptness of Disbursements

1. No withdrawals shall be made on account of any disbursement made by CIH for any investment project more than 30 days prior to the date on which the Bank shall have received the request from BNDE for withdrawal.

Mor
BNDE
CIHM

Mr. Einar Sekse

April 8, 1968

Werner Kodderitzsch

Morroco -- BNDE: Procedures for Financing Hotel Projects

Further to our talk of last Friday, the following is the text of a paragraph 4 suggested by Mr. Petretti, to be added to Section IV of the "Suggested Procedures for the Financing of Hotel Projects from the IBRD Funds under a Possible Future IBRD Loan to BNDE", dated April 2, 1968:

> "Each request for withdrawal submitted in accordance with this section will necessarily be supported with satisfactory evidence of disbursement of the corresponding amount by BNDE to CIH".

cc: Messrs. Petretti

T. Jones

Form No. 59
(2-55)

mor-
c. HM

CROSS REFERENCE SHEET

COMMUNICATION: MEMO

DATED: MARCH 28, 1968

TO: WILLIAM DIAMOND

FROM: E. KUIPER

FILED UNDER: MOROCCO - B.N.D.E. General

SUMMARY: EXTRACT:

" 11. I made a similar intervention with regard to hotel business and said that it was not "IBRD inflexible attitude" (see Benkirane's note on "review of BNDE activities") that hampered the development of our hotel business, but a Government ruling that obliged BNDE to finance tourtistic projects through the intermediary of CIH; we could do much better ourselves.

Tourism
? Hotel Chain

IDA | IBRD | IFC

FORM NO. 92 (10-61)

CORRESPONDENCE RECORD FORM

FROM
Mar. 22

B N D E
Rabat

DATED
Mar. 22, 1968

SUBJECT
Letter enclosing a report on the activities of Societe Marocaine pour le Developpement Touristique "Somadet"

Addressed and

REFERRED TO
Mr. Westebbe

DATE RECEIVED
Mar 25, 1968 mpb

MOR CIH

Working Party March 21, 1968

Rolf Helling

BNDE/CIH: Procedures for Hotel Financing

1. On February 20, 1968 Messrs. Bart and Sekse had discussions with representatives of BNDE and CIH on procedures for hotel financing under possible future Bank Loans to BNDE, on the basis of a paper prepared by us ("Suggested Procedures for the Financing of Hotel Projects from the IBRD Funds under a Possible Future IBRD Loan to BNDE", dated February 14, 1968).

2. Some changes of this paper were agreed upon during the meeting; both sides drafted corrected versions of it (see Mr. Sekse's memo to the Working Party of February 22/March 4 and BNDE's letter to the Bank of February 26).

3. The two drafts do not differ in substance except that BNDE's version specifies as follows the documentation required for disbursement under refinancing of construction loans (IV, 1):

(a) Note on progress of works, signed by the entrepreneur and the architect;
(b) Report on progress of works (so-called "inspection report");
(c) Bank debit advice showing disbursement by CIH under its construction loan.

Mr. Sekse's draft simply says "documentation in form to be agreed upon".

4. As BNDE's version is written in French language and therefore should not serve as an official document defining the relations between the Bank and BNDE, I propose that we complete Mr. Sekse's draft by inserting the documentation mentioned in 3 above (specifying however that the "report on progress of works" has to bear the signature of one of CIH's Inspectors) and send it to BNDE asking them for their agreement.

5. Though in principle these procedures will apply only to hotel financing under future Bank Loans, I propose that we apply them also to the project "Africa Palace" for which financing is sought under Loan 447-MOR. The prerequisites set forth in our paper have been fulfilled for this project except that CIH has not decided simultaneously on its "construction" and "equipment" loans. If the Working Party agrees, we would inform BNDE that we would be willing to apply the new procedures to this project and that we await the information about CIH's equipment loan (and, in this connection, the repayment schedule for BNDE's loan) to complete our review of the project.

6. After BNDE's loan to Club Mediterranée, the "Africa Palace" project is the second case where BNDE lends for equipment purposes. As Mr. Jones pointed out in his memo of February 13, 1968, the CIH/BNDE convention covers "construction loans" only. During his stay in Morocco, Mr. Sekse discussed this point with Mrs. Dupré, a loan officer of BNDE. BNDE's opinion is summarized in the attached memo; however, most of Mr. Jones' questions remain unanswered. I would like to have the Working Party's views on whether and in which form we should continue discussing this problem with BNDE.

7. However, I propose that notwithstanding our doubts about the legal basis for refinancing of equipment loans, we do not withhold our approval of the Africa Palace project if the information mentioned above is satisfactory.

8. Finally, in its letter of March 5 concerning Africa Palace, BNDE repeated its desire to get World Bank refinancing for 20 years in case of hotel loans. I think that this is a matter to be discussed during loan negotiations, and if the Working Party agrees, we would inform BNDE accordingly.

Summary

9. The Working Party's opinion is sought on the following points:

(a) Disbursement documentation;
(b) Application of new procedures to Africa Palace sub-project;
(c) Further discussions on lending for equipment purposes under the CIH/BNDE convention;
(d) Definition of legal status of equipment loans not a condition for approval of Africa Palace;
(e) Possibility of 20-year sub-loans to be discussed during loan negotiations.

cc: Messrs. Bart, Jones, Petretti, Kreuter
Kodderitzsch, Sadove

RHelling:vmh

N O T E

Sur l'exécution des garanties : Convention BNDE/CIH du 16 Octobre 1966

L'article 9 de la Convention stipule : " que tous montants reçus par la "CDIM de l'emprunteur ou pour son compte en vue du règlement de la dite dette, "autre que le produit de la réalisation de l'hypothèque, et tout revenu retiré "par la CDIM de la propriété hypothéquée si celle-ci n'est pas vendue sont imputés "par la CDIM par préférence, à elle-même et à tout autre, au règlement des montants "dûs par la CDIM à la Banque aux termes de son accord de prêt. Si la propriété "hypothéquée est vendue à un tiers pour un montant ne suffisant pas à couvrir le "montant total de la dette de l'emprunteur, la CDIM et la Banque partagent la "perte qui en résulte, y compris les frais découlant de la dite vente, au prorata "de leurs participations respectives au financement du projet."

Il n'est fait mention dans cet article que de la réalisation de l'hypothèque et dans ce cas de la participation de la BNDE au déchet de crédit et non de celle d'un nantissement ou d'une autre garantie (nantissement sur fonds de commerce et matériels par exemple) prise à l'occasion de l'octroi d'un crédit d'équipement par le CIH.

Il est à rappeler que les garanties sont prises par le CIH sur les biens de l'emprunteur et non par la BNDE.

Nous pensons qu'il est préférable pour la BNDE de maintenir le texte de la convention, article 9, dans sa rédaction actuelle, pour les raisons suivantes :

- le débiteur de la BNDE ~~et~~ le CIH,
- l'article 9 de la convention prévoit la participation au déchet de crédit dans le seul cas de la réalisation de l'hypothèque et la BNDE à contrario peut se prévaloir de cette rédaction restrictive et refuser de participer au déchet de crédit dans le cas où le CIH poursuivrait la réalisation d'une autre garantie réelle, telle que nantissement sur fonds de commerce et matériel par exemple.
- en outre, cet article précise que le CIH effectue le remboursement à la BNDE sans tenir compte du défaut de l'emprunteur, et que tous montants reçus par le CIH de l'emprunteur ou pour son compte sont imputés par préférence au règlement du prêt consenti par la BNDE au CIH.

* * *

Si une contestation venait à surgir entre les parties à l'occasion de cet article, la solution la plus défavorable qui pourrait être retenue pour la BNDE consisterait à la faire participer au déchet de crédit sur la réalisation des autres garanties réelles prises par le CIH.

En l'état, il nous paraît préférable de maintenir sans modification le texte de l'article 9 dans sa rédaction initiale.

G. DUPEE

Dupée

Mor. Tourism

FORM NO. 59
(2.55)

CROSS REFERENCE SHEET

COMMUNICATION: MEMO

DATED: MARCH 11, 1968

TO: MR. ESCO T. KUIPER

FROM: OLIVERO PESCE

FILED UNDER: MOROCCO - BOARD

SUMMARY: EXTRACT:

Tourism

10. The Government seems to agree to a continuation of the present BNDE/CIH arrangements with some revisions. Suggested procedures for the financing of hotel projects from BNDE funds under a possible Bank loan have been discussed by Messrs. Burt and Selse in Morocco. The latest proposed text is attached for your information, together with Mr. Selse's recommendations (Annexes 1 and 2). There are some doubts about the possibility for BNDE to participate in equipment loans under the present convention. Mr. Selse should have discussed this point, but we are not aware of his present views on the matter, since he is still abroad. However, the procedures are guidelines to be negotiated and incorporated in the loan documents in the context of negotiations for a possible Bank loan, and their finalization is not operationally urgent.

Tourism

14. BNDE informed the Bank in January 1968 that the sponsors of the projects Hotel Doukkala, Hotel Velazquez, Hotel Leopardi and Immobiliaria Urbana, involving BNDE loans of $374,000, were not ready to sign a rider to their loan agreement with CIH giving certain rights of control and inspection to BNDE and requested that the Bank waive its requirements in this instance. The Bank informed BNDE that this was impossible.

MOR
C1 HM

March 6, 1968

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

Gentlemen,

I wish to acknowledge receipt of your letter dated February 26, 1968 on the suggested procedures for the financing of hotel projects from IBRD funds under a possible future IBRD loan to BNDE.

I shall send you our comments on this letter in the near future.

Yours sincerely,

Maurice P. Bart
Middle East and North Africa
Department

A.Memon:jh

cc: Messrs. Sekse/Pesce (cl. with)
T. Jones
Petretti

Form No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

yellow
mon BNDE
CIHM

OFFICE MEMORANDUM

TO: Working Party

DATE: March 4, 1968

FROM: Oliviero Pesce
OP

SUBJECT: BNDE/CIH: Procedures for Hotel Financing

1. I have received today a memorandum from Mr. Sekse to the Working Party, dated Rabat, February 22, 1968, recommending some modifications in his memorandum, dated February 14, 1968, on the suggested procedures for the financing of hotel projects from IBRD funds under a possible future IBRD loan to BNDE.

2. I am attaching a copy of Mr. Sekse's memorandum and a copy of the suggested procedures, as revised by Mr. Sekse according to his recommendations, which reflect BNDE's and CIH's comments.

3. I would appreciate receiving the Working Party's comments on the proposed modifications. If they are agreed upon, revised suggested procedures can be communicated to BNDE, indicating that they will have to be negotiated and incorporated into the documents of a new loan to BNDE.

Attachments
cc. Messrs. Bart, T. Jones, Petretti, Kreuter, Boyd

OPesce:med

FORM No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

Typed from hand-written draft dated Rabat, Feb. 22, 1968

TO: Working Party

DATE: March 4, 1968

FROM: Einar Sekse

SUBJECT: BNDE/CIH: Procedures for Hotel Financing

1. Mr. Bart and I had a meeting, on February 20, with representatives of BNDE and CIH, on the outline dated February 14 for procedures for the financing by IBRD of hotel projects. Mr. Benkirane (BNDE) and Mr. Lazrak (CIH) and members of their staff were present.

2. The suggestions contained in the paper of February 14 were accepted, with the following comments:

III. 3. (percentages representing estimated foreign exchange costs):
It was pointed out that the "equipment" percentages, according to SOCOTEC, are minimum rather than average percentages. However, seen in conjunction with the "construction" percentages, it was agreed that the "total" percentages represented the best foreign exchange cost estimates for the average construction-cum-equipment hotel project in the various categories.

IV. 2. (disbursement for equipment):
In view of the above, it was agreed that disbursements for documented foreign exchange cost for equipment should be limited to the "equipment" percentages in III. 3 (second column) for any construction-cum-equipment project.

A request was made, however, that there be no maximum "equipment" percentages for projects involving only equipment (this could be, for instance, a modernization program for an existing hotel involving only new equipment; not, however, a leasing-type project like the SIM/Club Mediterranee (Azadir) where the lessee purchases and owns the equipment). We promised to take this under consideration.

The request seems to me (Mr. Bart agrees) to be reasonable, as in such cases there will be 100% documentation of the foreign exchange cost. In the attached copy of the outline I have made the necessary changes to reflect this modification, if the Working Party agrees.

V. A. 2. (countries of origin):
We confirmed, on question, that the deductions to be made for purchases from non-eligible countries would be determined on the same basis as disbursements would be (under IV. 1 and 2); that is, in case of the "65% formula" being applied, the same 65% would apply to deductions for non-eligible countries.

3. I suggest that the Working Party consider the changes proposed under III. 3 and IV. 2 and, if it agrees to them, confirm in a letter to BNDE that the outline as so modified will constitute a mutually agreed guideline for financing of hotels, together with CIH, under a possible new Bank loan to BNDE.

4. This leaves aside, for the moment, the legal questions concerning BNDE's participation in "equipment" loans under the Convention.

ESekse:fmc

cc: Messrs. Bart , T. Jones, Petretti, Kreuter, Boyd

(copy in tourism file)

February 14, 1968

MOROCCO:

SUGGESTED PROCEDURES FOR THE FINANCING OF HOTEL PROJECTS FROM THE IBRD FUNDS UNDER A POSSIBLE FUTURE IBRD LOAN TO BNDE

I. ASSUMPTIONS

1. BNDE will make a full study of the entire hotel project ("immobilier" as well as "mobilier") at the time of its first presentation for financing.

2. The study will include a detailed, full, cost estimate, with a breakdown of costs of land, working capital, "immobilier" (other than land) and "mobilier".

3. A full financing plan for the project will be drawn up, detailing various forms of equity finance and loans necessary for the "immobilier" as well as for the "mobilier". BNDE will only commit itself to a project for which the full financing is assured, or conditional upon satisfactory arrangements in this respect. As applied to CIH , this means that the "immobilier" and the "mobilier" loans must, if both are needed, be decided on simultaneously.

4. IBRD will normally only consider financing hotel projects into which BNDE has actively entered at an early stage, to ensure that BNDE's role is not only one of providing funds, but of active engagement in the appraisal and the planning of the project.

II. APPROVAL OF PROJECTS BY IBRD

1. Any "free limit" which may be agreed upon in connection with a future Bank loan to BNDE will also apply to tourist projects. However, the Bank will have to be satisfied, for projects below the "free limit", that the requirements under I. above have been met.

III. DETERMINATION OF ELIGIBLE AMOUNT FOR IBRD FINANCING

1. IBRD will finance only the estimated foreign exchange cost of goods and services from member countries of IBRD, and Switzerland.

2. As a part of BNDE's appraisal report, any request to IBRD for approval and crediting of a hotel project shall indicate, inter alia:

a) Total estimated cost of project;
b) Cost of land and working capital included in the cost estimate;
c) Cost excluding land and working capital (a-b);
d) CIH construction loan agreed to, as an absolute amount, and as a percentage of (c);
e) CIH equipment loan agreed to, amount and percentage of (c);
f) Proposed BNDE loan to CIH ;
g) Estimated timing of construction and equipment works, and estimated timing of CIH's disbursements fot the project.

3. Upon approval by IBRD of a/hotel project for financing, the maximum eligible amount which can be credited to BNDE's Loan Account with IBRD will be determined on the basis of the Bureau Securitas (SOCOTEC) average percentages of foreign exchange cost of hotels in Morocco, as follows (rounded percentages):

	Foreign exchange cost as percentage of total cost 1/		
Category	"Immobilier"	"Mobilier"	Total
1 star	15%	2%	17%
2 "	19%	3%	22%
3B "	24%	4%	28%
3A "	25%	5%	30%
4B "	28%	6%	34%
4A "	29%	7%	36%
5B "	31%	7%	38%
5A "	32%	8%	40%

**5. A joint certification by CIH , BNDE, and the Ministry of Tourism , in form agreed upon with IBRD, that the described project falls within the prescribed norm for the class of hotel intended, shall accompany any request to IBRD for crediting to the Loan Account of BNDE.

1/ Excluding land and working capital.

**4. For a hotel project involving the financing of equipment only, the maximum eligible amount which can be credited to BNDE's Loan Account with IBRD will be the estimated foreign exchange cost for such equipment to be financed.

IV. DOCUMENTATION REQUIRED FOR DISBURSEMENT

1. Against documentation from CIH and BNDE, in form to be agreed upon, that CIH has made a disbursement under its construction loan, IBRD will disburse, to BNDE, a portion of CIH's disbursement corresponding to the ratio between the estimated foreign exchange "immobilier component mentioned under III. 3 above (first column) for the particular category of project concerned, and the percentage participation which CIH 's "construction" loan represents of total estimated project cost (ex land and working capital), as mentioned under III. 2 (d) above.1/

2. Against normal documentation as required by IBRD (invoices, etc.), and confirmation that CIH made a disbursement under its "equipment" loan, IBRD will disburse 100% of the amounts of foreign invoices and such portion of the amounts of local invoices representing goods previously imported into Morocco through normal trade channels or goods produced in Morocco from components or raw materials so imported as shall be agreed upon for the loan concerned2/, subject to the maximum of the "mobilier" percentage indicated under III. 3 (second column) above. In the case of an "equipment" loan only, IBRD will disburse the full amount documented as above mentioned, subject only to** in the case of a construction-cum-equipment project,

V. FURTHER REQUIREMENTS FOR DISBURSEMENT

A. Countries of Origin

1. BNDE will inform the Bank as to the countries of origin of the materials imported or purchased locally for the project. If that information is not readily available, BNDE will send to the Bank the most accurate assumption possible, based on the traditional pattern of imports of Morocco for the particular category of goods involved.

2. The cost of goods imported from non-eligible countries shall be deducted from the amount otherwise eligible for disbursement by IBRD according to IV 1 and 2 above.

B. Promptness of Disbursements

1. No withdrawals shall be made on account of any disbursement made by CIH for any investment project more than 30 days prior to the date on which the Bank shall have received the request from BNDE for withdrawal.

1/ Example: Hotel category 3A (25%); CIH's construction loan represents 50% of total cost: IBRD's disbursements will be 25:50 = 50% of CIH's disbursements.

2/ 65% for Loans 329-MOR and 447-MOR.

** ....the amount credited to the Loan Account.

March 4, 1968

BNDE CIH

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: MEMO

DATED: March 4, 1968

TO: Mr. Mathew

FROM: Mr. Sekse

FILED UNDER: Mor~~e~~ BNDE General

SUMMARY: Meeting February 21 with Mr. Tahiri, Minister of Finance, concerning BNDE

III. Fields of Activity - Tourism

In recalling the Minister's request for a direct Bank loan to CIH, Bart said our conclusion at this time was that, for the next few years, such a loan could not be foreseen. He explained why (CIH's deep rooting in mortgage financing, unfamiliarity with industrial tourism appraisal, a transition which would take some time). The Bank was willing to continue to use BNDE as its channel for financing of tourism, if the Government so agreed, and recognized the great importance to Morocco of further development of this sector. From the point of view of BNDE, it was important to be sure that it would continue being allowed to finance tourism, preferably in a direct way, or, if necessary, through a continuation of collaboration with CIH, since business volume and profitability was otherwise likely to be adversely affected.

The Minister showed disappointment at the conclusion about the prospects of Bank lending to CIH and, at first, he took the stern line that, specialization being the Moroccan Government's policy, a third Bank loan to BNDE should be geared to industrial investment only. After all, there were other sources of funds than the Bank available to CIH. "It is time to change to specialization." "We have decided definitively that CIH should obtain external resources other than from the Bank." After a little further exploring of these statements, however, the Minister concluded that "nothing is changed, all remains open" (for BNDE to participate in tourism financing). "You can count on it." This means that there will be no change, BNDE will continue to operate through CIH under established arrangements (with the modifications now proposed by us, and generally agreed upon by BNDE and CIH).

البنك الوطني للإنماء الاقتصادي
BNDE
BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE
CAPITAL 30 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TÉL. 264 - 41 - 42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC
DEPARTEMENT JURIDIQUE ET
DU CONTROLE DES CREDITS

mon BNDE CIH/M W 3/4

RABAT, LE 26 Février 1968

AS/AE

N° 158/JC

Banque Internationale pour la
Reconstruction et le Développement
1818 H Street N.W.

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

Objet : Evaluation des projets hôteliers et méthode de déboursement.
Réfer. : Note de M. SEKSE en date du 14 Février 1968.

Messieurs,

Au cours des dernières conversations que nous avons eues en date du 20 Février 1968 avec MM. SEKSE et BART, en présence de M. LAZRAK, Directeur Général du C.I.H. nous avons mis au point, d'un commun accord, le texte annexé à la présente, relatif aux méthodes d'évaluation et de déboursement des projets hôteliers.

Le texte original a été complété comme suit :

- au paragraphe III, 4, nous avons remplacé Office National du Tourisme par Ministère du Tourisme, qui seul est habilité à donner un avis technique sur la classification des hôtels.
- au paragraphe IV, 1, nous indiquons explicitement les documents à fournir par le C.I.H. à l'occasion des demandes de mise à disposition des fonds d'emprunt.
- au même paragraphe IV nous insérons un sous-paragraphe 3., qui couvre l'intervention du C.I.H. lorsque celle-ci portera uniquement sur des projets d'équipement.

Nous pensons qu'il vous sera possible de nous donner votre accord écrit sur ces 3 points.

Par ailleurs, en ce qui concerne l'attestation des pays d'origine, nous vous transmettrons prochainement pour accord une étude sur la structure traditionnelle des importations au Maroc intéressant la catégorie des biens entrant dans la réalisation d'un hôtel.

Nous vous remercions vivement pour votre collaboration dans la mise en place d'une procédure de financement des projets hôteliers pratique.

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

BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE,

P.J. : 1

cc: Messrs. Sekse/Pasca
T. Jones
Patrick
MENAUBU (2x)
Original: Oper. files

w/ th att'ts

ack 1/4/68

W 3/4

ref April 22

Le 26 Février 1968

PROCEDURES PROPOSEES POUR LE FINANCEMENT DES PROJETS D'INVESTISSEMENTS HOTELIERS SUR FONDS BIRD AU TITRE D'UN PRÊT EVENTUEL DE LA BIRD A LA BNDE

I. HYPOTHESES

1. La BNDE procèdera à une étude complète de l'ensemble du projet d'investissement hôtelier (du point de vue immobilier aussi bien que mobilier) lorsqu'il est présenté pour la première fois au CIH en vue de son financement.

2. L'étude comprendra une estimation complète et détaillée des coûts qui seront ventilés selon les rubriques suivantes : terrains, fonds de roulement, immobilier (autres que les terrains) et mobilier.

3. Un plan de financement complet sera établi pour le projet, indiquant de façon détaillée les diverses formes de capitaux propres et d'emprunt nécessaires pour l'élément immobilier aussi bien que mobilier. La BNDE ne se lancera dans un projet que si la totalité du financement en est assurée, ou à la condition que des dispositions satisfaisantes aient été prises à cet effet. En ce qui concerne le CIH, il s'ensuit que les prêts immobilier et mobilier, si les deux sont nécessaires, devront faire l'objet d'une décision simultanée.

4. La BIRD ne considérera normalement que le financement des projets d'investissement hôteliers auxquels la BNDE participe activement depuis l'un des premiers stades afin de garantir que le rôle de la BNDE n'est pas seulement de fournir des fonds, mais aussi de participer activement à l'appréciation et à la planification du projet.

II. APPROBATION DES PROJETS PAR LA BIRD

1. Toute "limite libre" dont il pourra être convenu à l'égard d'un prêt futur de la BIRD à la BNDE s'appliquera également aux projets d'investissements touristiques. La BIRD devra toutefois constater, pour les projets en decà de la "limite libre", que les conditions posées au paragraphe I ci-dessus sont satisfaites.

III.-DETERMINATION DU MONTANT DU FINANCEMENT DE LA BIRD

1. La BIRD ne financera que le coût estimatif en devises des biens et services fournis par des pays membres de la BIRD et la Suisse.

2. Dans le cadre du rapport d'évaluation de la BNDE, toute demande d'approbation et d'attribution de crédit adressée à la BIRD au sujet d'un projet d'investissement hôtelier devra comporter notamment les renseignements suivants :

.../...

a) Estimation du coût total du projet ;
b) Coût des terrains et montant du fonds de roulement compris dans l'estimation du coût ;
c) Coût sans les terrains et le fonds de roulement (a-b) ;
d) Montant du prêt à la construction accordé par le CIH, en valeur absolue et en pourcentage de (c) ;
e) Montant du prêt à l'équipement accordé par le CIH, en valeur absolue et en pourcentage de (c) ;
f) Prêt que la BNDE prévoit de consentir au CIH ;
g) Estimation du calendrier des travaux de construction et d'équipement, ainsi que du calendrier des versements du CIH destinés au projet.

3. Une fois le financement d'un projet d'investissement hôtelier approuvé par la BIRD, le montant maximal qui pourra être crédité au compte de prêt ouvert à la BNDE auprès de la BIRD sera déterminé sur la base des pourcentages moyens du coût en devises des hôtels au Maroc, établis par le Bureau Securitas (SOCOTEC) et indiqués ci-dessous (pourcentages arrondis) :

	Coût en devises en pourcentage du coût total 1/		
Catégorie	Immobilier	Mobilier	Total
1 étoile	15 %	2 %	17 %
2 "	19 %	3 %	22 %
3B "	24 %	4 %	28 %
3A "	25 %	5 %	30 %
4B "	28 %	6 %	34 %
4A "	29 %	7 %	36 %
5B "	31 %	7 %	38 %
5A "	32 %	8 %	40 %

4. Un certificat établi conjointement par le CIH, la BNDE et le Ministère du Tourisme, sous une forme convenue avec la BIRD, attestant que le projet décrit satisfait à la norme prescrite pour la catégorie d'hôtel envisagée devra accompagner toute demande adressée à la BIRD en vue d'obtenir le versement du crédit au compte de prêt de la BNDE.

IV. PIECES A FOURNIR POUR LES VERSEMENTS

1. Sur présentation des situations de travaux établies par l'entrepreneur et l'architecte, des rapports d'avancement des travaux dits d'inspection, des avis de débit bancaires constatant le versement par le CIH au titre du prêt à la construction, la BIRD versera à la BNDE la fraction du montant versé par le CIH correspondant au rapport entre le coût estimatif en devises de l'élément immobilier mentionné au paragraphe III ci-dessus (première colonne) pour la catégorie particulière de projet envisagée et le pourcentage que représente le prêt à la construction du CIH dans le total du coût estimatif du projet (non compris les terrains et le fonds de roulement) ainsi qu'il est mentionné au paragraphe II, 2 (d) ci-dessus. 2/

1/ A l'exclusion des terrains et du fonds de roulement.
2/ Exemple : Hôtel de catégorie 3A (25 %) ; le prêt à la construction du CIH représente 50 % du coût total : les versements de la BIRD seront de 25 : 50 = 50 % des versements du CIH.

.../...

2. Sur présentation des pièces normalement requises par la BIRD (factures, etc:) et moyennant confirmation que le CIH a effectué un versement au titre de son prêt à l'équipement, la BIRD versera 100 % du montant des factures étrangères, ainsi que la portion du montant des factures locales correspondant à des biens antérieurement importés au Maroc par les voies commerciales normales ou produits au Maroc à partir de pièces détachées ou de matières premières importées de façon semblable, dont il aura été convenu pour le prêt en cause 1/, sous réserve du pourcentage mobilier maximum indiqué au paragraphe III, 3 (deuxième colonne) ci-dessus.

3. Lorsque l'intervention du CIH portera uniquement sur un prêt d'équipement(cas de prêt pour le renouvellement et/ou la modernisation de l'équipement existant, cas des projets hôteliers où il ne sera pas demandé de prêt à la construction...) le refinancement auprès de la BIRD sera justifié comme au 2. ci-dessus, sans limitation ni références au pourcentage mobilier maximum SOCOMEC.

V. AUTRES FORMALITES DE VERSEMENT

A. Pays d'origine

1. La BNDE indiquera à la Banque le pays d'origine des produits importés ou achetés sur place pour la réalisation du projet. S'il est difficile de se procurer ce renseignement, la BNDE fournira à la Banque une hypothèse aussi exacte que possible, en se fondant sur la structure traditionnelle des importations du Maroc pour la catégorie particulière de produits dont il s'agit.

2. Le coût des biens importés de pays autres que ceux qui ont été indiqués ci-dessus sera déduit du montant pouvant faire l'objet d'un versement de la BIRD, conformément au paragraphe IV, 1 et 2 ci-dessus.

B. Délai de versement

1. Aucun retrait de fonds ne sera effectué au titre d'un versement accordé par le CIH pour tout projet d'investissement plus de 30 jours avant la date à laquelle la Banque aura reçu la demande de retrait de fonds de la BNDE.

1/ 65 % pour les prêts 329 MOR et 447 MOR.

FORM No. 57

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

BNDE CIHM

OFFICE MEMORANDUM

TO: Files

DATE: February 14, 1968

FROM: W. Kodderitzsch

SUBJECT: Morocco : IBRD/BNDE/CIH hotel financing and procedures

1. On February 7, 1968 the Working Party met to discuss Mr. Sekse's memorandum to it dated January 5 on the above subject and Mr. Boyd's memorandum to Mr. Diamond dated January 19 on relations with the Crédit Immobilier et Hôtelier in hotel financing. The meeting was attended by Messrs. Boyd, T. Jones, Petretti and Sekse and chaired by Mr. Kodderitzsch.

2. The Working Party recalled its previous discussions on the matter and the conclusion of the meeting held on June 6, 1967 as reflected in para. 13(d), 2nd sentence of the meeting's minutes: "... if the Bank is not prepared to consider a direct loan to CPIM we should write to BNDE and point out the major problems seen in the existing arrangements and indicate willingness ... to discuss how the problems could best be solved".

3. The mission which reappraised BNDE in October 1967 concluded that as it stands CIH is not yet a suitable institution to receive a direct IBRD loan for hotel financing (cf. Mr. Boyd's memorandum of January 19). Further the Staff Investment Committee had agreed that "BNDE's prospects would be strengthened if it could continue to invest in the tourist industry" (SIC/M/68-2, January 10, 1968). In view of the probability that the Bank will continue for the time being to use BNDE as the channel for funds into Moroccan hotels through CIH and considering the Working Party's position mentioned in para.2 above, Mr. Sekse has prepared the memorandum on procedures for future financing of hotel projects from IBRD funds.

4. The Working Party discussed the six problem areas set out in Mr. Sekse's memorandum and the procedures as suggested in attachment 5 to the memorandum. The Working Party agreed to the text of the attachment with the exception of the following:

(a) With regard to the first assumption, it was understood that BNDE alone should be responsible to the Bank for the full study of the entire hotel project at the time for its first presentation for financing. It is up to BNDE to arrange with CIH for the modalities of the appraisal which could be undertaken simultaneously and on the basis of the questionnaire (formula II) prepared by BNDE and CIH.

(b) The Working Party understands that IBRD will normally only consider financing hotel projects into which CIH and BNDE have actively entered at an early stage. All hotel projects will have to pass this test. With regard to projects below the "free limit", the Bank would in future ascertain prior to the

otherwise automatic crediting that the project is in compliance with the assumptions set forth in Section I of Mr. Sekse's suggested procedures (attachment 5 to his memorandum of January 5). Such requirement would have to be agreed upon during possible negotiations on a third line of credit to BNDE.

(c) The Working Party did not consider it appropriate to set a closing date for the disbursement by the Bank for particular hotel projects to be determined on the basis of the estimated timing of the project. Para IV. B.2 of the suggested procedures was therefore deleted.

(d) For the sake of promptness of disbursement, the Working Party agreed that the usual 150 days rule could not be applied. Instead, no withdrawals should be made on account of any disbursement made by CIH for any investment project more than 30 days prior to the date on which the Bank shall have received the request from BNDE for withdrawal.

5. The Working Party proposes that the procedures suggested by Mr. Sekse for the future financing of hotel projects, as amended in the light of the discussion (cf. Annex I), be communicated to BNDE during the forthcoming mission to Rabat of Messrs. Bart and Sekse. After having taken into account BNDE's and CIH's possible comments, the suggested procedures will have to be negotiated and incorporated into the documents of a new loan to BNDE.

6. Related to the meeting's subject Mr. Jones raised questions as to whether BNDE, by its present convention with CIH, is secured in any way for equipment loans regardless of whether they are made to hotel investors who are also borrowers of construction loans or not. The BNDE/CIH convention provides security only through mortgages and only for construction loans. Mr. Sekse will take up the question with BNDE during his forthcoming visit.

attachment

W. Kodderitzsch:jh

cc: Messrs. Lejeune
Bart
Sekse/Boyd (cl.with)
T. Jones (cl.with)
Petretti (cl.with)

February 14, 1968

MOROCCO:

SUGGESTED PROCEDURES FOR THE FINANCING OF HOTEL PROJECTS FROM THE IBRD FUNDS UNDER A POSSIBLE FUTURE IBRD LOAN TO BNDE

I. ASSUMPTIONS

1. BNDE will make a full study of the entire hotel project ("immobilier" as well as "mobilier") at the time of its first presentation for financing.

2. The study will include a detailed, full, cost estimate, with a breakdown of costs of land, working capital, "immobilier" (other than land) and "mobilier".

3. A full financing plan for the project will be drawn up, detailing various forms of equity finance and loans necessary for the "immobilier" as well as for the "mobilier". BNDE will only commit itself to a project for which the full financing is assured, or conditional upon satisfactory arrangements in this respect. As applied to CIHM, this means that the "immobilier" and the "mobilier" loans must, if both are needed, be decided on simultaneously.

4. IBRD will normally only consider financing hotel projects into which BNDE has actively entered at an early stage, to ensure that BNDE's role is not only one of providing funds, but of active engagement in the appraisal and the planning of the project.

II. APPROVAL OF PROJECTS BY IBRD

1. Any "free limit" which may be agreed upon in connection with a future Bank loan to BNDE will also apply to tourist projects. However, the Bank will have to be satisfied, for projects below the "free limit", that the requirements under I. above have been met.

III. DETERMINATION OF ELIGIBLE AMOUNT FOR IBRD FINANCING

1. IBRD will finance only the estimated foreign exchange cost of goods and services from member countries of IBRD, and Switzerland.

2. As a part of BNDE's appraisal report, any request to IBRD for approval and crediting of a hotel project shall indicate, inter alia:

a) Total estimated cost of project;
b) Cost of land and working capital included in the cost estimate;
c) Cost excluding land and working capital (a-b);
d) CIHM construction loan agreed to, as an absolute amount, and as a percentage of (c);
e) CIHM equipment loan agreed to, amount and percentage of (c);
f) Proposed BNDE loan to CIHM;
g) Estimated timing of construction and equipment works, and estimated timing of CIHM's disbursements fot the project.

3. Upon approval by IBRD of a hotel project for financing, the maximum eligible amount which can be credited to BNDE's Loan Account with IBRD will be determined on the basis of the Bureau Securitas (SOCOTEC) average percentages of foreign exchange cost of hotels in Morocco, as follows (rounded percentages):

	Foreign exchange cost as percentage of total cost 1/		
Category	"Immobilier"	"Mobilier"	Total
1 star	15%	2%	17%
2 "	19%	3%	22%
3B "	24%	4%	28%
3A "	25%	5%	30%
4B "	28%	6%	34%
4A "	29%	7%	36%
5B "	31%	7%	38%
5A "	32%	8%	40%

4. A joint certification by CIHM, BNDE, and the Office National de Tourisme, in form agreed upon with IBRD, that the described project falls within the prescribed norm for the class of hotel intended, shall accompany any request to IBRD for crediting to the Loan Account of BNDE.

1/ Excluding land and working capital.

IV. DOCUMENTATION REQUIRED FOR DISBURSEMENT

1. Against documentation from CIHM and BNDE, in form to be agreed upon, that CIHM has made a disbursement under its construction loan, IBRD will disburse, to BNDE, a portion of CIHM's disbursement corresponding to the ratio between the estimated foreign exchange "immobilier" component mentioned under III. 3 above (first column) for the particular category of project concerned, and the percentage participation which CIHM's "construction" loan represents of total estimated project cost (ex land and working capital), as mentioned under III. 2 (d) above.1/

2. Against normal documentation as required by IBRD (invoices, etc.), and confirmation that CIHM made a disbursement under its "equipment loan, IBRD will disburse 100% of the amounts of foreign invoices and such portion of the amounts of local invoices representing goods previously imported into Morocco through normal trade channels or goods produced in Morocco from components or raw materials so imported as shall be agreed upon for the loan concerned2/, subject to the maximum of the "mobilier" percentage indicated under III. 3 (second column) above.

V. FURTHER REQUIREMENTS FOR DISBURSEMENT

A. Countries of Origin

1. BNDE will inform the Bank as to the countries of origin of the materials imported or purchased locally for the project. If that information is not readily available, BNDE will send to the Bank the most accurate assumption possible, based on the traditional pattern of imports of Morocco for the particular category of goods involved.

2. The cost of goods imported from non-eligible countries shall be deducted from the amount otherwise eligible for disbursement by IBRD according to IV 1 and 2 above.

B. Promptness of Disbursements

1. No withdrawals shall be made on account of any disbursement made by CIHM for any investment project more than 30 days prior to the date on which the Bank shall have received the request from BNDE for withdrawal.

1/ Example: Hotel category 3A (25%); CIHM's construction loan represents 50% of total cost: IBRD's disbursements will be 25:50 = 50% of CIHM's disbursements.

2/ 65% for Loans 329-MOR and 447-MOR.

February 14, 1968

FORM No. 337D
(12-61)

Mr. Einar Selose
Room 958

Le 14 février 1968

MAROC

PROCEDURES PROPOSEES POUR LE FINANCEMENT DES PROJETS D'INVESTISSEMENTS HOTELIERS SUR FONDS BIRD AU TITRE D'UN PRET EVENTUEL DE LA BIRD A LA BNDE

I. HYPOTHESES

1. La BNDE procédera à une étude complète de l'ensemble du projet d'investissement hôtelier (du point de vue immobilier aussi bien que mobilier) lorsqu'il est présenté pour la première fois à la CIHM en vue de son financement.

2. L'étude comprendra une estimation complète et détaillée des coûts qui seront ventilés selon les rubriques suivantes: terrains, fonds de roulement, immobilier (autres que les terrains) et mobilier.

3. Un plan de financement complet sera établi pour le projet, indiquant de façon détaillée les diverses formes de capitaux propres et d'emprunt nécessaires pour l'élément immobilier aussi bien que mobilier. La BNDE ne se lancera dans un projet que si la totalité du financement en est assurée, ou à la condition que des dispositions satisfaisantes aient été prises à cet effet. En ce qui concerne la CIHM, il s'ensuit que les prêts immobilier et mobilier, si les deux sont nécessaires, devront faire l'objet d'une décision simultanée.

4. La BIRD ne considérera normalement que le financement des projets d'investissement hôteliers auxquels la BNDE participe activement depuis l'un des premiers stades, afin de garantir que le rôle de la BNDE n'est pas seulement de fournir des fonds, mais aussi de participer activement à l'appréciation et à la planification du projet.

II. APPROBATION DES PROJETS PAR LA BIRD

1. Toute "limite libre" dont il pourra être convenu à l'égard d'un prêt futur de la BIRD à la BNDE s'appliquera également aux projets d'investissements touristiques. La BIRD devra toutefois constater, pour les projets en deçà de la "limite libre", que les conditions posées au paragraphe I ci-dessus sont satisfaites.

III. DETERMINATION DU MONTANT DU FINANCEMENT DE LA BIRD

1. La BIRD ne financera que le coût estimatif en devises des biens et services fournis par des pays membres de la BIRD et la Suisse.

TRANSLATION SECTION F-51/68
English 2/16/68 JLM:cm
Translated From: By:

2. Dans le cadre du rapport d'évaluation de la BNDE, toute demande d'approbation et d'attribution de crédit adressée à la BIRD au sujet d'un projet d'investissement hôtelier devra comporter notamment les renseignements suivants:

a) Estimation du coût total du projet;
b) Coût des terrains et montant du fonds de roulement compris dans l'estimation du coût;
c) Coût sans les terrains et le fonds de roulement (a-b);
d) Montant du prêt à la construction accordé par la CIHM, en valeur absolue et en pourcentage de (c);
e) Montant du prêt à l'équipement accordé par la CIHM, en valeur absolue et en pourcentage de (c);
f) Prêt que la BNDE prévoit de consentir à la CIHM;
g) Estimation du calendrier des travaux de construction et d'équipement, ainsi que du calendrier des versements de la CIHM destinés au projet;

3. Une fois le financement d'un projet d'investissement hôtelier approuvé par la BIRD, le montant maximal qui pourra être crédité au compte de prêt ouvert à la BNDE auprès de la BIRD sera déterminé sur la base des pourcentages moyens du coût en devises des hôtels au Maroc, établis par le Bureau Securitas (SOCOTEC) et indiqués ci-dessous (pourcentages arrondis):

	Coût en devises en pourcentage du coût total 1/		
Catégorie	Immobilier	Mobilier	Total
1 étoile	15 %	2 %	17 %
2 "	19 %	3 %	22 %
3B "	24 %	4 %	28 %
3A "	25 %	5 %	30 %
4B "	28 %	6 %	34 %
4A "	29 %	7 %	36 %
5B "	31 %	7 %	38 %
5A "	32 %	8 %	40 %

1/ A l'exclusion des terrains et du fonds de roulement.

4. Un certificat établi conjointement par la CIHM, la BNDE et l'Office National du Tourisme, sous une forme convenue avec la BIRD, attestant que le projet décrit satisfait à la norme prescrite pour la catégorie d'hôtel envisagée devra accompagner toute demande adressée à la BIRD en vue d'obtenir le versement du crédit au compte de prêt de la BNDE.

IV. PIECES A FOURNIR POUR LES VERSEMENTS

1. Sur présentation des pièces établies par la CIHM et la BNDE, sous une forme dont il sera convenu, indiquant que la CIHM a effectué un versement au titre de son prêt à la construction, la BIRD versera à la BNDE la fraction du montant versé par la CIHM correspondant au rapport entre le coût estimatif en devises de l'élément immobilier mentionné au paragraphe II ci-dessus (première colonne) pour la catégorie particulière de projet envisagée et le pourcentage que représente le prêt à la construction de la CIHM dans le total du coût estimatif du projet (non compris les terrains et le fonds de roulement), ainsi qu'il est mentionné au paragraphe II, 2 (d) ci-dessus. 1/

2. Sur présentation des pièces normalement requises par la BIRD (factures, etc.), et moyennant confirmation que la CIHM a effectué un versement au titre de son prêt à l'équipement, la BIRD versera 100 % du montant des factures étrangères, ainsi que la portion du montant des factures locales correspondant à des biens antérieurement importés au Maroc par les voies commerciales normales ou produits au Maroc à partir de pièces détachées ou de matières premières importées de façon semblable, dont il aura été convenu pour le prêt en cause 2/, sous réserve du pourcentage immobilier maximum indiqué au paragraphe III, 3 (deuxième colonne) ci-dessus.

V. AUTRES FORMALITES DE VERSEMENT

A. Pays d'origine

1. La BNDE indiquera à la Banque le pays d'origine des produits importés ou achetés sur place pour la réalisation du projet. S'il est difficile de se procurer ce renseignement, la BNDE fournira à la Banque une hypothèse aussi exacte que possible, en se fondant sur la structure traditionnelle des importations du Maroc pour la catégorie particulière de produits dont il s'agit.

1/ Exemple: Hôtel de catégorie 3A (25 %); le prêt à la construction de la CIHM représente 50 % du coût total: les versements de la BIRD seront de 25:50 = 50 % des versements de la CIHM.

2/ 65 % pour les prêts 329-MOR et 447-MOR.

2. Le coût des biens importés de pays autres que ceux qui ont été indiqués ci-dessus sera déduit du montant pouvant faire l'objet d'un versement de la BIRD, conformément au paragraphe III, 1 et 2 ci-dessus.

B. Délai de versement

1. Aucun retrait de fonds ne sera effectué au titre d'un versement accordé par la CIHM pour tout projet d'investissement plus de 30 jours avant la date à laquelle la Banque aura reçu la demande de retrait de fonds de la BNDE.

14 février 1968

MOR - CIH
cc BNDE

FORM No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: February 8, 1968

FROM: Rolf Helling

SUBJECT: MOROCCO - CIH: Hotel Financing

1. Mr. Albert Alexander of the Export-Import Bank of Washington called me yesterday and asked for information on hotel financing in Morocco. I told him about CIH and the "convention" between CIH and BNDE.

2. Export-Import Bank is considering a loan of $1.5 million (or less) to CIH, to be relent to the RAMADA hotel chain. The loan will be tied to U.S. procurements. I asked Mr. Alexander whether goods made in U.S.A. but purchased locally "off the shelf" could be financed under the loan. He was not sure, but said that usually this would not be the case.

cc: Mr. Kodderitzsch
Mr. Kreuter

RHelling:fmc

Mo CIHM

البنك الوطني للانماء الاقتصادي
BNDE
BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE
CAPITAL 30 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TÉL. 264 - 41 - 42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC
DEPARTEMENT JURIDIQUE &
DU CONTROLE DES CREDITS

RABAT, LE 1er Février 1968

DA/MR N° 83 /JC

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

WASHINGTON D.C. 20.433

OBJET : Crédit Immobilier et Hôtelier

Messieurs,

Nous avons l'honneur de vous adresser ci-joint photocopie de la lettre du Crédit Immobilier et Hôtelier (CIH), nous faisant part du changement de la dénomination sociale de leur organisme.

Vous voudrez bien trouver en annexe photocopie de l'extrait du bulletin officiel relatif audit changement.

Nous vous en souhaitons bonne réception.

Veuillez agréer, Messieurs, l'expression de nos sentiments distingués./. -

BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE,

J. Vaux

cc: Messrs. Sebai
T. Jones
Petrelli
MENA "B"
} with att'd

no action required

Orig.: Oper. Files Mr 2/8

BANQUE INTERNATIONALE POUR LA
RECONSTRUCTION ET LE DEVELOPPEMENT
1818 H. Street N.W.
WASHINGTON D.C. 20433

TEL FEVRIER 1968
NANA/ LA

Président

Nous avons l'honneur de vous adresser ci-joint
protocole de la lettre du Crédit Immobilier et Hôtelier
(CIH), nous fixant part du changement de la dénomination
sociale de leur organisme.
Nous vous adressons plan fonctionnel en annexe protocole de
l'extrait du bulletin officiel relatif audit changement.
Nous en sommes en conséquence bonne réception.

Veuillez agréer, Monsieur le Président, l'expression de nos
sentiments distingués.

DEPARTEMENT ECONOMIQUE
BANQUE NATIONALE POUR LE
DEVELOPPEMENT INDUSTRIEL
CAPITAL DE MILLIONS DE DINARS
BOITE POSTALE 700 - ALGER - TEL 26-12-25
26 - 28 AVENUE TEFEDERAHIONE BADEMANOC

OBJET : Crédit Immobilier et Hôtelier

DA/MK N° 32 /DC

BANQUE INTERNATIONALE POUR LA
RECONSTRUCTION ET LE DEVELOPPEMENT
DEPARTEMENT ECONOMIQUE

CRÉDIT IMMOBILIER ET HOTELIER
S. A. AU CAPITAL DE 20.000.000 DE DIRHAMS
159, AVENUE HASSAN II · CASABLANCA
TÉLÉPHONE : 229-58-59 - 227-60 - 603-41/42
C. C. P. N° 226-94 RABAT
R. C. CASABLANCA N° 203 — C. N. S. S. N° 02780

القرض العقـــاري و السياحي
ش. م. رأس ماله 20.000.000 درهم
مفترق الحسن الثاني رقم 159 — الدار البيضاء
التيليفون : 229-58-59 - 227-60 - 603-41/42
ح. ش. البريدية 226-94 الرباط
السجل التجاري رقم 203 - صندوق الضمان الاجتماعي رقم 02780

ID/

359.

CASABLANCA, le 23 JANVIER 1968 الدار البيضاء في

B.N.D.E.
26 JAN 68
RABAT

- DIRECTION -

Monsieur le Directeur de la
BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE
B. P. 407
RABAT

B. N. D. E.
N° DG/096
Date 26.1.68

Monsieur le Directeur,

Nous avons l'honneur de porter à votre connaissance que les mentions relatives à la modification de notre raison sociale ont été publiées au Bulletin Officiel n° 2876 du 13 DECEMBRE 1967, page 1587, et à la "Vie Economique" du Vendredi 15 DECEMBRE 1967.

De ce fait, notre raison sociale est désormais conforme à l'entête de la présente lettre.

Veuillez agréer, Monsieur le Directeur, l'expression de nos sentiments distingués.

LE SOUS-DIRECTEUR, LE DIRECTEUR GENERAL,

CRÉDIT IMMOBILIER
ET HOTELIER DU MAROC
Société anonyme au capital de 20 millions de dirhams. — Siège social : Casablanca, 159, avenue Hassan-II.

Changement de dénomination

I. — L'assemblée générale extraordinaire, dans sa séance du 10 novembre 1967, a décidé de modifier la dénomination sociale de la société dans le sens suivant :

« Crédit immobilier et hôtelier », par abréviation « C.I.H. ».

L'article 3 des statuts a été modifié en conséquence.

II. — Le dépôt au greffe a été effectué au tribunal régional de Casablanca, le 6 décembre 1967.

Un administrateur.

SOCIÉTÉ VINICOLE
DE LA CHAOUIA
« SOVIC »

Dissolution

Clôture de liquidation

I. — L'assemblée générale extraordinaire des actionnaires de la société anonyme dite « Société vinicole de la Chaouïa » « Sovic », au capital de 48.000 dirhams avec siège à Casablanca, 30, rue Lafayette, qui s'est tenue le 20 novembre 1967, a :

a) Décidé la dissolution anticipée de la société à dater du 20 novembre 1967 ;

b) Nommé comme liquidateur M. Georges Fremiot, demeurant à Casablanca, 186, boulevard Zerktouni-el-Meskini, avec les pouvoirs les plus étendus ;

numéraire et à libérer intégralement à la souscription ;

c) Constaté que les 300 parts nouvelles ainsi créées sont toutes été intégralement souscrites et libérées par M. Mohamed Sefraoui, administrateur de sociétés, demeurant à Casablanca-Anfa rue du Mont-Saint-Michel, qui a été admis en qualité de nouvel associé ;

d) Modifié en conséquence les articles 6 et 7 des statuts.

II. — Le dépôt légal a été effectué au greffe du tribunal régional de Casablanca, le 21 novembre 1967.

La gérance.

6552

B. — ANNONCES JUDICIAIRES

B. — ANUNCIOS JUDICIALES.

TRIBUNAL RÉGIONAL DE CASABLANCA

Registre du commerce
(Dossier n° 27347 - C.P. 5786)

Vente par M. Ittah Charles et Mme Ittah René, épouse Bensimon à M. Benomar Oualid Idrissi Mohamed d'un fonds de commerce de salon de coiffure pour dames, exploité à Casablanca, 40, boulevard Lalla-Yacout.

Oppositions reçues au secrétariat-greffe du tribunal régio-

Registre du commerce
(Dossier n° 27349 - C.P. 5788)

Vente par M. Ibgui Habib à M. Lahlou Kitane Abdeljalil ben Hadj Mohamed d'un fonds de commerce de fabrication de chaussures pour femmes sous l'enseigne de « Mona Lisa », exploité à Casablanca, 46, rue du Soldat-Thomas.

Oppositions reçues au secrétariat-greffe du tribunal régional de Casablanca, au plus tard, dans les quinze jours après la deuxième insertion.

Pour deuxième insertion :

Le secrétaire-greffier en chef,
AMBARI MOHAMED.

6299 R.

Registre du commerce
(Dossier n° 27350 - C.P. 5789)

Vente par M. Chami Abdelhay à Mme Palomino Françoise d'un fonds de commerce à usage de bonneterie et de mercerie sous l'enseigne de « Aux deux quartiers », exploité à Casablanca, 190, rue Mustapha-el-Maâni.

Oppositions reçues au secrétariat-greffe du tribunal régional de Casablanca, au plus tard, dans les quinze jours après la deuxième insertion.

Pour deuxième insertion :

Le secrétaire-greffier en chef,
AMBARI MOHAMED.

6300 R.

Registre du commerce
(Dossier n° 27351 - C.P. 5790)

Vente par M. Lévy Isaac à M. Mohamed ben Tafeh el Haz-

(Dossier n° 27353 - C

Vente par M. Bouna à MM. Lahlaou Berk lay Brahim, Benazzi ben Ahmed, Chenso ben Ahmed et Akhar maâ ben Lahcen, à raison de 3/9 pour et 2/9 pour chacun tres d'un fonds de de crémerie, dénomi merie de la Côte exploité à Casablan vard du 11-Janvier.

Oppositions reçues tariat-greffe du trib nal de Casablanca, au dans les quinze jour deuxième insertion.

Pour deuxième ins

Le secrétaire-greffier
AMBARI MO

6303 R.

Registre du com
(Dossier n° 27357 - C

Vente sous conditio sive par M. Giovanni lean à Mme Retaud M. El Youssoufi Yous ben Mohamed, dans portions égales entre fonds de commerce d boissons, sis 168, Brahim-Roudani à C sous le nom de « dango ».

Oppositions reçues tariat-greffe du trib nal de Casablanca, au dans les quinze jour deuxième insertion.

Pour deuxième ins

Le secrétaire-greffier
AMBARI MO

6304 R.

Mor - CIHM

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Memo

DATED: February 1, 1968

TO: Sekse

FROM: Boyd

FILED UNDER: MOROCCO - 329/56 MOR

SUMMARY: EXTRACT:

" (ii) Credit Immobilier et Hotelier de Maroc, (CIHM). This Government-controlled company (52% Government holding, mostly by the CDG group) is the most important housing and hotel financing institution in Morocco. Its activities have been described in a separate report 1/ and are fast growing in the field of hotel finance, operating in collaboration with BNDE for the provision of Bank funds for the foreign exchange portion of its projects. The loans outstanding rose from DH 66.5 million at the end of 1964 to DH 144.5 million at the end of 1966 (21.4% in hotel financing.) "

Re CIHM

INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

JAN 19 1968

TO: Mr. William Diamond

FROM: J. G. Boyd

SUBJECT: MOROCCO: Relations with the Credit Immobilier et Hotelier (CHIM) in Hotel Financing

Introduction

1. During our mission to re-appraise BNDE we visited and had discussions with the Credit Immobilier et Hotelier de Maroc (CIHM, formerly known as the Caisse des Prets Immobiliers de Maroc, CPIM), which had recently moved to its new headquarters on Avenue Hassan II in Casablanca.

2. The main object of our visit was to review and discuss the relations between BNDE and CIHM in executing the arrangements made in ~~September~~ 1966 with the Bank Group for providing foreign exchange loans to finance tourist development under the BNDE-CIHM "Convention" of September 1966. Secondly, we had been asked in the course of this review to make a pre-appraisal report on the suitability of CIHM for a possible direct IBRD loan for hotel projects, as proposed by the Moroccan authorities. The purpose of this memorandum is to report our findings in this second task, and to report the latest developments which have occurred since the visit of our mission in March this year, bringing up to date Mr. Morton's memorandum of May 23, 1967, on "Hotel Financing via CPIM". Although the procedural problems between BNDE and CIHM are an important factor in this report, they will be referred to only in general terms; our detailed findings and recommendations on this aspect are subject of a separate memorandum. 1/

3. The main part of the report is concerned primarily with the principal developments and changes in CIHM since the visit of Mr. Morton's mission early in March 1967, and the conclusions and recommendations on the suitability of CIHM as a possible recipient of a direct Bank loan. The background of the company, its organization, operations and financial results are set out in Annex I and its Appendices in case of need for reference or study. A description of CIHM procedures, and a general note on the outlook for tourism in Morocco are also attached as Annexes (II and III respectively).

Summary of Conclusions

4. Our main conclusion is that, as it stands, CIHM is not yet a suitable institution to receive a direct IBRD loan for hotel financing. Although some progress has been made in adapting the organization and its procedures

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1/ See Mr. Sekse's memorandum to the Working Party of January 5, 1968 on "IBRD/BNDE/CIHM - Financing Procedures".

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from pure mortgage finance to new criteria for investment and administration of loan funds more suited to the tourist industry, there is still a good deal of room for improvement, and it may take at least eighteen months or two years before the institution can develop a more business-like approach to this field. However, senior management appears to be aware of the need to move in this direction, and we believe that the present procedures of working with BNDE and the Bank Group can be improved and streamlined, such collaboration in itself could be the best method of assisting CIHM in its process of adaptation. In the meantime the Bank Group would be in a position to watch progress as projects were submitted for approval, and would be able to assist CIHM with advice, which the management of CIHM are keen to have, through direct correspondence.

5. Whether, in principle, it is a good thing to divide Bank lending for industry and tourism to a small country like Morocco between two specialized institutions, one dealing purely with industry and the other purely with tourism, is open to question. At this time, although progress has been disappointing, BNDE is better adapted to combining both tasks, and, as stressed in the recent re-appraisal report, BNDE's opportunity for growth and increased profitability in the next few years depends to a large degree on its ability to participate in the tourist field. However, Moroccan legislation and the intentions of the Moroccan Government (strongly influenced by French experience) are definitely directed towards having a specialized institution as the sole chosen instrument in Morocco for tourist development, the programs for which have been given the highest priority in their Five-Year Plan (1968-72), 1/ and for which they are prepared to give substantial benefits, including subsidies, to encourage the rapid growth of investment in this field. This being the case, it may be necessary for the Bank to anticipate a time when, if CIHM can successfully adapt itself to the task, direct foreign exchange loans to that organization (or possibly to a joint BNDE/CIHM affiliate) 2/ for tourist projects may be a better method of providing such finance than to continue the relatively complicated procedures of indirect financing of CIHM projects through BNDE, which the parties concerned tend to regard as an inconvenient interim arrangement.

Recent Developments and Changes in CIHM

6. The main changes that have occurred since the visit of the last mission are:-

(a) An increase of the share capital of CIHM resulting in a decrease in the direct and indirect Government shareholding from about 65% to about 52%.

1/ See Annex III. Under the plan, it is expected that CIHM will finance DH 354 million (about 54%) out of a total investment in the plan on tourist development of about DH 677 million.

2/ See paragraph 42 below.

(b) A sharp increase in CIHM operations in the field of hotel financing in the first half of 1967, and the prospects of further rapid growth in this sector under the stimulus of the Five-Year Plan.

(c) The intention of CIHM to seek a greater proportion of its sources of funds in the form of long-term finance, especially from foreign and international borrowing, and by further recourse to the local bond market.

(d) The beginning of attempts by CIHM to adapt its organization, procedures and conditions of lending more to the needs of hotel financing, and to secure changes in Government regulations and clearance procedures to cut the delays between approvals and disbursements which, in some cases, have been a matter of years rather than months.

(a) Increase in Share Capital and Changes in Shareholding

7. The increase in share capital from DH 6.25 million (50,000 shares of DH 125 nominal value each) to DH 20 million (160,000 shares of the same nominal value) foreshadowed in Mr. Morton's memorandum (paragraph 15) was finally approved at the Extraordinary Shareholders Meeting of May 19, 1967, following the approval of the plan by Mr. Tahiri, the Minister of Finance. 1/

8. A table listing the shareholders after the reorganization is given at Appendix A to Annex I. Government institutions (the Caisse de Depot et de Gestion - CDG - and its subsidiaries, the Banque du Maroc and the Banque Centrale Populaire) still retain control with about 52% of the shares, but a number of new shareholders from the private sector (6 leading Moroccan private commercial banks and 5 private Moroccan insurance companies) have taken up shares. The percentage of the shareholding of the private sector is thus larger and wider than forecast in Mr. Morton's memorandum, although Government control is retained. The majority of directors of the expanded Board are still from the Moroccan Government. 2/

9. The Director-General of CIHM, Mr. Mohamed La rak, told the mission that in his opinion the Government would be prepared to reduce its shareholding in CIHM to give the private sector the majority if this would facilitate CIHM obtaining a direct loan from IBRD. Nevertheless, irrespective of the question of share ownership, CIHM is an institution which is still to a large degree regulated by legislation, dependent on Government funds, and organized to handled programs of mortgage lending for the provision of middle income and low-cost housing, veterans' housing and other social programs, as well as hotel financing. It is likely to continue to be Governmental in character as long as it continues to operate in these fields.

1/ See paragraph 12 of Annex I.

2/ 9 out of 15. See Annex I, paragraph 13, and Appendix B.

10. It is worth noting that CIHM (as CPIM) dividends have in the last four years been at a level of 11% per share, (compared with BNDE's 3.5%). Even with the recent trebling in share capital, management expects future dividends per share to be 8-9%. The share increase was made to meet the statutory requirement that the share capital of the institution should not fall below 10% of the value of the mortgage bonds held. Profitability on net worth and shareholding is highly dependent on leverage. At the end of 1966 the ratio of all debt to equity was about 17 to 1; this capital increase should bring it down to about 10 to 1, which is still high. In terms of profits on resources employed, CIHM's performance is not as good as that of BNDE. 1/

11. Because of the special nature of CIHM as an instrument of Government policy in the development of subsidized housing (for a considerable portion of which it receives advances from the State), it cannot easily be compared in terms of risks or margins with private financial institutions. Management estimate that over one-third of its portfolio at the end of June 1967 was directly guaranteed by the Government. Its loans ranged from 60% to a legal maximum of 75% of the estimated value of the mortgage securities (but going up to 90% in cases where Government guarantees were provided to cover the balance). In tourist financing, 50-60% of the loan amounts disbursed against mortgage security also receive Government guarantees, and, in addition, in some of the housing programs the Government provides guarantees to CIHM covering all delinquencies. CIHM makes annual provisions of 100% of the amount of the loans under legal pursuit which are considered irrecoverable, and at the end of 1966 wrote off an accumulated total of DH 4.9 million of such loans, leaving a balance of DH 2.2 million of loan repayments still in arrears.

12. In these circumstances the still high proportion of debt to equity does not seem to be as risky as might otherwise be the case, and the recent trebling of the share capital has increased the total cushion of equity available even though reserves have been reduced. The creditworthiness of CIHM appears to be based to a far greater degree on the credit of the Government and its commitment to the support of CIHM, and on the degree of realizable value in CIHM's mortgage portfolio, than on the real nature of the business risks involved in the financing of hotel projects. This underlying Government-supported security is no doubt an important factor in the liberal attitude taken by CIHM to projects in the field of hotel financing, the prospects of some of which might be considered border-line risks on the basis solely of financial and commercial criteria.2/

(b) The Shift of CIHM Operations towards Hotel Financing

13. The recent rapid increase in CIHM loan approvals in the field of hotel financing is described in Annex I, Part II. In the first half

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1/ See Annex I, Appendix C.

2/ This may be an important negative factor in consideration of a possible direct Bank loan to CIHM as at present organized.

of 1967, this sector accounted for over 90% of all loan approvals by CIHM (over half of the disbursements), and both the volume of approvals and disbursements in this sector were in excess of those for the previous two full years combined. This expansion is likely to continue at an increased pace, and it appears likely that, during 1968, the hotel portfolio (already the largest) will exceed the amount of all the other portfolios of CIHM combined.

14. In order to meet the increased loan demand, the management have had recourse mainly to increased levels of rediscounted medium-term credits with the Banque du Maroc, and to a new 1967 6% bond issue. However the level of foreign exchange borrowing from BNDE was much lower than expected (due largely to procedural difficulties under the BNDE/CIHM Convention). CIHM management are very anxious to obtain a greater availability of long-term borrowings from foreign and international sources, and from the local bond market, to provide the resources for this program, and they did not expect existing sources of funds would be sufficient to carry them far into 1968. 1/ In the meantime, the progress in the medium- and low-cost housing programs was being slowed up, and the agricultural, urban and veterans' housing programs were being run down to enable priority to be given to the financing of the hotel program.

15. CIHM management's forecast to shareholders in April 1967 was that disbursements for hotel financing alone in 1967 would rise to about DH 133.5 million in 1967 (81% of all CIHM disbursements) compared with DH 14.4 million (27% of all disbursements) in 1966. However, in view of the record of slowness of CIHM procedures causing a long lag in disbursements and the problems of delays in financing through BNDE, this seemed to us to be optimistic. On the record of the first half of 1967, a level of DH 50-60 million of disbursements (already four times the rate in 1966) might be a more reasonable estimate.

(c) Requirements for New Financing

16. In April 1967, the Board of CIHM considered that their overall requirements for 1967 could be met by about DH 149 million of additional external funds of the following sources approved by the Ministry of Finance and the Banque du Maroc:-

(i) A 1967 long-term bond issue of DH 40 million for 15 years at 6% interest, the first tranche of DH 30 million of which was successfully taken up by the market in February 1967.

(ii) Further advances from the State of DH 10 million for low-cost housing loans made through the Government-controlled Banques Populaires.

1/ The sources of funds for CIHM's portfolios are described in paragraphs 5-12 and Appendix B, Table 2 of Annex I.

(iii) Further recourse to rediscounting facilities with the Banque due Maroc for DH 24 million (bringing the total outstanding credits to about DH 9 million below the DH 62 million ceiling then in force).

(iv) Foreign exchange funds from IBRD (and possibly other foreign or international agencies) amounting to DH 35 million.

(v) The issue of DH 40 million of medium-term rediscountable bonds for five years at 4.75% interest (rediscountable by the purchaser at CDG at 4%, and at the Banque du Maroc by CIHM through CDG at no cost -- at 3.625%).

17. In fact, however, items (iv) and (v) above did not materialize. Up to the end of June 1967, due to procedural and other difficulties, only DH 1.5 million of foreign exchange funds from the Bank had been credited to CIHM by BNDE under the Convention.[1] The medium-term rediscountable bond issue never took place because market conditions were poor and the interest rate was placed too low.

18. Mr. Larrak, the Director-General of BNDE, told the mission that CIHM were nevertheless managing to cover their requirements so far, partly because disbursements were slower than anticipated, and partly by drawing on rediscount facilities at the Banque du Maroc up to the ceiling of DH 62 million, and negotiating a higher ceiling up to DH 80 million, but he was concerned that they might run out of funds early in 1968. According to the latest information then available (at the end of September 1967), CIHM approvals for hotel financing had reached about DH 104.5 million, but disbursements were only about DH 34.2 million. Management now have reduced their estimate of approvals for hotel financing to DH 130 million (approximately their previous estimate for 1967 disbursements) and their estimate for disbursements to about DH 78 million (compared with the mission's estimate of about DH 50-60 million, and CIHM's previous estimate of DH 106 million).

19. At the end of 1966 the medium- and long-term funds available to CIHM for its loan programs in all fields were very close (about DH 178 million) to the level of its total of loans outstanding (DH 190 million). The total loan portfolio of CIHM in all sectors increased by about DH 34 million in the first half of 1967, suggesting that the total requirements for extra funds for commitments in all its programs to be made in 1967 might amount at most to about DH 80 million instead of the DH 149 million originally estimated. As against this, a further DH 57 million of new funds had been added to CIHM resources (including the net increase in equity) in the first half of 1967. Drawings on State advances, the higher ceiling for rediscounting and the second tranche of the bond issue were expected to bring a further DH 35 million, which would permit CIHM to obtain about DH 92 million of extra funds in 1967 to cover a possible requirement for about DH 80 million.[2]

1/ Latest information in the Bank at the end of 1967 was that about DH 5.65 million had been credited to BNDE for loans to CIHM, only about DH 1.3 million of which had been disbursed.

2/ See paragraph 29 of Annex I.

20. It was apparent that to meet CIHM expansion in 1968, further funds would be needed, probably early in 1968, though estimates of these future requirements were difficult to assess, especially since the record of the rate of CIHM disbursements in hotel financing lags far behind the rate of approvals.[1] The management's own somewhat optimistic estimates for new disbursements in 1968 were as follows (DH million):-

	Estimated 1968 Disbursements
Medium-cost Housing	25
Low-cost Housing	25
Hotel Financing	130
Total	180

21. Because of uncertainty about some large hotel-financing projects, it was difficult to assess CIHM's foreign exchange requirements for 1968 with any accuracy. At the time of the mission's visit in October four projects from CIHM were under study in BNDE (mostly held up until procedural problems were resolved) requiring loans for DH 16.5 million (DH 6.5 million from BNDE), and another eight projects were expected to be received soon from CIHM, requiring loans of about DH 137 million (DH 56 million from BNDE), of which about DH 101 million (DH 40 million from BNDE and/or the Eximbank) was represented by a single large project by Holiday Inns for a chain of motels in Morocco. If this latter project were not realized in 1968, the total foreign exchange needed for the remaining hotel projects in that year might only amount to approximately DH 30 million, if all loans were approved, or less if not. The range of possible foreign exchange requirements was thus a very wide one, say between DH 20 million and DH 62.5 million.

22. With the high priority given to hotel financing by the Moroccan Government it seems likely that CIHM will have no difficulty in obtaining permission to use dirham resources for financing the foreign exchange portion of any hotel loans approved by its Board, but not approved by the Bank for lending by BNDE. CIHM are clearly anxious to present a liberal image to their clients (even to the point of blaming BNDE for excessive strictness in standards). The Director-General of CIHM admitted frankly to the mission that measures taken to promote and encourage tourist investment in Morocco made it difficult for CIHM to turn down any projects at all, but only in extreme cases to delay decisions while proposing improvements in plans.

(d) New Regulations, Organization and Procedures for Hotel Financing by CIHM

23. Modifications to Basic Legislation. CIHM management say that the following modifications to the basic law (dahir) of November 5, 1962, and

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1/ The level of CIHM disbursements 1964-66 was only about one-third the level of approvals. In the first half of 1967 it was about one-quarter of the level of approvals.

related regulations (on the basis of which CIHM operates) will probably soon be introduced further to encourage investment in tourism:- 1/

(i) Construction loans up to 20 years will be permissable, as against the present ceiling of 15 years, with grace periods up to 5 years being the rule rather than the exception.

(ii) Equipment loans will be permitted to extend from 7 to 10 years, raised from up to 7 years at present.

(iii) A single flat rate of subsidized interest (probably 5%) will be charged to the borrower in hotel financing, whether for construction or equipment loans (with CIHM continuing to obtain 8.75% rate of interest). At present the subsidized rates charged to the borrower are 3.25% for the first three years, 4.5% for the second five years and 6% for the remainder, in the case of construction loans; and 5% flat rate for equipment loans.

(iv) Construction loans for modernization of existing hotels will be made as is now the case for equipment loans, on the basis of a lien on the "fonds de commerce".

(v) The State will extend its guarantee to cover all lands not open to disposal by sale or to land registration (e.g. State and royal lands, religious lands, etc.) in order to overcome current difficulties over mortgage security in such cases, (which are quite numerous) where hotel projects are to be built on inalienable land.

(vi) The intervention of the Government Hotel Commission in the procedures for approving CIHM hotel financing will be abandoned, which should result in some improvement in the rather cumbersome procedures for loan approvals required of CIHM.

24. All these measures seem to be moves in the right direction. It is worth noting that in this case (unlike BNDE so far) the Government seems prepared to raise the effective subsidized rate of interest charged to the borrower in hotel projects, but to off-set this by permitting amortization of loans to be extended over a longer period.

25. Slowness of CIHM Procedures. The problems of title and of inalienable lands in Morocco, as well as of complicated bureaucratic procedures, are also central to the question of the speed and efficiency of CIHM in approving and disbursing hotel loans. Whether these measures will be adopted and result in a real improvement, however, still has to be seen in practice. The staff of BNDE stated that CIHM procedures (quite apart from the difficulties in the "Convention" for joint financing described

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1/ These are the recommendations of a working party set up by the Minister of Finance, in close collaboration with CDG and the Banque du Maroc.

below) are still very cumbersome and often result in disbursements for hotel projects being subject to very long delays, sometimes until a long time after the actual project has been completed. For instance, the CIHM loan funds for two of the three holiday villages built with the support of SOMADET were only received in the third and fourth year after the projects were completed. The CIHM funds for the project at Al Hoceima with the Club Mediterranee completed in 1962 (SOMAVIVAC) were received only in 1966; for the Villa Harris (CIVAC) project at Malabata with the Club Europeen du Tourisme completed in 1963, the CIHM funds were also received only in 1966. Borrowers had meanwhile to accommodate themselves from other sources of finance, such as credit from commercial banks, and CDG pre-financing.

26. The figures for CIHM loan approvals and disbursements[1] give an indication of a considerable degree of delay between the two, in that total disbursements for the years 1964-66 have totalled only about one-third the total of approvals; in the first half of 1966 they were only just over a quarter. This long gap between approvals and disbursements may be partly due to the practice mentioned in Mr. Morton's report of CIHM giving approval "in principle" before projects have been fully worked out; partly to changes in plans and delays caused by the client, who in any case is required to invest his portion in the project before the CIHM loan is disbursed; and partly to the delays caused by land title and administrative problems already mentioned.

27. Procedural Difficulties under the Convention. In addition to the slowness of procedures for processing loans by CIHM, hotel financing has been considerably hampered so far by the difficulties delaying the provision of Bank funds to CIHM through BNDE due to incompatibility of procedures in working the CIHM/BNDE"Convention", which are the subject of Mr. Sekse's memorandum of January 5, 1968, to the Working Party.[2] These difficulties, which began in 1966 when ten hotel projects already approved by CIHM were submitted for BNDE financing under the new procedure,[3] were already seriously affecting the processing of other new hotel loan projects at the time of the mission's visit.

28. Four new hotel projects which had already received CIHM Board approval were still under consideration in BNDE, but seemed at that time to either inadmissible or would have problems under the agreed procedures-usually the 150 day rule (Raji Smain, Africa Palace, Marhaba and Somatour). Also projects under joint study which together may involve over DH 4 million in foreign exchange loans and over DH 7 million in CIHM dirham loans were stalled in BNDE because of procedural problems. Of five other hotel projects which BNDE expected to receive soon from CIHM, it was not known how many would encounter similar procedural difficulties.[4]

1/ See Annex I, Appendix B, Table 2.

2/ These were also reviewed in Part V of Mr. Morton's memorandum.

3/ Of the ten CIHM hotel projects submitted at the end of 1966, only one had gone forward at the time of the mission's visit in October 1967. By the end of 1967, loans had been credited by the Bank for only a total of 3.

4/ A list of prospective CIHM hotel projects as at the end of September 1967 is given in Table 2 attached to Annex II.

29. Faced with this situation of semi-paralysis, the mission discussed with members of the CIHM Board and management, and with BNDE, methods which it might be possible to apply and which would be more compatible with the different hotel construction procedures and practices in Morocco, as reported in Mr. Sekse's memorandum.

30. Difficulties due to Local Practices in Hotel Financing. The more basic factors causing difficulty in hotel financing in Morocco are the problems caused by local practices in hotel construction,[1] and by the organization, procedures and staff experience and attitudes in CIHM which undoubtedly make difficult the application of the standards of business appraisal, loan processing and follow-up which the Bank Group normally expects from industrial and tourist development finance institutions with which it is associated. CIHM is by experience, habit and tradition still basically a mortgage finance institution. Until recently tourist financing was only a minor part of its operations, and purely mortgage financing standards and processes such as are applicable to the other housing loan programs were normally applied likewise to financing of hotels.

31. The new Director-General, Mr. Mohamed Lazrak,[2] is a lawyer and a civil servant, and holds his position as an appointee of the Ministry of Finance. He appears very intelligent, and keen to raise CIHM out of what he considers a long period as a "Cinderella" among the Moroccan development finance agencies. He also seems to be aware of the need to adopt more business-like techniques to hotel financing, and seems to appreciate that the value of a hotel is much more than land, bricks and mortar. He is also alive to the fact that for CIHM, hotel financing now represents the best prospect for future growth, and appeared to be willing to attempt to establish conditions in the institution which will better meet the conditions of the Bank Group for direct lending. He regards the present situation as unsatisfactory and the intervention of BNDE as superfluous, and wishes CIHM to become a direct borrower from the Bank as soon as possible.

32. Although in time Mr. Lazrak (if he occupies the post long enough) may succeed in shifting the emphasis of operations and attitudes away from mortgage lending in the tourist field, there is some doubt as to whether all Mr. Lazrak's senior colleagues share his view. There is also still a lack of people with business experience and specialized knowledge of tourism in CIHM, most of the people concerned having come into the new department for hotel financing either completely new, or via housing loans.

33. Changes in the Board, management and organization of CIHM since the increase in capital are described in Annex I.[3] Broadly these conform to the changes anticipated in Mr. Morton's memorandum (sub-paragraph

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1/ These are described in Annex II and under "Special Aspects of Hotel Loans".
2/ See Annex I, Appendix A, Table 3 for biographical details.
3/ See Annex I, paragraphs 12 ff and Appendix A.

15 (b)). In the Operations Department a new division has now been set up to handle the appraisal and submission to the Executive Committee of hotel financing projects. Although some of the old procedures still apply in technical appraisal and in security requirements, there is now a tendency to give more weight to financial criteria. An outline of the procedures for hotel financing is given at Annex II.

34. The staff in the new division, while they appear keen to develop the new criteria and techniques, are young and inexperienced. It will take time for them to develop the necessary expertise, as well as to build up the background of information (much of which is probably in a raw unprocessed state in the institution already) for a systematic and business-like approach to appraisal for tourist financing. One questions how much influence this small division has, even though the tourist portfolio is growing rapidly, set against the greater entrenched weight of staff and experience in CIHM whose ~~experience~~ expertise and attitudes are geared to mortgage lending. The mission studied a random sample of about eight project appraisals made by CIHM since 1966. These were generally not appraisals in a true sense, but a summary outline of some (but by no means all) of the relevant project details as collated from the applications submitted by the clients. Important aspects covering market, programs for promotion, links with tourist agencies, and much of the essential past and prospective financial information were missing. Few if any judgments were made on the soundness and experience of the promoters, the management or the project and the likely financial return. Property valuations for mortgage and other security were the main concern of the technical advisers, and the sole basis for recommendations to the Board.

35. Nevertheless, in one or two of the more recent projects, there were signs that the influence of the new division (and no doubt also the association with BNDE) was beginning to be felt, especially in the inclusion of more relevant (or less irrelevant) financial information. In one case the staff took unprecedented step (in CIHM) of recommending major revisions in the client's plan for a hotel in Tangier (Africa Palace). These projects were discussed informally with the staff of the new division in terms of the standards of project appraisal normally applied in development finance institutions associated with us. From these discussions, it appears that the staff of CIHM may well develop these techniques in due course, and are open to suggestions and advice from us. The principal difficulty appears now to be in obtaining all the required information in the new "Formula II" Questionnaire (set up with the assistance and advice of BNDE) recently sent out to all applicants for hotel financing. Failure of clients to respond has caused problems in which BNDE (principally Mr. Mikou) has had to establish direct contact with the client themselves to obtain the minimum information necessary to appraise the project properly. According to the staff of BNDE, CIHM have so far never provided BNDE with sufficient information on which to base their own appraisal. The client tends to get exasperated with two approaches for information which he is not used to giving (or often cannot supply), and it is probably inevitable that BNDE, with its somewhat

stricter standards of appraisal, should be the main target for much of the irritation. For CIHM, the intervention of BNDE acts to some extent as a lightning conductor.[1]

36. The ideal situation would be to have only one institution handling both industrial and tourist lending. There is no real reason for separating the two, other than the historical facts of CIHM's involvement in hotel financing, the legislation in force, and the Moroccan authorities wish that CIHM would continue to specialize in and monopolize tourist financing operations in Morocco. Judging by the appraisals of BNDE (mainly by Mr. Mikou) and the experience obtained through SOMADET, BNDE are today more experienced in the business aspects of the tourist market than CIHM, and their standards of appraisal (although not perfect) are far ahead of those of CIHM.

37. Another problem which makes proper appraisal difficult is the division (under legislation) of hotel financing into construction and equipment loans, the latter usually only being considered much later and separately from the construction loan. This is apparently very strongly embedded in Moroccan practice of hotel planning and construction and has meant in the past that the whole financing plan is not considered as a whole, in terms of soundness and adequacy of both capital and loan funds, and the security and soundness of the project in terms of debt service and return on investment as a single operation.

38. Mr. Lazrak seemed to show more appreciation of the need to try to overcome this weakness than some of his colleagues. He felt that clients could gradually be educated to make an overall plan from the start, even if this had to be modified later as a result of experience. The main difficulty was that CIHM often only came into the picture after a project had been started by a client, and before he had investigated the possibility of a loan. This tends to confirm Mr. Lazrak's view that in Morocco the inducements offered to encourage investment in tourism had created an atmosphere where a promoter in this field considered that he had a "right" to a tourist loan from CIHM, and that the availability of a loan in the terms of the legislation and promotional literature about investment in tourism which set out the favorable conditions, was virtually automatic. Even in such cases, Mr. Lazrak felt that CIHM could probably make an appraisal covering the whole project, since equipment loans generally amounted to about 20-25% of the cost of construction, depending on the category of the hotel in question. In this way at least a preliminary estimate of total could be made to set against the overall financing plan and investment return. Mr. Lazrak also agreed with the mission that prospective borrowers could be advised of the need for preliminary contact with CIHM in the initial stages of their application for approval of their projects by the Investment Commission.

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[1] Information has just been received from BNDE that Mr. Mikou, who specializes in BNDE tourist loans to CIHM, has resigned (as he told the mission he would), partly because of the difficulty of reconciling the interests, objectives and procedures of BNDE with those of CIHM.

39. It will clearly take time for CIHM to move in the direction of the standards of appraisal and loan administration that the Bank requires, and it is our opinion that (even with the present leadership from the top) it will be unlikely to reach a sufficient standard within the next eighteen months or two years. There appears to be no procedure or practice of follow-up on projects so far, except in the active pursuit of arrears and delinquencies.

Conclusions and Recommendations

40. Our conclusions are as follows:-

(i) The capital increase and the bigger participation of the private sector are a favorable trend, but the control of CIHM still remains at present in the hands of the Moroccan Government.

(ii) Even if the Moroccan Government were to reduce its direct and indirect shareholding to a minority position, with its present "social" programs in the housing sector, and the special emphasis placed by the Moroccan Government on promoting, subsidizing and guaranteeing hotel financing, the institution is likely to remain governmental in character.

(iii) The present environment and the methods of hotel financing in Morocco, and the 30 years of activity of CIHM as a mortgage financing institution, are likely to make adaptation of CIHM to become an organization more concerned with financial and economic criteria in hotel financing a slow process, even though senior management are aware of the need to move in this direction.

(iv) The staff of CIHM will need time to develop experience and familiarity with the new methods of hotel financing, and can obtain help in this by retaining their association with BNDE for the time being, supplemented by exchanges of correspondence and other direct contacts, where appropriate, with the Bank.

(v) Even though the new division for hotel financing represents an organizational step in the right direction, it still represents only a small part of the organization at present, and depends on other departments in many aspects of its work which are not experienced in anything other than mortgage financing procedures (e.g. there is no follow-up procedure at all except for defaults).

(vi) At present the margin of return obtained by CIHM on all its activities is low in terms of resources employed, although the very high leverage results in a satisfactory level of profitability on net worth and on share capital. The risks inherent in this situation appears to be diminished by the

extensive under-pinning of the CIHM lending programs by the Government, and by the reliance for security, on mortgages and liens on "fonds de commerce". It is difficult to gauge the creditworthiness of the institution in normal commercial and financial terms.

41. The underlying question that remains to be answered is whether CIHM (even if technically converted into a "private" company) with its continuing stake in mortgage financing of social programs in the housing sector, and its close ties to the Government in all fields, can develop within its present organization a sufficiently independent element to develop a program of business-like investment in the tourist field on the basis of the financial and economic criteria normally expected by the Bank. Provided that this were to be consistently promoted by the Board and senior management of CIHM, and conducted by staff having sufficient expertise in the field of tourism, this could possibly develop, especially if (as seems likely), hotel financing grows to outweigh all the other programs in the CIHM portfolio. But at the present time, only a start has been made; what progress will result cannot be judged until more of a record of performance has been established.

42. Looking to the future, if direct financing of CIHM by the Bank were to become more feasible, it will be necessary to consider whether there is a solution which would resolve the difficulty of excluding BNDE from all or part of the growing tourist field, and at the same time separate the hotel financing operation of CIHM from the other programs. This might be achieved by the setting up a joint affiliate of BNDE and CIHM organized and staffed to specialize in tourist projects, to which the Bank might lend either directly or through BNDE, and which would operate on the basis of investment criteria acceptable to the Bank. This could result in a more compatible institutional link between the parties concerned to replace the present awkward procedural link.

43. At the present time everything seems to point towards continuing to operate on the basis of the BNDE/CIHM Convention for the time being, provided that this can be made to work. The mission did not feel that the time was yet ripe for a direct loan by the Bank to CIHM, but considered that the question might be reviewed in a year to eighteen months time. Depending on the progress made by CIHM in adapting itself to tourist financing under the present system, the time might then be more opportune for a special appraisal to be made of CIHM as an institution against the general background of the opportunities for development of tourism in Morocco. In the meantime, from every point of view, it would be advisable for the Bank Group to avail themselves of opportunities for direct contact with CIHM management whenever appropriate, both by correspondence and by visits, in order to assist and encourage CIHM to develop their activities in the field of hotel financing on the basis of economic and financial criteria and

and procedures more compatible with those being developed in BNDE, and on the lines which would be acceptable to the Bank Group. If this is agreed by the Bank, BNDE and the Moroccan Government could be informed of these views during the course of the forthcoming discussions relating to the possible third Bank loan to BNDE to finance tourist as well as industrial projects.

Attachments

cc: Messrs. Mathew
Bart
Kodderitzsch
Jones
Petretti
Kreuter
Garrana
Sekse
Helling

APPENDIX C

CIHM (Formerly CPIM)

FINANCIAL RESULTS

Principal Ratios of CIHM, 1966 (Compared with BNDE)

The following ratios are derived from the 1966 financial results of CIHM (CPIM) as published in their Annual Report (see Tables 1 and 2 attached). It has not been possible to make a useful comparison with earlier years using published figures, since the 1964 results were published in a different form, and the 1965 figures include very large adjustments relating to the previous years results which distort the profit picture after tax. The CIHM ratios for 1966 are shown below against the equivalent ratios for BNDE, in order to show certain differences in order of magnitude which have a bearing on their respective records of profitability (e.g., leverage, earnings on shareholding, dividends, etc.):

	1966	
	CIHM	BNDE
1. Profit Ratios		
Profit before tax (unadjusted) as percentage of average total assets	1.1%	2.0%
Profit after tax as a percentage of average net worth	11.9%	6.6%
Profit after tax as a percentage of shareholding	15.4%	8.0%
2. Debt/Equity Ratios		
Ratio of all Debt to Equity 1/	17:1	3.9:1
Ratio of all Non-current Debt to Equity 1/	15:1	3.4:1
3. Dividend Payments		
Dividend paid per share on 1966 results	11.0%	3.5%
4. Ratios as Percentage of Average Total Assets		
Gross Earnings	5.3%	6.5%
Financial Costs	2.2%	3.0% 2/
Spread	3.1%	3.5%
Administrative Costs (excluding provisions)	1.4%	1.5%

1/ Equity includes undistributed earnings
2/ BNDE financial costs include Treasury rebate

CIHM (Formerly CPIM)

FINANCIAL STATEMENTS 1/

A. SUMMARY OF PUBLISHED BALANCE SHEETS, 1965-66
(DH '000)

ASSETS	1965	1966
Current Assets		
Cash and banks	1,640.2	344.5
Short-term credits	8,375.8	10,112.1
Other current assets 2/	18,501.2	4,903.2
Total current assets	28,517.2	15,359.8
Long-Term Assets		
M-T. & L-T loans	93,001.8	133,595.6
Shareholdings	575.0	575.0
Deposits/guarantees	10.7	10.7
Miscellaneous	58.2	---
Total	93,645.6	134,181.3
Net Fixed Assets	840.3	723.7
Total Assets	123,003.1	150,264.8
LIABILITIES		
Current Liabilities		
Sundry creditors	13,995.2	13,107.5
Notes (rediscounted credits)	14,850.0	47,500.0
Miscellaneous current liabilities	2,041.4	1,575.3
Total current liabilities	30,886.6	62,182.8
Long-term Liabilities		
Long-term bonds	34,869.0	30,865.2
Advances from the State	48,134.0	47,880.3
Total long-term debt	83,003.0	78,745.5
Share capital	6,250.0	6,250.0
Legal reserve	250.0	307.4
Earned surplus	1,052.0	1,330.7
Investment reserve	210.8	334.3
FNI reserve	-	199.0
Total capital and reserves	7,762.8	8,421.4
Undistributed earnings from current year	1,347.7	837.0
Undistributed earnings B/F from previous year	3.1	78.0
	1,350.8	915.0
Total Liabilities	123,003.1	150,264.8

Average Total Assets 1966	DH 136,633,900
Average Net Worth 1966	DH 8,092,100

1/ These figures (and the profit and loss statement) are derived from the published financial statements of CIH/CPIM which the mission did not have time to examine with CIH. The published figures are not informative on a number of important points, particularly as regards adjustments of profits from the previous year's results, provisions for bad debts, etc. There are also some unexplained differences between the figures in the tables and the explanations in the report of the "Commissaire aux Comptes". They are given here with due reserve. The mission considers that the complete figures and the method of accounting and presentation used by CIH will need very thorough examination in the event of a full appraisal of the institution.

2/ In order to provide for 100% of loans under litigation, the report of the Commissaire aux Comptes states that an extra provision of DH 2.3 million was made in 1966 to the bad debt reserve to bring it to the required level of DH 4.9 million. This does not appear in the profit and loss figures for 1966, which shows a provision of only DH 792,000 for this reserve, although it does appear in the balance sheet as a write-off of a total of DH 4.9 million of bad debts. CIH (CPIM) policy on provisions requires further explanation for proper analysis.

APPENDIX C
Table 2

CIHM (Formerly CPIM)

B. STATEMENT OF PUBLISHED PROFIT AND LOSS STATEMENTS, 1965-66 1/
(DH '000)

	1965	1966
Earnings		
Interest on loans	4,860.9	6,559.3
Delayed interest payments	151.8	197.8
Other financial earnings	1,205.1	430.6
Gross earnings	6,217.8	7,187.7
Expenses		
Financial expenses	2,626.8	3,066.1
Personnel	935.3	1,012.2
Depreciation	255.1	144.7
General administration	463.6	669.4
Provisions for bad debts, etc.	1,189.5	792.3 3/
	5,470.2	5,684.7 2/
Profit before tax	747.6	1,566.0 2/
Add:		
Adjustment for previous year	1,639.4	46.9
	2,387.0	1,612.9
Less:		
Tax	872.0	652.4
Net profit before allocation to reserves	1,515.0	960.5

1/ See Footnote 1 under Balance Sheets.

2/ There is an error in the total of the items of expenses as printed in the published accounts of CIHM for 1966 which, when added together, give a total DH 63,000 higher than shown above. This may be due to a misprint somewhere in the expense items which cannot be traced here. The totals for expenses and for profit before tax in 1966 are nevertheless shown as given in the published figures of CIHM as they tally with the credit balances.

3/ See Footnote 2 under Balance Sheets.

ANNEX I

CREDIT IMMOBILIER ET HOTELIER DE MAROC (CIHM)

I. The Company

Background

1. The company (formerly known as the Caisse des Prets Immobiliers de Maroc (CPIM) until the name was changed in May 1967) was founded in 1920 by the Credit Foncier d'Algerie et de Tunisier (CFAT) and the Credit Foncier de France as a private mortgage bank. It developed operations profitably in financing European housing and, later, European farm purchases and improvements in Morocco, charging interest rates averaging over 8% per annum. The protectorate Government subsidized interest costs to the borrowers, and CPIM became an effective instrument for encouraging colonial settlement.

2. In 1960, the Moroccan Government assumed control of the organization through the Caisse de Depot et de Gestion (CDG), with 65% of the shareholding. The remaining private shareholders were two private banks, the Societe de Banque du Mahgreb (SBM - successor to CFAT) with 29% of the shares, and the Compagnie Marocaine de Credit et de Banque with 5% of the shares. The remaining 1% of the shares were held by a few private individuals.

3. By a law (dahir) of November 5, 1962, which now regulates its operations generally, the institution (which hereafter will be designated CIHM) became the chosen instrument of the Moroccan Government not only for financing housing programs (agricultural, urban, veterans', medium-cost, and low-cost housing), but also for financing hotel projects (in which it had previously operated in a limited way from 1929 to 1954). Various measures were provided to assist borrowers, and Government funds became increasingly available to CIHM (through advances and rediscounting facilities with the Banque du Maroc) to supplement the long-term borrowings obtained from local bond issues.

4. In the last two years, hotel financing has grown to be the principal business of CIHM, and the prospects are for rapid growth in this field. This activity in the first half of 1967 surpassed the financing of both medium- and low-cost housing programs, and the urgent priority given to tourist development in the Government's Five-Year Plan (1968-72) has led to CIHM concentrating its resources in this sector at the expense of a diminution of its mortgage lending activities in the agricultural field (now largely taken over by the Credit Nationale de Credit Agricole), and in the programs of urban renewal and veterans' housing. The second most important activity in terms of growth has been the program for low-cost housing financed by State advances to CIHM and administered in cooperation with the Banques Populaires.

Resources

5. The development of medium- and long-term resources available to CIHM from 1962 to mid-1967 is shown at Appendix B, Table 1. During this period they increased from DH 73 million to DH 190 million, principally due to the increase of share capital and of borrowings on the bond market, and to an even more rapid growth (since 1964) in recourse to medium-term rediscountable credits.

6. Capital and Reserves. The Annual General Meeting of May 19, 1967, approved a reorganization and increase of share capital. 1/ Share capital was increased from DH 6.25 million to DH 20 million (by capitalization of DH 1.75 million from reserves, and a rights subscription of DH 12 million of new funds by old and new shareholders). Reserves, which amounted to DH 2.17 million at the end of 1966, were reduced to about DH 610,000 in May 1967 (see paragraphs 48-50 below).

7. Funds from the Government. In addition to the equity contribution the following funds were available from the Government to CIHM at the end of 1966 and at the end of June 1967 (DH million):-

	At December 31, 1966	At June 30, 1967
State Advances 2/	44.8	51.2
Medium-Term Rediscountable Credits 3/	47.5	58.0
	92.3	109.2

8. Funds from Other Local Sources. The principal other source of long-term borrowed funds has been a series of bond issues by CIHM with interest rates ranging from 3.5% to 6.5% per annum. At the end of 1966, the outstanding bonds amounted to DH 30.9 million. This increased to DH 57.1 million on June 30, 1967 after the successful launching of the first tranche (DH 30 million) of a new bond issue of DH 40 million for 15 years at 6% interest.

9. Foreign Exchange Borrowings. No loans have been made directly to CIHM so far by foreign or international financing institutions. However, under the Convention between the Banque Nationale pour le Developpement Economique (BNDE) and CIHM concluded with IBRD agreement in September 1966, BNDE can lend to CIHM Bank funds for the foreign exchange portion

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1/ The previous increase of share capital took place in May 1965, from DH 2.5 million to DH 6.25 million, the nominal value of the 50,000 shares being increased from DH 50 to DH 125 at the same time.

2/ These advances are made by the State to CIHM mainly for financing the low-cost housing program, which CIHM operates in conjunction with the Banques Regionales Populaires as its local agents.

3/ Medium-term (up to 5 years) credits rediscounted by CIHM (through CDG at not cost) at the Banque du Maroc. In 1967 the ceiling for these facilities was increased from DH 62.5 million to DH 80 million.

of CIHM hotel projects approved by all parties. 1/ Difficulties encountered in tri-partite procedures have so far slowed down the execution of loans under this convention, and at the end of June 1967 only about DH 1.5 million had been credited by BNDE to CIHM. 2/

10. Borrowing Limitation and Leverage. There is at present no overalll borrowing limitation for CIHM. However, all CIHM bonds issued and outstanding must at all times be secured by the value of all mortgages outstanding plus special cash deposits, and may not in any case exceed the total amount of all outstanding CIHM loans for fixed assets ("immobiliers").

11. The leverage of CIHM is very high. At the end of 1966 the ratio of all debt to equity was about 17 to 1. The ratio of all non-current debt (including medium-term rediscountable credits) to equity was about 15 to 1. The increase of share capital in 1967 3/ will probably reduce these ratios at the end of the year to about 12 to 1 and 10 to 1 respectively, but this will still be high. High leverage is the main reason for the satisfactory profitability of CIHM in relation to equity and shareholding, in spite of a low rate of return on resources employed (see paragraphs 37-43 below).

Organization

12. Ownership. The capital reorganization of May 1967 resulted in an increase of share capital from 50,000 shares of DH 125 nominal value each to 160,000 shares of the same nominal value. 4/ The Government's holdings were reduced from 65% to 52%, the CDG Group remaining the principal shareholders (with about 40% of the shares). The Banque du Maroc took a more substantial shareholding. The new shareholders included 6 leading Moroccan private commercial banks, 5 private Moroccan insurance companies, and 6 Government-controlled finance and insurance institutions (most of them subsidiaries of CDG). A list of the shareholders is given at Appendix A, Table 1.

13. Board of Directors. The above reorganization resulted in the shareholders approving an increase in the permitted size of the Board from

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1/ A summary description of this convention is contained in Mr. Sekse's memorandum to Mr. Diamond of December 2, 1966. The full text is attached as Annex III to Mr. Morton's memorandum to the Working Party on CPIM of May 23, 1967.

2/ More recent information in the Bank shows that by the end of 1967 $1.13 million (DH 5.65 million) of BNDE loans to CIHM had been approved by the Bank, of which $756,000 (DH 3.78 million) had been credited by the Bank, and $260,000 (DH 1.3 million) disbursed. (See Mr. Sekse's memorandum to the Working Party of January 5, 1968, containing proposals for revision of the convention.)

3/ Partly undertaken to meet the legal requirement that the share capital of CIHM should not be less than 10% of the value of all outstanding mortgage bonds.

4/ This was achieved by the capitalization of DH 1.75 million from the reserves (14,000 shares or 7 for every 25 held), and a cash contribution of DH 12 million to a rights issue of 96,000 shares by old and new shareholders.

5 to 7 directors as a minimum, and from 12 to 15 directors as a maximum. Four new directors (3 Government, 1 private) were elected at the Annual General Meeting, bringing the current total to the maximum of 15 (of which 9 represent the Moroccan Government). Mr. Ahmed Benkirane, the Director-General of CDG, continued as President-Delegue of CIHM (see Appendix A, Table 2). Directors are appointed for terms of six years. Five directors represent a quorum. Approvals are by majority vote. The Board meets annually unless there are special reasons for other meetings.

14. Executive Committee (Comite de Direction). This committee is chosen by and represents the Board from whom it derives powers to approve all loans and to supervise the direction of operations. The minimum membership is three persons. It normally includes the Director-General as non-voting secretary. In 1967 the Committee consisted of 3 directors--Mr. Gueddari (Chairman) of CDG, Mr. Munier (General Manager of SBM) and a representative of the Banque du Maroc.

15. Management and Staff. Mr. Mohamed Lazrak (31 years old), a lawyer and Government official, has been Director-General of CIHM since May 1966, after service in various economic ministries. Biographical details of senior management (who are mostly very young and recent in CIHM) are given at Appendix A, Table 3. As in the case of BNDE, the Director-General is nominated by the Government and elected by the Board.

16. Of the total number of management and staff of 63, 28 are professionals. An organization chart is given at Appendix A, Table 4. Below the Director-General's office are two departments (Operations and Finance). The Operations Department has 5 divisions covering medium- and low-cost housing loans, hotel loans, disbursements and inspection. The Finance Department has 2 divisions, Cashier and Accounts.

17. Government Commissioner. This post is required by the Law of 1962. The Commissioner has extensive powers of investigation and supervision to ensure that CIHM conforms to the laws and regulations which affect it. He may attend Board and Committee meetings, and participate in their decisions, and has access to all information.

18. Procedures. A more detailed description of procedures for loan operations in given at Annex II. Generally the two main operational divisions (Hotel Financing and Medium-Cost Housing) handle loans from the original application to the submission for approval to the Comite de Direction. The Low-Cost Housing Division is more a Liaison Department with Banque Regionales Populaires and their parent organization, the Banque Centrale Populaire (BCP), which undertake most of the administration of these loans. The Inspection Division, composed of experts in property valuation and mortgage security, assists all departments with technical advice as well as undertaking field inspections (there appears to be no routine of follow up after loans are disbursed). Disbursement Department handles all the arrangements up to disbursement of a loan after

approval by the Comite, including loan contracts, obtaining security and guarantees and authorization of disbursement by the Treasurers' Division, who take over the administration of the loan from that point. Actions related to delinquent borrowers are taken by a special division responsible directly to the Director-General, who also exercises direct supervision of the Operational Department.

19. All loans requiring State guarantees, and all hotel loans have also to be submitted by the Comite de Direction for final approval to Government agencies (in the case of guarantees to the Ministry of Finance; in the case of hotel loans to the Hotel Committee, including representatives of the Ministry of Finance, the Banque du Maroc, the Ministry of Tourism, and of CIHM, and finally to the Minister of Finance on account of the State guarantees involved). 1/

20. Procedures tend at present to be cumbersome and slow, partly due to the need to clear most loans (other than low-cost housing) with Government agencies, and partly due to the complexities connected with legislation, with the transfer of title, and with the use of the widespread inalienable royal and religious lands in Morocco. It is not unusual in hotel financing for CIHM to give"agreements in principle" to financing construction before full details are received from applicants. Borrowers of hotel construction loans frequently apply for CIHM loans after the project is well under way. According to the management, CIHM has not recently turned down any application for hotel financing in the face of the general pressure derived from Government's active promotion of tourist investment, but has limited its action to holding up such projects as do not meet its criteria until the borrower can improve the project sufficinetly to warrant CIHM proceeding. Government guarantees encourage a very liberal attitude on the part of CIHM in financing hotel projects which might be considered at best border-line cases.

II. Operations

Operating Policies

21. The company is permitted by legislation, regulations and by its Statutes to undertake short-, medium- and long-term loan operations, discounting, guarantees and equity investments in the fields where it is authorized to operate by legislation. It can issue shares and bonds. There is no policy statement, and in fact a large area of its operations is regulated either by legislation (principally by the law of November 5, 1962, and related regulations), or by conventions agreed with Government or other institutions.

22. Selection of projects is usually undertaken on the basis of criteria contained in related legislation, and on the basis of obtaining sufficient

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1/ The Government normally guarantees up to 50% of all hotel construction loans and 60% of all hotel equipment loans. In certain cases where lands are inalienable and no mortgages can be given, the Government guarantees 100% of the loan.

security, usually in the form of mortgages on land and buildings, or liens on the "fonds de commerce". The amount of the loan in relation to the mortgage varies in the different categories of loan and of borrowers, and is provided for, with some degree of discretion, in relevant legislation or regulations. In the case of hotel financing, a start has recently been made in attempting to go beyond strict mortgage security criteria, and to try to assess the business and financial prospects of projects. Meanwhile hotel loans tend to be heavily secured, in addition to receiving the substantial Government guarantees referred to above.

23. No limits are set on the amount of loan or equity investments, except that ceilings are agreed annually with the Government on the amount of Government advances to be employed in the low-cost housing program.

Lending Activity

24. Summary. By far the largest proportion of CIHM funds are employed in medium- and long-term loans [1] in the fields of medium- and low-cost housing programs, and in hotel financing. By law CIHM is generally permitted to lend up to 75% of the estimated value of the secured property (immobilier) but can go above this limit if covered by State guarantee. Agricultural loans, and urban and veterans' housing loans are being phased out, primarily to concentrate resources and efforts more in the field of hotel financing, which in the first half of 1967 represented 90% of the new loan approvals by CIHM. The development of CIHM loan operations between 1962 and mid-1967 is shown at Appendix B (Tables 2-4).

25. The following table summarizes the development of loan approvals (A) and disbrusements (D) in 1966 and mid-1967, compared with 1962 (DH 000):-

Program	1962		1966		1967(1st half)	
	A	D	A	D	A	D
Agricultural loans	768.8	755.3	225.5	375.5	129.5	185.5
Housing loans	5,459.0	3,261.2	18,208.2	16,262.3	5,682.3	5,452.7
Hotel loans [2]	37.4	-	14,081.5	14,385.8	98,705.0	25,485.0
Low-cost housing [3] loans	-	-	28,090.4	22,300.0	6,956.7	10,800.0
Veterans' housing and urban housing loans	2,015.8	1,646.4	45.0	161.9	-	4.5
	2,281.1	5,662.9	60,650.5	53,485.5	111,473.4	41,927.6

1/ Medium-term rediscountable credits are shown in the published accounts of CIHM as current credits, but these are effectively medium-term credits rolled over annually by the Banque du Maroc within an agreed ceiling, and are annotated as such in the 1966 accounts.
2/ Main program began in 1963.
3/ Main program began in 1964.

26. The principal feature of this picture is the very large jump in both hotel financing loan approvals (less so in disbursements) in the first half of 1967. This was already far in excess of the approvals in this sector in the two previous full years combined. This contrasts with an appreciable drop in the rate of increase of medium- and low-cost housing loans in the first half of 1967 and a virtual standstill in the other programs in both 1966 and 1967. Management expected that by the end of 1967, hotel financing loans would represent something like 50% of the total CIHM portfolio; the mission felt that this might only be achieved during 1968 on the record of slow disbursements by CIHM.

27. The following table summarizes the development of the CIHM portfolio during the same period (DH million):-

Program	End of 1962	% of Portfolio	End of 1966	% of Portfolio	Mid-1967	% of Portfolio
Agricultural Loans	8.58	20.3%	5.30	3.7%	4.98	2.8%
Housing Loans	13.30	31.5%	50.10	34.7%	52.27	29.3%
Hotel Loans	4.08	9.7%	30.85	21.3%	55.00	30.8%
Low-Cost Housing Loans	-	0 %	43.36	30.0%	52.64	29.5%
Veterans' and Urban Housing Loans	16.23	38.5%	14.96	10.3%	13.52	7.6%
	42.20	100.0%	144.52	100.0%	178.40	100.0%

28. Since 1962, the amount of total portfolio of CIHM increased by over four times (about one-third of which was covered by Government guarantees), with the expansion primarily in the fields of low-cost housing, hotel financing, and medium-cost housing, in that order, the portfolio of which have all increased by five times or more. By mid-1967 CIHM had medium- and long-term loans outstanding of about DH 178 million against medium- and long-term resources of about DH 191 million at the end of June 1967. In the first half of 1967 a further DH 57 million had been added to the sources of funds for medium- and long-term financing, and CIHM was rapidly nearing the ceiling of funds, which might be reached after drawing down the remainder of advances from the State (about DH 3 million more), obtaining the additional funds from the second tranche of the 1967 bond issue (about DH 10 million more), and rediscounting further medium-term credits to the new ceiling of DH 80 million (about DH 22 million more). At the rate of expansion of the first half of 1967, it appeared that CIHM would use up this DH 35 million of extra funds completely early in 1968.[1] Apart

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[1] The mission in October 1967 estimated that CIHM's total medium- and long-term loan commitments for the year in all sectors might require about DH 80 million of funds, which would be covered by the DH 92 million of new resources available in 1967.

from further Government funds, for the future CIHM was looking for further long-term finance from bond issues, and to long-term loans provided from abroad to meet its continued expansion.

29. Hotel Financing Operations (OCH -- Operations pour le Credit Hotelier). Loans secured by mortgages or liens on "fonds de commerce" are normally made of 60% of the estimated value of the property ("immobilier") for construction loans (the Government guaranteeing 50% of the loan) and up to 80% of the value of the equipment in the case of equipment loans (the Government guaranteeing 60% of the loan). The former loans may be granted up to 15 years with up to 5 years of grace; the latter up to 7 years with up to 2 years of grace. The balance of the funds required are derived (when available) from primes d'equipement (of 10% to 20%), and from the borrower's resources or suppliers' credits. The interest rate charged by CIHM is the standard rate of 8.75% per annum on all these loans, but the Government subsidizes the borrowers, who pay a flat rate of 5% per annum interest on all equipment loans, and progressive interest rates of 3.5%, 4.5% and 6.0% per annum respectively for each successive 5-year period of construction loans. Construction loans are normally secured by mortgages and equipment loans by liens on "fonds de commerce".

30. Since the program got under way in 1963, the portfolio of hotel loans outstanding has approximately doubled each year up to 1966, and if the rate of disbursements for the first half of 1967 is sustained, this portfolio may have trebled in amount by the end of the year. From 10% of the total portfolio in 1962, this portfolio rose to 31% of total portfolio by mid-June 1967 in response to the encouragement given to tourist development under the Three-Year Plan (1965-67). Loans under legal pursuit in this sector amounted to only about 1.6% of the hotel portfolio at June 30, 1967.

31. Medium-Cost Housing Loans (OPC -- Operations des Prets a la Construction) This is one of the original activities dating from 1920. Loans secured by mortgages may be granted for residential apartments and villas of over DH 45,000 in value up to 75% of estimated value of the property (and beyond if the State guarantees the excess) for a period of up to 15 years with 5 years of grace. Loans are normally granted for between 60% and 85% of the value depending on the class of borrower, with subsidized interest rates of between 3% and 6% per annum (CIHM obtaining its normal interest of 8.75% per annum).

32. This program, which grew rapidly between 1962 and 1964 has tended to even out its rate of annual growth in disbursements to the range of DH 12-16 million annually since then. Its future growth may stay in about this range. Up to the end of 1966 value of the portfolio of this program was the largest in CIHM (35% of the total portfolio), but by mid-June 1967 it occupied third place (29% of the total portfolio) close behind the portfolios for hotel financing and low-cost housing. Only 1.35% of this portfolio was under legal pursuit at the end of June 1967.

33. Low-Cost Housing Loans (OPRS -- Operations des Prets a la Construction Regime Speciale). Operations in this program commenced in 1964 and expanded rapidly. The peak of approvals and disbursements was reached in 1966. Between the end of 1966 and mid-1967 outstanding loans increased roughly in line with the growth of the total portfolio (of which they represented about 30%). This program (which has recently been designated HBM-Habitations Bon Marche) is likely to continue at a reduced rate of growth in future. Unlike the other programs, it is financed by special advances to CIHM from the State for low-cost housing below a limit of DH 45,000 value. The program is largely administered through the Banques Regionales Populaires (who undertake appraisal for all properties above a value of DH 20,000) for which, in addition to a study fee obtained from the borrower, a service commission is paid to them by CIHM of 1.75% from the interest paid by the borrower. CIHM also charges borrowers study fees (where appropriate), and retains a service commission of 0.25%. The borrower obtains loans varying from 80% to 95% of the estimated value of the property (depending on circumstances of position, family and income) at between 3% and 4% interest per annum. Only 1.13% of this portfolio was under legal pursuit at the end of June 1967. All delinquencies are guaranteed by the State.

34. Other Programs. Since the Agricultural Program (OPLT -- Operations des Prets a Longue Terme) is gradually being phased out (the field being left mainly to Caisse Nationale pour le Credit Agricole), together with the programs for Veterans' (OPCAC -- Operations des Prets a la Construction Anciens Combatants) and Urban Housing (OPHS -- Operations Prets pour Habitations Speciales), these are no longer of importance for the future of CIHM. The agricultural loans program has shown a steady decline in portfolio from DH 8.6 million (20% of the total portfolio) at the end of 1962 to DH 5.0 million (3% of the total portfolio) at the end of June 1967. The other two programs combined reached a peak of loans outstanding of DH 17.9 million at the end of 1965, and have since declined to DH 13.5 million at the end of June 1967. Between 1962 and mid-1967 these programs combined have declined from 39% of the total portfolio to 8%. All delinquencies on OPHS and OPCAC programs are guaranteed by the State.

35. The main significance of the agriculture program lies in the high level of loans under legal pursuit, which at the end of June 1967 represented as much as 53.4% of that portfolio. This is principally due to the residual problems with the former owners of colonial lands (Lots de Colonisation) taken over by the Government in 1963, and presumably does not ultimately represent a real risk to CIHM as it is derived from State action. CIHM reported in 1966 that considerable difficulty was being experienced in the sale of agricultural properties.

III. Financial Results

General

36. The system of presenting CIHM accounts was radically changed in 1965. The published results for 1965 and 1966 are apparently comparable, but are still in a form which makes it difficult to extract important information, and are somewhat vitiated by relatively large year-end adjustments connected with operations in previous years. The annual statements of CIHM for 1965 and 1966 are given, as published, in Appendix C (Tables 1 and 2). 1/

Balance Sheets

37. These are shown, as published, in Appendix C, Table 1.

38. Summary

(DH million)

Assets	1965	1966	Change in 1966
Net Current Assets	28.5	15.4	-13.1
Net MT and LT Loans	93.0	133.6	+40.6
Shareholdings	0.6	0.6	0
Miscellaneous	0.1	0	- 0.1
Net Fixed Assets	0.8	0.7	- 0.1
Total	123.0	150.3	+27.3
Liabilities			
MT and LT Debt (including State Advances)	83.0	78.7	- 4.3
MT Rediscountable Credits	14.9	47.5	+32.6
Short-term Debt	16.0	14.7	- 1.3
Equity:			
Capital	6.3	6.3	0
Reserves and Undistributed (before dividends)	2.8	3.1	+ 0.3
Total	123.0	150.3	+27.3

39. The principal contribution to the increase in assets of CIHM in 1966 was due to the expansion by DH 40.6 million of outstanding medium- and long-term loans (shown as net of provisions). Net short-term loans outstanding also increased from DH 8.4 million to DH 10.1 million.

1/ The mission visiting CIHM in October 1967 did not have time to study and discuss the annual statements. The results presented here are derived from those published by CIHM, and are given with due reservation, in the standard form.

Provisions for accumulated delinquent loans of DH 4.9 million at the end of 1966 were kept at 100% and these appear to have been written off as bad debts at the end of the year. 1/ In addition to these, arrears on loans totalled DH 2.2 million at the end of 1966.

40. The decline in total shown in current assets by DH 13.1 million between 1965 and 1966 was due partly to a book entry, (the write off of bad debts) 2/, and partly to the total liquidation of deposits of less than one year, totalling DH 11.7 million at the end of 1965, which is consistent with the increasing tightness of funds available in CIHM for long-term lending. Details in the accounts concerning the small investment by CIHM in shares are incomplete.

Profit and Loss Accounts

41. These are shown, as published, in Appendix C, Table 2.

42. Summary.

	(DH 000) 1965	As % of of Average Total Assets	1966	As % of of Average Total Assets
Earnings				
Interest on loans	4,860.9	4.2%	6,559.3	4.8%
Delayed interest	151.8)	1.2%	197.8)	0.5%
Other financial earnings	1,205.1)		430.6)	
Total Gross Earnings	6,217.8	5.4%	7,187.7	5.3%
Expenses				
Financial	2,626.8	2.3%	3,066.1	2.2%
Personnel	935.3	0.8%	1,012.2	0.7%
Administration (including depreciation)	718.7	0.6%	814.1	0.6%
Provision for bad debts, etc.	1,189.5	1.0%	792.3	0.6%
	5,470.2	4.7%	5,684.7	4.2%
Net Earnings before Tax	747.6	0.7%	1,566.0	1.1%
Add adjustment for Previous Year	1,639.4		46.9	
	2,387.0		1,612.9	
Less: Tax	872.0		652.4	
Net Earnings before Allocation	1,515.0		960.5	

1/ This is not entirely clear, as explained in Note 2 of Appendix C, Table 1.

2/ See paragraph 47 below.

43. Profitability. Because of the large adjustment[1] in 1965, a comparison of the net earnins after tax between the two years would not be realistic. The net earnings after tax as a percentage of average net worth in 1966 were 11.9%, and as a percentage of share capital 15.4%, enabling dividends of 11% per share to be distributed in 1967 (as in the previous four years).

44. In terms of percentages of average total assets, however, the gross earnings and the net earnings before tax of CIHM were low (lower than for BNDE - see Appendix C). The relatively high level of profitability on net worth and share capital was due solely to the very high leverage in the structure of CIHM's resources.[2]

45. Income and Expenses. As percentages of average total assets, the rate of interest earnings increased from 4.2% to 4.8%, but the rate of total gross earnings remained almost stable between the two years. The increase in the rate of earnings before tax from 0.7% to 1.1% was due primarily to the reduction in the impact of provisions for bad debts in 1966. Financial (around 2.2%) and personnel and administrative expenses (around 1.3%) showed only insignificant percentage declines.

46. Spread. The spread between financial earnings and financial costs has remained about level at approximately 3.1% of average total assets. With CIHM charging about approximately an average of 8.75% per annum of interest on all long-term loans other than those financed by Government advances, and paying approximately an average of about 6% on its bond issues (no Bank funds were available in 1966), the spread on these conventional borrowings was about 2.75% in 1966. The increase in the spread obtained by the use of other resources of about a quarter of a percent is due to the use of equity funds (at no cost before dividends), to earnings from short-term credits, and from fees and commissions earned on Government advances. The lack of a breakdown in the accounts of financial earnings and expenses prevents more detailed analysis.

Provisions, Reserves and Dividends[3]

47. CIHM in 1965 and 1966 maintained provisions for bad debts at 100% of the value of loans under legal pursuit which were considered uncollectable, and by this means wrote off all these bad debts (amounting to DH 4.9 million - see paragraph 40 above) at the end of 1966. According to the 1966 statement, a further DH 2.9 million of principal and interest was in arrears at the end of that year. No figures were given of cases (if any) of difficulties where delinquencies or arrears had not yet occurred. However, there are provisions for loans not yet due for repayment amounting to DH 1.2 million.

1/ This adjustment is not explained in the published 1965 accounts.

2/ See paragraph 11 above.

3/ Conflicting figures in the Annual Reports leave this aspect unclear and this section is presented with considerable reservation as an interpretation.

48. The policy on reserves to be made from net earnings after tax is laid down partly by law and partly in the Company Statutes. By law (like any other company), 5% of these funds must be allocated to Legal Reserve until this reserve amounts to 10% of share capital. Also by law (like any other company) CIHM has to set aside 8% of taxable income in excess of DH 150,000 (less below this sum) into a compulsory Investment Reserve. This reserve is released when an amount of at least double the reserve is invested in projects approved by the Investment Commission. By the Statutes, the shareholders in the Annual General Meeting are required to pay an annual statutory dividend of 5%; thereafter they may allocate the whole or any part of the balance of these funds (free of Investment Reserve) to General Reserve (Reserve Facultative), Special Reserve, retained earnings or to a supplementary dividend (from 1962 to 1966 this amounted to 6% bringing the total dividend to 11%). The General Reserve may be used (by the decision of the shareholders) to pay out the statutory dividend whenever annual distributable earnings are insufficient, or to call in all or some of the shares. A "tantieme" of up to 10% 1/ of the balance of funds available after payment of the statutory dividend and allocation to General Reserve may be paid to the Board by the shareholders (DH 50,000 on 1965 results and DH 18,573 on 1966 results).

49. At the end of 1966, these combined reserves (including provision for Investment Reserve) totalled DH 2.17 million, retained earnings DH 78,071, and the distributable earnings for 1966 DH 837,015. At that time combined reserves amounted to 1.6% of total assets. By June 30, these reserves had been reduced to DH 610,000 mainly as a result of the capitalization of reserves of DH 1.75 million which formed part of the increase of share capital from DH 6.25 to DH 20 million in May 1967.

50. In the case of loss of three-quarters of the share capital of the company, a general meeting of the shareholders must be convened and the Government must be consulted on whether to continue or to dissolve the company.

51. On the 1966 results the pay-out of the 5% statutory and 6% supplementary dividends amounted to DH 687,500 (DH 13.75 per share), or a pay-out ratio of 71.6% (the same amount as in 1965 when the pay-out ratio was 45.3% of the net after-tax earnings abnormally increased by year-end adjustments). CIHM shares are quoted on the Casablanca Stock Exchange, 2/ but transactions are few.

1/ This was reduced to 5% in May 1967.

2/ On November 11, 1967, they were quoted at DH 125 per share, the same as the nominal value.

APPENDIX A
Table 1

LIST OF SHAREHOLDERS IN CIHM

	Number of Shares Held at Dec. 31, 1966 DH 125 nominal value	Number of Shares Held at June 30, 1967 DH 125 nominal value	%
*Caisse de Depot et De Gestion (CDG) 1/	32,493	56,046	35.0%
Societe de Banque du Mahgreb (SBM) #		27,771	17.4%
*Banque du Maroc	10	16,035	10.0%
Union Maritime d'Outre Mer	10,458	13,384	8.4%
Compagnie Marocaine de Credit et de Banque	2,500	8,000	5.0%
Unibank #		8,000	5.0%
Societe Centrale de Banque	4,010	5,130	3.2%
Banque Marocaine du Commerce Exterieur #		4,000	2.5%
*La Caisse Interprofessionelle Marocaine de Retraites (CIMR) #		2,400	1.5%
*Compagnie Nordafricaine et Intercontinentale d'Assurance (CNIA) # 1/		2,000	
*Societe Nationale D'Investissement (SNI) # 1/		2,000	
*Societe Centrale de Reassurance # 1/		2,000	
Banque Marocaine de Commerce et d'Industrie #		2,000	
Credit du Maroc #		2,000	
*Banque Centrale Populaire #		1,600	
*SOFAC-Credit # 1/		1,600	
La Paternelle Prevoyance #		1,600	
Banque Commerciale du Maroc #		1,000	
Royal Marocaine d'Assurances #		800	
La Providence #		800	
L'Urbaine Complementaire #		800	
Atlanta #		400	
Others	529	634	
Total Number of Shares	50,000	160,000	
Nominal value of capital as shown on the books	DH 6.25 million	DH 20 million	

* Government-controlled. Total Government shareholding 83,681 (52.3% of the shares).

\# New shareholders since May 1967: 5 private Moroccan insurance companies
6 private Moroccan banks
6 Government-controlled institutions.

1/ Part of the CDG Group (39.7% of the shares).

APPENDIX A
Table 2

BOARD OF CIHM

Ahmed Benkirane	President Delegue (Director-General of the Caisse de Depot et de Gestion).
Gonzague de Lavernette	Vice-President (President and Joint Director-General of the Societe Centrale de Banque).
Banque du Maroc	(Represented by the Governor, M'hamed Zeghari).
Robert Blot	(Vice-Governor of the Credit Foncier de France).
Regis Berlaud	(Joint Director-General of the Societe Centrale de Banque).
Rene Colliac	(Director-General of the Compagnie Marocaine de Credit et de Banque).
Driss Gueddari	(Director of the Caisse de Depot et de Gestion and Chairman of the Comite de Direction of CIHM).
Victor Munier	(Director-General of the Societe de Banque du Mahgreb).
Kabir Skiredj	(Head of Pensions Department-Ministry of Finance).
Abdelhadi Alami	(Inspector of Finance, Ministry of Finance).
Abbes Doukkali	(Treasury Department, Ministry of Finance).
Union Bancaria Hispano Marroqui	(Represented by the Director-General, Mr.Sela).
Banque Centrale Populaire	(Represented by the Director-General, Mr.Laraki).
Abderrafih Bensouda	(Inspector of Finance, Ministry of Finance).
Saad Kanouni	(Inspector of Finance, Ministry of Finance).

Louis Renauden	Honorary President.

APPENDIX A
Table 3

BRIEF BIOGRAPHICAL DATA OF CIHM MANAGEMENT

1. Mohammed LAZRAK (Director General). Born in Fes. 31 years old. Lawyer and civil servant trained in Paris. Served in the Ministry of Finance as liaison officer with the Ministry of Commerce, Industry and Mines and in the Ministry of Development. A former President of the Investment Commission. Director-General of CIHM since May 1966.

2. Abdelhak BENKIRANE (Assistant to the Director General, Head of Operations Department). 30 years old. Lawyer and engineer. Geography degree in Paris. In CIHM since August 1965.

3. Abdelfatah SLAOUI (Assistant Chief of Finance Department and Chief of Personnel). 24 years old. Trained in commerce and administration in France. In CIHM since November 1965.

4. Abdelmajid BOUZOUBAA (Head of Legal Division). Age 32. One year in law school. Former clerk of the court in Casablanca. Former head of Legal Section in the Contraband Section of The Tobacco Monopoly in Casablanca. In CIHM since December 1965.

5. Mahomed JOUTI TAHIRI (Head of Hotel Financing Division). Age 27. Studied commerce in Lausanne. Joined CIHM from CDG in June 1966.

6. Jacques CHAMPAGNE (Head of Finance Department and Technical Adviser). Age 39. Engineer trained in Louvain, Belgium (1953). Commercial and engineering experience in business in Belgium (brick industry). Came to CIHM in May 1967.

7. Marcel SANTONI (Technical Adviser - Inspection Department). 42 years old. Trained in law in France. Experience in French African colonial administration (including housing). Technical Adviser. Joined CIHM in September 1967.

8. Jean DE LAMBERTERIE (Technical Adviser). Age 30. Trained in Paris in Political Science and Economics. Joined CIHM in July 1967.

APPENDIX A
Table 4

ORGANIZATION OF CIHM

OPERATIONS DEPARTMENT

1. Medium-Cost Housing Division.

   Studies applications, transmits files to Inspection Division, and coordinates reports for submission to the Executive Committee.

2. Hotel Financing Division.

   As above for Hotel loans, but with more emphasis on financial soundness and profitability of projects, with Inspection Division supplying technical reports.

3. Low-Cost Housing Division.

   Mainly liaison with the local Banques Populaires who administer the major part of the program.

4. Disbursement Department.

   Takes over administration of the loan after approval, notifying the borrower of the decision; obtains state guarantees and rebates; negotiates the loan contracts; accepts guarantees and other securities; disburses funds as work progresses on notification by Inspection Division; terminates loans.

5. Inspection Division.

   Undertakes technical appraisals to estimate the value of the projects on which the loan will be made, the cost, etc. Inspects construction before disbursements are made.

FINANCIAL DEPARTMENT

1. Cashiers Division.

   Administers repayments of principal and interest payments. Concerned with the cash situation, medium-term rediscountable credits and bonds.

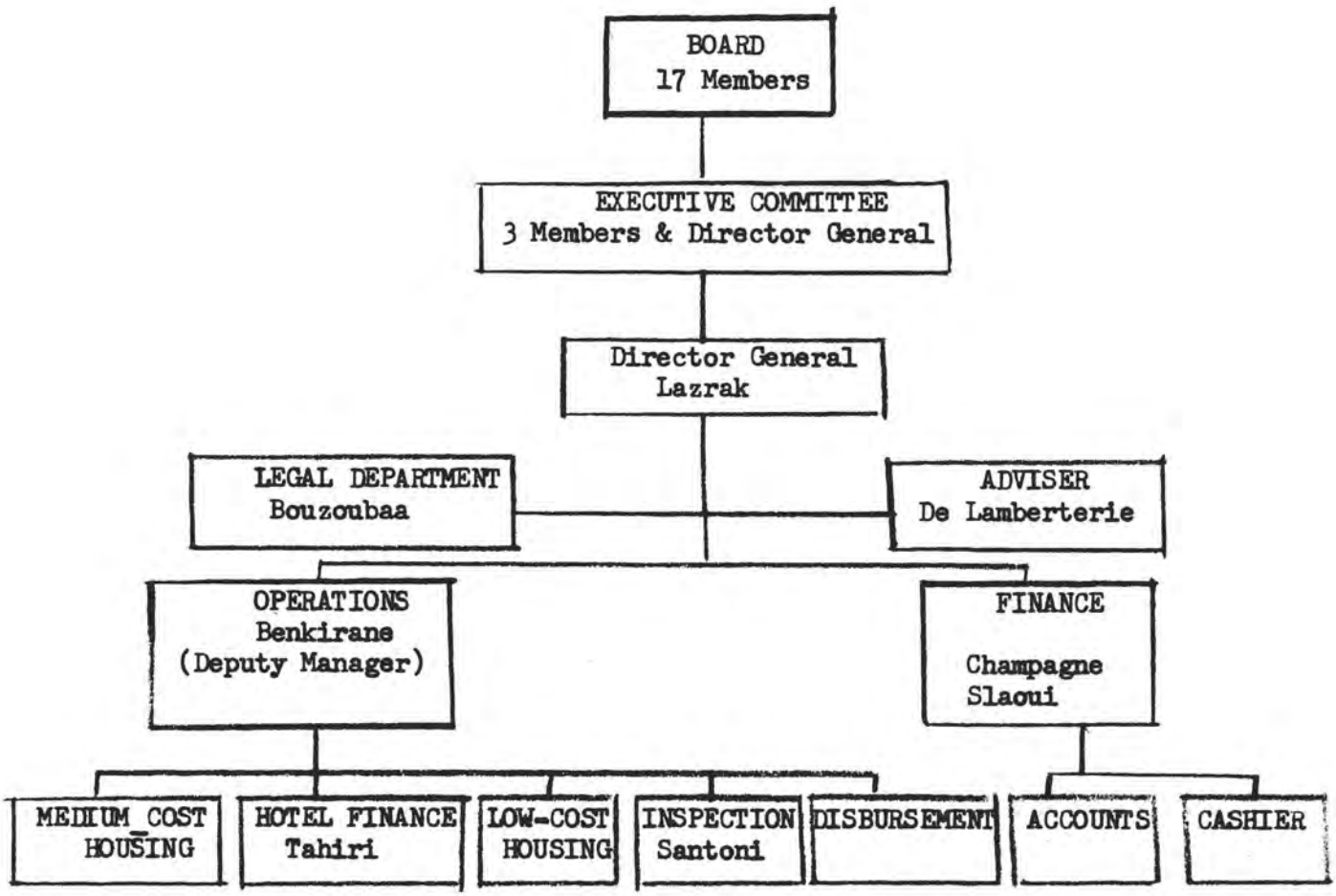
2. Accounts Division.

   Records the CIHM accounts, including State advances.

LEGAL DEPARTMENT

All legal matters, including proceedings on delinquencies.

ORGANIZATION CHART OF CIHM



APPENDIX B
Table 1

SOURCES OF FUNDS OF CIHM*

(Formerly CPIM)

1962-67

(Dirhams)

Source	1962	1963	1964	1965	1966	June 30 1967
Share Capital	2,500,000	2,500,000	2,500,000	6,250,000	6,250,000	20,000,000
Reserves (reserve facultative only)	4,801,971	4,801,971	4,801,971	1,051,971	1,330,711	64,991
Long-Term Bonds	22,079,260	18,919,860	16,946,460	34,868,960	30,865,200 1/	57,099,950 2/
Medium-Term (5 years) Rediscountable Credits	--	--	15,000,000	14,850,000	47,500,000	58,000,000
State Advances	41,750,623	41,540,774	41,639,884	45,161,116	44,803,367	51,188,413
Guarantee Funds	2,593,074	2,658,137	2,722,547	2,972,908	3,076,960	3,130,807
BNDE Credits	--	--	--	--	--	1,465,200
Total	73,724,928	70,420,742	83,610,862	103,154,955	133,826,238	190,949,361

* Excluding short-term funds.

1/ The position of the Long-term Bond Portfolio was as follows at the end of 1966:-

Bond Issued	Outstanding at the end of 1966
1945 Issue at 3.5%	Repaid in 1966
1947 Issue at 4.0%	DH 624,400
1948 Issue at 5.0%	DH 688,850
1949 Issue at 5.5%	DH 246,250
1950-5 Issues at 6.5%	DH 11,305,700
1965 CDG Issue at 5.5%	DH 18,000,000
Total	DH 30,865,200

2/ In the first half of 1967 DH 30 million of a 1967 15-year bond issue of DH 40 million at 6% interest p.a. had been sold.

APPENDIX B
Table 2

CIHM(Formerly CPIM)

LOAN APPROVALS AND DISBURSEMENTS 1962-67
(DH '000)

Program	1962		1963		1964		1965		1966		Up to June 30, 1967	
	A	D	A	D	A	D	A	D	A	D	A	D
Agricultural Credit (OPLT)	768.8	755.3	2,213.6	1,429.4	1,052.3	1,065.3	1,095.0	1,041.5	225.5	375.5	129.5	185.5
Housing Loans (OPC)	5,459.0	3,261.2	12,502.0	7,850.1	21,811.8	15,905.5	10,381.7	12,942.9	18,208.2	16,262.3	5,682.3	5,452.7
Hotel Loans (OCH)	37.4	-	5,295.5	877.5	8,523.5	4,710.0	40,698.3	10,502.8	14,081.5	14,385.8	98,705.0	25,485.0
Low-Cost Housing Loans (OPRS)	-	-	-	-	9,519.1	7,240.2	20,630.8	16,126.4	28,090.4	22,300.0	6,956.7	10,800.0
Veterans Housing Loans (OPCAC) Urban Housing (OPHS)	2,015.8	1,646.4	3,427.7	2,022.2	2,687.7	3,439.2	441.5	882.3	45.0	161.9	-	4.5
Total	8,281.1	5,662,9	23,438.8	12,179.1	43.594.4	32,360.1	73,247.2	41,495.9	60,650.5	53,485.5	111,473.4	41.927.6

APPENDIX B
Table 3

CIHM(Formerly CPIM)

LOAN PORTFOLIOS OUTSTANDING AT YEAR END 1962-66 and JUNE 30, 1967
(Dirhams)

	1962	1963	1964	1965	1966	June 30 1967
Agricultural Loans (OPLT)	8,580,996	7,691,002	6,897,561	6,241,364	5,303,465	4,977,727
Housing Loans (OPC)	13,296,756	18,319,587	30,826,949	39,371,804	50,050,652	52,265,839
Hotel Loans (OCH)	4,078,384	4,025,431	8,157,456	17,729,825	30,851,133	54,999,364
Low-Cost Housing Loans (OPRS)	-	-	4,077,406	22,792,866	43,356,529	52,635,167
Veterans Housing Loans (OPCAC) Urban Housing Loans (OPHS)	16,233,645	15,863,295	16,831,383	17,853,737	14,957,324	13,516,007
Total	42,189,781	45,899,315	66,790,754	103,989,596	144,519,103	178,394,104

APPENDIX B
Table 4

CIHM(Formerly CPIM)

Loans under Legal Pursuit

(DH '000)

	1965	1966	1967 (June 30)
Agricultural Loans (OPLT)	2,345.4	2,574.7	2,656.6
Housing Loans (OPC)	682.6	737.9	706.9
Hotel Loans (OCH)	674.5	990.8	883.4
Low Cost Housing Loans (OPRS)	55.7	326.6	595.0
Veterans Housing (OPCAO)	62.3	81.2	90.4
Urban Housing (OPHS)	154.6	165.3	193.8
	3,975.4	4,876.4	5,126.1

Loans under Legal Pursuit as %

of Respective Portfolios

(June 30, 1967)

OPC	1.35
OCH	1.61%
OPRS	1.13%
OPLT	53.4% *

* Note: Representing largely the obligations of former colonial owners of properties taken over by the State.

CREDIT IMMOBILIER ET HOTELIER DE MAROC (CIHM)

Outline of Procedures for Loan Operations

Low-Cost Housing (below DH 45,000 estimated value)

1. CIHM's participation in this program is in collaboration with the Banque Centrale Populaire (BCP) and its regional offices, the Banques Regionales Populaires who act as CIHM's agents in loan operations to local borrowers. CIHM's functions are to disburse the State advances (to CIHM) to the Banques Populaires on receipt of requests for crediting, to check the requests, to maintain records for the State authorities, and to proceed against delinquents. This operating division is somewhat distinct from the others. Study fees are levied where necessary (the Banques Populaires also charge these to the borrower for properties over DH 20,000). Service commissions are charged by CIHM (0.25%) and the Banques Populaires (1.75%) out of the interest paid by the borrower on the State advances.

Medium-Cost Housing (above DH 45,000 estimated value)

2. A technical study is made by Inspection Division of the proposal by the borrower to determine the estimated value of the building and land, which must be fully covered by the mortgage. The Inspection Division must also see that all the regulations on land property, rights and construction are observed, and to control the plans and the costs.

3. At the same time a financial study is made by the Operating Division concerned covering the revenue from the property and the financial situation of the borrower, to determine that sufficient revenue will be obtained from the property in case of default by the borrower.

4. When these studies are completed, they are sent to the Executive Committee.

Hotel Financing

5. A similar procedure is followed here to that for medium-cost housing, except that more attention is paid to the financial and economic aspects than the security aspects. Borrowers are required to provide information to support their application on a form[1] which was recently developed in conjunction with BNDE) covering description of the borrower and of the project, financial information and projections, and legal and technical information, which is collected by the Operating Division. The Inspection Division in these cases is more concerned with technical information than the estimation of value for the mortgage or lien (e.g. cost per square metre, cost per room, control of the plans, control of the standards for the grade of hotel, determination of expenditures, etc.). A preliminary visit is made to obtain an estimated value, after which Inspection Division draw up a technical report. Equipment loans are handled similarly, except that documentation is concerned with invoices, liens on "fonds de commerce", and not with mortgage of the property.

1/ A comprehensive 18-page questionnaire covering information on the borrower; the amount, terms and object of the proposed loan; the business prospects for tourism in the area; full description of the project, plan and timing of construction and estimated cost; the financing plan; financial projections for 4 years with relevant details of labor, tariffs, occupation rates, etc.

Executive Committee

6. This is empowered by the Board to approve all loans (after clearance by the Government authorities as necessary). The committee studies loan proposals before and after submission to the authorities. They determine the percentage of the estimated value of the property to be covered by the loan within the terms set by law or regulation, the duration, the amortization schedule, the period of grace, and any other special conditions.

Disbursement

7. Where it is not necessary to obtain approval of the State authorities or to obtain State guarantees or rebates, the borrower is notified of approval immediately after the Executive Committee decision. This is usually the case for all housing loans above DH 100,000, for properties for letting or sale, or where the value of the property is such that agreement can be given for the loan. The loan contract is then prepared.

8. Where a State guarantee or rebate to the customer is required, notification of the borrower is given after approval by the Ministry of Finance, together with the amount of the loan guaranteed and the amount of the rebate.

9. In the case of hotel loans, a special procedure is followed.

Special aspects of Hotel Loans

(a) Relations with the Borrower

10. An investor often starts building without any commitment from CIHM, since he has to put in his share first and pre-finance the first CIHM tranche before he gets any cash from CIHM. This custom is encouraged by the practice of CIHM of granting an "agreement in principle" on a project before definitive plans are available. In practice, if not in principle, this is virtually a commitment. No figures need firmly be established; no appraisal, however preliminary, of the market, management, etc. need be presented, but further details are then worked out as work proceeds. Since the architects and surveyors fees often cost DH 50,000 or more, the investor requires a firm commitment as soon as possible. The detailed project presentation, or appraisal, is normally only prepared and the loan contract is only signed when the precise construction cost forecast (normally without equipment) have been agreed between the investor and CIHM, title to the land is confirmed and every condition met. This may not occur until well after construction has started and the borrower has exhausted his own resources. Cases are not infrequent where disbursement only takes place some time — even years — after completion due to the cumbersome procedures. CIHM believes it can normally approve a loan four months after receiving a reasonable dossier (which in itself is often delayed), but a number of projects get seriously delayed because of the complexities of clearing title in Morocco.

11. The CIHM inspector checks that the borrower has disbursed his portion (e.g. 25-40%) of the investment before CIHM makes any payment. Thereafter periodic inspections (perhaps 5 or 6 during the project) are made to estimate costs to completion. The proportion of the tranches of disbursements are calculated and credited to a commercial bank, from which withdrawals can only be made against certificates signed by the borrower, the architect, the contractors and the bank. 10% of each tranche is held back by CIHM, and paid half on completion and half on acceptance of the building. In this way CIHM avoids financing overruns. Each tranche is normally pre-financed by the borrower with commercial bank credit.

12. CIHM does not engage in follow-up, other than vigorous pursuit of arrears.

(b) Procedures in CIHM

13. Current procedures for foreign exchange loans under the CIHM/BNDE Convention have been described in Appendices III and IV of Mr. Morton's memorandum of May 23, 1967 to Mr. Diamond. Measures for improving these procedures have been proposed by Mr. Sekse to the Working Party in his memorandum of January 5, 1968.

14. Since all hotel loans are guaranteed by the State, and since they are important in the Five-Year Plan of the Government, they are subject to Government approval by (a) the Hotel Commission and (b) the Ministry of Finance. Approval of these bodies is sought after preliminary approval of hotel projects by the Executive Committee of CIHM, final approval being made by the Committee subsequently to Governmental clearance. This adds to the cumbersome procedure and delays, and proposals are being considered to eliminate the approval needed by the Hotel Commission.

15. Security on hotel loans is usually of three kinds — the mortgage (construction loans), the lien on fonds de commerce (equipment loans), and the State guarantee. Mortgages must always be the senior mortgage, fully registered and certified at the expense of the borrower. 100% State guarantees can be provided where neither mortgages nor liens can be obtained, at the discretion of the Minister of Finance.

16. Disbursements require two essential conditions, certification of registration of the mortgages or liens by the authorized registrars and certification by CIHM inspectors of the expenditure of the portion which is the responsibility of the borrower.

17. Tables 1 and 2 attached to this Annex list the approvals and disbursements of loans by CIHM in 1966, and the state of projects for financing under the BNDE/CIHM Convention as at the end of September 1967.

Arrears and Delinquencies

18. These are followed up by Legal Department under the direct supervision of the Director General. With no satisfaction 30 days after two warnings 60 days apart, the borrower is declared delinquent and legal proceedings for recovery are instituted by CIHM using an accelerated procedure prescribed by the law of November 5, 1962. Possession of the property can be obtained by CIHM at the expense of the borrower fifteen days after proceedings have been initiated. After 9 weeks to publicize the seizure and offer for sale, the property can be sold.

ANNEX II
Table 1

HOTEL FINANCING

APPROVALS AND DISBURSEMENTS OF CPIM IN 1966

Borrower	Nature of Project	Location	Total Investment	Number of Rooms	Loans Approved	Loans Disbursed
KSAR CHELLAH S.A. Ex. Ste. DOUKKALIA	Hotel construction	Tanger	D 1,759,758	118		D 1,050,000
FERMA D.I.T.M.	Construction of hotel casino (Saadi)	Marraksch	D 3,578,000	145		D 1,170,000
" "	Hotel equipment	"	D 2,286,456			D 400,000
ANFA PLACE	Tourist bathing facilities construction	Casablanca	D 5,085,881	88 bungalows		D 300,000
WBIS Kari	Equipment for Auberge de la Gaite	Sidi Allal Sl Bahraoui	D 5,936,055	9		D 15,750
SOMADET-SOMAVIVAC	Construction-Village of Vacation-Club Mediterranean	Al Hoceima	D 2,350,000	500 rooms 2 beds each		D 1,150,000
SOMADET-CIVAC	Construction-Village "Club de Malabata"	Tanger	D 3,986,257	590 bungalows		D 2,700,000
AIT MELLOUL HADJ SAID	Hotel construction	Ouled Taima Agadir region	D 391,340	20		D 200,000
Ste. HOTELIERE VENDOME	Equipment-redoing Vendome Hotel	Casablanca	D 200,000	24		D 60,000
Ste. FARMING	Expansion of RIF Hotel	Tanger	D 2,419,320	136		D 600,000
CASTEIN Christian	Hotel equipment	Agadir	D 122,170	11		D 60,000
Ste. Hoteliere de FUDALA	Pool construction	Mohammedia	D 347,046	69	D 300,000	D 300,000
Ste. LEOPARDI S.A.	Construction of annex to Hotel Pasadena (bungalows)	Tanger	D 1,489,349	63	D 800,000	D 800,000

Borrower	Nature of Project	Location	Total Investment	Number of Rooms	Loans Approved	Loans Disbursed
JAMBON	Hotel equipment	Tanger	D 81,810	35	D 30,000	D 30,000
Ste. Immobiliere de la Mer (S.I.M.)	Construction-Village of Vacation-Club Mediterranean	Agadir	D9,700,000	300 bungalows 46	D3,600,000	D3,600,000
KSAR CHELLAH S.A. ex. DOUKKALIA	Hotel equipment	Tanger	D 871,000	118	D 400,000	D 400,000
ANSA - PLACE	Construction of tourist bathing facilities (supplementary loan)	Casablanca	-- SEE ABOVE	--	D1,150,000	D1,150,000
FERMA D.I.T.M.	Hotel equipment (supplementary loan)	Marraksch	-- SEE ABOVE	--	D 400,000	D 400,000
GHANEM & BOUHADANA	Hotel construction	Safi	D 67,000	17	D 65,000	
" "	Hotel equipment	"	D 109,827		D 40,000	
Ste. D'exploitation des Plages au Maroc	Rebuilding of bathing facilities	Casablanca	D 144,000	None	D 100,000	D 100,000 (beginning '67
CASTEIN Christian	Hotel construction (supplementary loan)	Inezgane (Agadir)	D 407,022	-SEE ABOVE-	D 100,000	D 100,000 (beginning '67)
Ste. NOUIA	Hotel equipment	Marraksch	D 424,658	33	D 250,000	D 250,000 (beginning '67)
LAALOU Abdelhak	Restaurant-Bar equipment	Rabat	D 155,718	None	D 70,000	D 70,000 (beginning '67)
Ste. MARIPEX	Hotel construction	Tanger	D 2,866,783	90	D1,080,000	
Ste. "LA CANTINE DES SKHOURS DES REHAMNA	Equipment-Auberge Restaurant	Skhours des Rehanna	D 25,000	None	D 10,000	D 10,000 (beginning '67)

Borrower	Nature of Project	Location	Total Investment	Number of Rooms	Loans Approved	Loans Disbursed
LAHCEN BEN AISSA	Hotel heightening	Casablanca	D 395,887	21	D 105,000	
Ste. La Chaino d'Or	Hotel construction	Tanger	D3,159,967	91	D1,650,000	
KETTANI et RAIHANU	Hotel construction	Tanger	D1,340,527	53	D 225,000	
SEGRAOUI Cherif	Hotel construction	Oujda	D 220,793	24	D 120,000	
Club Mediterranee	Village of Vacation equipment	Agadir	D1,116,000	300 bungalows 36	D 800,000	D 800,000 (beginning '67)
SOCOIMASA	Hotel construction	Tanger	D5,936,053	156	D3,300,000	
HAFTALAOUI Driss	Hotel equipment	Nador	D 159,025	47	D 60,000	D 60,000 (beginning '67)
ANFA PLACE	Tourist bathing facilities equipment (supplementary loan)	Casablanca	D 947,770	88 bungalows	D 400,000	D 400,000 (beginning '67)
		TOTAL	D 62,880,490		D 15,055,000	D 16,175,750

July 26, 1967

ANNEX II
Table 2

Current CIHM Hotel Projects under Study

A. Projects for Joint Financing with BNDE

1. Projects in procedural difficulties with BNDE (at end Sept. 1967)

Project	Description	Total Cost	Proposed Loans	Remarks
AFRICA PALACE, Tangier. Construction Loan	Hotel, 276 rooms, 4*. Construction started June 1967. Est. completion Sept. 1968.	DH 9.23 million	CIH: DH 5.4 million (approved) BNDE: DH 3.3 million (under study)	Difficulties over 150 day rule. Certificate of origin required.
SOMATOUR, Tangier. Construction Loan	Hotel, 210 rooms, 4*. Construction started April 1966. Est. completion Oct. 1967.	DH 5.0 million	CIH: DH 3.5 million (approved) BNDE: DH 2,160 million (under study)	Difficulties over 150 day rule.
RAJI-SMAIN, Marrakech. Construction Loan	Hotel, 90 rooms, 4*. Construction started Sept. 1966. Est. completion June 1968.	DH 1.1 million	CIH: DH 650,000 (approved) BNDE: DH 390,000 (under study)	Difficulties over 150 day rule.
SISM, Agadir. Hotel Marhaba Construction Loan (with BNDE)	Hotel, 150 rooms, 5*. Construction started June 1965. Est. completion Dec. 1967.	DH 5,344 million (constr.)	CIH: DH 600,000 (approved) BNDE: DH 600,000 (under study)	Difficulties over 150 day rule.
Equipment Loan (still with CIH)		DH 1.0 million (equip.)	Total: DH 700,000 Division not known between CIH and BNDE	
SIM, (Club Mediterranee), Agadir Construction Loan (SIM)	One of the 10 1966 Projects, Village de Vacances	DH 9.7 million (constr.)	CIH: DH 3.6 million (disbursed) BNDE: DH 1.6 million (disbursed to SIM)	
Equipment Loan (Club Mediterranee)		DH 1.6 million (equip.)	Problems with Club Mediterranee on Equipment Loan of DH 800,000	Club Mediterranee have baulked at paying for attestation of origin on equipment loan.
Societe H. SALAM, Tangier Equipment Loan	Hotel, 129 rooms under construction	DH 970,000	CIH: DH 679,000 Division not known between CIH and BNDE	Difficulties over 150 day rule.

8. At present the assistance given to the tourist industry by the Moroccan Government is mainly directed towards encouraging the construction of hotels by private investors[1], and in providing Government-owned facilities for tourists. Private investors not only benefit from the favorable terms and subsidized interest payments of the law of November 5, 1952 (under which CIHM operates), but also from the Investment Code of December 31, 1960, with the "prime d'equipement", accelerated depreciation provisions, exemptions from duty on imported equipment and other tax advantages granted to projects approved by the Moroccan Investment Commission, including the right given to foreign investors to repatriate capital. Beyond these measures, the Moroccan authorities have not so far developed a very active program in the field of general promotion of tourism in Morocco. This could already be of benefit in encouraging extensions of the tourist season, and will become more necessary as the hotel construction program results in increased available accommodation at the peaks.

9. The principal advantage given to Morocco by tourism is the earning of foreign exchange. The Moroccan balance of payments accounts show gross tourist receipts nearly trebled from DH 134 million in 1960 to DH 332 million in 1965 (almost in line with the increase in volume). A recent official estimate of the Moroccan Government is that the average expenditure of visitors in Morocco is now about $800 per head. Adjusting this downward by about 10% to allow for more lower-income tourists, a recent Bank estimate was that the tourist trade would yield about DH 730 million in gross foreign exchange earnings in Morocco, compared with an estimate of about DH 360 million in 1966[2].

10. Recent investment in hotels has been predominantly carried out by the private sector, with investments rising from about DH 14 million in 1963 to an estimated DH 48 million in 1966. Public investment (including infrastructure) until recently was estimated to have risen from DH 3 million in 1962 to DH 16 million in 1965 and about DH 37 million in 1966[3].

11. The final draft of the Government's Five-Year Plan (1968-72) gives a high priority to tourist development, and estimates that about 1,150,000 tourists will visit Morocco in 1972, about double the number in 1966. The proposed program of investment is for an additional 30,000 hotel beds (and accommodation for 10,000 in camping/caravanning sites) at a cost of about DH 680 million during the plan period (i.e. 8,000 beds and camp site accommodations per annum), contributed as follows:

The State	DH 74 million (11%)
CIHM	DH 354 million (54%)
Primes d'Equipement	DH 64 million (10%)
Para-statal Funds	DH 53 million (8%)
Private Sector	DH 133 million (19%)

1/ Estimates by the Ministry of Tourism of the approximate cost per bed of construction of hotels in Morocco is given at Appendix B, Table 3.
2/ Source: Bank mission Report on Morocco of March 28, 1967.
3/ Source: Bank mission Report on Morocco of March 28, 1967, para. 16. At present three public agencies own and operate hotels, the Office Marocaine de Tourisme (ONMT), the Moroccan Railroads (ONCF) and Maroc Tourist, a subsidiary of CDG.

Nationality of Tourists* Visiting Morocco in 1965 and 1966

	1965	1966
French	94,201	98,240
Algerians	69,170	61,252
British	44,036	66,804
Americans	25,278	37,835
Spanish	33,621	34,965
Germans	22,350	27,474
Scandinavians	13,445	20,302
Belgians	6,920	10,698
Italians	8,118	10,385
Swiss	6,180	8,002
Dutch	5,624	7,013
Canadians	3,206	3,513
Portuguese	2,207	2,126
Miscellaneous	23,569	22,102
Total Foreigners	357,924	414,274
Moroccans: resident abroad	20,494	9,757
	378,419	424,031
Cruises	103,157	97,687
Total	481,576	521,718

* The definition of tourist adopted is a visitor who stays more than 24 hours in Morocco.

ANNEX III
Appendix B

Table 1: Ministry of Tourism
Census of Hotels in Morocco
December 1965

5 Star	9 hotels - 1124 rooms	(13.8%)
4 Star	31 hotels - 1581 rooms	(19.4%)
3 Star	44 hotels - 2074 rooms	(25.5%)
2 Star	69 hotels - 1918 rooms	(23.5%)
Total (suitable for Overseas Visitors)	152 hotels - 6697 rooms	
1 Star	77 hotels - 1117 rooms	(17.8%)
Total	230 hotels - 8144 rooms	

Table 2: Estimate by the Ministry of Tourism of Hotel Capacity in Rooms in the Main Tourist Regions of Morocco in January 1966

Region of Morocco	Categories 3-5 Star	Categories 1-2 Star	Village de Vacances
Western Mediterranean Coast and the Straits	1,086	568	
Eastern Mediterranean Coast	228	275	
Central Region	423	847	2,000
Marrakech/High Atlas	523	395	
Atlantic Coast	2,022	1,194	
Agadir and Souss	250	42	
Main South	247	44	

Table 3: Ministry of Tourism
Estimated Cost Per Bed of Hotel
Construction in Morocco

Five Star	DH 30,000 per bed
Four Star	DH 27,000 per bed
Three Star	DH 20,000 per bed
Two Star	DH 15,000 per bed
Camping Site	DH 2,000 per camper place.

Table 4: Employment in the Hotel Industry
Results of Survey of 171 Hotels for the High
Commission for Planning and National Promotion

Employees per Room:-		No. Employed
Five Star	1.006	1,712
Four Star	0.801	1,652
Three Star	0.380	704
Two Star	0.296	612
One Star	0.248	391
		5,071

Including Villages de Vacances-say 5,500
(83-90% Moroccans employed according to the category of hotel)

yellow
Mor - CIHM

OFFICE MEMORANDUM

TO: Working Party January 5, 1968

FROM: Einar Sekse

SUBJECT: MOROCCO: IBRD/BNDE/CIHM* Hotel Financing - Procedures

I. THE SITUATION

1. During our October 1967 mission (Messrs. Boyd, Karcher, and myself) to Morocco to reappraise BNDE, we also had a series of meetings (October 13-18, 1967) with the Director General, Mr. Mohamed Lazrak, and staff of CIHM, as well as with the President Délégué (Chairman of the Board), Mr. Ahmed Benkirane (President of the Caisse des Depots et Gestion - CDG) and the President (Chairman) of the Comité de Direction, Mr. Driss Gueddari (Director General of CDG).

2. Our discussions fell in two parts: One, the CIHM as an institution; two, the present arrangements with BNDE and the Bank for financing of hotel projects. Mr. Boyd will write a separate paper summarizing some new information on the institution and our views on it. This paper, therefore, addresses itself only to the second part: present arrangements, the problems they present, and how the problems could be solved.

3. The assumption underlying the following discussion of the problems is that the Bank will continue, for the time being, to use BNDE as the channel for funds into Moroccan hotels, through CIHM.

4. The problems we - and BNDE and CIHM - have run into have already been well outlined in Mr. Morton's report on CPIM (CIHM) dated May 23, 1967, to which reference is invited. The Working Party's discussions and suggestions in the matter are described in Mr. Menezes' memo of July 11, 1967. The latter is attached (Attachment 1). Also attached (Attachment 2) is the Bank's letter of January 27, 1967, to BNDE, which brought to a temporary end our lengthy discussions on procedures.

Status of "Ten Hotels" See separate file

5. The "ten" (later reduced to nine through BNDE's withdrawal of one project) hotel projects sent to us by BNDE in July 1966 remain the only ones received by the Bank for financing so far. One was rejected, eight approved, but only three of them have been credited to the Loan Account so far. The names and details of each follows:

---

* Credit Immobilier et Hotelier du Maroc (CIHM); formerly (to May 16, 1967) Caisse des Prets Immobiliers du Maroc (CPIM).

Ref 2/10/68

		Approved	Credit	Amount	Comments
1.	Doukkalia	1/20/67		$120,000	"Rider" to be signed
2.	Velasques	"		28,000	"
3.	SIM	1/25/67	May 1967	260,000	
4.	Club Mediterranee	"	Dec.27, 1967	160,000	
5.	Oulmes Etat	2/21/67	May 1967	40,000	
6.	Farming Rif	3/16/67	Aug. 1967	296,000	
7.	Leopardi	4/27/67		126,000	"
8.	Immobiliaria Urbana	5/1/67		100,000	"
9.	Es Saadi	Rejected	-	-	($400,000)
10.	Mabrouk	Withdrawn	-	-	($ 20,000)
	Approved, not credited			$374,000	
	Credited			$756,000	
	of which disbursed			$260,000	(SIM)

The reason why four projects have not yet been credited to the Loan Account is mainly that the "rider" required has not been obtained. The "rider" is certain provisions required, under the Convention between BNDE and CPIM/CIHM, to be included in the loan contracts between CIHM and its borrowers, setting out additional circumstances which are to constitute events of default of the loan. This requirement stems from Section 5.03 of the Bank/BNDE Loan Agreement, which calls for "rights adequate to protect the interests of the Borrowers and the Bank" and specifies their nature. As the CIHM/borrower loan contracts for the above projects had already been signed without these additional requirements, the borrowers very understandably see little reason why they should accede to new impositions. The mission was told, however, by the CIHM Director General, that he expected this problem to be solved "soon".

II. THE PROBLEMS

6. Briefly listed, the problem areas can be identified as follows:

(i) CIHM's practice of financing "construction" and "equipment" as two separate projects;

(ii) Determination of eligible amount for IBRD financing;

(iii) Determination of hotel category ("stars");

(iv) Documentation required by IBRD for disbursement;

(v) Determination of countries of origin;

(vi) Application of 150 days' rule.

(i) Separation between "construction" and "equipment"

7. CIHM's separate appraisals, often a year or more apart, of the "immobilier" (land, buildings, fixtures) and the "mobilier" (movable equipment) of hotels is incompatible with BNDE's and our concept of financing a project ready to go into operation. In our talks with DIHM's management, we impressed upon them the need to make, before any commitment is given, a full appraisal of the hotel, comprising the total cost and the total plan of financing. They will do so henceforth, they said.

(ii) Determination of eligible amount for credit to the IBRD/BNDE Loan Account

8. The Bank suggested, in its letter of January 27, 1967, that the foreign exchange cost eligible for crediting be established through "a certification made jointly by Bureau Securitas and the prime contractor for the project (and/or the investor if he purchases goods for the project) as to the estimated c.i.f. cost of goods imported into Morocco", the maximum eligible amount being 40% of "the value of the prime contract". This presents a problem, because:

(a) There is often no prime contractor for the project;

(b) If there is, he is the contractor for the "immobilier" only, and the "prime contract" comprises the cost of the buildings only, not the total cost to which the percentage is applicable;

(c) Neither the contractor nor Bureau Securitas (SOCOTEC) can or will give the certification of the cost of imported goods until the hotel has actually been completed, or near-completed, i.e., when disbursements have long since been made;

(d) As a result, BNDE and CIHM cannot determine until very late (too late) the amount financeable by BNDE (the amount of the BNDE/CIHM loan contract);

(e) SOCOTEC is not the only control agency in Morocco, and the proposed privilege for SOCOTEC is noxious to the other agencies;

(f) The cost involved is not negligible; SOCOTEC will charge according to the following scale:

Total Cost	SOCOTEC Fee
Up to DH 1 million	1.0%
DH 1-4 million	0.6%
DH 4-8 million	0.5%
More than DH 8 million	0.3%

9. For these reasons, I suggest that the Bank accept the average foreign exchange percentages already established by SOCOTEC as a basis for credits to the Loan Account. They are, rounded and interpolated for A and B sub-categories of "stars":

Category	Foreign Exchange Cost as Percentage of Total Cost 1/		
	"Immobilier"	"Mobilier"	Total
1 star	15%	2%	17%
2 star	19%	3%	22%
3^B star	24%	4%	28%
3^A star	25%	5%	30%
4^B star	28%	6%	34%
4^A star	29%	7%	36%
5^B star	31%	7%	38%
5A star	32%	8%	40%

1/ Excluding land and working capital.

It is the total percentage which should be credited.

(iii) Determination of hotel category

10. The category ("stars") of hotels is not finally determined by the Office National de Tourisme (ONT) until the hotel is completed and is operating; it can take a year or more of operation before final confirmation by ONT is given. Certain general norms to be met exist (Attachment 3). In basing crediting (and, in part, disbursements - see below) on average percentages, this presents another problem.

11. However, as a rule, final classification of hotels results in the intended number of "stars". The practical solution would therefore be to accept a joint certification from CIHM, BNDE, and ONT, that the described project falls within the prescribed norms for the class of hotel intended.

(iv) Documentation required for disbursement

12. The Bank's letter of January 27, 1967 said:

> "Disbursements from the Loan Account will be made against applications supported by the contractor's invoices, certified by the architect, receipted as duly paid, approved by CPIM and submitted to the Bank promptly after such payment."

Under CIHM's present disbursement procedures (see Attachment 4), invoices are normally obtained for equipment, but not for buildings. For the latter, disbursements are made on the basis of estimates, obtained through inspection visits, of the remaining cost to completion, and CIHM disburses from its loan only the amount by which the difference between the original cost estimate and the estimated "residual completion cost" exceeds the agreed investor's contribution. (See para. 14 of Mr. Morton's report.) This takes automatically care of possible overruns in cost, which will have to be met by the investor himself, unless a modified financial plan is being agreed upon. Moreover, CIHM withholds a margin of 10% which is only released on completion (half) and acceptance (half) of the building(s).

13. These procedures give a reasonable assurance that the equivalent of payments made by CIHM have actually been expended for the project. The Bank's disbursement requirements can be adjusted to CIHM's by -

(a) Accepting documentation produced by CIHM (see appendices to Attachment 4) that it has made a disbursement for buildings, as our documentation;

(b) Requiring invoices for equipment only.

My suggestions are:

(a) On receipt of CIHM's disbursement evidence relating to buildings, (which does not include invoices) the Bank will disburse the SOCOTEC "immobilier" percentage applicable for that particular class of hotel, as related to CIHM's percentage financing of the total estimated cost; e.g., if CIHM finances 60% of total estimated cost of a 3A-hotel, the Bank will disburse 25/60 = 41.67% of each and one of CIHM's disbursements;

(b) On receipt of the invoices (or copies of invoices) collected by CIHM for equipment, together with a breakdown, made by the investor, of the estimated c.i.f. cost of imported goods covered by these invoices, the Bank will disburse the foreign exchange equivalent of these costs, up to a maximum of CIHM's own disbursements, or up to the "mobilier" percentage for that particular class of hotel, whichever is the smallest.

Certification as to countries of origin will, of course, also be required. The documentation required under (b) above will be voluminous: in the case of Club Mediterranee("village d'Agadir"), CIHM told us that there were 106 various suppliers of equipment, and 234 invoices. Thought might be given to substituting a list of goods and invoices, prepared by CIHM, for the actual invoices.

(v) Countries of origin

14. In a sense, there may be no problem here, as the Bank has already agreed, in its letter of January 27, 1967, to accept "the most accurate assumption possible, based on the traditional pattern of imports of Morocco for the particular category of goods involved" if no more accurate breakdown is possible. BNDE and CIHM, curiously enough, had overlooked the Bank's extended hand on this matter, and relaxed when they saw it. It should be realized that, for the buildings part, only a "best estimate" can be obtained under the proposed procedures for disbursement. However, the same would have applied under the disbursement procedures outlined in the January 27 letter.

(vi) "150 Days' Rule"

15. The objective of this rule (or similar rules) is to encourage the development finance company to participate actively in the planning and shaping of projects, and to prevent Bank funds from being used to any great extent to refinance projects already completed or at an advanced stage of completion. It has a secondary objective of preventing withdrawals from the Bank loan from being unduly delayed.

16. The January 27, 1967 letter stipulated three limitations on the timing of withdrawals from the Bank loan:

(i) Withdrawal requests should be submitted to the Bank promptly after payment of contractors' invoices;

(ii) No payments made to the contractor prior to the date of the CIHM-investor loan agreement would qualify for Bank financing;

(iii) In addition, no payments made more than 150 days prior to the crediting of the Loan Account would qualify.

This raises several points:

(a) It presupposes that there is always a contractor, which is not always so;

(b) It does not specify whose payments (to the contractor) we are talking about, but implies (by the reference to payments made before there is a CIHM-investor contract) that we mean payments to the contractor by whomsoever, and not necessarily by CIHM (who, in fact, does not pay the contractor, but the investor);

(c) If we meant payments to the contractor by whomsoever (and we did, as I recall), then CIHM must (i) promptly sign a loan agreement with the investor, in order to promptly be able to reimburse the investor for his payment, and promptly request (through BNDE) crediting of the Loan Account in order to promptly be able to request withdrawal of the eligible amount; (ii) but, at the same time, BNDE can delay its request for credit to the Loan Account for nearly 150 days (after the payment to the contractor), and the payment made will still be eligible for disbursement by the Bank. This is confusing.

(d) If we meant payments to the contractor by CIHM (which is contradicted by the reference to payments made before CIHM had a loan agreement), the leeway of 150 days for crediting to the Loan Account is both unnecessarily long and is still inconsistent with the requirement of "prompt" submission of withdrawal requests to the Bank; CIHM can pay the contractor (after having signed the contract with the investor) and still wait almost 150 days before requesting withdrawal (through BNDE) from the Bank.

17. This is, as we all well know, a knotty problem, and an approach to it differing from the normal Section 3.02 "150 days' rule" may well be necessary. What we want, I believe, is two things:

1. Early appraisal and commitment (loan contract) to a project by CIHM/BNDE;

2. Disbursement by the Bank as soon as possible after CIHM disburses.

18. The first objective (early appraisal and commitment) could be achieved through the requiring of all hotel projects to be approved by the Bank; however, those below $150,000 (BNDE's "free limit") would need approval of "eligibility" only, while those above would be subjected to the usual kind of review and approval. Our main criterion for "eligibility" should be evidence that the project is in the pre-construction stage, or that only preparatory works have been done. The estimated timing for the construction and equipment works should be given.

19. The second objective (minimum delay between CIHM and Bank disbursements) could be achieved by setting a short "grace period" between the dates of CIHM's disbursements and the receipt by the Bank of requests for disbursements. The period could be set, at, say, 30 or 40 days, to allow for the dispatch through BNDE and normal mailing time. In addition, a "closing date" could be set for disbursements under each project, based on the estimated timing of the project.

20. We should realize that there may be a considerable lapse of time between the original approval by the Bank and the final disbursement, as hotel projects may sometimes take up to two years from beginning to end. However, if we want to institute the principle of early, full, appraisal of projects, I can see no other way.

21. I suggest that we give these questions another go-round in the Working Party. Without some flexibility and willingness to change on both sides, it is rather unlikely that much financing of hotels in Morocco will be done by the Bank.

22. I am attaching a rough outline of the kind of procedures I can visualize as being workable (Attachment 5). I have no illusions that the changes proposed would solve all problems related to hotel financing, but they could help to set things going again.

23. I suggest the Working Party meet soon to discuss the issues involved.

Attachments

cc. Messrs. Bart, Ködderitzsch, T. Jones, Petretti, Kreuter, Garrana
ESekse:med

ATTACHMENT 1

Files

July 11, 1967

I. A. Menezes

Morocco - Hotel Financing via BNDE/CPIM

1. On June 6, the Working Party met to discuss Mr. Sekse's memorandum to it dated June 2, 1967 and Mr. Morton's memorandum to Mr. W. Diamond dated May 23, 1967 on the above subject. It was attended by Messrs. Sekse, T. Jones, Petretti, Menezes and chaired by Mr. Kodderitzsch. Mr. Povey attended part of the meeting. On June 7, the Working Party reconvened without Messrs. Povey and Jones who, however, are in agreement with the following.

2. The Working Party expressed considerable misgivings as to the present BNDE/CPIM set-up for hotel financing in Morocco. Its views on the main problems are summarized below under the two headings used in Mr. Morton's memorandum. They are:

I. the BNDE/CPIM Convention;

II. the compatibility of procedures in CPIM on one hand and in the Bank/BNDE on the other.

I. The Convention

3. (a) The Ministry of Finance and CPIM regard the present set-up as a stop-gap arrangement, until a direct loan to CPIM can be negotiated. CPIM has no appraisal staff yet and the appraisals made by BNDE so far have been descriptions of projects in varying stages of completion, and not the pre-appraisals of projects we normally expect. The BNDE/CPIM Convention makes it clear that BNDE and CPIM are to make independent technical and financial studies of each project submitted. The Working Party was of the opinion that the Bank must insist upon pre-appraisals (rather than post-appraisals) of all projects. This is necessary if the arrangements we have agreed upon are going to be at all practicable.

4. (b) Article One of the Convention sets a 50% (of project cost) limit to BNDE's intervention in any one operation. In our letter of January 27, the Bank offered to accept the following coefficients for all projects:

Category of Hotel	Foreign Exchange as % of Cost
1 star	17
2 star	22
3 star	30
4 star	36
5 star	40

This, however, did not signify that the Bank would not finance more than 40% of total costs of a hotel project, as the Bank would allow BNDE to finance up to 50% or even more of total project cost, provided complete documentation could be supplied on the total foreign exchange cost. The Working Party saw no need to take up this point with BNDE until such time as a case for it might arise.

5. (c) With regard to BNDE's participation in the risk for hotel projects, the Working Party felt that BNDE was well protected by Article 9 of the Convention and that there was no need for any further initiative from our side to try to clarify some of the confusion this Article seems to have caused.

6. (d) The Working Party was of the firm opinion that the rights of control, prematuring, etc. required by the Convention in CPIM's standard loan contract were essential to all parties concerned. These rights are requirements under the loan agreements between BNDE and the Bank and no exception could be allowed without amending the loan agreements. The Working Party agreed that a reply to Mr. Tahiri's letter of May 29, 1967 to Mr. Benjenk would have to be along these lines. (The reply was sent on June 21, 1967).

II. Compatibility

7. (a) On the question of "timing", CPIM's late entry into financing a hotel could be remedied by insisting on early appraisals as mentioned in paragraph 3 of this memorandum.

8. (b) The Working Party recognized that the method of disbursement outlined to BNDE in the Bank's letter of January 27, 1967, might not be well geared to CPIM's disbursement procedures. As far as the coefficients determining the eligible foreign exchange cost was concerned, the Working Party felt that they must relate to percentage of project cost financed by CPIM (i.e., the second alternative in Mr. Morton's report, paragraph 35).

9. (c) The Bank's "150-days" rule for disbursement in respect of expenditures would, if applied as suggested by Mr. Morton, amount precariously close to refinancing of past expenditures. While the Working Party was unhappy with this prospect, it could think of no better way of resolving the problem under the present set-up. It decided to wait until such time as a problem of this nature arose to reconsider the Bank's role.

10. (d) The Working Party considered that a proper pre-appraisal should include estimates of total costs, including equipment and furnishings, before construction of a hotel started and that it would indeed be possible to make such estimates. The Working Party agreed that this was a definite requirement.

11. The foreign exchange cost could be established as the overall percentages set out in our letter of January 27. As mentioned in Mr. Morton's report, a distribution between buildings and equipment is necessary. The Working Party suggested the following, rounded, percentages:

Category	Foreign Exchanges For Buildings	Foreign Exchanges For Equipment
	as % of Cost	
1 star	15%	2
2 star	19%	3
3 star	25%	5
4 star	29%	7
5 star	32%	8

Disbursements would be made, for buildings, against the statements specified in the Bank's letter of January 27, 1967; for equipment, against normal documentation.

12. (a) Since the Ministry of Tourism categorizes a hotel only after it is completed, the Working Party felt that the Bank should accept the investor's forecast "category", and proceed to disburse on the next lower category, until final category is confirmed by the Ministry of Tourism.

CONCLUSIONS.

13. The Working Party, after review of the above matters, agreed on the following principal conclusions and recommendations:

(a) The arrangements we have made with BNDE for the financing of hotels through CPIM are fraught with problems. Most of these problems can probably be glossed over, but it is not likely that the arrangements will ever provide a well-functioning system.

(b) The Bank should, therefore, be prepared to reconsider a direct loan to CPIM for hotel financing. No formal application for such a loan has been received, but we know that both the Government and CPIM would welcome consideration of one.

(c) For BNDE to get out of hotel financing after all the efforts and expenses it has had would mean a considerable loss of potential business; therefore, IFC's representative was of the opinion that the Bank should require, as a condition for considering a direct loan to CPIM, that also BNDE should be given full legal rights to engage in hotel financing. The Area Department representative pointed to the difficulty in having this accepted by the Moroccan

Government, since it would interfere with its intents for CPIM; namely, that CPIM should be the sole institution for financing hotels in Morocco - and was intended to be so by the responsibles in the Government. The Bank would have to decide upon this point before the Moroccan Government is informed of the Bank's willingness to consider a direct loan to CPIM.

(d) If the Bank agrees with the Working Party's recommendation, it should take the first opportunity of indicating its new position to the Moroccan Government; perhaps this would not be until the forthcoming annual meetings. If the Bank is not prepared to consider a direct loan to CPIM, we should write to BNDE and point out the major problems seen in the existing arrangements and indicate willingness to send a mission to Morocco to discuss how the problems could best be solved.

Cleared with and cc: Messrs. Sekse
TJones/El-Fishawy
Petretti/Povey
Kodderitzsch
Benjenk
Lejeune

IM/fas

ATTACHMENT 2

January 27, 1967

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

Dear Mr. Benkirane:

1. Further to our conversation in Rabat and the previous exchange of correspondence between the Bank and BNDE, I am now writing to give you the Bank's position on the question of the procedure for disbursements for hotel projects financed under the Bank Loan to BNDE, bearing in mind the Convention signed by BNDE and CPIM.

2. Old projects. With respect to the ten hotel projects already reviewed by the Bank, I should like to confirm herewith the proposal I made to you earlier this month, which is as follows:

(i) SIM: the 41 dossiers received with BNDE's letter of November 10 will be accepted as documentation of a foreign exchange cost of DH 1,300,000; no other documentation will be required for disbursement but a statement as to countries of origin must be sent to the Bank with your formal request for reimbursement (c.f. para. 3(ii) below.

(ii) Club Mediterranee: the procedure proposed below for new projects will apply except for para. 3(viii).

(iii) For the remaining eight projects, the Bank will accept as an exception the percentages arrived at through the Bureau Securitas study as being the likely foreign exchange costs for hotels:

Type of Hotel	Percent Foreign Exchange Cost
1 star	17%
2 star	22%
3 star	30%
4 star	36%
5 star	41%*

* Maximum Bank reimbursement - 40%

3. New projects. With regard to the new hotel projects to be submitted by BNDE to the Bank, we now propose to you the following procedure:

(i) Requests for approval of projects (or for crediting, in the case of B projects) submitted to the Bank by BNDE shall be accompanied by a certification made jointly by Bureau Securitas and the prime contractor for the project (and/or the investor if he purchases goods for the project) as to the estimated c.i.f. cost of goods imported into Morocco from Bank member countries and Switzerland which are incorporated in the project.

(ii) Such costs shall be stated in U.S. dollar equivalent both as an absolute figure and as a percentage of the total value of the project, excluding working capital and land. Goods and services originating in countries other than members of the Bank, except Switzerland, shall not be taken into account in the calculation. BNDE shall inform the Bank as to the countries of origin of the materials imported or purchased locally for the project. If that information is not readily available, BNDE should send to the Bank the most accurate assumption possible, based on the traditional pattern of imports of Morocco for the particular category of goods involved.

(iii) The classification of the hotels, i.e., number of stars, shall also be indicated. When the estimate of foreign expenditure presented by BNDE shall, in the opinion of the Bank, diverge significantly from the standard percentage accepted by Bureau Securitas for that class of hotel, BNDE shall, upon request of the Bank, submit a breakdown of the general categories of goods concerned, showing the basis of such calculation.

(iv) If the project is approved by the Bank, the Loan Account will be credited with the estimated foreign exchange cost as so certified, or with 40% of the value of the prime contract, whichever is the lesser.

(v) Disbursements from the Loan Account will be made against applications supported by the contractor's invoices, certified by the architect, receipted as duly paid, approved by CPIM and submitted to the Bank promptly after such payment.

(vi) The portion of such invoices eligible for reimbursement shall be the percentage certified to, and accepted by, the Bank, as provided in Para. (ii) above.

(vii) Withdrawals from the Loan Account shall be in such currencies as the Bank shall select.

(viii) No payments made to the contractor prior to the date of the CPIM-Investor loan agreement or more than 150 days prior to the crediting of the Loan Account shall be eligible for financing.

4. Conclusion. I hope that our new proposal, which goes a very long way to meet your views, will prove acceptable to you and that this long discussion on procedure can come to an end. I should also like to inform you that your letter of January 11 containing the extension of the ministerial decree relating to CPIM's activities is satisfactory to us and satisfied one of the three conditions mentioned in our cable of January 20 regarding the two projects Doukkalia and Velasquez. Your acceptance of the present proposal on disbursements would meet the second of these three conditions and we shall then only have to await the arrival of a satisfactory amendment to the contract between CPIM and the hotel investor with regard to these projects and relating to the additional rights for BNDE mentioned in our letter of September 1, 1966. We hope that these amendments will arrive shortly as mentioned by you in your cable of January 24 and that we should then be able to credit the Loan Account with these two projects under this new arrangement. The same is true for projects SIM and Club Mediterranee which, as mentioned in our letter of Janury 25, will be credited upon your request once the two remaining conditions are satisfied as above.

Yours sincerely,

M. P. Benjenk
Division Chief
Africa Department

TJones/FPovey/AMorton/MPBenjenk

cc: Messrs. Williams
Skillings
TJones
Povey
Morton/Sekse
Garrana

- NORMES DE CLASSIFICATION DES ETABLISSEMENTS HOTELIERS -

CATEGORIE	CARACTERISTIQUES CONSTRUCTION					"EQUIPEMENT" AMEUBLEMENT DES CHAMBRES
	SUPERFICIES			NOMBRE OU POURCENTAGE		
	CHAMBRE	HALL, SALON, BAR	RESTAURANT	SANITAIRE	TELEPHONE, ASCENSEUR, PARKING	
x	8 m²	-	-	Lavabo, E.C.F. toutes les chambres 1-S.D.B. commune et 1-W.C. indépendant commun pour 10 chambres Matériel de qualité ordinaire. 50 % CH avec C.T. attenant 30 % avec bain ou douche	TELEPHONE A L'HOTEL	- Lit équipé - Table et sièges - Armoire
x x	9 m²	18 m²	-	DITO	- Dans toutes les ch - Ascenseur à partir du 4e étage	- Lit équipé - Table et sièges - Tablesde chevet - Armoire ou penderie
x x x	10 m²	Surface minimum chambre Multipliée par le Nbre de CH et divisée par 12	1 m² par couvert	Toutes les chambres avec C.T. attenant 50 % avec douche E.C et F. Matériel bonne qualité Chauffage central	-Toutes les chambres avec 50 % réseau extérieur -Ascenseur à partir du 3ème étage -Parking	. Lit équipé . Table et Fauteuils . Tablesde chevet . Lampes de chevet . Descente de lit . Mobilier de bonne qualité
x x x x	12 m²	DITO Divisé par 10	1,5 m² par couvert	Toutes les chambres avec C.T. attenant 70 % avec bain et WC 30 % avec douche Matériel qualité supérieure Chauffage central	-Toutes les chambres avec réseau extérieur -Ascenseur à partir du 2e étage -Parking et Jardin	- Lit équipé - Table et fauteuils - Tables de chevet - Lampes de chevet - Tapis ou Moquette - Coiffeuse - Poste radio
x x x x x	15 m²	DITO Divisé par 8	2 m² par couvert	Toutes les chambres avec bain complet et W.C. séparé Matériel de luxe Chauf. Cent. et clim	DITO	IDEM Mobilier de luxe

PROCEDURE DE DEBLOCAGE DES PRETS

Avant tout premier déblocage, le service "Réalisation" du CREDIT IMMOBILIER ET HOTELIER s'assure que deux conditions essentielles ont été observées :

I°/ Inscription des garanties
2°/ Investissement de l'apport personnel

Pour les prêts consentis sur hypothèque, la Ière condition est vérifiée au vu du certificat de la Conservation Foncière du lieu de l'immeuble mentionnant que l'hypothèque ~~qui~~ vient bien en Ier rang et qu'il n'existe aucune autre inscription ou charge grevant l'immeuble. Lorsque la garantie consiste en un nantissement sur le fonds de commerce, un certificat du Greffe du Tribunal du ressort du fonds de commerce attestera que le nantissement a bien été inscrit.

L'investissement de l'apport personnel est vérifié par le Service de l'Inspection Foncière qui procède à l'établissement d'un rapport avant chaque déblocage.

A) Prêts à la Construction

a) Modalités de déblocage

Préalablement à la réalisation du prêt, il est demandé aux emprunteurs de produire une situation de travaux (document n°I ci-joint) établie par leur architecte et visée par l'entrepreneur. Cette pièce mentionne en pourcentage et en valeur les tranches de travaux effectués sur le programme global. Si cette situation révèle qu'un déblocage peut être effectué, elle est adressée à l'Inspection Foncière qui dépêche un de ses Inspecteurs pour contrôler la véracité de cette situation. A l'issue de sa visite, il établit un rapport d'inspection (document n° 2) qui a pour objet de décrire la nature des travaux restant à effectuer. Si des modifications ont été apportées au programme originel, le rapport ne manque pas de les relever et de décrire leur importance.

.../...

Le rapport calculé enfin en fonction des devis originaux le montant des travaux restant à exécuter en donnant un coût de finition.

C'est sur la base de ce coût de finition que le Service "Réalisation" contrôle si l'apport personnel a été réalisé et si de ce fait un déblocage serait possible.

Les divers déblocages se font au fur et à mesure de l'avancement des travaux. Leur rythme et leur montant varient selon la célérité et les disponibilités des entrepreneurs. Les contrats de prêts du CREDIT IMMOBILIER ET HOTELIER prévoient cependant que "les versements ne pourront toutefois être inférieurs au I/IOe du montant du prêt."

Sur chaque déblocage possible, il est retenu un montant égal à I/IOe de manière à ce que IO % du montant du prêt soit retenu à l'achèvement des travaux à titre de garantie. Cette somme est débloquée à raison de moitié à la réception provisoire et moitié à la réception définitive (3 mois après) sur présentation des procès-verbaux correspondants (documents ci-joints

Si au stade de la réalisation ou en cours de déblocage il est révélé par les experts (modèle de rapport n° 3 ci-joint) que le programme initial a subi des modifications, les emprunteurs sont avisés aussitôt d'avoir à régulariser leur dossier technique par la production de nouveaux plans approuvés par les autorités ou de nouveaux devis conformes pour permettre à nos experts de suivre avec exactitude l'évolution du chantier. S'il apparait que les modifications ou les dépassements éventuels sont importants et risquent d'avoir une répercussion sur la valeur de la garantie soit dans un sens soit dans l'autre, l'affaire doit être représentée au Comité de Direction. Pour celà, les emprunteurs constituent un nouveau dossier conforme qui fait l'objet d'une nouvelle étude et d'un nouveau rapport.

Le Comité statue alors soit sur la diminution du prêt originel, soit sur l'octroi d'un prêt supplémentaire si les interessés ont en manifesté le désir.

.../...

b) Remise des fonds

Deux modes de remise des fonds selon que les projets se trouvent à CASABLANCA ou dans le reste du Maroc.

I - Dossiers de CASABLANCA

La remise des fonds se fait par chèques bancaires établis au nom des entrepreneurs ou des architectes sur instructions écrites de l'emprunteur (documents n°4). Une décharge est signée par l'entrepreneur (document n°1).

2 - Dossiers "Reste du MAROC"

Les déblocages se font sous forme de virements bancaires (modèle ci-joint n°6) chez nos correspondants locaux (SBMetBP) Ces virements sont effectués au nom de l'emprunteur en compte indisponible, l'indisponibilité pouvant être levée contre remise à la Banque des reçus ou factures acquittées délivrés par les entrepreneurs ou l'emprunteur. Ces reçus ou factures sont ensuite transmis au CREDIT IMMOBILIER ET HOTELIER et classés au dossier.

B) Prêts à l'équipement

Lorsque les garanties sont inscrites (certificat du greffe ou de la Conservation Foncière à l'appui); les fonds sont débloqués soit en totalité soit en partie chez les correspondants locaux du CREDIT IMMOBILIER ET HOTELIER en compte indisponible. L'indisponibilité est levée contre remise à la Banque par l'emprunteur des factures acquittées relatives au mobilier et matériel acquis. A cet effet, une liste du mobilier et du matériel d'exploitation est remise à la Banque.

Quand le montant du prêt est globalement débloqué, ces factures doivent être d'un montant au moins égal au montant de l'investissement initial déclaré. Ces factures sont ensuite transmises au CREDIT IMMOBILIER ET HOTELIER qui procède à leur dépouillement. Néanmoins, les déblocages sont généralement précédés d'une visite de nos experts qui s'assurent que le mobilier et matériel d'exploitation a bien été livré et procèdent à un contrôle quantitatif et qualitatif pour vérifier si les biens livrés sont bien ceux mentionnés dans le dossier de demande de prêt. (modèle de rapport cièjoint). n° 7

.../...

Quand la réalisation du prêt se fait en plusieurs tranches, la Banque reçoit comme instructions de ne débloquer les fonds virés que sur présentation de factures acquittées de manière à ce que le pourcentage de factures par rapport à la tranche débloquée soit identique à celui du montant total de l'investissement par rapport au montant du prêt (ci-joint modèle de virement).

Lorsque la Banque a fait retour des documents justificatifs au CREDIT IMMOBILIER ET HOTELIER, ces documents sont dépouillés par le Service "Réalisation" qui les compare aux devis et factures déposés lors de l'étude du projet. Lorsque ces documents ont donné satisfaction, un 2ème déblocage a lieu dans les mêmes conditions jusqu'à épuisement des fonds. Des visites de contrôle par l'Inspection Foncière sont effectuées entre temps.

A FOURNIR EN DOUBLE EXEMPLAIRE

4

[illegible] DES TRAVAUX PUBLICS
DU MAROC

PRÊT N° 98 C.E.
Mémoire N° 2

CONSTRUCTION d'un HÔTEL à OULAD TEIMA

Propriété de Mr. AIT MELLOUL Hadj SAID IBRAHIM à TANGER, 49, Rue des Chrétiens

Architecte : M. G. QUINTRAN, Charf, Tanger, Entrepreneur : Mr. Mohamed Ben ACHBIDA

Ne doit concerner que des travaux exécutés - à l'exclusion de toute avance aux entreprises, et de tous matériaux même à pied d'oeuvre, non encore incorporés à la construction.

6144 M

C.P.V.M. 21 JUIN 1966

INDICATIONS DES OUVRAGES	VALEUR TOTALE SUIVANT DEVIS FOURNIS	AVANCEMENT DES TRAVAUX ETAT D'AVANCEMENT (1)	VALEUR EN DIRHAMS
1) Grosse maçonnerie :			
a) Terrassements, fondations, murs en élévation jusqu'à arase des couvertures	107.900, DH.	98 %	105.700 DH.
b) Couvertures ou dalles formant planchers	19.405,	95 %	18.550
c) Etanchéité	28.210,	"	"
d) Cloisonnements, enduits, revêtements carrelages, etc...	88.200,	70 %	61.500
2) Menuiserie, Quincaillerie	38.030,	86 %	33.000
3) Peintures et Vitrerie	13.110,	"	"
4) Ferronneries	2.370,	"	"
5) Plomberie, Zinguerie, Appareils sanitaires	23.510,	55 %	13.000
6) Electricité	16.700,	58 %	9.500
7) Communs et clôtures	"	"	"
8) Honoraires & vacations	18.000,	à ce jour:	"néant"
Montant total du devis DH :	355.435, DH.		

Total des Travaux effectués au jour de la présente situation	241.250 DH.
A déduire: Montant des situations précédentes, réglées par deux avances:	40.000,
Différence correspondant au montant des Travaux effectués et non payés	201.250 DH.

Arrêté la présente situation à la somme de (2) DEUX CENT UN MILLE DEUX CENT CINQUANTE Dirhams

A TANGER, le 23 Juin 1966

Le Propriétaire, (3) — L'Architecte, — L'Entrepreneur,

(1) Terminés - en cours ou pourcentage des travaux effectués.
(2) Indiquer le montant des travaux effectués et non payés, en vue de l'obtention d'une fraction du prêt.
(3) Le propriétaire devra faire préciser sa signature de la mention «VU POUR A PAYER».

Donner à !

PRET A LA CONSTRUCTION N° 126 CH
Mr EL MECHGUIGLI Saïd Ibrahim

(2)

NOTE DE L'INSPECTION SUR VISITE DE GAGE

GAGE Propriété bâtie à usage de Café-Hôtel-Restaurant avec boutique sise au ..... OULED TEIMA

en façade sur place et sur
2 ruelles de 3 et 5 m (entre celles-ci)

I lot R du lotissement LYAZID (propriété SAADIA)

Objet du T.F. " EL MERCHGUIGLI " N° 5726 S.

d'une contenance S.R.C.T. d'environ .... I.651 m².

PRET AUTORISE (15 ans) ..... DH : 200.000,00

TRAVAUX RESTANT A EXECUTER LE 29/II/1966

Rez-de-chaussée

Boutiques - Finitions de coulage des sols de 2 magasins, prises et interrupteurs électriques, plinthes peintures, vitrerie; sols des devantures des magasins

Hôtel - Plinthes, faïence, menuiserie des baies Nord, pose des appareils sanitaires, peintures, vitrerie.

Etage I/3 du sol du couloir, faïence pose des appareils sanitaires autres que bacs à douches, peintures, vitrerie, sonnerie et téléphone.

Travaux Généraux - Rideaux roulants, balustrades, bac à laver.

COUT DE FINITION d'environ ..... DH : 44.000,00

NOTA Un escalier non prévu a été réalisé dans la salle de Restaurant, donnant ainsi accès à la terrasse carrelée de celle-ci.

CASABLANCA, le 2 DECEMBRE 1966

L'INSPECTEUR FONCIER,

Rme HIMI

CONSTRUCTION "C.E." n°138

FARMING S.A.

NOTE DE L'INSPECTION SUR VISITE DE GAGE

GAGE- Immeuble à usage d'Hôtel de Grand Tourisme dénommé "Hôtel RIF" à agrandir et surélever à ..... T A N

Avenue d'Espagne

rue François de Victoria et rue Dante

à l'angle de ces voies

Quartier de la Plage

Objet du T.F. "FARMING PLAGE" n°I.522 G.

d'une contenance de I.972m2

PRET AUTORISE- ..... I.200.000 DH

ETAT D'AVANCEMENT DES TRAVAUX LE 20/2/65

Les travaux réalisés jusqu'ici concernent presqu'exclusivement l'agrandissement (aile rue François de Victoria) soit :

Rez-de-chaussée et entresol (faisant rez-de-jardin) les enduits extérieurs sont faits ainsi que le cloisonnement et la pose des tubes électriques.

Ier étage murs montés, dalle coulée.

2me étage murs montés, dalle à couler (ferraillage et hourdis en place).

En plus: échafaudage sur les façades du bâtiment existant et réalisation de dallettes décoratives.

Nota- avant le calcul du coût de finition.

En fait lors de la constitution du dossier, le désir des dirigeants de l'Hôtel RIF était établi, il s'agissait d'augmenter la capacité de l'Hôtel, toutefois en ce qui concerne la manière de le faire aucune étude n'avait été suffisamment poussée pour qu'une décision définitive soit prise.

On en était encore au stade des études c'est ce qui explique les nombreuses imprécisions et contradictions relevées au dossier.

En particulier les possibilités de surélévation [illegible] coup moins bien établies qu'on voulait bien le dire et il se[illegible] bien que le Ier architecte consulté se soit récusé ayant pu cours des derniers travaux réalisés à l'Hôtel Rif (aménagemen[illegible] restaurant et surtout réalisation de la piscine) constatant l'i[illegible] fisance des fondations en vue d'une surélévation.

Depuis notre première visite, aucune décision définitive n'aurait été prise en ce qui concerne la surélévation mais le p[illegible]jet d'un 7ème étage partiel serait presque abandonné et par ail[illegible] on s'orientait en ce qui concerne le 6ème étage vers la réalisa[illegible] d'une ossature métallique légère.

Par contre l'aile nouvelle s'est sérieusement étoffée pa[illegible]sant à 8 chambres par plancher au lieu de 4, avec un étage en pl[illegible] soit 40 chambres dans cette aile neuve au lieu de 16 (toutefois [illegible] le plan du dernier étage a été accepté avec 8 chambres, le plan des façades en supprime 4 ?).

Compte tenu de toutes ces modifications le coût des travaux n'a plus rien à voir du moins dans sa ventilation avec celui qui apparaissait au départ.

Soit :

	Prix initial		Nouveau prix
Aile nouvelle	(16 ch) 420.486	(36 ou 40 ch) Gros oeuvre	778.156,20
		autres corps d'état	563.103,43
			1.341.259,63 (marché signé)
Surélévation			
(6e et 7e ét.)	(reprise G.O. 400.000 surélévation 630.361	(46e seul) G.O.....	345.700
		(autres corps d'état	438.309,53
			784.009,53 (marché signé).
			2.125.269,16

Il y a donc une nette augmentation qui ne tient pas e[illegible] de 90.000 DH env. d'assurance pour le 6ème étage d'exécution délicate.

Rappelons que le projet initial prévoyait en outre :

Transformation et agrandissement Ier étage ...	150.000 DH
Renouvellement des salles de bains actuelles..	200.000 DH
Installation de nouveaux ascenseurs	100.000 DH
	450.000 DH

../..

Compte tenu de ces éléments, le programme en s[illegible] n'ayant plus que des rapports lointains avec le pr[illegible] prêté, et pour lequel le prêt a été attribué il ne nous e[illegible] possible de calculer un coût de finition. Signalons toutefois la situation produite semble très honnête en ce qui concerne [illegible] travaux effectués, elle est même au dessus compte tenu des [illegible] effectués depuis la date à laquelle elle a été établie.

Un dossier de demande de prêt supplémentaire serait en cours de constitution, il serait utile à cette occasion que l'affaire soit réexaminée compte tenu du nouveau programme, les modifications étant telles que la décision du Comité de Direction du 20/4/64 établie en vue d'un programme bien différent est en fait pratiquement caduque.

Nota- Mr.DESFORGES l'entrepreneur serait rendu actuellement à environ 400,000 DH de travaux sur lesquels il n'a touché que 200.000 environ de la C.P.I.M., l'effort personnel de l'emprunteur étant à ce jour, Mr.DESFORGES nous a déclaré qu'il aurait les plus grandes difficultés à poursuivre les travaux de ce chantier s'il n'était pas payé des travaux effectués et ce dans un délai raisonnant assez court vu l'importance de la somme d'ores et déjà avancés par lui (env. 200,000 DH).

CASABLANCA, le 23 FEVRIER 1965

L'INSPECTEUR PRINCIPAL DELEGUE DU C.P.P

Le cas de Dauma et l'extension de l'usine chaux
une fois modifié il y aurait lieu de
demander la prolonga des plans "281 38" et "281 48" situ "Mr Vaisette"

لحسن بن عيسى امزال

LAHCEN BEN AISSA AMZAL

حرفة وتاجر — مستورد والجملة

TEXTILES ET FRIPERIE · IMPORTATEUR · GROSSISTE

REGISTRE DU COMMERCE 77.428

190 ET 192, ROUTE DE MEDIOUNA
TÉLÉPHONE : 784-49
CASABLANCA

190 و 192 طريق مديونة
تليفون 784-49
الدار البيضاء
السجل التجاري 77.428

(4)

0.12.161

C.I.H.M
FEVRIER 1968
CASABLANCA

OCH

Casablanca, le 18 Septembre 1967

CREDIT IMMOBILIER ET HOTELLIER DU MAROC
A CASABLANCA.

Messieurs,

J'ai l'avantage de vous remettre ci-joint en deux exemplaires une première situation d'avancement des travaux de construction de mon immeuble à usage d'hotel sis rue de Soisson à Casablanca.

Cette situation, dressée par mon Architecte Monsieur PACCANARI s'élève à la somme de Dhs.. 144.091,-

Il y a lieu de tenir compte de la valeur des constructions existantes, dont l'estimation sans la valeur du terrain à été donnée par mon Architecte pour la somme de 215.000,00 Dhs.

Les travaux en cours étant traités par corps de métier, je vous prie de bien vouloir faire établir les cheques de versement des situation au nom de mon Architecte, Monsieur V . Paccanari qui est chargé de la répartition des accomptes aux différents entrepreneurs.

Veuillez croire, Messieurs, à l'assurance de ma considération distinguée.

CREDIT IMMOBILIER ET HOTELIER DU MAROC

RECHERCHE DE PIECES

(5)

DEMANDE N° 183

DOSSIER N° 134

Demandeur ou Emprunteur

Mr. Lahcen b. Aissa b. Hadj Brahim

Le soussigné reconnait avoir reçu du CREDIT IMMOBILIER ET HOTELIER DU MAROC, les pièces ci-apres désignées:

Titre de la C.T.T.

N° 301677

Date du 10/10/67

Montant Dh 27.000,00

A l'ordre de : Mr Paccanari V.

CASABLANCA, le 11/10/67

L'architecte

L'Emprunteur

n° 6

/KB

6 Septembre 1967

4/021.820
SERVICE REALISATIONS
O.C.H.-PRET N° 128
Mr. SURJUS BERTIN

Monsieur le Directeur de la
SOCIETE DE BANQUE DU MAGHREB

CASABLANCA

Monsieur le Directeur,

Nous avons l'honneur de vous prier de bien vouloir, par le débit de notre compte, faire créditer la BANQUE POPULAIRE DE KENITRA de la somm de VINGT MILLE DIRHAMS (DH 20.000,00) représentant partie du prêt O.C.H. N°128 consenti par notre Société à Monsieur SURJUS BERTIN, demeurant à ARBAOUA, Hôtel "LA ROUTE DE FRANCE".

D'avance nous vous remercions et vous prions d'agréer, Monsieur le Directeur, l'expression de nos sentiments distingués.

LE FONDE DE POUVOIRS?
signé: BENKIRANE,

LE DIRECTEUR,
signé: LAZRAK,

Dossier

CRÉDIT HOTELIER
EQUIPEMENT

CH. n° 167

NOTE DE L'INSPECTION

après visite de l'Hotel MASSILIA

Le modernisation et l'équipement de l'Hotel sont terminés Le Ier étage rénové a pu être ouvert à la clientèle début Avril et le 2ème étage début Mai.

Le démarrage a été excellent l'hotel étant presque complet et les recettes journalières évoluent actuellement entre I.000 et I.200 DH. ce qui laisse en exploitation familiale une bonne marge de bénéfices.

Tous les travaux prévus non financés par le prêt ont été réalisés (électricité, peintures, sanitaires).

En outre le téléphone a également été installé.

Quant aux achats d'équipement à financer par le prêt ils ont été réalisés sauf en ce qui concerne les appareils de chauffage; par contre en quantité et qualité (têtes de lit capitonnées en skaï) les dépenses de mobilier ont été largement supérieures à ce qui était prévu.

Les achats de sièges en particulier ont été plus nombreux en outre un bar et une réception en ébénisterie non scellée ont été acquis, ainsi qu'un poste de télévision pour le salon.

Monsieur JAMBOU nous a déclaré être à même de produire des factures d'équipement supplémentaires qui compenseraient plus que largement les radiateurs non encore achetés vu la saison.

(il est même possible que, si la saison donnait les résultats que les recettes actuelles laissent espérer, Monsieur JAMBOU abandonnera cet achat de radiateur, au profit d'une installation de chauffage central).

CONCLUSION - Compte tenu des investissements d'ores et déjà effectués il n'y a aucun inconvénient, en débloquer en une seule fois et dès que la réalisation sera possible, la totalité du prêt.

L'Hotel reste de catégorie moyenne, et les prix sont

.../..

modérés, mais il est tenu d'une façon remarquable.

CASABLANCA, le 24 JUIN 1966.

L'INSPECTEUR PRINCIPAL DELEGUE DU C.F.F.

reçu le 27.6.66 - 10h

CAISSE DE PRÊTS IMMOBILIERS DU MAROC
SOCIÉTÉ ANONYME MAROCAINE AU CAPITAL DE 100.000.000 DE FRS
SIÈGE SOCIAL : 101, RUE BLAISE PASCAL
CASABLANCA

R. C. CASABLANCA N° 203

TÉLÉPHONE { BUREAUX : 229-58 (2 LIGNES)
DIRECTION : 227-60

C. A. S. 82.780

NOTRE RÉFÉRENCE :
à rappeler dans votre réponse /ZH

4/OI9868
SERVICE REALISATIONS
O.C.H. PRET N°IIS CH.
"SOCIETE NOUIA S.A"

Casablanca, le 7 AVRIL 1967

(8)

Monsieur le Directeur de la
SOCIETE DE BANQUE DU MAGHREB
du CREDIT FONCIER D'ALGERIE ET DE TUNISIE

à CASABLANCA

AVIS DE VIREMENT sur votre Agence

de **A G A D I R**

Monsieur le Directeur,

Nous avons l'honneur de vous demander de bien vouloir par le débit de notre compte, faire créditer, chez votre Agence précitée, à qui nous donnons instructions par même courrier en compte indisponible et par poste .....

Société NOUIA S.A. représentée par Mr. IRAA SBAI ABDERRAHMANE, Administrateur Unique, demeurant au km 3 Route d'Inezgane par AGADIR,

de la somme de QUATRE VINGT MILLE DIRHAMS

ci ..... DH. 80.000,00

partie du prêt que lui a consenti notre Société.

D'avance nous vous remercions de vos bons soins et vous prions d'agréer, Monsieur le Directeur, nos salutations très distinguées.

LE FONDE DE POUVOIRS, LE DIRECTEUR.

Signé : BENKIRANE ABDELHAK, Signé: LAZRAK MOHAMED

ATTACHMENT 5

D R A F T
ESekse:fmc

January , 1968

SUGGESTED PROCEDURES FOR THE FINANCING OF HOTEL PROJECTS FROM IBRD FUNDS

I. ASSUMPTIONS.

1. CIHM, as well as BNDE, will make a full study of the entire hotel project ("immobilier" as well as "mobilier") at the time of its first presentation to CIHM for financing.

2. The study will include a detailed, full, cost estimate, with a breakdown of costs of land, working capital, "immobilier" (other than land) and "mobilier".

3. A full financing plan for the project will be drawn up, detailing various forms of equity finance and loans necessary. If both a "construction" loan and an "equipment" loan appear to be necessary, CIHM will decide on both loans simultaneously.

4. It is understood that IBRD will normally only consider financing hotel projects into which CIHM and BNDE have actively entered at an early stage; that is, before the promoters of the hotel have definitely and substantially committed themselves to an unmodifiable project. Normally, if the promoters have signed construction contracts, or substantial suppliers' contracts, or have undertaken more than preparatory construction works before a financial arrangement with CIHM has been agreed upon (in the form usually, of loan contracts), IBRD will reserve for itself the right not to provide funds for the project.

II. DETERMINATION OF ELIGIBLE AMOUNT FOR IBRD FINANCING.

1. IBRD will finance only the estimated foreign exchange cost of goods and services from member countries of IBRD, and Switzerland.

2. All projects submitted for Bank financing will be subject to the Bank's prior approval. However, approval of projects involving amounts below BNDE's "free limit" will automatically be given if the projects conform to the "assumptions" listed above, as long as the projects are otherwise eligible for Bank financing.

3. Any request to IBRD for approval and crediting of a hotel project shall indicate, inter alia:

a) Total estimated cost of project;
b) Cost of land and working capital included in the cost estimate;
c) Cost excluding land and working capital (a-b);
d) CIHM construction loan agreed to, as an absolute amount, and as a percentage of(c);
e) CIHM equipment loan agreed to, amount and percentage of(c);
f) Proposed BNDE loan to CIHM;
g) Estimated timing of construction and equipment works, and estimated timing of CIHM's disbursements for the project.

4. Upon approval by IBRD of a hotel project for financing, the maximum eligible amount which can be credited to BNDE's Loan Account with IBRD will be determined on the basis of the Bureau Securités (SOCOTEC) average percentages of foreign exchange cost of hotels in Morocco, as follows (rounded percentages):

	Foreign exchange cost as percentage of total cost 1/		
Category	"Immobilier"	"Mobilier"	Total
1 star	15%	2%	17%
2 "	19%	3%	22%
3^B "	24%	4%	28%
3^A "	25%	5%	30%
4^B "	28%	6%	34%
4^A "	29%	7%	36%
5^B "	31%	7%	38%
5^A "	32%	8%	40%

5. A joint certification by CIHM, BNDE, and the Office National de Tourisme, in form agreed upon with IBRD, that the described project falls within the prescribed norm for the class of hotel intended, shall accompany any request to IBRD for crediting to the Loan Account of BNDE.

1/ Excluding land and working capital.

III. DOCUMENTATION REQUIRED FOR DISBURSEMENT.

1. Against documentation from CIHM and BNDE, in form to be agreed upon, that CIHM has made a disbursement under its construction loan, IBRD will disburse, to BNDE, a portion of CIHM's disbursement corresponding to the ratio between the estimated foreign exchange "immobilier" component mentioned under II. 3 above (first column) for the particular category of project concerned, and the percentage participation which CIHM's "construction" loan represents of total estimated project cost (ex land and working capital), as mentioned under II. 2(d) above. 1/

2. Against normal documentation as required by IBRD (invoices, etc.), confirmation that CIHM made a disbursement under its "equipment" loan, and a statement by the investor confirmed by CIHM and BNDE, of the estimated c.i.f. cost of imported goods covered by these invoices, IBRD will disburse the amounts so documented up to a maximum of the estimated c.i.f. cost of imported goods, or up to the "mobilier" percentage indicated under II. 3 (second column) above, whichever is the smallest.

IV. FURTHER REQUIREMENTS FOR DISBURSEMENT.

A. Countries of Origin

1. Each request for disbursement must be accompanied by a certification as mentioned in IBRD's letter of January 27, 1967, to BNDE, reading:

> "BNDE shall inform the Bank as to the countries of origin of the materials imported or purchased locally for the project. If that information is not readily available, BNDE should send to the Bank the most accurate assumption possible, based on the traditional pattern of imports of Morocco for the particular category of goods involved."

2. The cost of goods imported from non-eligible countries shall be deducted from the amount otherwise eligible for disbursement by IBRD according to III. 1 and 2 above.

1/ Example: Hotel category 3A (25%); CIHM's construction loan represents 50% of total cost: IBRD's disbursements will be 25:50 = 50% of CIHM's disbursements.

B. Retroactive Financing

1. The second period of Section 3.02 of Loan Agreement No. 447 MOR, dated May 13, 1966, between BNDE and the Bank will not apply to tourist projects financed jointly by BNDE and CIHM. Instead, the following provisions will apply:

2. The Bank, upon approval of a project, will inform BNDE of the closing date for disbursement by the Bank for that particular project. The date will be determined on the basis of the estimated timing of the project.

3. No withdrawals shall be made on account of any disbursement made by CIHM for any investment project more than 40 days prior to the date on which the Bank shall have received the request from BNDE for withdrawal.

Mor.
CIHM
cc BNDE

January 3, 1968

Dear Mr. Benkirane:

I am sorry that I have not been able to answer before your letter of December 6 concerning the procedures for the Bank's financing of tourist projects in Morocco through BNDE and CIHM.

Unfortunately, the review here of those procedures had to be put aside temporarily in favor of what we considered the more urgent review of BNDE's request for a third Bank loan. However, we are now catching up on both, and I am hopeful that the Bank will be able to state its position to you soon.

With best regards,

Sincerely yours,

Einar Sekse
Development Finance Companies

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

P.S. I met Mr. Belkhayat in Athens, and had interesting talks with him. He represented both Morocco and BNDE very well at the UNIDO Symposium.

cc: Mr. Bart (with incoming)
ESekse:amm

Mor CIHM

INTERNATIONAL FINANCE CORPORATION

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - CORINTFIN

December 29, 1967

Dear Mr. Lazrak:

Thank you for your kind letter of December 11.

The IBRD/BNDE financing, with CIHM, of tourist projects in Morocco continues to be under review. When it has been completed, we shall of course let you know. We appreciate your offer of giving us additional information, if necessary.

With best wishes for a happy and successful New Year,

Sincerely yours,

Einar Sekse
Development Finance Companies

Mr. Mohamed Lazrak
Directeur General
Credit Immobilier et Hotelier du Maroc
159 Avenue Hassan II
Casablanca, Morocco

MOR
BNDE
" BNDE - Tourism

December 14, 1967

Dear Mr. Benkirane:

Thank you for your letter of December 6 to Mr. Sekse concerning hotel financing procedures. Mr. Sekse is presently away from Washington for a few days, and I shall communicate to him your inquiry as soon as he returns.

Yours sincerely,

Khalil Nougaim
Development Finance Companies

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

KN
KNougaim:amm

-PIM

FORM NO. 59
(2.55)

CROSS REFERENCE SHEET

COMMUNICATION: LETTER

DATED: DECEMBER 12, 1967

TO: Mr. Mathew

FROM: Kuiper

FILED UNDER: MOROCCO - BNDE 3rd

SUMMARY: Reply to letter of the 5th.
Discussion of the BNDE concerning its statis as a private bank xxx as opposed to a government bank and the amount of control the government still retains, IFC's interest in the BNDE, and its possible involvement with the hotel projects.

Mor - CIHM
Log No. 596

Crédit Immobilier et Hôtelier
159, Avenue Hassan II
Téléphone : 227-60
CASABLANCA

Casablanca, le 11 Décembre 1967

① Mr. Helling
② Mr. Sekse o/r

Direction Générale

Monsieur SEKSE Einar
Development Finance Companies
INTERNATIONAL FINANCE CORPORATION
1818 H Street. N. W. WASHINGTON, D. C. 20433
U. S. A.

Cher Monsieur,

J'ai reçu avec beaucoup de plaisir votre lettre du 28 Novembre relative à l'établissement de relations directes de collaboration entre votre Organisme et notre Société.

Je saisis cette occasion pour vous remercier personnellement , ainsi que vos collègues Messieurs BOYD et KARCHER, pour la bonne compréhension que vous avez bien voulue manifester à l'égard des graves problèmes de financement qui risquent de se poser au C. I. H. durant les années à venir.

Vous avez pu vous rendre compte durant votre bref séjour parmi nous, des efforts soutenus que nous déployons pour mettre le C. I. H. à la hauteur du standing exigé par la Banque Mondiale.

D'autre part, nos engagements prévisionnels, pour l'année prochaine en particulier, seraient très importants en Crédit Hôtelier puisqu'ils se situeraient à hauteur de 100 Millions de Dirhams ; c'est dire que le concours de votre Organisme serait largement sollicité pour faire face à la demande du Secteur touristique.

Notre souhait est de maintenir des contacts directs avec vous pour mieux vous exposer nos problèmes et vous justifier nos prévisions.

En restant à votre entière disposition pour tous les renseignements qu'il vous paraîtrait utile de recevoir, je vous prie de croire, Cher Monsieur, à l'assurance de ma parfaite considération

LE DIRECTEUR GENERAL,
Mohamed LAZRAK.

Dec 29/67

MOR - BNDE
cc CIHM
Log No. 591

RABAT, LE 6 décembre 1967

Mr. Nouguim
Mr. Sekse o/r

البنك الوطني للإنماء الاقتصادي

BNDE

BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE

CAPITAL 30 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TEL. 264.41.42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC

Monsieur E. SEKSE
Development Finance Companies
S.F.I.
WASHINGTON D.C.

DIRECTION GENÉRALE
DG/MC N° 2045

Cher Monsieur Sekse,

A l'occasion de votre mission au Maroc en Octobre dernier, vous avez bien voulu présenter des propositions nouvelles au sujet de la procédure de financement par la BIRD des projets hôteliers.

Nous vous serions reconnaissants de bien vouloir nous communiquer expressément la position définitive de la B.I.R.D. au sujet de cette nouvelle procédure afin que nous puissions l'appliquer aux dossiers C.I.H. que nous avons en main.

Veuillez agréer, Cher Monsieur Sekse, l'expression de nos sentiments distingués.

Le Directeur Général,

Mohamed BENKIRANE.

Ack. January 3

447 Mor
CIHM

November 28, 1967

Mr. Mohamed Lazrak
Directeur General
Credit Immobilier et Hotelier
du Maroc
159 Avenue Hassan II
Casablanca, Morocco

Dear Mr. Lazrak:

Please forgive me for delaying so long writing to you after our very pleasant meetings in Casablanca and Rabat in the middle of October last. To say that I have been busy since is an understatement, but so is everybody.

I should like, first of all, to thank you personally for your very kind reception of my colleagues, Messrs. Boyd and Karcher, and myself, and for your helpfulness in supplying us much useful information and in so readily discussing the various matters of mutual interest with us. I shall appreciate it if you will also convey our thanks to your Presidents, Messrs. Benkirane and Gueddari, to your Deputy, Mr. Benkirane, and to your staff who so willingly helped us obtain a better understanding of CIHM's organization and operations.

As you know, the purpose of our visit was to have general discussions with BNDE's management about future business relations, and it was in this context that the question about hotel financing arose.

After our return, we have found ourselves compelled to give first priority to the more general aspects of our mission, and it is only lately that we have been able to focus a little more on the special problems relating to the BNDE/CIHM arrangements for hotel financing. It is too early to say anything about the possible results of this review, but we shall of course take the earliest possible opportunity, to communicate about this to BNDE, who, I am sure, will keep you informed. I am sending a copy of this letter to the Director General of BNDE, Mr. Benkirane, for his information.

I hope and look forward to meeting you again often in the future.

With best regards,

Sincerely yours,

Einar Sekse
Development Finance Companies

cc. Mr. Tazi
cc. Mr. Kodderitzsch
ESekse:med

Ack Dec. 11.

November 28, 1967

Mr. Mohamed Laarak
Directeur General
Credit Immobilier et Hotelier
du Maroc
159 Avenue Hassan II
Casablanca, Morocco

Dear Mr. Laarak:

Please forgive me for delaying so long writing to you after our very pleasant meetings in Casablanca and Rabat in the middle of October. To say that I have been busy since is an understatement, but so is everybody.

I should like, first of all, to thank you personally for your very kind reception of my colleagues, Messrs. Boyd and Karcher, and myself, and for your helpfulness in supplying us much useful information and in so readily discussing the various matters of mutual interest with us. I shall appreciate it if you will also convey our thanks to your President, Messrs. Benkirane and Guedari, to your Deputy, Mr. Benkirane, and to your staff who so willingly helped us obtain a better understanding of CIHM's organization and operations.

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I hope and look forward to meeting you again often in the future.

With best regards,

Sincerely yours,

Elmar Seiss
Development Finance Companies

cc. Mr. Tazi
cc. Mr. Kodderitzsch
ESeiss:med

Mor. 449 CIHM

November 28, 1967

Dear Mr. Benkirane:

I am attaching a copy of my today's letter to Mr. Lazrak, Director General of the CIHM. As mentioned in the letter, we shall communicate to you any further developments in this matter.

With best regards,

Sincerely yours,

Einar Sekse
Development Finance Companies

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

cc. Mr. Kodderitzsch
ESekse:med

November 28, 1967

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With best regards,

Sincerely yours,

Einar Sekse
Development Finance Companies

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

cc. Mr. Koddertzsch
ESekse:med

mon CIHM

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Memo

DATED: November 9, 1967

TO: Files

FROM: M. P. Benjenk

FILED UNDER: MOROCCO - GEN. NEGS.

SUMMARY: EXTRACT:

" During a reception given by the Governor of Tangier, Mr. Woods met inter alia, the Director of the Caisse Immobiliere et Hoteliere du Maroc (C.I.H.M.), an institution for the financing of office buildings, apartments and hotels, who explained the structure and methods of his organization and confiirmed its desire for aloan from the Bank for the financing of hotels."

Mor. CIHM (CPIM)

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: November 9, 1967

TO: Mr. Mohamed Benkirane

FROM: Einar Sekse

FILED UNDER: MOROCCO - BNDE

SUMMARY: EXTRACT:

" If our assumptions are valid, this means that it will be very difficult for BNDE to pay much higher dividends than, say, 4.5% in the next three or four years. On the other hand, we know that CIHM (CPIM) has increased its participation by Moroccan institutional investors recently when its dividens were 11% and that even with the increase in share capital, future dividens are expected to be no less than 8% This illustrates our continued concern over BNDE's prospects, which do not seem to promise much improvement in the marketability of its shares. This, as you know, is our focusing point."

447 - CIPM

Form No. 27
(7-61)

INTERNATIONAL DEVELOPMENT ASSOCIATION	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: LAZRAK

CREDIT IMMOBILIER HOTELIER

CASABLANCA

COUNTRY: MOROCCO

DATE: OCTOBER 24, 1967

CLASS OF SERVICE: NLT

HH

TEXT:
Cable No.:

POUR MIEUX EVALUER BESOINS FINANCEMENT SECTEUR TOURISME TRES SOUHAITABLE RECEVOIR AUSSITOT POSSIBLE VOTRE ETUDE SUR PROJETS HOLIDAY INNS TENANT PLACE IMPORTANTE DANS VOS PREVISIONS OU NOTE DESCRIPTIVE AVEC PLANNING DE REALISATION ET DE FINANCEMENT AINSI QUE COPIE CONTRAT INVESTISSEUR ETAT STOP MEILLEURS SOUVENIRS

SEKSE
CORINTFIN

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Mr. Einar Sekse

DEPT. Development Finance Companies

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

ESekse:med

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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DISPATCHED

Oct 21 5 42 PM 1967

GENERAL FILES
COMMUNICATIONS

CONTINUATION
SHEET

REAL STOP MILITARY COMMANDS

DE REALISATION EN DE BINNENGEMAL VINDT GEEN GOEDE COMMUN INVESTERINGEN

LAGER INFORMATIE DANS AOS BETAALDIONS EN MOIE DESCRIPTIEAR VARC BINNENING

REGIMEN VALSCHEN POSSIBLE AOEER MAKE EEN PROCES HOUDEN INNS MENTAL

TEXT: FONS MIEUX RAYONS BESOINS ENVIRONNEMENT STRATEGIE AONDIENE ETES SOUHAITERTE

CONTINUE: MEMORO

CONFIDENCY

CREDIT ASSOCIATION MONETARY

TO: TAKAR

DATE: OCTOBER 21st 1967

CLASS OF SERVICE: NIL

144

OUTGOING WIRE

INTERNATIONAL FINANCE CORPORATION	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	INTERNATIONAL DEVELOPMENT ASSOCIATION

Mor. 447
CPIM

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION:

DATED: MEMO

TO: OCTOBER 30, 1967

Mr. George D. Woods

FROM: Michael L. Lejeune

FILED UNDER:

MOROCCO - General Negotiations

SUMMARY:

(b) The Bank recently began to contribute to the financing of hotels through the line of credit to the Banque Nationale pour le Developpement Economique (BNDE), the development finance company. In view of the insistence of the Moroccan government that BNDE should not lend directly to hotels, a rather complicated system was established under which Bank funds are passed on to the final beneficiary through an institution specialized in mortgage financing, Caisse des Prets Immobiliers du Maroc (CPIM), which is the government's chosen instrument for hotel financing. Only three projects with an amount of $596,000 have been credited, so far. The reason for the relatively small amount credited is that most of the hotel projects submitted or likely to be submitted to the Bank through BNDE were at advanced stages of construction, and in effect involved re-financing by BNDE of loans made by CPIM to the hotel owners. During his recent visit to the Bank, Mr. Tahiri raised the question of a direct line of credit by the Bank to Credit Immobilier et Hotelier du Maroc (CIHM), the new name of the recently reorganized CPIM, for the financing of hotels. For the reply given to Mr. Tahiri, please refer to paragraph 6 of the attached minutes of the meeting of September 21.

Mor 447
CIHM (CPIM)

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Memo

DATED: Sept. 29, 1967

TO: File

FROM: Mr Koddenfzsch

FILED UNDER: Gen. Mag. + Various

SUMMARY: Visit with Mr Tahiri

6. Mr. Tahiri raised the question of direct financing by the Bank of hotel projects through the specialized institution, Credit Immobilier et Hotelier du Maroc (CIHM), which had recently been reorganized. Mr. Lejeune replied that this point would be reserved until the return of the mission which will visit Rabat in October to appraise BNDE in view of a third loan and also to look into CIHM's set-up and business. In his opinion, the Bank would have to reconsider a question of principle, namely, whether hotel financing is an appropriate activity and whether there are other fields in tourism which the Bank may help to develop. Mr. Lejeune also questioned whether CIHM should be the sole Moroccan institution to finance hotel construction and equipment. Mr. Tahiri pointed to earlier discussions with the Bank. He had always understood that CIHM, after having been sufficiently prepared for this particular task, should become the direct channel for the Bank's interventions. It was his conviction that CIHM has now reached a degree of maturity which would justify it as a suitable borrower of the Bank. Mr. Knapp said that the Bank's preference for the moment is to continue to work with CIHM through BNDE, an institution with which the Bank has a well-established relationship.

447 CIHM

Mr. Abderrahman Tazi

September 26, 1967

E. Sekse

CIHM

I am returning herewith the letter to you dated September 16, 1967 from the Ministry of Finance as well as all the attached documents concerning CIHM. We have made copies of the papers we did not already have. I appreciate very much your thoughtfulness in passing on this information to us.

ESekse:gb

FORM No. 75
(2-60)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

ROUTING SLIP	Date 10/24/67

NAME	ROOM NO.
MR. LEJEUNE	

	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 BNDE appraisal mission returned on October 23.

Agricultural file.

From Kö dehöftyck

447
CPIM

FORM No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: September 22, 1967

FROM: Einar Sekse

SUBJECT: MOROCCO - CIHM

I received today from Mr. Tazi certain documentation concerning CIHM. It comprises:

1) DAHIR No. 1-62-201 of November 5, 1962 about mortgage lending (crédit foncier);
2) Revised Statutes of CIHM as of May 19, 1967;
3) Note on CIHM"s activity in 1966;
4) Importance et Perspective du Credit Hotelier;
5) Le Regime du Credit Hotelier au Maroc;
6) Enquete Hotelier du Bureau Securitas;
7) CPIM's Annual Reports for 1963, 1965 and 1966.

ESekse:gb

cc: Messrs. Diamond
Kreuter
Ködderitzsch

Form No. 57

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: ~~Mr. Michael L. Lejeune~~

DATE: September 18, 1967

FROM: W. Kodderitzsch

SUBJECT: MOROCCO - Information on CIHM

Thanks. This is a difficult question. When will the BNDE appraisal mission ~~is~~ return?

I am referring to your memorandum of September 11, 1967 on the above subject.

In March 1967, a supervision mission consisting of Messrs. Morton and Blaxall of IFC visited Morocco in connection with the Bank's loan to Banque Nationale pour le Developpement Economique (BNDE). During their stay in the country, they visited the Credit Immobilier et Hotelier du Maroc (CIHM), formerly known as the Caisse de Prets Immobiliers de Maroc (CPIM). Mr. Morton reported on this visit in a memorandum dated May 23, 1967, which describes the situation of hotel financing by the Bank through BNDE and CIHM and the considerable problems associated with the existing arrangement. The Working Party discussed the memorandum on June 6 and agreed that the two major problems in the present BNDE/CIHM set-up for hotel financing were:

(i) the Convention agreed upon between BNDE and CIHM, and

(ii) the compatibility of procedures in CIHM on one hand and in the Bank/BNDE on the other.

After a review of the above problems, the Working Party concluded that (i) the arrangements made with BNDE for the financing of hotels through CIHM are fraught with problems and that it is not likely that it will ever provide a well-functioning system; and (ii) that the Bank should be prepared to reconsider a direct loan to CIHM for hotel financing.

If the Bank is prepared to reconsider a loan to CIHM, the main issues that may have to be kept in mind are summarized below under the two headings:

(i) Suitability of CIHM as a borrower from the Bank; and

(ii) Repercussions on BNDE.

Suitability of CIHM as a Prospective Borrower from the Bank

The tasks of a possible appraisal mission would be to ascertain whether CIHM is a suitable borrower of Bank funds. The main points that will have to be looked into are:

(i) CIHM's ownership and organization: Is CIHM's ownership and

organization such that we can expect it to make independent decisions about project financing?

(ii) Does it have the management, expertise and appraisal staff to be able to make the right decisions? (It may be noted here that BNDE has no special qualifications or staff for this type of work, except perhaps the general experience in project appraisal);

(iii) Will there be enough business for CIHM to justify a loan? (This would have to take into consideration that hotel business may or may not be split between BNDE and CIHM);

(iv) Are its financial position and prospects good?

(v) Are its procedures acceptable to us, or can they be modified to become so?

On the point of ownership and control, recent information submitted indicate that there has been a large capital increase of the company and that about 51.5% of the total share capital is in private hands and the rest with the Government. Private capital has, therefore, technically a majority which may remove a major obstacle to Bank lending. Mr. Sekse of the IFC feels, however, that real control probably remains with the Government and this, rather than just ownership distribution, ought to be the test. He points to recent information received which indicates that a resolution passed by the General Assembly and the Administrative Council to increase the share capital of CIHM is subject to the final approval of the Minister of Finance. However, if Government control is to be the test, it runs contradictory to the Bank's relationship with BNDE, where Government control is reportedly substantial.

Repercussions on BNDE

If the Bank should open a line of credit to CIHM, the Government may insist that BNDE get out of hotel financing. The Bank would have to decide whether on its side, it would insist that BNDE be given full legal rights to engage in hotel financing or not. IFC is of the opinion that if BNDE were to get out of hotel financing, it would mean a considerable loss of potential business. The forecasts made earlier this year indicated that 50% of BNDE's business in 1967 would be in the hotel sector. However, the forecast volume of hotel business for 1967 will be reduced if progress is made in CIHM's negotiations with Eximbank or AID. Recent forecasts put the hotel business figure of BNDE at around 30% for the next couple

of years. In these forecasts, BNDE lists 12 projects for which it expects to seek DH 62.8 million (US $12.5 million) from the Bank before the end of 1967. The list, however, has to be carefully screened. For one thing, BNDE itself has not yet started its own study of these projects (CIHM apparently has).

It may be difficult to have the Moroccan Government agree to BNDE's staying in the hotel financing business since it would interfere with its intents for CIHM; namely that CIHM should be the sole institution for the financing of hotels in Morocco - and was always intended to be so by the responsibles in the Government. Furthermore, the Convention that had been signed by BNDE and CIHM on September 16, 1966 clearly indicates that BNDE would cease to finance hotels once CIHM got a direct Bank loan. In this connection, a question arises as to whether the Moroccan economy would benefit from a monopolistic institution or whether competition between BNDE and CIHM would be a better thing. The whole issue may be rather academic, as CIHM is being paid substantial interest subsidies by the Government which enables it to lend at much lower interest rates than BNDE.

CONCLUSION

In principle, CIHM may be the best vehicle for channeling Bank funds for hotel financing, but this would have to be verified after an appraisal of it. As to whether BNDE should also participate in hotel financing independently, a decision may have to await the return of the appraisal mission, taking into consideration the factors cited above. If hotel business were removed away from BNDE's operation, and if this would have no repercussions on BNDE's profitability, the only other reason why BNDE should be allowed to continue to do this type of financing is the fact that BNDE has put in a great deal of efforts and expenses to build up a hotel business and has some experience in project appraisal. If the removal of the hotel business from BNDE affects its profitability, then both the Bank and the Moroccan Government would need to take a decision as to the continuation of the present arrangements.

FORM No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: August 4, 1967

FROM: R. Alastair Morton RAM

SUBJECT: MOROCCO - BNDE/CPIM

1. On August 1, I had a chat with Mr. Alexander, Moroccan desk officer at the Export-Import Bank. He said that EXIMBANK was now in an early stage of considering two loans - one for Holiday Inns' project of four motels, and the other for Ramada Inns' project of eight motels. The former is more advanced. The idea of a line of credit to CPIM (now CIHM) is in disfavor at present.

2. I asked Mr. Alexander to keep IFC informed of the progress of these loans, without going into details. I feel BNDE may ask the Bank to finance the entire foreign exchange content of these projects even after the sponsors have got EXIMBANK loans to cover a large part of the equipment.

cc: Messrs. Sekse, Springuel

RAMorton:mm

Mr William Diamond

August 4, 1967

R. Alastair Morton

MOROCCO - BNDE: Relationship with World Bank Group

1. The Working Party has endorsed the substance and recommendations of my memoranda dated May 29 and 23, on BNDE and CPIM respectively, - in effect the reports on our mission to Morocco in February/March this year. Since I shall not be here when the many and various problems in our relationship with BNDE are discussed, perhaps at the time of negotiations for the third Bank loan, I should like to record the following.

(i) The Bank and BNDE:

The Bank should not negotiate a third loan to BNDE unless and until BNDE's board and management have been changed and strengthened. If such changes are made and a third loan is agreed in principle, it should be conditional on (a) a real strengthening of project appraisal capacity, particularly in technical and market aspects; (b) a limitation on new textile investments coupled with special follow-up and reporting arrangements for the existing textile portfolio - much of which may be in trouble in 1968/69.

(ii) The Bank and CPIM:

We are going to get nothing but trouble from the existing arrangements to finance hotels, and relations with the Moroccans will suffer accordingly. On the other hand, CPIM (now called CDPM - Caisse [illegible] et Hotelière du Maroc) is not at present fit for a Bank Loan. If IFC can face the effort, the most effective solution will be to offer CPIM a choice between an IFC-dictated and executed reorganization (as in SNI Tunisia) or no Bank money at all.

(iii) IFC and BNDE:

There is no prospect, under the present set-up, of BNDE's shares becoming marketable (i.e., 8-10% dividend) within 6 years. Thus IFC is locked into 25% of BNDE's capital and in the dilemma that as long as it remains passive on major questions the Government is de jure as well as de facto in control of BNDE. (It holds 42 1/2% out of the remaining 75% of the capital). In this situation IFC should either ask the Government to find commercial banks etc. to buy it out at par (as the French were), or insist on a recapitalization and interest rate rise (obtainable only if a condition for the third Bank loan) in order to make the shares marketable

by 1969/70. It should declare now that it is motivated by a desire to get out of BNDE, thus avoiding Moroccan accusations of trying to control BNDE.

RAMorton:med

cc. Messrs. Sekse
Benjonk
Springuel/Kodderitzsch
Povey/Petretti
Jones/El-Fishawy
Kreuter
Ewing
Blaxall

Morgan Ray
Mr. Johnson
4

FORM No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: August 16, 1967

FROM: L. P. Pouliquen L.P.

SUBJECT: Mr. Lejeune's Meeting with Moroccan Minister of Finance

On June 30 Mr. Lejeune met in Rabat with Mr. Tahiri, Minister of Finance of Morocco. Mr. Bazin, assistant to the Minister, was also present.

After general introductory and welcome words, the Minister said that according to his wishes the Bank and Morocco had not made enough business together so far. This came essentially from the insufficiency of project preparation and also from the slowness of the Bank. He then said that Morocco was now giving first priority to agriculture and that he wished to start by giving to Mr. Lejeune some idea of what has been done in this field.

The Bank had financed so far only one project (Sidi Slimane) for which many difficulties had been experienced. But now, the Ministries had been reorganized, the project preparation was done more efficiently, and the implementation of the recommendations of Mr. Waterston-whose book was placed well in sight-had been started so that by January 1968, at the time of the beginning of the five-year plan, work could be done in much better conditions. A certain number of projects were considered for Bank financing and the Minister would like the Bank to send an appraisal mission in the field in August so that negotiations could take place in about three months. This would make it possible for the construction work to start by January 1968, as scheduled in the new five-year plan. The projects for which Morocco was interested in Bank financing were:

1. The Sebou Project. The Sebou Project was a mixed power and irrigation project. Its size had made it necessary to divide the 25 years of its construction into 3 stages. Study of the first stage was now finished and construction could be started as soon as agreement between the Government, those responsible for the study and the Bank could be reached.

2. The Derru Project which was essentially a soil conservation and forestation project in the Rif Area. Morocco wanted to protect this area and to develop it so as to prevent the population living there from migrating to the Sebou Area.

3. The Ben Ouidam Project. This project would consist in the construction of an irrigation network on the East hand side of the Beni Ouassa River, an area not yet developed although water from the Ben Ouidam Dam was readily available. According to the Minister, this project had

already been strongly recommended by the Bank since it would be a project with a high return as compared to its low cost.

The Minister then mentioned other projects undertaken in the agricultural field. Development of pilot areas had been started by Belgium and Germany. AID had concentrated on the improvement of production of dry agriculture. The experience carried on 250,000 hectares last year had been satisfactory although the year was very dry and this year it had been extended to 350,000 hectares. AID was specially concentrating on the low Moulouya Area, next to the Algerian border, in the north of Morocco, which had been chosen as a pilot area. It was an interesting experiment since the zone was very dry and since the project was an integrated one including everything up to industrial production. The Minister then mentioned a joint Kuwait and Iran operation in the south, near Marakech. The goal there was to push back the desert to gain new lands. In this area people knew the value of water and small irrigation work had already been built, through private initiative, using much imagination. The result had already proven to be successful and the Minister mentioned as an example that roses cultivated in this area were shipped to France where they were used to make perfumes. The Minister then mentioned another project in the extreme south of Morocco to which, he said, looking at its economic performance, the Bank had assigned only a secondary priority but which was very important because of social reasons. Using the Minister's words, "it is a project close to the Moroccan border which realization would show to the neighbors of Morocco what can be achieved under freedom and liberalism". He added that in this area people were very eager to work and to construct and that they had already done a lot of work for derisory remuneration such as $0.40 a day and some flour.

The Minister then turned to other sectors. Two infrastructure projects were under consideration for Bank financing: the port of Casablanca and a road project. These two projects were already known by the Bank and had been examined by the two economic missions who went to Morocco. According to the Minister studies had been made with great care and the Bank's final review of these projects should not take much time.

Transformation industries in the agricultural sector suffered like all industry with a small market. The remedy was either to orient the production toward exportation or to achieve a larger integration of the countries in the Maghreb. There was no problem with Tunisia and Libya but many difficulties with Algeria. The Minister said, however, that it was possible to start with small activities which could be expanded in the future. He pointed out that recent events made things more complicated and that Algeria was becoming a more and more authoritarian and left-oriented country.

The Minister then said that the only sector left to talk about was tourism. The Government had made a big effort to show that tourism was worthwhile developing and the second phase was now to attract private investors. French and Belgians had already started to invest in Morocco and Germans were expected to start soon. Two American societies, Holiday Inn and Ramada International had also come. He added that they had a

hard time convincing the Bank that tourism was a field of development like the others and the Bank's position was still not very satisfactory. Mr. Benjenk's letter, which they had received, was not encouraging and they would like the Bank to look deeper into this matter. The Minister then said that although the Middle East crisis had a psychological repercussion on tourism in Morocco, Morocco would not suffer from it as much as some of the other countries involved in the crisis. British and U.S. citizens were now able to go to Morocco without restriction and it could be that there would be even more tourists than originally expected because of possible shifts from other North African countries. The Minister added that it was like in agriculture when there was a dry year and that the problem was not to have a given number of tourists but to make sure Morocco was attracting its share of the total tourist traffic.

The Minister then referred to Mr. Woods' letter received a week ago and which summarized the conclusions of the Consultative Group. All the members of the Consultative Group agreed that Morocco needed help, had sufficient resources to carry out its development and should put the emphasis on the development of its agriculture. It had therefore been half a deception that, at the meeting of the Consultative Group, the Bank had refused to say how much it was ready to lend and further this had had a bad influence on the countries attending the meeting. The Minister expressed hope that this matter could be cleared up at the time of the annual meeting. He also emphasized that he understood the Bank's staff difficulties and its resources problems, but that Morocco should be one of the Bank's priority countries because it could be taken as an example.

The Minister then turned to the problems of the relations with the Bank and said that in the first place the Bank was too cautious, considered too few sectors of the economy and did not want to accept enough projects. The population growth, however, was pressing and Morocco could not now do with such a slow pace. He said that once the general program had been agreed upon by the members of the Consultative Group, the Bank should launch its own lending program. He knew that the Bank did not want to enter into many projects at the same time but the Bank should realize that this policy could not agree with the idea of a plan. Another problem, the Minister said, is the slowness of the Bank. If you were lucky, a project could come through in 18 months. The creation of the new North Africa and Middle East Department however was a good sign. He was happy to know that somebody capable was going to take care of Morocco. He added that the slowness was Morocco's fault as much as the Bank's fault and that both of them were suffering from it. The Minister concluded his long exposé by saying that besides these problems, the relations with the Bank were good and that the collaboration between Morocco and the Bank had been fruitful.

Mr. Lejeune replied that indeed Morocco was in a special place among the countries in which the Bank was active. He said Morocco was fortunate to have reached a stage of development where success was in sight and where the difficulties to be overcome were almost within grasp.

He pointed out that Morocco was now an attractive place for capital to come in. He also said that he thought Morocco could be a successful country and that the Bank wanted to help and to show the other countries less advanced in their development what could be achieved. He realized that the Bank had become slower and slower and he had the intention to push as much as he could to accelerate its work.

Turning to the question of indicating by the time of the annual meeting how much money Morocco could expect to receive for its plan, Mr. Lejeune said it was impossible for two reasons. The first one was that no matter how nuanced the answer would be it would constitute at least a moral commitment the Bank did not wish to make; the second was that even though the Bank would accept the idea of a commitment, the resources we would get in the future were not known so that is was practically impossible to say now how much we would be able to lend. Mr. Lejeune then commented on IDA replenishment and explained the difficulty of raising Bank money in Europe. After that he spoke about the question of interest rate on Bank loans and transfer of Bank money to IDA. Mr. Lejeune explained that these various issues made it difficult to commit ourselves but said he hoped by the time of the annual meeting he would be able to give better indications. Referring to the staffing problem mentioned by the Minister, Mr. Lejeune said that Mr. Springuel was now acting Division Chief for the Division in charge of Morocco and that he hoped to get very soon all the staff he needed.

Referring to the question of tourism financing, Mr. Lejeune said that the Bank now fully agrees tourism is a proper field for Bank operations but that it is also a new field and that we are still feeling our way. This of course would create supplementary difficulties on the borrower's side. Mr. Lejeune added that he intended to become fully informed about this question and that he would try to improve whatever he could.

Mr. Lejeune then said he wished to ask the Minister what, with respect to other problems than the ones mentioned already, he thought his new Department could do to improve its services to the countries he was in charge of.

The Minister replied that Mr. Lejeune was flattering him by asking this question and that he had no spontaneous answer but that he would prepare a paper. Mr. Lejeune pointed out that his Department was covering an heterogeneous area which included countries who did not need any financial aid. He mentioned Kuwait and Libya and said it was possible that the Bank could participate in joint financing operation with these countries or that they would buy Bank bonds.

The Minister then asked what was the position of the Bank about the idea of an office in the Maghreb. Mr. Lejeune replied that nothing had happened as yet but that he would consider the idea again. He said the Bank did not have many regional offices. We had one in tropical Africa

but that the problems there were particular and difficult and that he thought there were not as many needs in the Maghreb. He pointed out that the creation of a new regional office in the Maghreb would be a particular question as well as a general one in the sense that it would create a precedent.

The Minister also asked Mr. Lejeune if he thought Kuwait would do much in the Maghreb. Mr. Lejeune answered that Kuwait could do much, that they had the money and seemed to be willing to use it in development projects. He mentioned that Kuwait had already participated in two projects in Tunisia and said he had met Mr. Al Hamaed in Washington at the end of May and that Mr. Al Hamaed seemed to take the problem seriously and to mean business. Mr. Lejeune then asked the Minister what he thought of the case of Libya. The Minister replied that their relations with Libya were good, they were trying to find a market for their products there. He added Libya will probably not do anything big by herself but progressively could do something useful. Mr. Lejeune asked the Minister if he had any suggestions about what to say in Tripoli but the Minister replied that there was probably nothing special for the time being. He added that the King was old and that the future of Libya was still uncertain.

Mr. Lejeune also asked a similar question about Saudi Arabia. The Minister replied that Saudi Arabia was a good friend of Morocco, that she had money and was willing to help. He added the hope that this help would materialize even more in the future.

The meeting ended on Mr. Lejeune asking the Minister if he would stop in Washington on his way to Rio. The Minister said that he did not know as yet and Mr. Lejeune suggested that if the Minister should come, they would rather have conversations in Washington than in Rio.

MOR CPIM

Mr. W. Kodderitzsch

Michael L. Lejeune (signed) Michael L. Lejeune

September 11, 1967

MOROCCO - Information on CIH

As I think you know Mr. Tazi has suggested that the mission which goes to appraise BNDE should on the same occasion collect enough information on CIH (?) to permit the Bank and IFC to reach a conclusion as to whether they would, in principle, be willing to lend to CIH subject, of course, to a thorough appraisal at a later date.

I have talked to Mr. Diamond on this question and he makes three points:

(a) Yes, it would be possible for this appraisal mission to collect information on CIH. Indeed it must look at CIH if only because it is a significant borrower from BNDE.

(b) It is up to the Bank to decide if it wishes to lend to an institution such as CIH; this decision can, of course, be taken either before or after this pre-appraisal investigation, but either way a pre-appraisal might lead to some embarrassment should the decision be against.

(c) Mr. Diamond feels strongly that, should we decide to lend to CIH, BNDE should be permitted to continue its investments in the tourism field.

It is desirable for us to reach a conclusion before the departure of the mission as to whether or not CIH is, in principle, the kind of organization to which the Bank is prepared to lend. To this end, could you please prepare a memorandum for me setting out the arguments for and against so that this question may be settled. If we do not know enough about CIH to reach a conclusion, then, of course, we will have to wait until the return of the appraisal mission. But, in any event, the analysis will be useful as a guide to the mission as to the kind of information we shall need.

Please let me have this memorandum in good time so that we may discuss the matter amongst ourselves and, if necessary, with Mr. Knapp before everybody leaves for Rio. You will, of course, wish to consult the members of your working party as necessary.

cc: Messrs. Benjenk
Springuel

MLLejeune:vvw

RCA 7/3 cc Messrs Sekkat El Fidoussy Pelnell

Mor 447 CPIM

البنك الوطني للإنماء الاقتصادي

BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE

CAPITAL 30 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TÉL. 264-41-42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC

DEPARTEMENT JURIDIQUE ET DU CONTROLE DES CREDITS

RABAT, LE 27 Juin 1967

Banque Internationale pour la Reconstruction et le Développement
1818 H Street N.W.

WASHINGTON D.C. 20 433

AS/AE

N° 564 /JC

Objet : Avenants aux contrats de prêt CPIM - Investisseurs.

Réfer.: Votre lettre du 17 Mai 1967.

Messieurs,

Nous avons l'honneur de vous informer que nous avons demandé à la CPIM de nous préciser d'une façon définitive la position de ses clients notamment DOUKKALIA, VELASQUEZ, CLUB MEDITERRANEE et RIF, au sujet des avenants aux contrats cités en rubrique.

7/3

Présentement, les services intéressés de la CPIM entreprennent non sans difficultés, des pourparlers avec les hôteliers en vue de la signature des dits avenants.

Nous vous prions en conséquence de bien vouloir maintenir vos approbations relatives aux projets en question. Nous ne manquerons pas de vous communiquer, dans les meilleurs délais, le résultat des démarches effectuées par la CPIM.

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

BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE,

Mor 447
BNDE/CPIM

FORM No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Files

DATE: July 11, 1967

FROM: I. A. Menezes

SUBJECT: Morocco - Hotel Financing via BNDE/CPIM

1. On June 6, the Working Party met to discuss Mr. Sekse's memorandum to it dated June 2, 1967 and Mr. Morton's memorandum to Mr. W. Diamond dated May 23, 1967 on the above subject. It was attended by Messrs. Sekse, T. Jones, Petretti, Menezes and chaired by Mr. Kodderitzsch. Mr. Povey attended part of the meeting. On June 7, the Working Party reconvened without Messrs. Povey and Jones who, however, are in agreement with the following.

2. The Working Party expressed considerable misgivings as to the present BNDE/CPIM set-up for hotel financing in Morocco. Its views on the main problems are summarized below under the two headings used in Mr. Morton's memorandum. They are:

I. the BNDE/CPIM Convention;

II. the compatibility of procedures in CPIM on one hand and in the Bank/BNDE on the other.

I. The Convention

3. (a) The Ministry of Finance and CPIM regard the present set-up as a stop-gap arrangement, until a direct loan to CPIM can be negotiated. CPIM has no appraisal staff yet and the appraisals made by BNDE so far have been descriptions of projects in varying stages of completion, and not the pre-appraisals of projects we normally expect. The BNDE/CPIM Convention makes it clear that BNDE and CPIM are to make independent technical and financial studies of each project submitted. The Working Party was of the opinion that the Bank must insist upon pre-appraisals (rather than post-appraisals) of all projects. This is necessary if the arrangements we have agreed upon are going to be at all practicable.

4. (b) Article One of the Convention sets a 50% (of project cost) limit to BNDE's intervention in any one operation. In our letter of January 27, the Bank offered to accept the following coefficients for all projects:

Category of Hotel	Foreign Exchange as % of Cost
1 star	17
2 star	22
3 star	30
4 star	36
5 star	40

cc Gen 5

This, however, did not signify that the Bank would not finance more than 40% of total costs of a hotel project, as the Bank would allow BNDE to finance up to 50% or even more of total project cost, provided complete documentation could be supplied on the total foreign exchange cost. The Working Party saw no need to take up this point with BNDE until such time as a case for it might arise.

5. (c) With regard to BNDE's participation in the risk for hotel projects, the Working Party felt that BNDE was well protected by Article 9 of the Convention and that there was no need for any further initiative from our side to try to clarify some of the confusion this Article seems to have caused.

6. (d) The Working Party was of the firm opinion that the rights of control, prematuring, etc. required by the Convention in CPIM's standard loan contract were essential to all parties concerned. These rights are requirements under the loan agreements between BNDE and the Bank and no exception could be allowed without amending the loan agreements. The Working Party agreed that a reply to Mr. Tahiri's letter of May 29, 1967 to Mr. Benjenk would have to be along these lines. (The reply was sent on June 21, 1967).

II. Compatibility

7. (a) On the question of "timing", CPIM's late entry into financing a hotel could be remedied by insisting on early appraisals as mentioned in paragraph 3 of this memorandum.

8. (b) The Working Party recognized that the method of disbursement outlined to BNDE in the Bank's letter of January 27, 1967, might not be well geared to CPIM's disbursement procedures. As far as the coefficients determining the eligible foreign exchange cost was concerned, the Working Party felt that they must relate to percentage of project cost financed by CPIM (i.e., the second alternative in Mr. Morton's report, paragraph 35).

9. (c) The Bank's "150-days" rule for disbursement in respect of expenditures would, if applied as suggested by Mr. Morton, amount precariously close to refinancing of past expenditures. While the Working Party was unhappy with this prospect, it could think of no better way of resolving the problem under the present set-up. It decided to wait until such time as a problem of this nature arose to reconsider the Bank's rule.

10. (d) The Working Party considered that a proper pre-appraisal should include estimates of total costs, including equipment and furnishings, before construction of a hotel started and that it would indeed be possible to make such estimates. The Working Party agreed that this was a definite requirement.

11. The foreign exchange cost could be established as the overall percentages set out in our letter of January 27. As mentioned in Mr. Morton's report, a distribution between buildings and equipment is necessary. The Working Party suggested the following, rounded, percentages:

Category	Foreign Exchange For Buildings as % of Cost	Foreign Exchange For Equipment as % of Cost
1 star	15%	2
2 star	19%	3
3 star	25%	5
4 star	29%	7
5 star	32%	8

Disbursements would be made, for buildings, against the statements specified in the Bank's letter of January 27, 1967; for equipment, against normal documentation.

12. (e) Since the Ministry of Tourism categorizes a hotel only after it is completed, the Working Party felt that the Bank should accept the investor's forecast "category", and proceed to disburse on the next lower category, until final category is confirmed by the Ministry of Tourism.

CONCLUSIONS

13. The Working Party, after review of the above matters, agreed on the following principal conclusions and recommendations:

(a) The arrangements we have made with BNDE for the financing of hotels through CPIM are fraught with problems. Most of these problems can probably be glossed over, but it is not likely that the arrangements will ever provide a well-functioning system.

(b) The Bank should, therefore, be prepared to reconsider a direct loan to CPIM for hotel financing. No formal application for such a loan has been received, but we know that both the Government and CPIM would welcome consideration of one.

(c) For BNDE to get out of hotel financing after all the efforts and expenses it has had would mean a considerable loss of potential business; therefore, IFC's representative was of the opinion that the Bank should require, as a condition for considering a direct loan to CPIM, that also BNDE should be given full legal rights to engage in hotel financing. The Area Department representative

pointed to the difficulty in having this accepted by the Moroccan Government, since it would interfere with its intents for CPIM; namely, that CPIM should be the sole institution for financing hotels in Morocco - and was intended to be so by the responsibles in the Government. The Bank would have to decide upon this point before the Moroccan Government is informed of the Bank's willingness to consider a direct loan to CPIM.

(d) If the Bank agrees with the Working Party's recommendation, it should take the first opportunity of indicating its new position to the Moroccan Government; perhaps this would not be until the forthcoming annual meetings. If the Bank is not prepared to consider a direct loan to CPIM, we should write to BNDE and point out the major problems seen in the existing arrangements and indicate willingness to send a mission to Morocco to discuss how the problems could best be solved.

Cleared with and cc: Messrs. Sekse
T. Jones/El-Fishawy
Petretti/Povey
Kodderitzsch
Benjenk
Lejeune

IM/fas

Mor.
447
CPIM/BNDE

June 21, 1967

Dear Mr. Minister,

Having been absent from the Bank owing to an accident, I am only now replying to your letter of May 29 concerning the hotel projects for which the Bank has so far agreed that BNDE may finance loans to CPIM out of the proceeds of BNDE's second loan from the World Bank.

You request that, for these projects, the Bank should waive its requirement that certain rights of control and inspection be obtained for BNDE and for the World Bank. We can well understand this request and your desire, shared by us, that some progress in the financing of Moroccan tourism projects from Bank funds be made.

Let me first comment that under our Loan Agreement with BNDE it would require a formal amendment of the Loan Agreement and the approval of the Executive Directors of the Bank to make possible the waiver which you request. More important than the formal aspect, however, is the fact that the Bank's right of control and inspection of the ultimate user of its funds is an essential feature of all our Loan Agreements and the corresponding rights for BNDE are those on which we insist in all our loans to development finance companies. Much as we would like to find a solution, we do not feel that we can give up these rights.

We have, Mr. Minister, gone a long way in the last months to meet your point of view in this matter and make it possible, inspite of our usual practice, to finance retroactively these hotel projects, but I very much regret that we cannot waive this one essential requirement of Bank lending. I do hope that some further efforts can be made to obtain these rights from the CPIM's borrowers concerned.

Yours sincerely,

Munir P. Benjenk
Deputy Director
Middle East and North Africa Department

His Excellency
Mamoun Tahiri
Minister of Finance
Ministry of Finance
Rabat, Morocco

Cleared in substance with Working Party
cc: Messrs. Tazi, Springuel, Sekse, Jones, Petretti
ESekse/MPBenjenk/pm

Rep 2/9/68

Mr-447
CPIM

FORM NO. 337D
(12-61)

Mr Springuel
Room 553

PROJET

20 juin 1967

Son Excellence
Mamoun Tahiri
Ministre des Finances
Ministère des Finances
Rabat, Maroc

Monsieur le Ministre,

J'ai l'honneur de vous accuser réception de votre lettre du 29 mai relative aux projets intéressant l'industrie hôtelière. Les suites d'un accident m'ayant tenu éloigné de la Banque pendant un certain temps, c'est aujourd'hui seulement que je suis en mesure d'y répondre.

Pour les projets qui font l'objet de votre lettre, la Banque a accepté jusqu'à présent que la B.N.D.E. finançât des prêts à la C.P.I.M., en utilisant à cette fin les revenus du second prêt accordé à la B.N.D.E. par la BIRD. Vous demandez dans votre lettre que la Banque accorde pour ces projets une dérogation aux règles qui veulent que la B.N.D.E. et la Banque Mondiale obtiennent certains droits de contrôle et d'inspection. Nous comprenons fort bien cette demande et nous partageons votre désir de voir progresser, grâce aux fonds provenant de la Banque, le financement des projets intéressant l'industrie touristique du Maroc.

J'appelle toutefois votre attention sur le fait qu'aux termes de notre Contrat de Prêt avec la B.N.D.E., la dérogation que vous demandez nécessiterait que ce Contrat fasse l'objet d'un amendement officiel approuvé par les Administrateurs de la Banque. Cet aspect formel est toutefois secondaire par rapport au droit de contrôle et d'inspection de la Banque à l'égard de l'utilisateur final, qui constitue un aspect essentiel de tous nos contrats de prêt; les droits correspondants, pour la B.N.D.E., sont ceux sur lesquels nous insistons dans tous les prêts que nous accordons à des sociétés de financement du développement. Malgré tout notre désir d'aboutir à une solution, nous n'estimons pas qu'il nous soit possible de renoncer à ces droits.

Au cours de ces derniers mois, nous avons je crois fait preuve de beaucoup de bonne volonté pour donner satisfaction à votre point de vue sur cette question et nous avons autorisé, contrairement à nos habitudes, la rétrocession de prêts au profit de ces projets intéressant l'industrie hôtelière. A mon grand regret, il nous est toutefois impossible de déroger à cette condition essentielle dont sont assortis les prêts consentis par la Banque. J'ai cependant bon espoir que de nouvelles tentatives pourront être

TRANSLATION SECTION F-28
Translated From English 6.20.67 BY: B./rg

effectuées afin d'obtenir que les sociétés qui bénéficieront des prêts de la C.P.I.M. accordent les droits en question.

Veuillez agréer, Monsieur le Ministre, l'expression de ma haute considération.

Traduction non-officielle

Le 21 juin 1967.

Son Excellence
Mamoun Tahiri
Ministre des Finances,
Ministère des Finances,
Rabat,
Maroc.

Monsieur le Ministre,

J'ai l'honneur de vous accuser réception de votre lettre du 29 mai relative aux projets intéressant l'industrie hôtelière. Les suites d'un accident m'ayant tenu éloigné de la Banque pendant un certain temps, c'est aujourd'hui seulement que je suis en mesure d'y répondre.

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J'appelle toutefois votre attention sur le fait qu'aux termes de notre contrat de Prêt avec la B.N.D.E., la dérogation que vous demandez nécessiterait que ce Contrat fasse l'objet d'un amendement officiel approuvé par les Administrateurs de la Banque. Cet aspect formel est toutefois secondaire par rapport au fait que le droit de contrôle et d'inspection de la Banque à l'égard de l'utilisateur final de ses fonds constitue un aspect essentiel de tous nos contrats de prêt; les droits correspondants, pour la B.N.D.E., sont ceux sur lesquels nous insistons dans tous les prêts que nous accordons à des sociétés de financement du développement. Malgré tout notre désir d'aboutir à une solution, nous n'estimons pas qu'il nous soit possible de renoncer à ces droits.

Au cours de ces derniers mois, nous avons, je crois, fait preuve de beaucoup de bonne volonté pour donner satisfaction à votre point de vue sur cette question et nous avons autorisé, contrairement à nos habitudes, le refinancement rétroactif de ces projets intéressant

l'industrie hôtelière. A mon grand regret, il nous est toutefois impossible de déroger à cette condition essentielle dont sont assortis tous les prêts consentis par la Banque. J'ai cependant bon espoir que de nouvelles tentatives pourront être effectuées afin d'obtenir que les sociétés qui ont bénéficié des prêts de la C.P.I.M. accordent les droits en question.

Veuillez agréer, Monsieur le Ministre, l'expression de ma haute considération.

M.P. Benjenk
Directeur-Adjoint du Département Moyen-Orient
et Afrique du Nord.

M.P. Benkenk:lo

Mor. 417
BNDE/CPIM

Working Party

June 2, 1967

Einar Sekse

MOROCCO - Hotel Financing via BNDE/CPIM

1. I refer to Mr. Morton's memorandum on this subject dated May 23.

2. The report raises a number of issues and formulates certain recommendations for action, the main one of which is that we should send a new mission to Morocco to review in more detail hotel financing procedures and to discuss how the various problems mentioned in the report can best be solved. The report also suggests that now is the time to do this, because of the - presumably temporary - lull in presentation of new hotel projects from CPIM to BNDE (and to the Bank).

3. I feel the Working Party will have to meet again to consider the report and to recommend what action, if any, is necessary.

4. To little surprise to any of us, I am sure, it seems clear that there are "bugs" in the system for hotel financing we worked out with BNDE and the Government. Some of these bugs may disappear when CPIM and BNDE start making full, proper pre-appraisals of hotel projects, as we have insisted they must. Others, however, may remain.

5. The following points appear to me to be relevant to the question of whether the Bank ought now to send a mission or take some initiative to modify the procedures we have established for hotel financing:

(1) Do the various problems seen by Mr. Morton render the present system unworkable unless substantially modified?

(2) Can the system be modified to become a good, well-functioning system with which all parties concerned are likely to be satisfied?

(3) If not, is the Bank prepared to consider financing of hotels through CPIM directly (provided, of course, that we find CPIM creditworthy)?

(4) Do we have any objection to BNDE's getting out of this business (i.e. loss of business)?

(5) If the Bank is not prepared to consider a direct loan to CPIM, can the various problems related to procedures easily be solved without a mission, either now, or as the problems manifest themselves ("pay as you go")?

6. My own feeling is one of doubt that the present arrangements will ever function to our satisfaction, and probably not to the satisfaction of BNDE and CPIM either. However, unless the Bank were willing, in principle, to consider a direct loan to CPIM, I am not sure that a new mission to Morocco would be justified, and my preference would be to make only those changes in the present arrangements which we agree are absolutely necessary. After all, we did express the hope, in Mr. Benjenk's letter of January 27, 1967, to BNDE, that "this long discussion on procedure can come to an end".

cc: Messrs. Benjenk, Kreuter, Povey, Jones, Ködderitzsch

ESekse:mm

Mor. 447
CPIM/BNDE

ROYAUME DU MAROC

MINISTÈRE DES FINANCES

LE MINISTRE

398/cab

RABAT, LE 29 MAI 1967

RABAT

REGISTERED MAIL NUMBER 3239

Monsieur M. P. BENJENK
Chef de la Division Département Afrique
Banque Internationale pour la Reconstruction et le Développement

WASHINGTON D.C.

Cher Monsieur BENJENK,

J'ai l'honneur de vous rappeler les derniers entretiens que j'ai eu le plaisir d'avoir avec vous à Washington au sujet des difficultés d'application de l'emploi par la C. P. I. M. de la ligne de crédit B. I. R. D. accordée à la B. N. D. E.

Pour les prêts déjà autorisés par la C. P. I. M. qui concernent neuf dossiers, il a été demandé d'exiger des bénéficiaires la signature d'un avenant au contrat accordant la faculté d'exigibilité avant terme :

1) Dans le cas où l'emprunteur ne conduirait pas ces opérations et ne gèrerait pas ses affaires conformément à de saines pratiques commerciales et financières, avec une direction et un personnel compétent et expérimentés, ou ne fournirait pas les renseignements sur ces opérations et sa gestion, demandée par la C. P. I. M. ou par toute personne choisie par elle ;

2) Dans le cas où l'emprunteur ne tiendrait pas de registres et de livres de comptabilité appropriés conformément à de saines pratiques comptables ou ne permettrait pas l'inspection périodique de ses registres et livres par la C. P. I. M. ou par toute personne choisie par elle.

cc: Messrs. Sebsc
T. Jones
Porry
Africa "A" (2x)
Orig.: Opr. Files

.../...

Or, les modifications exigées ont été refusées par tous les investisseurs à l'exception de la SIM et de OULMES, les intéressés estiment que ces dispositions constituent un élément entièrement nouveau sur lequel ils ne pouvaient compter au moment de l'établissement de leur dossier initial.

Enfin, les prêts consentis ayant un caractère hypothécaire, ils pensent que le prêteur dispose de sûretés suffisantes et qu'il n'y a pas lieu d'exiger davantage de garanties.

En fait la réticence de ces sociétés provient de l'adjonction des dispositions supplémentaires ci-dessus mentionnées après la signature du contrat et autorisation du crédit.

Les avenants pris isolément semblent revêtir un caractère exceptionnel, alors que s'ils avaient fait partie du contrat global, ils auraient été admis sans difficulté.

C'est pourquoi, il me paraît souhaitable de ne pas trop insister auprès des intéressés pour la signature de ces avenants pour les seuls dossiers se trouvant à un stade aussi avancé.

Veuillez agréer, Chef Monsieur BENJENK, l'expression de ma parfaite considération.

Le Ministre des Finances,

Signé : Mamoun TAHIRI

Mr. Tourism
x Mr. [illegible]
[illegible]

OFFICE MEMORANDUM

TO: Mr. William Diamond DATE: May 23, 1967

FROM: R. Alastair Morton

SUBJECT: MOROCCO: BNDE - Hotel Financing via CPIM

In the first week of March Mr. Blaxall and I visited the Caisse de Prets Immobiliers du Maroc (CPIM) and discussed the institution with BNDE and, briefly, with the Minister of Finance, the Director General of the Caisse de Depot et de Gestion (CDG), the Minister of Tourism, and the Deputy Governor of the Central Bank. This memorandum sets out to describe the situation as it now appears to us. It covers:

For convenience, a summary of institutional abbreviations in this memo is attached to the list of annexes at the end.

I. BACKGROUND

1. The subject of Bank financing of hotels and tourist projects in Morocco came up first in 1964 at Tokyo. Since November 1962, CPIM had been authorized by a specific law to provide loans to hotels on specially regulated and subsidized terms: BNDE was not so authorized and was active in the hotel/tourist sector only through the promotional activities of its subsidiaries SOMADET (holiday villages) and SEDLIM (regional tourist infrastructure studies). BNDE's entry into indirect hotel financing went through three phases. First, in the spring of 1965, BNDE submitted to the Government some proposals for lending alongside CPIM to the latter's clients, to finance the foreign exchange portion of hotel projects. The Government replied with a refusal to allow BNDE to get into a direct relationship with CPIM's clients. Mr. Tahiri, formerly President of CPIM (inter alia), became Minister of Finance about then and was (and is) adamant that only CPIM should lend to hotels. During the 1965 Annual Meetings, the Bank refused to consider a direct loan to CPIM but agreed to the use of its loan to BNDE for lending via CPIM to hotel projects. The Bank's letter of October 13, 1965, stipulated that the arrangements made would have to associate BNDE with appraisals, maintain BNDE's independent power to approve and to set the terms of its loans, and adequately protect BNDE's interests. BNDE accepted these stipulations

and in February 1966 discussed with the Bank a draft protocol to regulate its association with CPIM. In March the second phase was entered by BNDE's Board approving in principle a further draft, subject to World Bank accord, which made CPIM the debtor to BNDE without any relationship between BNDE and the project. This approach was favored in principle by BNDE's Board and management at that time.

2. The third phase developed last summer as Bank missions discussed principle and procedure (including the 150-day rule and the determination of foreign exchange content of hotels) in Morocco with BNDE, and substantial drafting was done by the Bank in order to introduce provisions satisfactory to the Bank for the security for BNDE's loan to CPIM, and for BNDE to have the rights vis-a-vis the project (c.f. industrial projects) which BNDE's Loan Agreement with the Bank required it to have. Finally, on September 16, the managements of CPIM and BNDE signed a "Convention" which established BNDE's participation in appraisals, gave BNDE access to the clients for regular reporting and supervision, plus the right to call its loans if it felt justified, and - a new idea introduced from the Ministry of Finance - made BNDE liable to share any losses resulting in the extreme case, where a hotel was sold after a default. BNDE now had neither a mortgage on the property nor unconditional liability of CPIM for repayment. The Convention also indicated BNDE would cease to finance hotels once CPIM got a direct Bank loan. On behalf of BNDE Mr. Benkirane signed a contract which differed in some material points from that approved in principle in March. This was neither a loan contract, the conditions of which had been approved by BNDE's Board, nor, perhaps, a loan agreement such as is signed with the Bank by specific authorization of the Board. Whether or not he exceeded his authority is unclear, but in any case BNDE's Board ratified the Convention in due course. It is summarized in Mr. Sekse's memo of December 2, 1966 (Annex IV) and attached in full as Annex III. Meanwhile, a number of CPIM's wholly or nearly completed hotel projects were passed to BNDE for Bank financing. The Bank agreed to this since consideration of specific cases would help "run the system in".

II. CAISSE DE PRETS IMMOBILIERS DU MAROC

History

3. CPIM was established in the twenties by the Credit Foncier d'Algerie et de Tunisie and the Credit Foncier de France as a private mortgage bank and for thirty years it made good profits from financing European farm purchases or improvements and urban housing, at interest rates averaging over 8%. It also financed the equipment of some fishing ventures. The protectorate government subsidized the interest costs to the borrower and CPIM was an effective institution for encouraging colonial settlement. In 1960 a major reorganization began when the Government's Caisse de Depot et de Gestion (CDG) became the majority shareholder (65%) and left the private Societe de Banque du Maghreb (SBM - CFAT's successor) with 29%, the private Compagnie Marocaine de Credit et de Banque with 5%,

and a few individuals with the remaining 1%. In 1965 reserves were incorporated to raise the issued share capital from DH 2.5 million to DH 6.25 million, the nominal value of the 50,000 shares being increased from DH 50 to DH 125 at the same time.

4. CPIM's traditional resources have been its own capital, some bond and note issues, mostly guaranteed by the State and usually for ten years at 6½%, and several special Government advances, at an average of about 2%, to finance low-cost housing projects. The latter became a major activity after 1960. In addition CPIM has a rediscount facility at the Banque du Maroc which rose from DH 15 million to DH 60 million in 1966. The CDG signs CPIM's rediscountable credits as intermediary - as does BNDE for commercial bank credits in industry - but at no fee or interest charge to CPIM.

5. On November 5, 1962, a law (dahir) and accompanying regulations (arrete) accomplished the second step of the reorganization by establishing certain privileges, advantages (such as state guarantees and subsidies) and obligations (especially on term and cost of loans) for mortgage institutions which apply for and get authorization to provide loans for hotels, ordinary housing and low-cost housing. CPIM is the only institution authorized to date for hotel credit, and eligible for authorization in the view of the Minister of Finance. It operates according to the provisions of the 1962 law, in a general context of French property law. The establishment of the Caisse Nationale de Credit Agricole to take over CPIM's assistance to farmers completed the second stage of CPIM's reorganization into a Government institution with three principal fields of financing - hotels, private residential construction and state-aided low-cost housing.

6. Of these three types the first, loans to hotels, is in two types - for construction and for equipment. The second, for ordinary housing (apartments and villas above DH 45,000 in value), is known as operations (de) prets (a la) construction or OPC; CPIM can lend at 8-3/4% for 10 years, but Government interest subsidies reduce the interest rate by between 2 and 5% p.a. in cases of borrower's need defined by the 1962 law. Finally, to finance the third type, low-cost housing (below DH 45,000) known as habitations (a) bon marche or HBM loans, CPIM has been lending special government advances (costing up to 2%) via the state-controlled Banque Centrale Populaire (BCP). Loans below DH 20,000 are appraised by a government service, but appraisals for loans of DH 20-45,000 and all other functions are the task of BCP, which keeps a study fee plus 1.75% p.a. while CPIM takes 0.25% p.a.

Operations 1962-1966

7. The November 1962 decree is said to have removed a lot of uncertainty among mortgage finance institutions and among investors. In 1963 CPIM's loans outstanding at the year-end were higher than the year before for the first time since independence. Since then business has increased fast, led by hotel credit, where loans approved totalled DH 12.4 million from 1927 to 1962, DH 13.8 million in the next two years, and

DH 40.7 million in 1965 alone; but also in housing loans (from DH 5.65 million approved in 1962 to DH 18 million in 1966, after a slack year in 1965) and HBM loans, where approvals by BCP rose from DH 9.5 million in 1964 to DH 12.5 million in 1966. On CPIM's balance sheet housing loans remain the principal asset until now.

8. CPIM has been very profitable. We did not discuss its annual accounts with the staff and are not clear about provisions against doubtful debts in 1963 and 1964, but the net profit after provisions and tax was DH 339,000 in 1963 (13.5% on share capital) and DH 341,000 in 1964 (13.5%). In 1965, share capital was increased and income and expenses taken into account both leaped with a sharp rise in business and a reorganization of CPIM's accounts. In these circumstances the profit registered and taxed is not comparable, but net profit after tax was DH 1.35 million (21.5% of the enlarged equity). Preliminary figures for 1966 showed net profits over DH 2 million. Dividends of 11% p.a. were paid in 1963, 1964 and 1965 despite the increase in capital in the latter year. That capital, however, was still only a fifth of BNDE's capital despite a larger volume of business.

Board, Management and Staff

9. CPIM's Board is made up of Government[1/] and CDG representatives and directors nominated by SBM plus the Credit Foncier de France. Mr. Ahmed Benkirane, President of CDG, is also President of CPIM. The Board meets annually unless other meetings are necessary; a Comité de Direction handles all loan approvals and general business without any need for Board ratification. The Committee meets monthly and consists of three directors - a CDG representative, who is chairman (Mr. Gueddari since 1964), Mr. Munier (General Manager of SBM) and a Central Bank representative. The Director General of CPIM is non-voting secretary. Mr. Mohammed Lazrak (about 30) came early in 1966 from Minister Tahiri's staff to be the latest of several recent Directors General.

10. The staff of thirteen professionals has until now reflected the traditional style of CPIM's fosterparent, the Credit Foncier de France. Apart from accounting and administrative staff, the main elements have been an inspection service (headed by an experienced Frenchman, with two Moroccan inspectors) and a legal service for the pursuit of arrears. A Mr. Bart of the French Credit Hotelier is reported to have made a critical review of their weaknesses in November 1966, particularly in appraisal, and has arranged for trainees to come to his institution.

1/ The Ministry of Finance oversees CPIM; the Ministry of Tourism has little voice and in fact is critical of CPIM's slowness on hotels.

Hotel Procedures

11. As in the French practice, and in accordance with the 1962 law, CPIM has made construction loans (up to 75% of estimated value of the "immobilier") and equipment loans (up to 70% of "mobilier" value). CPIM is authorized to grant a construction loan exceeding this 75% if the Government guarantees the excess. Ideally, CPIM likes to finance 60% with the investor putting in 25% and the prime d'equipment the rest, if the latter is available. Construction loans have been for 15 years, with grace periods up to five years possible as an exception but only granted in two cases to date; equipment loans have been for seven years. In both cases, CPIM receives 8.75% p.a. on the balance outstanding but the investor has only paid, in construction loans, 3.25% p.a. for the first five years, 4.5% for the second five and 6% for the third five. For equipment loans, the cost to the investor has been a flat 5%. The subsidy is paid by the Government[1/]. Payments of interest and principal to CPIM are equal and semi-annual, only rising in the case of construction loans when the interest rate jumps.

12. The arrete of November 1962 that established these terms is being revised, and CPIM will soon be able to make construction loans up to 80% of construction value. All construction loans will be for 20 years including five years' grace, and all equipment loans for 10 years, including three years' grace. The construction loans will cost an unchanging 4.5% p.a. to the investor, and the equipment loans 5%, with CPIM continuing to receive 8.75%. The revised regulations will confirm the minimum equity investment as only 25% of total project cost. Hotel credit is thus becoming still more subsidized from the investor's point of view.

13. An investor often starts building without any commitment from CPIM, since he has to put in his share first and pre-finance the first "CPIM tranche" before he gets any cash from CPIM. This custom is encouraged in the case of hotels by the recently developed CPIM practice of granting an "agreement in principle" on a project before definitive plans are available. The "agreement in principle" is a statement that CPIM is willing to finance a project of the type described and although theoretically it does not commit CPIM to any loan, examples shown us looked binding. CPIM agrees it is highly unlikely to refuse a project on which it has given an agreement in principle. No figures need be firmly established; no appraisal, however preliminary, of market, management, etc., need be presented. The new system is justified by CPIM on the grounds that complete architects' plans, quantity and other

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1/ CPIM's case is different from BNDE's: in the former CPIM receives 8.75% of which the Government pays up to 5.5% (to CPIM); in the latter BNDE receives 7% plus a payment from the Government of whatever is necessary to raise its interest received 2% above the cost of resources employed.

survey fees, etc., can cost DH 50,000 or more for a hotel and so the investor is anxious to have a firm commitment as soon as possible. The detailed project presentation, or appraisal, is only prepared and the loan contract is only signed when precise cost forecasts have been agreed between the investor and CPIM, title to land is confirmed and every condition met. This may not be until well after construction has started, and may indeed not occur until the investor has exhausted his own resources. CPIM believes that it can sign a loan four months after presentation of a reasonable dossier, but a number of projects get seriously delayed by difficulties in clearing title.

14. A CPIM inspector checks that the borrower has entirely disbursed his portion (i.e. 25-40%) of the investment, before CPIM makes any payment. Thereafter, periodic inspections (perhaps 5 or 6 during a project) are made to estimate a cost to completion. These may take less than an hour. The inspector calculates the value of work completed by deducting from the original estimate of total construction costs (agreed in the contract between the borrower and CPIM), the estimated cost of completion from the time of inspection. From this calculated "value completed" he deducts the agreed amount to be invested by the owner, and the balance is reckoned due for disbursement by CPIM. The latter operation consists of crediting an account at a commercial bank (almost always SBM), from which withdrawals can only be made against certificates signed by the investor, the architect and the contractor(s) and by the bank. In this way, CPIM does not finance overruns - if the cost to completion remains the same between two inspection visits, no disbursement is made regardless of actual work performed. Further, CPIM cannot interest itself in the financial viability of the project, which could be wrecked by overruns without affecting CPIM's disbursement or attitude. Disbursements are normally made in five or six tranches, each after an inspection. It will be noted that this requires the investor to pre-finance each tranche, usually by short-term bank credit. In addition, 10% of each amount authorized is held back by CPIM, to be paid half on completion of construction and half on acceptance of the building. CPIM does not engage in follow-up, but is vigorous in pursuit of arrears.

Reorganization of CPIM

15. In the first quarter of 1967, a number of changes in CPIM's organization, resources and appearance were taking place and were due to be completed at an extraordinary shareholders' meeting in mid-April.

a) Capital: An increase to DH 20 million as follows:

Previous capital	DH 6.25 million (50,000 shares)
Incorporation of reserves	DH 1.75 million (14,000 shares or 7 for every 25 held)
To be subscribed in cash by a rights issue	DH 12.0 million (96,000 shares)

b) Shareholders:

	Old	New
Caisse de Depot et de Gestion	65%	47-51%
Societe de Banque du Maghreb	29%	29%
Compagnie Marocaine de Credit et de Banque	5%	5%
Individuals and directors	1%	1%
Moroccan banks[1] and (perhaps) insurance companies	-	14-18%

In short, CDG will renounce some of its rights; its exact ultimate share was still under discussion and it was not yet certain that enough of the banks' subscription will be from private ones to assure a technical state minority.

c) New Resources: A massive injection of funds:

(i) Government Loans - DH 47 million at 1%,[2] and DH 10 million interest-free (the latter earmarked for low-cost housing loans)

(ii) Bond Issue -DH 40 million for 15 years at 6% (underwritten totally by CDG)

(iii) Bons de Caisse -DH 30-40 million at 4.75% discountable by the purchasers at 4% at CDG and rediscountable at 3.625% at the Central Bank.

(iv) A DH 20 million increase in direct rediscount facilities to DH 80 million, though there will be an informal understanding that DH 55 million will only be exceeded as a matter of exception.

(v) CPIM has applied for a $5 million loan from AID, which is at present under review by Eximbank in accordance with a standard procedure whereby the latter takes over any application to AID that could appropriately be financed by it.

1/ As of February 1967, these were expected to be Union Bancaria Hispano-Marroqui (Uniban), Credit du Maroc, Banque Worms, BMCE and SMCI - all private, plus BCP (government).

2/ Interesting to compare with the 2% charged to BNDE.

d) Organization: A new administrative structure, in which there will be two major divisions, Finance (containing the accounting and treasury departments) and Operations. The Operations division will contain a clear distinction between housing and hotels. A European technical adviser is being sought, as are qualified professional staff for the hotel operations to augment the present 11 professionals. Some professional staff members are in France for training. The chart in Annex II conveys the very preliminary stage of this re-organization.

e) Name and Address: CPIM is moving to new offices on the Avenue Hassan II in Casablanca and is taking a new name. The favorites in March were "Credit Immobilier et Hotelier", "Credit Foncier et Hotelier" and "Banque Foncière et Hotelière du Maroc".

III. PRESENT SITUATION

BNDE's Board and the Convention

16. At the October BNDE Board Meeting a number of directors reacted strongly against the new Convention, Saltes (Credit National) and Thierry (Banque Lambert) perhaps most strongly. (Bloch-Laine of the Caisse des Depots et Consignations was not present.) They particularly did not like the fact that this document differed from the March one, and that BNDE appeared to them in a less than fully secured position as a lender. They were also unhappy that BNDE was only to be a temporary source of hotel credit. There were two points in their debate: one is that only CPIM is to hold the mortgage, and the other is that the second half of Article 9 of the Convention, which contains the passage about loss-sharing in forced sales, appeared to them to contradict the first sentence of that Article and also Article 4 - which specify CPIM to be BNDE's debtor. Two local directors, Grosjat (French, BMCI) and Bennani (Moroccan industrialist) were unhappy about this risk-sharing as well as the foreigners; the Bank had also been unhappy, but had accepted the arrangement as a compromise. Saltes was unhappy that BNDE was only financing the foreign currency elements, feeling this did not encourage development of local manufacturing.

17. The Board eventually decided to apply the Convention to the projects in hand until the subsequent Board Meeting (then scheduled for February 1967); meanwhile Benkirane was to discuss possible improvements with the Government, CPIM and the Bank. BNDE's management, however, waited only three weeks before submitting the Convention to the Board for approval by mail. The reaction of the Board was mixed; the letters were made available to us and the following gives Benkirane's reading of the letters of reply and mine.

Benkirane	Morton	
1	1	No reply
12	9	Yes
-	2	Favorable, on certain conditions which were not met, thus invalidating the approvals (Grosjat, Sekkat)
2	1	Reserved (Beevor - favorable in principle but insisting on Board discussion before definitive approval)
2	4	No (Saltes, Bloch-Laine plus Bissell and Thierry - who would not approve until Article 9 was clarified, which it was not)
17	17	

One of the approving votes was cast by Boukaa (Deputy Director of BEPI) in place of his absent superior Benslimane, a director nominated as an individual by the Government.

18. From the minutes prepared by BNDE, the subsequent correspondence and reports available, the directors were simply exercising their prerogatives. The over-reaction of the Moroccan government that has led to the departure of Messrs. Saltes and Bloch-Laine was extraordinary. The Board's confusion over hotel financing remains and certainly several directors (e.g. Bissell) were still indicating in February that they did not consider the issue closed. BNDE's management must take the blame for occasioning this crisis: to the directors the Convention was a document that would involve BNDE in a series of loans, perhaps of risks, and it was their duty to approve the obligations being entered into by BNDE; Benkirane and CPIM had negotiated it, with the Bank's active assistance, and they signed it without any reference to the directors. The Bank had no reason to expect they would sign it before presenting it to the Board.

The Ten Hotels

19. The processing of the 1966 "Ten Hotels" has continued - existing CPIM loans taken under consideration after agreement that for them the Bank's 150 days' rule would not apply. Despite the provisions of the Convention about joint appraisals, these appraisals were largely the work of one BNDE junior (Mikou) with very little help from CPIM. Revised appraisals, taking into account IFC's written comments of September 25, 1966, have now been submitted to the Bank for approval for nine of the ten, the last having been withdrawn from consideration by CPIM. The revisions were worked up by Mikou alone, with virtually no cooperation from CPIM - in fear for its liberal image, CPIM introduced Mikou as requiring a lot of information for BNDE's purposes only. The position at May 15, 1967 was:

	Number	Amount
Approved by the Bank*	3	DH 3.60 million
Refused by the Bank	1	2.00 "
Below free limit*	5	2.04 "
		DH 7.64 million

* The Bank has informed BNDE that it will credit them on request once disbursement procedures have been agreed (done in January 1967) and CPIM's contracts re-negotiated with the borrowers to provide BNDE with the rights required by the Bank (letter of September 1, 1966) and embodied in the Convention for the future.

New Business[1/]

20. As of February 28, 1967 BNDE had not received a single loan application from CPIM after the above ten. No special hotels section had been set up in BNDE, but a questionnaire (based on BNDE's industrial one) had been agreed with CPIM. It will be completed by all applicants and should result in much more complete information than CPIM has previously obtained, but all parties consulted confirmed the extreme difficulty in giving statistics for regional demand. A feature of prospective business is the firm intention at both CPIM and BNDE to arrange loans from the latter only where refinanceable by the Bank.

IV. PROSPECTIVE HOTEL LOANS 1967/68

21. The applications currently under discussion or study by CPIM can be summarized as follows:

	Total Investment	Probable CPIM Loan	(DH million) Possible BNDE Participation
Hotels already completed (2)	54	33	-
Hotels under construction (2)	11	8	-
New projects under study:			
a) Commitment expected during 1967	60	42	18
b) Expected later or ineligible for Bank funds	70	26	?
	195	109	18 in 1967

1/ The Bank's letter of January 27, 1967, copy of which is attached as Annex I, established guidelines for Bank financing.

Four projects now under study are classed as ineligible for Bank funds because one (new) is an apartment condominium and three (extension) are 51% or more Government-controlled. Some others are 50% (exactly) held by the CDG, but these are left in for the present as the side letter to loan 447-MOR would permit the Bank to finance them.

22. CPIM itself expects to approve, but not necessarily sign, hotel loans totalling DH 133 million in 1967 but we feel this is over-optimistic if "accords de principe" are excluded. Of the loans listed only two are equipment loans, the rest are all for construction. The percentage financed ranges up to 80%[1/] of estimated cost of construction. CPIM will get even further involved with these companies when they come in, usually nine months later, for equipment loans.

23. A feature of the projects under study at CPIM is that less than a third by number, and much less by value, are sponsored by private Moroccans. From the U.S., Ramada plans eight good class motels in the main tourist towns, Hotel Corporation plans a 600 bedroom luxury hotel in Casablanca (and it is said that if HCA does not build it, Intercontinental will); and Hilton has just opened (and the Moroccan owners are still financing) its catastrophically expensive hotel in Rabat (said to have cost $50,000 per room). From Europe, Eurotel is putting up holiday apartments (for sale) in Tangier, the Deutsche Entwicklungs Gesellschaft is co-sponsor (50/50) with CDG in two 3-400 room hotels in the south and one or two small French ventures are in view. Among local sponsors, the Government's Maroc-Tourist is extending its northern beach hotels and the CDG is co-sponsor with a state insurance company in another venture at Restinga in the north. Not under study at CPIM in March, but known to be in preparation or construction, are a list which includes Paribas, developing Cabo Negro near Tangier with CDG and building two motels in the south, and Holiday Inns, who are contemplating four motor hotels (perhaps financed by Cooley Loans and Eximbank rather than CPIM).

24. Only in Tangier is there significant domestic private investment in hotels other than the projects, all beach villages, sponsored or being sponsored by BNDE's subsidiary SOMADET[2/]. SOMADET is already operating (profitably) Villa Harris in the Bay of Tangier and Al Hoceima on the north-east coast of Morocco. In preparation are a beach hotel west of Tangier (in which Club Mediterranee has replaced Bucotour as foreign partner), another at Bouznika, between Rabat and Casablanca (with Societe Airtour

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1/ For the eight-motel project of Ramada International. A remarkable financing plan; the sponsor is to get a loan of 80% of total cost (DH 24 million for the eight) at 4.5% for 20 years, put up only 52% of the equity (i.e. 10.4% of cost) - and his own company does the building.

2/ Although BNDE in theory could lend to SOMADET's ventures, it would not be to their advantage to borrow at 7% for less than 15 years when they can get the same funds from CPIM at 4.5% for 20 years including 5 years' grace.

and, perhaps, Compagnie Generale de Transatlantique) and a third at M'Diq east of Tangier - which may never be established. This lag of private interest the Government accepts as an unfortunate reality, and since it cannot force Moroccans to invest it hopes to encourage them by example. At one level, it is attempting to attract foreign hotel investors and entrepreneurs; on another level, it has been establishing state-run hotels in under-served regions which will hopefully set an example in prices and standards to local private entrepreneurs. The authorities do not expect large-scale hotel investments by the Moroccan private sector for another three or four years.

25. Another feature is the huge increase planned in high-class accommodation away from the beaches - for example the Mamounia in Marrakech is opposed at present only by the Saadi (opened late 1966); if current plans all materialize, the 1969 tourist going to Marrakech will be able to choose from these two plus a Holiday Inn, a Ramada, a Paribas motel and a German hotel; first-class accommodation will have risen from ± 250 rooms to ± 1,400 rooms in three years. Something similar is to happen in Casablanca and Fes. While luxury tourism to Morocco is increasing (combined receipts of two Government hotels, the best hotel in each of Marrakech and Fes, up 250% between 1962 and 1966), one must question any program directed very largely at it.

26. In parenthesis to this report, I should like to record my own pessimism about the future speed of growth of the tourist industry in Morocco. Foreign investors are likely to sponsor the successful beach village type or large hotels than can support imported management etc. I am sure the current projects can take care of most of the growth in expensive tourism for the next 5 years and I would not quarrel about the market for beach village holidays; but I suggest that Morocco is not equipped to tap the "non-athletic" package holiday market. I have been told that much of the boom in Italy and Spain was powered by small, urban family-run hotels. These do not exist in Morocco outside Tangier. Further, Morocco is an expensive country for tourists - in Tunisia four dinars, say forty dirhams, or less buy full pension in a class one or class two (four star?) hotel; the rate barely exists in Morocco, and where it does it would be offered by a 3 star hotel at most. Restaurants etc. are also expensive.

27. To return to investments in hand, not many of the projects currently under study by CPIM and likely to materialize this year appear eligible for Bank financing. The likely requests for approval, as discussed with BNDE, are:

Investors	Location	Total Investment	Possible BNDE-Bank Involvement	
		(DH m.)	(DH m.)	($US m.)
S.M.A.T. (German)	Agadir) Marrakech)	20	6	1,200
Ramada (U.S.)	8 towns	24	7.5	1,500
Africa Palace (Moroccan)	Tangier	9	3	600
S.I.M. (Paribas)	Marrakech	5	1.5	300
Socoimasa	Tangier	0.7*	0.3	60
		DH 60 m.	DH 18.3 m.	$ 3.65 m.

It must be borne in mind that CPIM and BNDE will sign a separate loan for each CPIM loan, and as not all the Ramada hotels are likely to start in 1967 (mainly because of difficulties in getting title to land), the total might be reduced by as much as $1 million. On the other hand, there may be a few other projects which have not yet been submitted. It seems probable that if all those foreseen and some others were approved, $3-4.5 million would be the maximum extent of BNDE's involvement in hotel financing for 1967, most of it rather late in the year, and $3.5 million a fair simple estimate. The progress of CPIM's negotiations with Eximbank, or AID, is very relevant to the volume of applications to the Bank via BNDE in view of the number of American clients coming to CPIM who will probably be able to utilize loans tied to dollar procurement. It seems unlikely that any US loan will be available by the end of 1967.

V. CURRENT PROBLEMS

28. The relationship between the Bank, BNDE, CPIM and Moroccan hotels is not yet firmly established and bears re-examination. The possible difficulties we discerned are best treated under two headings: the BNDE/CPIM Convention, and then the compatibility of procedures between CPIM on one hand and the Bank/BNDE on the other.

BNDE/CPIM Convention

29. Cooperation: The Ministry of Finance and CPIM regard this Convention as a means of obtaining IBRD funds for hotels until a direct loan to CPIM can be negotiated. BNDE, for its part, does not wish to release scarce dirham resources by signing any loan that is not financeable by the Bank. At present, with the scheme barely under way, both BNDE and CPIM find themselves frustrated at being less than the financing institution

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* Equipment only; the rest are construction only.

for a project but more than a conduit and a project respectively. Working cooperation between staff has not yet developed, as no new hotel projects subsequent to "the ten" have been processed by BNDE. CPIM has no appraisal staff yet. The Convention makes it clear BNDE is to make an independent economic and financial study of each project submitted at the same time as CPIM studies it "according to its own methods"; the two studies are to be exchanged at the appropriate time. The new questionnaire will help both parties and one must hope that CPIM's techniques will improve. We must take every opportunity to encourage that.

30. Size of BNDE's participation: BNDE and CPIM accept without question that the Convention is to obtain foreign exchange only. This introduces a contradiction in CPIM's view between the 50% (of project cost) limit to BNDE's intervention set in Article One of the Convention and the 40% foreign exchange maximum set by the Bank (letter 1/27/67). CPIM requested us to allow BNDE to finance up to 50% if the foreign exchange content could be certified above 40%. While the Bank allowing BNDE to finance between 40 and 50% of total project cost where complete documentation is presented might encourage attempts to collect documentation, the Treasurer's Department does not favor any further complication of the system.

31. BNDE Participation in risk: The provision in Article Nine that BNDE must accept a pro-rata loss on any forced sale of mortgaged property displeased several of BNDE's Board. Article Four states that the loan is to CPIM; Article Nine repeats that in its first sentence, and goes on to introduce the modification they questioned. (The Bank feels Article 9 was changed in BNDE's favor.) An immediate administrative problem presented to our mission was that the staff of CPIM and BNDE have different interpretations of the moment when CPIM can defer its obligation to maintain payments to BNDE - the latter saying that it is when a judgment is given against the defaulter, the former when legal pursuit of a defaulted and prematured loan commences. This proviso in Article Nine confuses the principles of the BNDE/CPIM relationship in several minds and may confuse the practice in due course, but no immediate initiative is required from us.

32. Riders (Avenants) on "the ten": The BNDE/CPIM Convention adds two further conditions to CPIM's standard loan contract, according to which the loan becomes repayable in full in the event of mismanagement or failure to maintain and make available adequate accounts to CPIM or its designate. In the case of "the ten" it was agreed that the nine investors who had already signed loan contracts with CPIM would be asked to sign riders indicating compliance with the additional conditions. Two of ten are no longer involved (one withdrawn by CPIM, one rejected by the Bank), two have indicated willingness to sign the avenants, five have rejected the request and the tenth will sign a contract containing the new clauses. The demand for avenants caused some hostile reactions.

33. CPIM asked our mission to raise the possibilities of waiving the supplementary requirement for the five objectors. We referred them to BNDE and do not feel there is any need to make any exceptions.

Compatibility

34. Timing: It is normal for the construction loan contract between CPIM and the investor to be signed after the start of construction and, in fact, shortly before the first CPIM disbursement, though there may be a prior "agreement in principle". Three reasons are apparent for late signing: first, the investor often only comes to CPIM when he is low on funds; second, CPIM will not sign until all questions related to land titles have been cleared up, often an extremely lengthy process in Morocco; third, investors usually take a great deal of time to put up their portion of the financing and CPIM will not disburse anything until that portion has been paid out. This late entry has meant CPIM has little impact on a project. CPIM feels that if the contract were signed before construction started, with a normal fixed amortization schedule without grace period, repayments to CPIM under present circumstances would often fall due before CPIM's disbursements had begun. CPIM does not currently charge a commitment fee, except from the date on which each successive disbursement of its loan is made available in a blocked account at the SBM.

35. Disbursements by CPIM and the Bank: Under the system now established, not one of these institutions is financing the purchase of goods but a percentage of an estimated investment program. Thus if CPIM agrees to make a construction loan of 70% of the projected construction cost (value "immobilier") it will finance the entire agreed balance from the time the investor has committed his 30%, but overruns remain for the investor's account. BNDE and the Bank have undertaken to disburse their portion by payment of the appropriate percentage of receipted contractors' invoices (paras 3(v) and (vi) in letter of 1/27/67 - Annex I). On paper, therefore, the Bank has a choice: it can accept such receipted invoices whether payment to the contractor was by the investor or by CPIM, and disburse until the amount credited is exhausted - in which case, if there is a severe overrun, it may have a loan fully disbursed to an uncompleted (and conceivably uncompletable) project. Alternatively, the Bank can disburse its percentage pari passu with CPIM's - i.e. if we are financing CPIM for 40% of the project and it is putting up a further 30% from other resources, we could disburse four-sevenths of each of CPIM's disbursements. The second alternative appears more appropriate, especially in view of the problem in the following paragraph.

36. The Bank's "150-days" Rule: The Bank will not disburse in respect of any expenditures by a project made either more than 150 days before the crediting of that project to the loan account or before the signing of a loan contract between CPIM and the investor. This requires a decision not yet made, as to what constitutes an expenditure by the project - payment by the contractor(s), payment to the contractor(s) from any source, or payment by CPIM. In logic the project disbursements should be any payments to the contractor(s); in practice some of the payments from the

investor are unlikely to be fully documentable and will often include payments outside the limit imposed by the 150 days rule. It will be more convenient, however, if the Bank accepts as project disbursements the payments from CPIM, via SBM, to the contractor or investor. There will be few if any problems with the 150 days rule, the Bank will not get involved in financing overruns and documents will be available. The Treasurer's Department representative on the Working Party is agreeable to this and a further point in favor of it is that there is not necessarily a "prime contractor" as specified in the Bank's letter of 1/27/67; in a big hotel there may be only one, but in a small project the entrepreneur and his architect may pay several bills.

37. Some of the potential confusion under these headings can or will be reduced. The Minister of Finance was categorical that CPIM will get involved in appraisal in future. It should be noted that the first public move of most investors is apparently to approach the Investment Commission (which decides on grant of investment benefits) to ascertain what advantages would be accorded to the project and CPIM, which is represented on the Commission, acknowledges it could make contact at that time, rather than waiting for clients to come to it halfway through the project. As for the delay in signing CPIM's loan contract and hence in crediting, CPIM's management was surprised by but not opposed to the idea that a loan contract be signed with conditional clauses as necessary at the beginning of the project, and replace the "agreement in principle". CPIM could charge a commitment fee and fix grace periods (becoming a regular feature under the new regulations) in order to accommodate reasonable dealys in construction time. If these two innovations are made, that still leaves the Bank having to define project disbursement date for the 150-day rule.

38. Separate construction and equipment loans: The practice of distinguishing formally between "construction" and "equipment" is rooted in the relevant laws, and results almost invariably in two loans for a hotel project. The first finances (and is secured by) the construction of the building and the installation of "immobilier" such as elevators or fixed kitchen equipment; the second relates to the "mobilier" (equipment) such as furnishings (apparently disputes as to what is or is not movable in this context are not uncommon), utensils, etc. The equipment loan is at present usually delayed until the hotel building is virtually complete and, even given the practice of not reaching final approval of the construction loan until building is well advanced, there is usually a gap of 9-12 months between the two loans. Even if there is a "prime contractor" for the construction, he will not be involved in the equipment. This delay is probably due to several things - the investor's apparent desire to "do one thing at a time" as a result of which interior fittings are not designed until the building is well advanced, security for CPIM's loan, and the absence until now of any grace period.

39. If CPIM is to get into the shaping of projects, it should in theory be possible to estimate total cost including furnishings before construction, though in practice the entrepreneur's ideas may not be clear enough to permit anything but a wild guess - the overrun on the

Hilton was more than 40%. Even if such an estimate is made, a problem in administering the Bank's portion of the financing is created by the two-loan system.

40. The "Category-Coefficient" System: The Bank's letter of 1/27/67 (Annex I) suggested general procedures for the future. Very briefly, the Bank offered to accept for all hotel projects the coefficient derived by the Bureau Securitas in Morocco as average foreign exchange components in hotels of different categories. These are:

Category of hotel[1/]	Foreign exchange as % of cost
1 star	17
2 star	22
3 star	30
4 star	36
5 star	41

The Bank said it would not finance more than 40% of any hotel project (excluding working capital and land) and before disbursing requires certification by the "prime contractor", the architect and CPIM of all expenditures made (by CPIM, we may now agree, see para 36 above).

41. As indicated, this proposal raises serious problems, while solving others. First, it is not possible under present practices, to certify either the total investment cost or the foreign exchange content of both construction and equipment at the time of the first loan (construction). Second, at the time of the construction loan, it is not even certain that there will be a CPIM loan for equipment. Third, the category (number of stars) is determined by the Ministry of Tourism after completion, and one can only estimate that it will get three stars rather than two (not to mention the legal possibility and common practice that it may get three A or B rather than just three). Fourth, CPIM and BNDE will sign a separate loan contract for each CPIM loan (i.e. usually two per project).

42. These problems may require modification of the scheme agreed in January. The first ought to be solved by evolution of proper CPIM appraisals and the third could be met by withholding a part of the amount credited until classification is confirmed. The other two are more difficult: according to SOCOTEC's figures the predominant part of foreign exchange content in a hotel is in the "construction" segment ("immobilier") rather than in the "equipment" - for the five categories above SOCOTEC arrived at the following averages for the foreign exchange content of the "immobilier" as a percentage of total cost of hotel:

1/ At the time we were not aware that there are sub-categories A and B within each category, 3A, for example, being superior to 3B. The Working Party feels we should not complicate life further by attempting to establish ten standard percentages instead of five.

Category	Foreign exchange In "immobilier" as % of cost	Foreign exchange In "mobilier" as % of cost
1 star	14.75	2.25
2 star	18.75	3.25
3 star	25	5
4 star	29	7
5 star	32.50	8.50

43. The Working Party feels that it would be very unwieldly to try to establish overall project cost and then, for a three star hotel, say, credit 25% of that sum when BNDE and CPIM sign up for a construction loan and 5% of it when they sign for an equipment loan. It ought to be easier to establish the overall percentage in para 40 above, and the construction percentage in para 42 above, and credit the latter when BNDE sends us a construction loan, but then insist on documentation for equipment, subject to a limit dictated by the overall percentage. Personally, I feel this is straining our January proposal a long way.

44. Expert certification: The Bank required that Bureau Securitas sign the estimate of category and foreign exchange content (paras 3(i) and (iii) of Annex I). Bureau Securitas in Morocco is directly affiliated to the French organization of that name, but is formally constituted as SOCOTEC, a company[1/]. It is one of three bureaux de controle in Morocco; the others are Bureau Veritas and Omnium Technique Marocain (OTM - a Paribas subsidiary). SOCOTEC is the biggest (25 professional staff) and best connected, and has in Mr. Girardeau a manager who exudes confidence and competence and is apparently responsible in some way for Bureau Securitas operations in all Africa. For a fee of about 1.5% of project cost SOCOTEC will examine a project and give the estimates requested in our January letter[2/]; for a fee of 4% it would give a breakdown into nearly every item of foreign origin and would "controle" (in the French sense) the works to see it happened that way. Neither of the other two bureaux is believed willing to commit itself to certify or guarantee things to the same extent, and they are said to be less well-staffed. Neither BNDE nor CPIM is willing, for political reasons, to restrict the certification business to SOCOTEC; both said they would be delighted if the Bank selected SOCOTEC. If the Bank did so, SOCOTEC would be willing (under a "4%" type arrangement but probably at a slightly lower cost in view of volume) to give us a breakdown of the imported items in each and every hotel, probably enabling us to do away with the category-coefficient system. SOCOTEC prepared the figures that provided the basis for the Bank's scheme; Girardeau said these were estimates covering quite wide variations and, incidentally, that in his opinion it would be possible to get much more local content into most hotels other than luxury ones.

1/ Societe de Controle Technique et d'Expertise de la Construction.

2/ Perhaps with a choice on the probable category.

VI. CONCLUSIONS

45. The first conclusion is that the information contained in this memorandum is not a complete statement of the situation. We did not spend nearly enough time with CPIM. It does suggest, however, certain general conclusions about Bank financing of hotels in Morocco and some particular ones about the procedural problems involved. The general ones may be summarized as follows:

(i) The passions that tourism seems to stir were underestimated, particularly by BNDE's management - which failed to carry much of its Board of Directors with it.

(ii) The Moroccan authorities, CPIM and BNDE's management are convinced that the Bank will lend in due course to CPIM; the latter is interested in working with BNDE principally in order to learn the Bank's ways.

(iii) CPIM's reorganization, meanwhile, is intended to facilitate treatment of hotels as development projects; this is a desirable program, but is not yet far advanced.

(iv) The volume of Bank lending via BNDE in 1967 and 1968 is likely to be well below BNDE's 1966 estimates. Many hotels are Government-controlled, some U.S. sponsors (e.g. Holiday Inns) may be financed by US sources (and others by Eximbank or AID loans via CPIM from 1968), and it will take up a large part of 1967, at least, before CPIM and BNDE are getting into many projects early enough to qualify for Bank financing.

46. Parenthetically, the most general conclusion of all: there may be reason to be cautious about the speed of Morocco's tourist growth over the period 1968-72, both on grounds of high cost and of insufficient facilities for the mass market which does not want a Club Mediterranee type holiday.

47. The particular conclusions relate to the "current problems" described in section V of this memorandum. First, regarding the BNDE/CPIM Convention (paras 29-33 above), no initiative by us appears to be needed. It would, however, be useful to try and help define Article 9 to everyone's satisfaction if we are asked. Finally, there is no reason to grant any exceptions to the "avenant" requirement for the ten hotels.

48. Second, compatibility of procedures between CPIM and BNDE and the Bank: there is no doubt that up until March 1967 it did not exist. There is also no doubt that it is going to be slow in developing: the Convention requires full and joint CPIM/BNDE appraisal of projects in advance of loan approvals, but as of March there were no effective appraisal teams and, more important, CPIM was neither in contact with its clients

early nor endeavoring to view projects as a whole, though involving two separate loans. Taking the problems highlighted in the text in order one can conclude the following:

(i) timing (para 34) - CPIM's late entry into and small impact on projects should be remedied by the type of appraisal the Convention requires.

(ii) disbursements (paras 35 and 36) - arranging the Bank's disbursements as a proportion of CPIM's is a realistic solution even if it implies lack of faith in the appraisal. Similarly, it would be realistic to accept CPIM's ex post reimbursements of the investor as the project expenditures both for purposes of the Bank's documentation and for the 150-day limitation on refinancing (although in the latter respect it reminds one of the anomalous refinancing limitation employed for BNDE's first Bank loan[1/].

(iii) separate loans and foreign exchange content (paras 38-43) - short of changing the legal framework we must depend on the evolution of comprehensive appraisals, covering the parts financed by both loans, to provide us with a basis for estimating the portion eligible for Bank financing if we maintain a "category-coefficient" system. There appear, however, to be a number of potential difficulties in the system which will not be solved by improvements in techniques at CPIM and BNDE, and the Bank may find itself having to arrive at further compromises in due course.

VII. RECOMMENDATIONS

49. Some steps to remedy probable difficulties could be recommended from the information collected so far; for example, modification of the Bank's letter of 1/27/67 to define the disbursement that must be documented (for purposes of drawing from the Bank) as CPIM's disbursement via SBM; and agreement on an arrangement to withhold part of the amount credited here for a project until the estimated classification is confirmed. This could result in a piecemeal approach, since we cannot claim to have discovered all the problems in the system, and I personally do not recommend this approach except as a last resort.

50. I recommend rather that the Bank should decide now to use the present lull in presentation of projects from CPIM to conduct an on-the-spot review of hotel financing procedures in Morocco. A Bank/IFC mission could sit down with CPIM and appraise it as a financial institution

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1/ The Bank did not disburse for any disbursements by BNDE more than 90 days before BNDE's request for approval of a project. That brought us some very old projects.

and check much further than we had opportunity to into the system in which CPIM operates. It could also discuss with CPIM and BNDE just how their relationship would operate. Such a mission should include a lawyer and a civil engineer, not necessarily for the whole time. The latter need not be a hotel builder, he would check SOCOTEC and the others as well as study CPIM's inspection techniques.

51. On the basis of that mission's findings the Bank could examine afresh two broad choices for hotel financing in Morocco:

(i) having confirmed that the Government would accept a minority position in CPIM similar to that in BNDE (but less direct), take CPIM's reorganization in hand as we did that of the Societe Nationale d'Investissement in Tunisia, culminating in a Bank loan to CPIM and the abandonment of the BNDE/CPIM Convention. It should be noted that as a shareholder in BNDE, IFC would be adversely affected by this - hotel loans promise to be a third or more of BNDE's approvals in 1967-68.

(ii) take steps to bring CPIM's appraisal and approval procedures for hotel loans up to the requirements implicit in the Bank's demands on BNDE. If this appeared likely to result in any amendments to the Convention, BNDE's Board should be given opportunity to comment.

That mission also would determine all the problems inherent in the present system (and in the second alternative above) and present proposals to rectify them.

52. Finally no initiatives are recommended for the moment on the present Convention. The Bank should <u>not</u> make any concessions on those old hotels among "the ten" that will not sign "avenants" and should <u>not</u> accept any more projects already or nearly completed.

JBlaxall/RAMorton

cc: Messrs. Benjenk
Kreuter (2)
Sekse
Povey
Jones
Kodderitzsch (2)

BNDE - Hotel Financing via CPIM

List of Annexes

I. IBRD letter of January 27, 1967.

II. Proposed organization of CPIM.

III. Convention of September 16, 1966 between BNDE and CPIM.

IV. Memorandum by Mr. Sekse, dated December 2, 1966, summarizing features of the Convention.

Glossary of Abbreviations Employed

BNDE - Banque Nationale pour le Developpement Economique

BCP - Banque Centrale Populaire

CPIM - Caisse de Prets Immobiliers du Maroc

CDG - Caisse de Depot et Gestion

Paribas - Banque de Paris et des Pays Bas

SBM - Societe de Banque du Maghreb

SOCOTEC - Societe de Controle Technique et d'Expertise de la Construction

SOMADET - Societe Marocaine d'Etudes Touristiques

ANNEX I

January 27, 1967

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

Dear Mr. Benkirane:

1. Further to our conversation in Rabat and the previous exchange of correspondence between the Bank and BNDE, I am now writing to give you the Bank's position on the question of the procedure for disbursements for hotel projects financed under the Bank Loan to BNDE, bearing in mind the Convention signed by BNDE and CPIM.

2. Old projects. With respect to the ten hotel projects already reviewed by the Bank, I should like to confirm herewith the proposal I made to you earlier this month, which is as follows:

(i) SIM: the 41 dossiers received with BNDE's letter of November 10 will be accepted as documentation of a foreign exchange cost of DH 1,300,000; no other documentation will be required for disbursement but a statement as to countries of origin must be sent to the Bank with your formal request for reimbursement (c.f. para. 3(ii) below.

(ii) Club Mediterranee: the procedure proposed below for new projects will apply except for para. 3(viii).

(iii) For the remaining eight projects, the Bank will accept as an exception the percentages arrived at through the Bureau Securitas study as being the likely foreign exchange costs for hotels:

Type of Hotel	Percent Foreign Exchange Cost
1 star	17%
2 star	22%
3 star	30%
4 star	36%
5 star	41%*

* Maximum Bank reimbursement - 40%

3. New projects. With regard to the new hotel projects to be submitted by BNDE to the Bank, we now propose to you the following procedure:

(i) Requests for approval of projects (or for crediting, in the case of B projects) submitted to the Bank by BNDE shall be accompanied by a certification made jointly by Bureau Securitas and the prime contractor for the project (and/or the investor if he purchases goods for the project) as to the estimated c.i.f. cost of goods imported into Morocco from Bank member countries and Switzerland which are incorporated in the project.

(ii) Such costs shall be stated in U.S. dollar equivalent both as an absolute figure and as a percentage of the total value of the project, excluding working capital and land. Goods and services originating in countries other than members of the Bank, except Switzerland, shall not be taken into account in the calculation. BNDE shall inform the Bank as to the countries of origin of the materials imported or purchased locally for the project. If that information is not readily available, BNDE should sent to the Bank the most accurate assumption possible, based on the traditional pattern of imports of Morocco for the particular category of goods involved.

(iii) The classification of the hotels, i.e., number of stars, shall also be indicated. When the estimate of foreign expenditure presented by BNDE shall, in the opinion of the Bank, diverge significantly from the standard percentage accepted by Bureau Securitas for that class of hotel, BNDE shall, upon request of the Bank, submit a breakdown of the general categories of goods concerned, showing the basis of such calculation.

(iv) If the project is approved by the Bank, the Loan Account will be credited with the estimated foreign exchange cost as so certified, or with 40% of the value of the prime contract, whichever is the lesser.

(v) Disbursements from the Loan Account will be made against applications supported by the contractor's invoices, certified by the architect, receipted as duly paid, approved by CPIM and submitted to the Bank promptly after such payment.

(vi) The portion of such invoices eligible for reimbursement shall be the percentage certified to, and accepted by, the Bank, as provided in Para (ii) above.

(vii) Withdrawals from the Loan Account shall be in such currencies as the Bank shall select.

(viii) No payments made to the contractor prior to the date of the CPIM-Investor loan agreement or more than 150 days prior to the crediting of the Loan Account shall be eligible for financing.

4. Conclusion. I hope that our new proposal, which goes a very long way to meet your views, will prove acceptable to you and that this long discussion on procedure can come to an end. I should also like to inform you that your letter of January 11 containing the extension of the ministerial decree relating to CPIM's activities is satisfactory to us and satisfied one of the three conditions mentioned in our cable of January 20 regarding the two projects Doukkalia and Velasquez. Your acceptance of the present proposal on disbursements would meet the second of these three conditions and we shall then only have to await the arrival of a satisfactory amendment to the contract between CPIM and the hotel investor with regard to these projects and relating to the additional rights for BNDE mentioned in our letter of September 1, 1966. We hope that these amendments will arrive shortly as mentioned by you in your cable of January 24 and that we should then be able to credit the Loan Account with these two projects under this new arrangement. The same is true for projects SIM and Club Mediterranee which, as mentioned in our letter of January 25, will be credited upon your request once the two remaining conditions are satisfied as above.

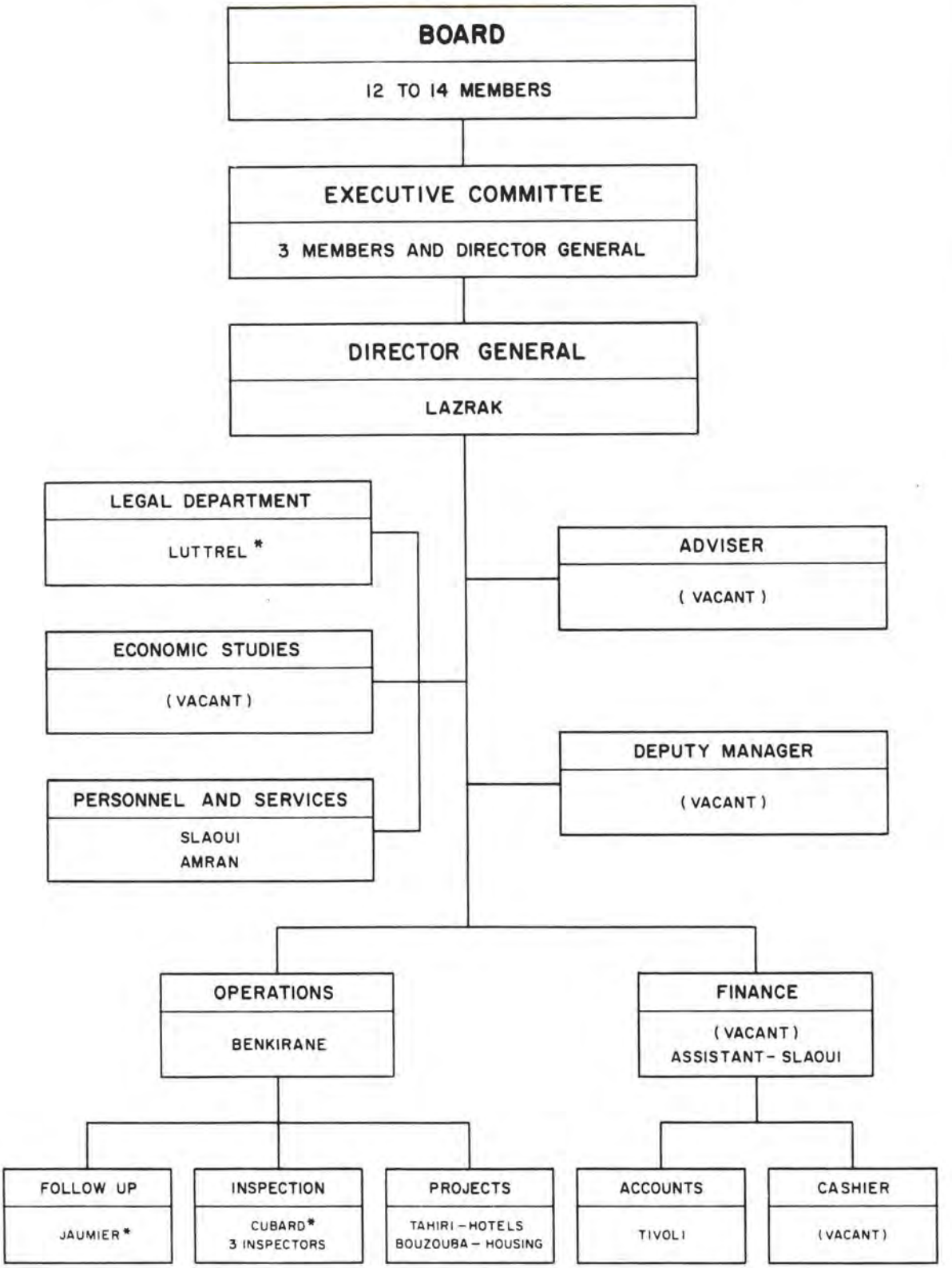
Yours sincerely,

M. P. Benjenk
Division Chief
Africa Department

TJones/FPovey/AMorton/MPBenjenk

cc: Messrs. Williams
Skillings
TJomes
Povey
Morton/Sekse
Garrana

MOROCCO: CPIM – PROPOSED ORGANIZATION



* FRENCH.

April, 1967

IBRD -3381

ANNEX III

C O N V E N T I O N

ENTRE

LA BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE

ET

LA CAISSE DE PRETS IMMOBILIERS DU MAROC

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Intervention de la B.N.D.E. dans le financement des opérations touristiques effectuées par la C.P.I.M.

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Entre les soussignés:

La BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE, représentée par son Directeur Général, M. Mohamed BENKIRANE, ci-après désignée par ces mots "la B.N.D.E.";

et

La CAISSE DE PRETS IMMOBILIERS DU MAROC, représentée par son Directeur Général, M. Mohamed LAZRAK, ci-après désignée par ces mots "la CPIM";

Il est préalablement exposé ce qui suit:

Organisme spécialisé dans le crédit foncier, la CPIM est habilitée à dispenser du crédit hôtelier en vue de l'équipement touristique. Elle opère conformément aux dispositions du Dahir du 5 novembre 1962 et de l'Arrêté d'application du Ministère des Finances du 5 novembre 1962.

Dans le but de faciliter à cet organisme la couverture partielle ou totale des dépenses en devises, chaque dossier de crédit constituant un cas d'espèce, dans le cadre de son activité sus-visée, et en attendant qu'une ligne de crédit directe lui soit consentie par la BIRD, la B.N.D.E. accepte dans le principe d'imputer sur la ligne de crédit qui lui a été consentie par la BIRD, le montant total ou partiel des dépenses directes ou indirectes en devises, représentant le coût des matériels à importer de l'étranger, dans le cadre de la réalisation des projets d'investissements touristiques soumis au financement de la CPIM, étant précisé que la CPIM interviendra seule dans le financement de ces opérations lorsqu'elle aura obtenu l'ouverture d'une ligne de crédit à la BIRD.

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En conséquence, les parties sont d'accord pour que le financement des investissements touristiques s'effectue pendant cette période transitoire selon les modalités ci-après:

ARTICLE 1 -

La B.N.D.E. fixe pour chaque projet d'investissement le niveau de son concours financier. Elle conserve son entière liberté d'appréciation pour la détermination du montant de son intervention, étant spécifié que le dit montant ne pourra en aucun cas dépasser soit 50% du montant total de l'investissement envisagé, soit le montant total des dépenses en devises pour ce projet.

ARTICLE 2 -

(a) Les demandes de crédit formulées par les investisseurs sont reçues par la CPIM. Chaque dossier d'investissement reçu par la Caisse doit être constitué en plusieurs exemplaires dont l'un au moins sera, dans les plus brefs délais, et en tous cas dans les 30 jours de sa réception par la Caisse, transmis à la Banque qui l'étudiera suivant ses méthodes habituelles axées particulièrement sur les points économique et financier. Parallèlement, la CPIM étudie chaque dossier suivant ses méthodes propres.

(b) Sur demande de la Banque, la CPIM fournira à celle-ci tous renseignements techniques, financiers, économiques, données ou documents complémentaires que la Banque estime nécessaires pour déterminer l'opportunité de son intervention ainsi que le montant de celle-ci.

(c) Les deux organismes se communiqueront en temps opportun leurs études respectives dans le respect du secret professionnel auquel ils s'obligent.

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ARTICLE 3 -

L'intervention de la B.N.D.E. dans le financement des projets d'investissement ainsi que les conditions qui l'assortissent reste subordonnée à la décision des instances compétentes de la Banque.

Ces décisions sont communiquées à la CPIM par lettre précisant pour chaque dossier les conditions particulières appliquées par la B.N.D.E. et concernant en particulier les points suivants:

- le montant éligible au financement de la B.N.D.E.;
- le taux d'intérêt débiteur et des commissions;
- les modalités de mise à disposition des fonds d'emprunt;
- l'échéancier du prêt consenti, qui ne dépassera pas 15 ans, à moins que la B.N.D.E. et la CPIM n'en conviennent autrement;
- les garanties.

ARTICLE 4 -

(a) En cas d'accord entre la CPIM et la Banque sur les conditions du financement conjoint d'un projet, les parties concluent un contrat de prêt aux termes duquel le montant de la participation de la Banque est prêté à la CPIM pour être exclusivement reprêté à l'investisseur chargé de la réalisation du dit projet.

(b) Le dit montant sera mis à la disposition de l'investisseur en vertu d'un contrat (ci-après dénommé le contrat CPIM-Investisseur) établi dans la forme annexée à la présente convention.

La CPIM s'engage à annuler les versements à l'investisseur pour les montants qui ne seraient pas jugés nécessaires à l'exécution des projets.

Au cas où la CPIM serait remboursée avant l'échéance par un de ses emprunteurs (investisseurs), elle s'engage à rembourser à la B.N.D.E. pour la part de ce paiement revenant à cette dernière dans l'opération de prêt correspondante.

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(c) la CPIM exerce ses droits en vertu de chaque contrat CPIM-Investisseur de manière à sauvegarder ses intérêts et ceux de la Banque et de la BIRD, en tenant compte des obligations de la Banque qui découlent de son accord de prêt avec la BIRD. A cet effet, la CPIM prend toutes mesures afin que chaque investisseur se conforme strictement aux termes du contrat CPIM-Investisseur, en attachant une attention particulière aux dispositions suivantes du dit contrat:

(i) les parties de l'Article 5 du dit contrat exigent de l'emprunteur qu'il construise le projet selon les règles de l'art, qu'il achève les travaux de construction dans les délais fixés et qu'il soumette le projet à l'inspection périodique de la CPIM ou de toute autre personne choisie par elle;

(ii) les parties de l'Article 5 prévoyant la suspension, l'annulation et l'exigibilité immédiate de la créance en cas d'infraction de la part de l'emprunteur à l'exécution de ses obligations en vertu du contrat, ainsi que les dispositions correspondantes du dernier paragraphe de l'Article 9, de l'Article 12 et du paragraphe 4 de l'Article 23;

(iii) les Articles 11 et 24 exigeant de l'emprunteur qu'il assure le projet;

(iv) le paragraphe 11 de l'Article 12 aux termes duquel l'emprunteur doit gérer son affaire avec une direction et un personnel compétents et expérimentés conformément à de saines pratiques commerciales et financières, et fournir toute information demandée à ce sujet par la CPIM ou par toute autre personne choisie par elle;

(v) le paragraphe 12 de l'Article 12 aux termes duquel l'emprunteur doit maintenir des registres de comptabilité appropriés conformes à de saines pratiques comptables et soumettre ces registres et tous documents y afférents à l'inspection périodique de la CPIM ou de toute autre personne choisie par elle.

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(d) Au cas où la CPIM manquerait à ses obligations envers la B.N.D.E. cette dernière suspendra la mise à disposition de ses fonds en faveur de la CPIM.

ARTICLE 5 -

La Banque débloquera pour les projets par elle agréés les sommes correspondant à son financement entre les mains de la CPIM sur le vu:

- du contrat de prêt signé par la Caisse et l'Investisseur;
- des pièces certifiant l'inscription effective des garanties;
- des documents justifiant à sa satisfaction des dépenses effectuées pour l'acquisition des biens importés et indiquant le ou les pays d'origine des dits biens.

ARTICLE 6 -

La B.N.D.E. perçoit des intérêts calculés au taux de 7% l'an sur les fonds mis à la disposition de la CPIM étant précisé que ce taux variera en fonction du taux d'intérêt appliqué à la B.N.D.E. par la BIRD pour le financement des opérations sus-visées.

Les intérêts commencent à courir à compter de la date de cette mise à disposition des fonds.

ARTICLE 7 -

La Banque perçoit pour l'étude de chaque dossier une commission d'ouverture de crédit qui reste due par la CPIM quelle que soit l'issue du dossier, et qui est calculée suivant le barême ci-dessous:

- 0,50% sur la tranche de prêt inférieure à 100.000 dh.
- 0,20% sur la tranche de prêt comprise entre 100.000 et 1.000.000 de dh.
- 0,05% sur la tranche de prêt au-delà de 1.000.000 de dh.

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Dans les cas de réalisation effective de crédit, le montant de la dite commission est perçu par prélèvement sur les sommes mises à la disposition de la CPIM.

La Banque perçoit en outre une commission d'engagement de 0,75% l'an par période indivisible de 30 jours calculée sur le montant inutilisé du crédit à partir de la date de la signature du contrat de prêt entre la B.N.D.E. et la CPIM. Cette commission est déduite du montant des différents déblocages effectués par la Banque.

ARTICLE 8 -

Au cas où la CPIM ne remplirait pas les engagements souscrits dans le cadre de la présente convention, ou les engagements particuliers à chaque projet d'investissement, la B.N.D.E. peut, par l'envoi d'une simple lettre recommandée de mise en demeure, invoquer à l'encontre de la Caisse la déchéance du terme et l'exigibilité immédiate de la totalité de sa créance en principal, intérêts, frais et accessoires.

ARTICLE 9 -

(a) La CPIM effectue tous paiements dus à la Banque aux termes de ses contrats de prêt avec la Banque à la date d'échéance prévue par ceux-ci sans tenir compte du fait que l'emprunteur soit en défaut en ce qui concerne tout paiement dû par lui à la CPIM en vertu du contrat CPIM-Investisseur correspondant. Il est entendu, néanmoins, qu'au cas où, conformément aux dispositions du contrat CPIM-Investisseur, l'emprunteur serait déchu du terme, mais ne s'acquitterait pas, les sommes dues par la CPIM à la Banque au titre du principal du prêt que la Banque lui a consenti ne seraient payables qu'au fur et à mesure des remboursements effectués à la CPIM par son emprunteur. En aucun cas, le défaut de l'emprunteur ne saurait libérer la CPIM du paiement des intérêts dûs au titre du contrat de prêt entre elle et la Banque. Tous montants reçus par la CPIM de l'emprunteur ou pour son compte en vue du règlement de la dite dette, autre que le produit de la réalisation de l'hypothèque, et tout revenu retiré par la

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CPIM de la propriété hypothéquée si celle-ci n'est pas vendue sont imputés par la CPIM par préférence, à elle-même et à tout autre, au règlement des montants dus par la CPIM à la Banque aux termes de son accord de prêt. Si la propriété hypothéquée est vendue à un tiers pour un montant ne suffisant pas à couvrir le montant total de la dette de l'emprunteur, la CPIM et la Banque partagent la perte qui en résulte, y compris les frais découlant de la dite vente, au prorata de leurs participations respectives au financement du projet.

(b) Au cas où la Banque, après consultation de la CPIM, estime qu'un emprunteur a manqué à l'exécution d'une obligation dans le cadre de l'accord CPIM-Investisseur, et que la CPIM a par conséquent le droit en vertu du dit accord de prononcer la déchéance du terme, la Banque pourra en notifier la CPIM par écrit. Au reçu d'une telle notification, la CPIM s'engage soit à prononcer immédiatement la déchéance du terme soit à verser immédiatement à la Banque le montant total de sa dette non encore remboursé conformément à l'accord de prêt CPIM-Banque correspondant. Cependant, si la CPIM est d'avis que l'emprunteur n'a pas manqué à ses obligations ou qu'elle n'est pas en mesure de prononcer la déchéance du terme, ce différend est soumis à l'arbitrage de l'Institut d'Emission dont la sentence est finale et obligatoire pour les parties. Les contestations susceptibles d'être soumises à l'arbitrage en vertu de l'Article 12 ci-après ne peuvent être liées à la procédure mentionnée ci-dessus et doivent faire l'objet d'une instance séparée.

ARTICLE 10 -

La CPIM s'engage à compléter l'article 12 des contrats CPIM-Investisseurs par l'insertion des 2 paragraphes suivants numérotés 11 et 12.

11 - Dans le cas où l'emprunteur ne conduirait pas ses opérations et ne gèrerait pas ses affaires conformément à de saines pratiques commerciales et financières avec une direction et un personnel compétents et expérimentés ou ne fournirait pas les renseignements sur ses

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opérations et sa gestion demandés par la CPIM ou par toute autre personne choisie par elle;

12 - Dans le cas où l'emprunteur ne tiendrait pas de registres et de livres de comptabilité appropriés conformément à de saines pratiques comptables ou ne permettrait pas l'inspection périodique de ses registres et livres par la CPIM ou par toute autre personne choisie par elle.

ARTICLE 11 -

Les parties s'engagent à coopérer dans toute la mesure du possible en vue d'assurer l'accomplissement de l'objet des présentes.

A cet effet, chacune d'elle fournira à l'autre toutes informations utiles concernant le projet d'investissement ou la situation de l'emprunteur avec toute la diligence voulue.

La CPIM désigne irrévocablement par les présentes la Banque et la BIRD et les représentants autorisés de chacune d'elles comme ses agents leur permettant de s'associer au droit de contrôle de la CPIM en vertu de chaque contrat CPIM-Investisseur, étant entendu cependant que la CPIM sera notifiée au moins dix jours à l'avance de toute mission de contrôle proposée par l'un quelconque de ces agents. La Banque est également notifiée de la même manière et a le droit de prendre part à toute mission proposée par la CPIM.

ARTICLE 12 -

Toutes contestations pouvant survenir à l'occasion de l'interprétation ou de l'application de la présente convention, sont soumises à l'arbitrage de l'Institut d'Emission.

Chacune des parties a liberté de saisir l'arbitre à condition d'en prévenir simultanément l'autre partie.

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Chacune des parties a un délai maximum d'un mois pour présenter à l'arbitre son argumentation. A l'expiration de ce délai, l'arbitre devra statuer dans le délai de 90 jours et notifier immédiatement sa décision aux parties.

En cas d'abstention de l'arbitre à l'expiration des délais sus-visés, compétence normale sera rendue aux Tribunaux de Rabat.

ARTICLE 13 -

Le présent protocole prendra effet à compter de sa signature.

Fait à RABAT, en trois exemplaires, le 16 Septembre 1966

LU et approuvé,
La C.P.I.M.

LU et approuvé,
La B.N.D.E.

ANNEX IV

OFFICE MEMORANDUM

TO: Mr. William Diamond DATE: December 2, 1966

FROM: Einar Sekse

SUBJECT: BNDE/CPIM - Agreement on Financing of Tourist Enterprises

1. You have asked for a brief description of the agreement between BNDE and CPIM, signed by the two parties on September 16, 1966, and approved in principle by the Bank as a basis for letting its loan to BNDE be utilized for tourist enterprises. The following is a brief outline of the main aspects of this agreement.

General

2. The Convention is a basic agreement outlining the circumstances under which BNDE will, case by case, make funds available to CPIM on a loan basis for the financing of tourist enterprises. The preamble states that BNDE's contribution will be to cover the cost of equipment imported from abroad, for which BNDE will have to draw on its loan from the World Bank. It is also clearly said that this is to be a temporary arrangement for as long as CPIM does not have direct access to World Bank money and that "CPIM will intervene alone in the financing of these operations when it shall have obtained the opening of a line of credit from IBRD".

Procedures

3. Funds will be made available from BNDE to CPIM only on a project by project basis, and after decision in each case by BNDE's proper authorities. For BNDE to be able to arrive at a decision, it will receive from CPIM copies of the loan application and other relevant information in CPIM's possession. BNDE can request, but only from CPIM, all supplementary information it considers necessary in order to appraise the project in question, and the two parties will exchange copies of their respective reports in each case.

4. When BNDE has decided to lend to CPIM for a specific project, it will give CPIM notice to that effect, stating the amount of BNDE's loan, interest rate and commissions, procedures for disbursement of funds, the term and maturities of the loan (maximum 15 years), and security to be required by CPIM.

5. When BNDE and CPIM have agreed on all terms and conditions for their joint financing of a project, the two parties will sign a loan contract. The loan contract will restrict CPIM to utilize BNDE's loan exclusively for relending to the investor carrying out the project in question. BNDE's loan will be made available to the investor under the terms of a second loan contract between CPIM and the investor, the agreed

form of which is annexed to the Convention. Amounts not needed for the execution of the project will be canceled by CPIM (and presumably returned to BNDE), and prepayments to CPIM from its borrowers will be passed on by CPIM to BNDE in proportion to BNDE's participation in the total CPIM loan.

Supervision and Rights of BNDE

6. CPIM undertakes to be the guardian both of its own interests and those of BNDE and IBRD, and will take all necessary measures to assure that the investor conforms strictly to the terms of the CPIM-investor contract. The Convention makes particular references to BNDE's obligations under its loan contract with IBRD and to various provisions of the CPIM-investor loan agreement, and charges CPIM with a particular responsibility that BNDE's obligations to IBRD be properly observed. If CPIM fails to do so, BNDE can suspend further disbursement of funds to CPIM. CPIM irrevocably undertakes to give both BNDE and IBRD access to CPIM's borrower for purposes of control.

7. Moreover, BNDE has the right, in case CPIM does not fulfill its obligations under the Convention or particular obligations relating to each investment project, to call its loan to CPIM for immediate repayment of principal, interests and expenses.

Repayments and Risk Sharing

8. As long as CPIM has not prematured its loan to the client, CPIM is bound to repay its loan from BNDE in accordance with the repayment schedule drawn up between the two parties, irrespective of whether CPIM's client is in default in its payments to CPIM or not. There are two other possible default situations, under each of which BNDE will be in a different legal position:

(a) CPIM prematures the loan. In this case, CPIM is bound to pass on to BNDE all repayments actually collected, as and when collected, until BNDE is repaid. Interest on the BNDE loan continues to be payable as due under the loan contract between BNDE and CPIM. BNDE will also have first call on any income from the mortgage property, so long as this property is not sold. However, if CPIM sells the mortgage for its loan, and the proceeds are insufficient to cover the total amount due to CPIM and to BNDE, BNDE will have to share in proportion to its original contribution the resulting loss with CPIM. This is the only case where BNDE shares the risk.

(b) The client is in default, but CPIM does not, for reasons of its own, choose to premature its loan. In that case, BNDE has the right to premature its loan to CPIM. This case would probably only arise when there is a default for reasons other than nonpayment, e.g., mis-management. The question of whether there exists such a default is to be submitted to the central bank for arbitration, the result of which is binding on the parties.

Cleared with Messrs. Jones and Benjenk

IFC/DFC
May 16, 1967

May 19, 1967

Mr. John G. Beevor
International Finance Corporation
New Zealand House
Haymarket
London, S.W. 1
England

Dear Jack:

I have now received also your letters of April 20 (from Conakry, confidential, by U.S. diplomatic pouch) and May 9, concerning BNDE. Thank you for both.

I cabled you on the 17th, as shown by the enclosed cable copy.

With respect to the arrangements between BNDE and CPIM for the financing of hotels, we are now in the course of reviewing the whole situation in the light of the findings of our February mission to Morocco. We may come to the conclusion that certain changes are necessary or desirable; but until we have carefully considered all the possible implications of such changes, I think it would be best not to suggest any. The question of whether a Government guarantee for BNDE's loans to CPIM is desirable appears, in particular, to need very careful consideration, in view of the implications one can discern. One of the implications of such a guarantee could obviously be increased pressures on BNDE to finance projects it would not take on without a guarantee, and less emphasis on proper appraisals. As mentioned in the cable, we did discuss with Finance Minister Tahiri, last year, the possibility of a Government guarantee, but he turned this idea down on the grounds that our wish to protect BNDE from all risks was inconsistent with the wish to obtain for BNDE the utmost

possible association with the hotel projects themselves. It is naturally for the Board to say what it wants for BNDE, but, in the circumstances, we do not see any reason for us to reopen this issue at this time.

When you receive this letter, you will have attended BNDE's May 22 Board Meeting, and we shall be interested in receiving your report and reactions.

With best regards,

Sincerely yours,

William Diamond
Director
Development Finance Companies

Attachment

cc: Messrs. Benjenk, Jones, Povey, Kreuter, Sekse

ESekse:mm

RAM
pt.

Mor. BNDE-Tourism
CPIM

Form No. 27
(7-61)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: BEEVOR
CORINTFIN
LONDON

DATE: MAY 17, 1967

CLASS OF SERVICE: NLT

COUNTRY: ENGLAND

TEXT: NO. 114

Cable No.: REURLET TWENTIETH PRIMO GOVERNMENT GUARANTEE HOTEL LOANS NOT RELEVANT TO ENDUSE RIGHTS STOP FORMER CONCERNS SECURITY AND LATTER INVOLVES FOLLOW-UP PRINCIPLE STOP ANYWAY OUR SUGGESTION GOVERNMENT GUARANTEE IN 1966 WAS REJECTED BY TAHIRI AND IN VIEW MANY IMPLICATIONS WE THINK IT BEST NOT TO CONSIDER POSSIBLE CHANGES PRESENT ARRANGEMENTS UNTIL REVIEW WE NOW HAVE UNDERWAY IS COMPLETED SECUNDO DO NOT THINK PERSONALITY MENTIONED IN YOUR LETTER SUITABLE AS ADVISER

DIAMOND

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Mr. William Diamond
Director, Development Finance Companies

DEPT. IFC

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

Cleared with: Mr. Benjenk
Cleared in substance with: Mr. Jones
cc: Messrs. Benjenk, Jones, Povey, Kreuter, Sekse

WDiamond:mm

For Use by Archives Division

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

DESPATCHED AFTER HOURS
DATE 5/17/67
INITIALS

DIAMOND

Mor. BNDE/CPM
x BNDE
x Textiles

BNDE Working Party

May 9, 1967

R.A. Morton RAM

Reports of March Mission

I attach, for discussion at our meeting on Friday, May 12, in Mr. Ködderitzsch's Office, copies of the following:

1) Memo dated May 8, on BNDE/CPIM hotel financing in Morocco.

2) Report dated May 9, on the findings of our follow-up visit to BNDE.

Both are in draft form and comments will be welcomed. Attention is directed in particular to the recommendations in the latter report.

I hope to circulate, before Friday, a summary of our final conclusions about BNDE's textile operations, with a draft letter to BNDE on that subject.

Attachments

cc: Messrs. Benjenk
Ködderitzsch (2)
Povey
Jones
Kreuter
Sekse
Blaxall

RAMorton:cp

FORM NO. 59
(2-55)

MOR- Tourism

CROSS REFERENCE SHEET

COMMUNICATION: Memo

DATED: April 21, 1967

TO: Mr.Woods

FROM: Mr. Diamond

FILED UNDER: Mor BNDE

SUMMARY: Morocco: Goverment Demand of Resignation of two French Directors on BNDE's Board and Sale of Shares Held by two French Institutions.

Underlying Factors- b) BNDE-CpIM collaboration for financing of hotels.

BNDE - CPIM
Tourism
MOR

IDA | IBRD | IFC

FORM NO. 92
(10-61)

CORRESPONDENCE RECORD FORM

FROM	DATED
B N D E Rabat	Apr. 20, 1967

SUBJECT

Financing of "L'Industrie Hoteliere - Loan Contract of CPIM

Addressed to IBRD

REFERRED TO	DATE RECEIVED
Mr. Benjenk	Apr. 25, 1967 mp

MOL
447
10 hotels

IDA | IBRD | IFC

FORM NO. 92
(10-61)

CORRESPONDENCE RECORD FORM

FROM	DATED
ENDE Rabat, Morocco	April 13, 1967

SUBJECT

Letter & documents re: financing of hotels.

Addressed to IBRD

REFERRED TO	DATE RECEIVED
Mr. Benjenk	April 20, 1967 jgv

OK
4/28

No. 393 MOR Tourism

CAISSE DE PRETS IMMOBILIERS DU MAROC

BOITE POSTALE N° 938 - CASABLANCA
TÉLÉPHONE : 229-58-59

الصندوق المغربي للسلف العقاري

صندوق البريد رقم 938 - الدار البيضاء
الهاتف : 59 - 229-58

ML/ID

RÉF. A RAPPELER :

- DIRECTION -

Monsieur R. A. MORTON
INTERNATIONAL FINANCE CORPORATION
1818 H Street, N. M. WASHINGTON
D. C. 20433
U. S. A.

CASABLANCA, LE 11 AVRIL 1967

Cher Monsieur MORTON,

J'ai bien reçu votre lettre du 21 MARS dernier à la suite de la visite que vous avez bien voulu nous réserver au cours de votre mission au Maroc.

Je suis également persuadé que notre collaboration est appelée à connaître de larges développements notamment grâce aux contacts directs qui vont s'établir entre les responsables de nos Organismes.

En ce qui concerne nos problèmes immédiats, je vous informe que nous procèderons à l'augmentation de notre capital à la fin de ce mois, puisque l'Assemblée Générale qui doit en décider se réunira le 18 AVRIL prochain.

La réalisation des programmes hôteliers s'effectue conformément à nos prévisions et nous enregistrons

A. G. 76

101, Rue du Prince Moulay Abdallah - CASABLANCA
C. C. P. N° 226-94 RABAT
S. A. AU CAPITAL DE 6.250.000 DH
R. C. CASABLANCA N° 203 - C. N. S. S. N° 02780

زنقة الامير مولاي عبد الله رقم 101 - الدار البيضاء
ح. ش. البريدي 226-94 الرباط
ش. م. راس مالها 6.250.000 درهم
السجل التجاري رقم 203 - صندوق الضمان الاجتماعي رقم 02780

même des demandes nouvelles pour lesquelles il faudrait dégager des sources suffisantes de financement.

J'espère qu'il vous sera possible de venir à nouveau parmi nous pour prendre connaissance d'une manière plus approfondie de tous les problèmes intéressant le CREDIT HOTELIER en général et la CAISSE DE PRETS IMMOBILIERS DU MAROC en particulier.

En vous assurant de ma parfaite estime, je vous prie d'agréer, cher Monsieur MORTON, l'expression de mes meilleurs sentiments.

M. LAZRAK.

cc: Messrs. Benyenk
Kreuter

ORM No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Mor Tourism

OFFICE MEMORANDUM

TO: FILES

DATE: March 30, 1967

FROM: John Blaxall JB

SUBJECT: MOROCCO - Hotel Financing

1. Mr. John Lentz, from the US Export Import Bank, visited IFC on March 29 and talked with Mr. Benjenk, Mr. Sekse, Mr. Morton and myself about hotel financing in Morocco.

2. Mr. Lentz reported that Eximbank had recently received a request from the Moroccan Ministry of Finance for $8 million to finance four motel/hotels. They are to be built by Holiday Inns in association with Occidental Petroleum, and will be located in Fes, Marrakech, Tangiers and Casablanca.

3. Subsequently AID had received a separate request from CPIM for a $5 million line of credit for hotel financing, and as a matter of routine this request had been passed on to Eximbank to determine whether it was suitable business for them. Eximbank may consider establishing a line of credit to CPIM, possibly combining the two requests, and Mr. Lentz wished to have more information on the institution.

4. The conditions of any Eximbank line of credit would have to be negotiated, but in any event the interest rate would be no higher than 6 percent, and commitments would be subject to project approval procedures.

5. We gave Mr. Lentz general information about CPIM. He promised to keep us informed of any steps taken by Eximbank in the matter.

6. Mr. Lentz phoned Mr. Morton on March 30 to say Eximbank's Board had just met and was favorably disposed to consider both proposed loans. Mr. Linder (Chairman) was anxious, however, to learn more about CPIM first.

cc: Messrs. Benjenk
Jones
Petretti
Kreuter
Garrana

JBlaxall/RAMorton:amm

FORM No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Mor. Tourism

cc BNDE

OFFICE MEMORANDUM

TO: FILES

DATE: March 24, 1967

FROM: R. Alastair Morton RAM

SUBJECT: MOROCCO: BNDE - Convention with CPIM

1. At Mr. Diamond's request, I telephoned on March 23 Mr. Bissell in New York. He represents Morgan Guaranty on BNDE's Board. I told him that I did not know exactly why the Minister of Finance keeps postponing BNDE's Board Meeting, but I suspected it had something to do with the arrangements for financing hotels through BNDE and CPIM.

2. At his request, I endeavored to explain Article 9 of the BNDE/CPIM Convention, pointing out that until CPIM actually calls (prematures) a defaulted loan there is no doubt that CPIM is the sole borrower from BNDE. I explained the intended situation during the period between CPIM's call of the defaulted loan and a forced sale to a third party - at which point BNDE and CPIM have to share any loss that occurs. He noted that since calling or prematuring its loan released CPIM from its obligations to pay the principal to BNDE on due dates, except insofar as payments were received from the defaulter, it could be in BNDE's interest to avoid prematuring whereas CPIM might wish to. He indicated that as a Director of BNDE he feels it would have been more in BNDE's interests to have made the loans simply to CPIM without reference to which client or for what purpose CPIM was lending. I said this had not been acceptable to the Bank.

3. He asked us to let him know if and when we heard what Mr. Beevor's plans were for attending the Meeting.

cc: Messrs. Benjenk, Povey, Jones

RAMorton:amm

MGMess

Washington, le 21 mars 1967

Monsieur Mohamed Lazrak
Directeur Général
Caisse de Prêts Immobiliers du Maroc
101, rue du Prince Moulay Abdallah
Casablanca, Maroc

Cher Monsieur Lazrak,

Nous sommes maintenant tous de retour à Washington et je voudrais vous exprimer mon plaisir au contact pris avec vous ainsi qu'avec votre institution. Je suis persuadé que nos discussions seront utiles et j'espère bien que nous aurons le plaisir de vous revoir dans un avenir rapproché.

Veuillez croire, cher Monsieur Lazrak, à l'expression de mes sentiments les meilleurs.

R.A. Morton

JBlaxall:cp

JB

TRANSLATION: Letter of thanks after mission.

HOT
BNDE
Tourism

BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE
- - - -

RABAT, le 28 FEVR 1967

Ci-joint copies des réponses reçues des Administrateurs de la B.N.D.E. à l'occasion des consultations par correspondance.

- "Convention CPIM / BNDE"

M. Becker

BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE

- - - -

Mr. Sekse
Mr. Blaxall
in Boston

"CONVENTION C.P.I.M. / B.N.D.E."

Résultat de la consultation par correspondance en date du

14 Novembre 1966.

- Administrateurs consultés	:	17	
- Réponses favorables	:	12	10
- Réponses défavorables	:	2	3
- Réponses réservées	:	2	3
- Pas de réponse :	:	1	1

Something is wrong about the statistics here

En conséquence, le dossier en rubrique a été approuvé.

Le Président

A. LYAZIDI

Rabat, le 15.12.1966

LARBI SAKKAT
VILLA " CHILDREN'S CORNER "
BOULEVARD PANORAMIQUE
LES CRÊTES
CASABLANCA

CASABLANCA LE 10 DECEMBRE 1966

B. N. D. E.
N° DG / 2194
Date 15 12 66

Monsieur le PRESIDENT DE LA BANQUE NATIONALE
POUR LE DEVELOPPEMENT ECONOMIQUE

RABAT

CONVENTION ENTRE LA B.N.D.E. ET LA C.P.I.M. -

Monsieur le Président,

Par lettre n° 107 du 14 Novembre 1966, vous avez bien voulu soumettre à mon approbation la Convention visée en rubrique et qui précise les possibilités d'intervention de la BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE dans le financement des opérations touristiques effectuées par la CAISSE DE PRETS IMMOBILIERS DU MAROC.

L'intervention de notre organisme (en attendant le relais de la B.I.R.D.) dans le secteur touristique entre bien dans le cadre de la politique du Gouvernement, puisque le tourisme constitue une des options prioritaires du Plan Triennal.

Je ne vois en conséquence pas d'objection à ce que la convention B.N.D.E. - C.P.I.M. soit ratifiée sous réserve que ces prêts consentis soient assortis de la garantie de l'Etat.

Je vous prie de croire Monsieur le Président, à l'expression de ma haute considération.

Larbi SAKKAT

CAISSE
DES
DÉPÔTS ET CONSIGNATIONS

LE DIRECTEUR GÉNÉRAL

Bloch-Lainé

Paris, le

Monsieur le Président,

Par lettre du 14 novembre 1966 (références P/HL n° 107), vous m'avez adressé, pour avis, un exemplaire de la convention intervenue le 16 septembre entre la Banque Nationale pour le Développement Economique et la Caisse de Prêts Immobiliers du Maroc (C.P.I.M.).

J'ai l'honneur de vous faire connaître que les observations formulées lors de la dernière réunion du Conseil d'administration de la B.N.D.E. au sujet de cette convention me semblent avoir conservé toute leur valeur.

Je ne puis donc vous donner mon accord sur le texte communiqué qui, de toute manière, ne me paraît pas de nature à garantir la bonne fin des opérations de la Banque au cas où la C.P.I.M. aurait elle-même à faire face à la défaillance de ses propres emprunteurs.

Je vous suggère, dans ces conditions, de procéder à un nouvel examen de la convention au cours de la prochaine séance du Conseil.

Veuillez agréer, Monsieur le Président, l'assurance de ma considération très distinguée.

Monsieur le Président
de la Banque Nationale pour
le Développement Economique
Boîte postale n° 407
RABAT
(Maroc)

CREDIT NATIONAL

LE PRESIDENT

Paris, le 25 Novembre 1966

Mon cher Président,

Votre lettre du 14 Novembre traitant de la Convention à intervenir entre la C.P.I.M. et la B.N.D.E. ne m'apporte pas d'éléments nouveaux qui puissent m'amener à modifier le jugement défavorable que j'avais exprimé au cours de notre dernier Conseil.

Sur la critique que j'ai faite des dispositions qui ont été prises pour lier certaines des interventions de la B.N.D.E. au montant des importations réalisées par le Maroc et payables en devises, il me paraît inutile de revenir. S'agissant d'une banque de développement qui doit pousser les entreprises industrielles et commerciales locales à développer leurs activités afin, précisément, de réduire la masse des produits importés, une telle position me paraît fâcheuse, et même un peu incohérente. Mais il y a longtemps, vous le savez, que j'ai fait ces remarques ... je les reprendrai sans doute un jour ... de toute façon elles sont extérieures à l'actuel débat.

Quant à la Convention qui doit intervenir entre la C.P.I.M. et la B.N.D.E., vous le savez aussi, deux points ont retenu mon attention.

Que des dispositions légales ou réglementaires fixent la nature des opérations et les limites de compétence des établissements de crédit, est une chose trop courante en France pour que je songe à m'en étonner, et plus encore à les critiquer. Ce qui me surprend, c'est qu'on prie la B.N.D.E. d'apposer sa signature sur un texte qui lui rappelle qu'elle n'est pas compétente en matière d'hôtels, ceci en vertu de décisions gouvernementales, et qui dans le même temps lui demande de tourner lesdites décisions, en apportant son concours financier et technique à la C.P.I.M.

Enfin, je vous confirme que je n'ai pas encore pu découvrir dans le texte qui nous a été soumis, quel était notre véritable débiteur. Le premier paragraphe de l'article 4 me semblait dire assez clairement que la B.N.D.E. faisait un prêt à la C.P.I.M. On m'a affirmé que

Monsieur A. LYAZIDI

./.

cette interprétation était inexacte ; je veux bien le croire, mais aucune autre ne me paraît possible ... et ce n'est certes pas la lecture de l'article 9, dont la qualité maîtresse n'est, ni la précision, ni la clarté, qui nous conduira à une solution correcte.

La décision à laquelle s'était rallié notre dernier Conseil me paraissait avoir l'avantage de permettre une nouvelle étude des améliorations de forme et de fond qui pourraient être apportées au projet de Convention, sans retarder plus longtemps la réalisation des opérations en instance. Je regrette que cette solution ne semble plus acquise, et je ne puis, dans ces conditions, que renouveler les réserves et l'avis défavorable que j'avais donnés.

Avec tous mes regrets, veuillez agréer, mon cher Président, l'expression de mes plus cordiaux sentiments.

Jean SALTES

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
23 WALL STREET, NEW YORK, N.Y. 10015

New York, le 9 décembre 1966

CHARLES S. BISSELL, JR.
Vice President

Monsieur Ahmed Lyazidi
Président
Banque Nationale pour le Développement Economique
Boîte Postale 407
Rabat, Morocco

Monsieur le Président,

J'accuse bonne réception de votre lettre du 14 novembre concernant la Convention entre la Banque Nationale pour le Développement Economique et la Caisse de Prêts Immobiliers du Maroc, que nous avons eu l'occasion de délibérer lors de la dernière réunion de notre Conseil d'Administration, tenue à Rabat le 25 octobre 1966, et que vous me demandez à présent d'approuver en ma capacité d'administrateur.

Vous saurez apprécier sans aucun doute les difficultés qui peuvent surgir lorsqu'il s'agit de prendre une décision ferme sur une question qui est d'une importance primordiale à la BNDE mais qui a évolué jusqu'à son stage actuel largement en dehors de la compétence immédiate de ses administrateurs étrangers. Les termes de la Convention sous revue sont ainsi particulièrement importants comme l'expression d'une politique qui, fort judicieusement d'ailleurs, cherche à donner accès à la BNDE au financement d'un secteur d'une importance capitale à l'économie marocaine, ceci en mettant à la disposition de la CPIM certaines ressources dont jouit la BNDE de par la ligne de crédit qui lui a été consentie par la BIRD. Tout en ne pouvant d'aucune façon mettre en doute le bien-fondé de cette politique, je suis néanmoins concerné tout d'abord d'assurer la mise en place de cette Convention dans des conditions qui protègeront au mieux les intérêts de la BNDE.

Dans cette optique, j'ai passé en revue avec soin le texte de la Convention, et apprécierais votre clarification sur un point en particulier, qui me semble être contradictoire. Il s'agit en ce cas des deux premières phrases de l'article 9 (a), comme suit:

> "la CPIM effectue tous paiements dus à la Banque aux termes de ses contrats de prêt avec la Banque à la date d'échéance prévue par ceux-ci sans tenir compte du fait que l'emprunteur soit en défaut en ce qui concerne tout paiement dû par lui à la CPIM en vertu du contrat CPIM-Investisseur correspondant. Il est entendu, néanmoins, qu'au cas où, conformément aux dispositions du contrat CPIM-Investisseur, l'emprunteur serait déchu du terme, mais ne s'acquitterait pas, les sommes dues par la CPIM à la Banque au titre du principal du prêt que la Banque lui a consenti ne seraient payables qu'au fur et à mesure des remboursements effectués à la CPIM par son emprunteur."

.../...

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

Tandis que la première phrase garantit le paiement de toutes sommes dûes par la CPIM à la BNDE "sans tenir compte que l'emprunteur soit en défaut en ce qui concerne tout paiement dû par lui à la CPIM", la seconde paraît indiquer que, dans le cas où l'emprunteur ne saurait s'acquitter de ses obligations envers la CPIM, la CPIM ne serait redevable à la BNDE qu'à hauteur du montant des remboursements effectués par l'emprunteur à la CPIM. Il me semble donc que la BNDE se trouve placée dans une position où elle serait amenée à absorber l'effet de pertes éventuelles que je considère comme étant la responsabilité unique de la CPIM, puisque selon les termes de la Convention l'obligation de l'emprunteur est uniquement envers la CPIM.

Soyez assuré, Monsieur le Président, que ce n'est certes pas mon intention d'empêcher la mise en place rapide de cette Convention, mais il m'a semblé que le problème que j'ai soulevé plus haut est d'une importance suffisante au Bien-être de la BNDE pour me permettre de vous demander quelques illustrations à son sujet avant d'exprimer sans qualifications mon approbation sur l'ensemble de la Convention.

Je vous prie de croire, Monsieur le Président, à l'expression de mes sentiments dévoués.

ROYAUME DU MAROC

المملكة المغربية

MINISTERE DES FINANCES

وزارة المالية

Division du Trésor et des Finances Extérieures

Rabat, le _____ الرباط في

N°3/

رقم

KISSI Hassan ,

Administrateur de la [illegible]

à Monsieur le Président de la Banque Nationale pour le Développement Economique

Place des Alouites

RABAT

OBJET : Ratification de la convention C.P.I.M. - B.N.D.E.

REFER. : Votre lettre n° P/HL 107 du 14/II/1966

Monsieur le Président ;

Par correspondance citée en référence , vous avez bien voulu me demander de vous donner par correspondance mon approbation sur la Convention intervenue entre la C.P.I.M. et la B.N.D.E. relative au financement hotelier.

En réponse , j'ai l'honneur de vous confirmer mon approbation sur cette Convention .

Veuillez agréer, Monsieur le Président, l'assurance de ma considération distinguée ./.

CAISSE DE DÉPOT
ET DE GESTION

Rabat

الرباط

صندوق الايداع
والتدبير

Boîte Postale 408

صندوق البريد 408

N° 7940

رقم

Monsieur le Président,

Faisant suite à votre lettre du 14 novembre référence P/HL n° 107, nous portons à votre connaissance en notre qualité d'Administrateur que nous approuvons la Convention passée le 16 septembre 1966 entre la Banque Nationale pour le Développement Economique et la Caisse des Prêts immobiliers du Maroc.

Nous vous prions Monsieur le Président, de croire à nos sentiments les meilleurs.

Monsieur A. LYAZIDI
Président de la Banque Nationale
pour le Développement Economique

R A B A T

LE GOUVERNEUR

N° 7.791/66

Monsieur le Président
de la
BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE

RABAT

Monsieur le Président,

J'ai bien reçu votre lettre n° 107 du 14 Novembre 1966 concernant la convention intervenue entre la Caisse de Prêts Immobiliers du Maroc et la Banque Nationale pour le Développement Economique sur le financement hôtelier.

Je vous confirme volontiers l'accord de la Banque du Maroc, Administrateur de votre Etablissement, sur cette convention.

Etant donné, par ailleurs, le rôle particulier réservé par la convention à l'Institut d'Emission en matière d'arbitrage, je vous serais reconnaissant de bien vouloir m'adresser 5 photocopies de ladite convention ainsi que du contrat-type C.P.I.M. - Investisseur annexé à ce document.

Veuillez agréer, Monsieur le Président, l'expression de mes sentiments très distingués.

مكتب الأبحاث والمساهمات الصناعية

BEPI

8 زنقة ميشو بلير
– الهاتف : 321-81 الى 321-85 –
الصندوق البريدي الرباط 211
دفتر التجارة الرباط 15452

002018

Rabat, le ..... الرباط في

Référence à rappeler
DGE/AB/TL

Monsieur le Président de la
Banque Nationale pour le
Dévéloppement Economique

RABAT

OBJET: V/Lettre du 14/11/66
REF: P/HL N° 107

Monsieur le Président,

Suite à votre lettre citée en référence, j'ai l'honneur de vous marquer mon approbation sur la convention intervenue entre la CPIM et la BNDE, relative au financement hôtelier.

Je vous prie de croire, Monsieur le Président, à l'expression de mes sentiments les meilleurs.

Abdelkader Benslimane
BEPI

— B E P I —
BUREAU D'ETUDES
ET DE
PARTICIPATIONS
INDUSTRIELLES

8, rue Michaux-Bellaire — RABAT — Boite Postale 211 — Téléphone 321-81 à 321-85

Casablanca, le 24 Novembre 1966.

Jacques GROSJAT
B.M.C.I.
26, Place Mohammed V
CASABLANCA

Monsieur A. LYAZIDI
Président de la BANQUE NATIONALE
POUR LE DEVELOPPEMENT ECONOMIQUE
RABAT

Monsieur le Président,

J'ai bien reçu votre lettre du 14 Novembre 1966 par laquelle vous me demandez de vous donner mon approbation sur la Convention entre la B.N.D.E. et la C.P.I.M. soumise à la ratification de notre dernier Conseil d'Administration.

J'ai lu avec attention les commentaires contenus dans votre lettre et je viens vous formuler mon avis à cet égard.

Vous vous souvenez qu'au cours de la discussion qui était intervenue entre les membres du Conseil au sujet de cette Convention, j'avais suggéré que la C.P.I.M. donne à la B.N.D.E. sa garantie pour la bonne fin des crédits consentis dans le cadre de la Convention. J'estimais en effet qu'il y avait une certaine contradiction entre le paragraphe (a) de l'Article 4 et les dispositions de l'Article 9.
L'Article 4 parle " d'un contrat de prêt aux termes duquel le montant de la participation de la banque est prêté à la C.P.I.M. "
L'Article 9, en revanche, stipule le cas où la C.P.I.M. n'est pas tenue de rembourser le prêt " reprêté à l'investisseur ", sinon au rythme " des remboursements effectués à la C.P.I.M. par son emprunteur . "

Il ressort de l'étude de ces articles que dans le cas où l'emprunteur est déchu du terme et ne s'acquitte pas (c'est-à-dire dans le cas d'un contentieux sec), la C.P.I.M. se désintéresse pas la B.N.D.E., alors que pourtant, d'autre part, on écrit que la B.N.D.E. a prêté des sommes à la C.P.I.M.

.../...

.../....

Il y a là une contradiction qui me paraissait évidente et qui me faisait en conséquence souhaiter que, par acte séparé, la C.P.I.M. donne sa garantie afin de permettre à la B.N.D.E. d'analyser ce concours comme un prêt pur et simple à la C.P.I.M., ainsi d'ailleurs que défini à l'Article 4.

Cela dit, je persiste à croire que c'eût été la meilleure solution pour la sauvegarde des deniers de la B.N.D.E. et le maintien du caractère de crédit de relais à cette intervention de la B.N.D.E. dans le financement des opérations touristiques.

Toutefois, compte tenu de vos commentaires, je ne suis pas opposé à vous donner mon approbation sous la réserve que les concours accordés par la B.N.D.E. à ce titre soient étudiés avec une attention toute spéciale, l'intervention de la C.P.I.M. ne devant pas faire perdre de vue à la B.N.D.E. que le risque de l'opération doit être accepté uniquement en fonction de la qualité de l'investisseur.

Je vous prie d'agréer, Monsieur le Président, l'expression de ma parfaite considération.

J. GROSJAT

محمد بن الجيلالي بناني

M'hamed Ben Jilali Bennani

IMPORT - EXPORT

125 AVENUE POINCARÉ

R. C. CASA 30.370
C.C.P. RABAT 49.21
TÉLÉPHONE 247.73

Casablanca, [redacted] الدار البيضاء

Monsieur le Président
de la Banque [redacted] Développement
[redacted]

[redacted] RABAT

Monsieur le Président,

Je me dois tout d'abord de vous prier de m'excuser du retard que je mets -bien involontairement- à répondre à votre lettre du 14 Novembre dernier sous référence [redacted] par laquelle vous avez bien voulu me soumettre [redacted] pour approbation, le projet de convention entre notre Organisme et la C.F.I.M. relative au financement hôtelier.

En réponse, j'ai l'honneur de vous faire connaître que, non seulement je ne suis pas opposé au principe de l'intervention de notre Etablissement dans le domaine touristique, mais que je souhaite au contraire, vivement que cette intervention puisse aussi rapidement que possible devenir effective en raison de l'importance de plus en plus grande que le tourisme ne manquera pas de prendre dans notre pays. Cette activité pourra occuper la place la plus importante dans l'action de notre organisme. L'intervention de la B.N.D.E. pourra se manifester soit directement soit par revers d'autres organismes de crédit, tels que la C.F.I.M.

Et pour permettre à notre Organisme d'intervenir dans ce domaine aussi bien présentement que dans le futur, il y a lieu, à mon sens, de supprimer - ainsi que cela a été souhaité - par d'autres collègues et par moi-même lors de notre conseil d'administration du 25 Octobre écoulé - la restriction contenue dans le membre de la phrase final du 2° § de l'introduction à la convention. La suppression devra donc concerner le passage suivant " .... étant précisé que la C.F.I.M. interviendra seule dans le financement de ces opérations lorsqu'elle aura obtenu l'ouverture d'une ligne de crédit de la BIRD"

La disparition de cette clause permettra de ménager l'avenir en laissant à la B.N.D.S. la possibilité d'intervenir directement dans ce domaine.

En ce qui concerne la convention proprement dite et pour faciliter sa concrétisation, je limite à ce qui précède mes observations la concernant passant sous silence d'autres points qui me paraissent n'avoir pas beaucoup d'importance.

Mais il est un autre aspect de la question sur lequel je voulais attirer de nouveau votre attention, comme je le fis d'ailleurs au cours du dernier conseil d'administration, c'est mon souhait de voir notre banque s'abstenir de toute intervention dans des affaires déjà réalisées et pour lesquelles la CPIM demande aujourd'hui encore notre intervention. Je ne vois en effet nulle utilité à accorder notre concours à des réalisations déjà effectuées et qui sont mêmes partiellement amorties. Il serait plus judicieux d'économiser cet effort pour le réserver à d'autres projets qui restent à lancer et à encouruger.

Dans cet ordre d'idées, et pour rester fidèle à ce principe, je me dois, à regret, dans l'obligation de ne pas donner mon accord pour les deux dossiers que vous avez bien voulu me soumettre par votre lettre du 25 Novembre 1966 sous référence P/NL n° 111 concernant la S.I.M. et le Club Méditerranée dont l'existence est effective depuis l'année dernière déjà.

D'ailleurs, la CPIM a - que je sache - pour principe de ne pas accorder de prêt aux constructions déjà existantes.

Veuillez agréer, Monsieur le Président, l'expression de mes meilleurs sentiments.

ROYAUME DU MAROC

MINISTERE DE L'INDUSTRIE
ET DES MINES

Direction de l'Industrie

N° _____ IND/O

Rabat, le

المملكة المغربية

وزارة الصناعة والمعادن

OBJET : Convention entre la B.N.D.E. et la Caisse de Prêts Immobiliers du Maroc

REFER. : Votre lettre P/HL N° 107 du 14 novembre 1966

Monsieur le Président,

Par lettre citée en référence, vous m'avez transmis pour avis le texte de convention entre la C.P.I.M. et la B.N.D.E. relative à l'intervention de la B.N.D.E. dans le financement des opérations touristiques effectuées par la C.P.I.M.

En reponse, j'ai l'honneur de vous faire connaître que sans attendre la réunion du prochain Conseil, je donne mon approbation à cette convention.

Veuillez agréer, Monsieur le Président, l'expression de mes sentiments les plus distingués./.

A. GUERRAOUI

ADMINISTRATEUR

Monsieur le Président
de la
B.N.D.E. - RABAT

DR. HANS STILLE
DIRECTOR DER
DRESDNER BANK AKTIENGESELLSCHAFT

DÜSSELDORF le 25 Novembre 1966
[illegible]
[illegible]

Monsieur A. L y a z i d i
Président de la
Banque Nationale pour le
Développement Economique

B.P. 407

R a b a t / Maroc

Monsieur le Président,

objet: Convention BNDE - CPIM

Par votre lettre du 14/11/66, vous avez bien voulu me demander de vous faire connaître ma position en ce qui concerne l'Intervention de la BNDE dans le financement des opérations touristiques, effectuées par la CPIM.

Le contenu de votre lettre précitée a retenu ma meilleure attention et, après avoir examiné la nouvelle rédaction de la convention que vous m'avez adressée par votre lettre du 14 courant, je vous donne, par la présente, mon approbation.

Veuillez agréer, Monsieur le Président, l'assurance de ma considération très distinguée.

BANQUE LAMBERT

SOCIETE EN COMMANDITE SIMPLE

R.C. BRUXELLES N° 76407

TÉL. 13.81.81

BRUXELLES 5, le 28 novembre 1960

24, AVENUE MARNIX

Monsieur LYAZIDI

Président de la Banque Nationale pour le Développement Economique

RABAT

Monsieur le Président,

Votre lettre du 14 novembre relative à la convention entre la C.P.I.M. et la B.N.D.E. m'est bien parvenue.

Comme je vous l'écrivais en date du 22 courant, à l'occasion du projet de procès-verbal de la séance du Conseil du 25 octobre, la longue discussion qui est intervenue a porté essentiellement sur l'existence d'une garantie à donner par la C.P.I.M. à la B.N.D.E., la plupart des intervenants estimant que la C.P.I.M. devait, d'une manière ou d'une autre (lettre de change, ou garantie par lettre séparée), assurer la bonne fin des crédits consentis par la B.N.D.E.

Je vous avoue ne pas comprendre la portée de l'article 9 de la convention et il serait souhaitable qu'il soit rédigé d'une façon plus claire.

Si, sur le fond, vous vous êtes mis d'accord avec la C.P.I.M. pour qu'elle garantisse effectivement la bonne fin des crédits, veuillez avoir l'obligeance de nous adresser le texte remanié de l'article 9 qui le précise sans équivoque. Dans ce cas, je vous marquerai aussitôt mon accord pour que la convention soit signée sans aucune clause restrictive.

Si, par contre, les choses sont toujours dans l'état où elles se trouvaient lors du Conseil, il me semble que la solution qui avait finalement été adoptée (à savoir: mise à exécution de la convention à titre provisoire et seulement jusqu'au Conseil de février) permettait à la B.N.D.E. de donner une suite favorable aux dossiers en instance, tout en vous permettant

./.

de négocier la mise au point définitive des conventions pour le prochain Conseil.

J'espère que vous pourrez me donner quelques précisions par un prochain courrier et je vous prie de croire, Monsieur le Président, à l'assurance de mes sentiments dévoués et les meilleurs.

Jacques THIERRY
Associé - Gérant

MOR-BNDE
Tour Hsn

Form No. 27
(7-61)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: MORTON
~~HOTEL TOUR HASSAN~~ TOUR HASSN
RABAT

DATE: FEBRUARY 27, 1967

CLASS OF SERVICE: FULL RATE

ltt

COUNTRY: MOROCCO

TEXT:

Cable No.: 2

Feb. 24.

SUBJECT URTHREE NOT DISCUSSED HERE

~~EEK~~ SEKSE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Einar Sekse

DEPT. Development Finance Companies

SIGNATURE E. Sekse
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
Robert F. Skillings

RFSkillings:mm

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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cc with copy of incoming:
Messrs. Kodderitzsch
Jones
Cohn

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[illegible]

[illegible]

[illegible]

Mor BNDE Quinn

Form No. 26
(6-65)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: FEBRUARY 24, 1967 1545

LOG NO.: RC 4/2[redacted]

TO: CORINT[redacted]

FROM: CASABL[redacted]

TEXT:

ROUTING

ACTION COPY: MR. DIAMOND

INFORMATION COPY:

DECODED BY: M Sekse

3

SEVERAL SOURCES ADVISE STATE [redacted]PIM REDUCING TO HALE OR MINORITY IN IMMINENT CAPITAL INCREASE [redacted]ATEFUL ADVISE CHEZ TOUR HASSAN WHETHER THIS [redacted]SCUSSED WASHINGTON BE[redacted]OUR INTERVIEWS MINISTER TUESDAY CPIM WEDNESDAY

MORTON

MESSRS. DIAMOND AND SEKSE TE[redacted]NED DURING WEEKEND

NA

Ack. Feb. 27.

FOR INFORMATION REGARDING CABLES, PLEASE CALL THE COMMUNICATIONS UNIT EXT. 2021

ORIGINAL

MOR-BNDE
Tourism

IDA | IBRD | IFC

FORM NO. 92 (10-61)

CORRESPONDENCE RECORD FORM

FROM	DATED
Banque Nationale Pour le Developpement Economique Rabat	Feb. 17, 1967
SUBJECT Letter re: Financing of Hotel Industry Addressed to IBRD	
REFERRED TO Mr. Benjenk	DATE RECEIVED Feb. 21, 1967 mp

Mor. - BNDE
[illegible] C Tourism

Form No. 27
(7-61)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: HIS EXCELLENCY MAMOUN TAHIRI
MINISTER OF FINANCE
RABAT

DATE: FEBRUARY 9, 1968

CLASS OF SERVICE: FULL RATE

2 T T

COUNTRY: MOROCCO

Feb. 5

TEXT:
Cable No.:

FURTHER YOUR REQUEST RELAYED BY MR TAZI FOLLOWING BRIEF ELABORATION OF SUBJECTS PROPOSED FOR DISCUSSION MESSRS BART AND SEKSE WITH BNDE AND COMMA TO THE EXTENT DEEMED APPROPRIATE COMMA WITH GOVERNMENT:

ALPHA MORE EFFECTIVE PRACTICAL APPLICATION OF BNDE'S POLICY OF ONLY FINANCING PROJECTS OF HIGH ECONOMIC PRIORITY PROMISING SATISFACTORY RETURN ON INVESTMENT

BETA PROPOSALS FOR ACHIEVING INCREASE IN EARNINGS AT A RATE MORE RAPID THAN PRESENTLY FORESEEN IN ORDER TO ACCELERATE GROWTH OF EQUITY COMMA INCREASE RETURN TO SHAREHOLDERS COMMA AND FACILITATE INTRODUCTION BNDE'S SHARES IN CAPITAL MARKET

GAMMA BNDE'S FUTURE ROLE IN FINANCING TOURISM PROJECTS AS THIS IS LIKELY HAVE CONSIDERABLE IMPACT ON FUTURE BUSINESS VOLUME AND HENCE PROFITABILITY

DELTA MODIFICATION OF PROCEDURES AND PRACTICES OF BNDE'S BOARD TO GIVE IT MORE EFFECTIVE ROLE IN DECISION MAKING

EPSILON STRENGTHENING BNDE MANAGEMENT BY ENGAGING EXPERIENCED ADVISER AND DEPUTY DIRECTOR GENERAL

XXXX **NOT TO BE TRANSMITTED**

MESSAGE AUTHORIZED BY:

NAME

DEPT.

SIGNATURE [signature]
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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WRB

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Form No. 27
(7-61)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: H.E. MAMOUN TAHIRI

DATE:

CLASS OF SERVICE:

COUNTRY:

TEXT:

Cable No.:

-2-

ZETA OTHER MATTERS RELATED OR UNRELATED TO THOSE ABOVE CAN ALSO BE DISCUSSED AS MUTUALLY AGREED STOP

AM REPEATING CABLE TO BNDES CHAIRMAN BEST REGARDS

LEJEUNE INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Michael L. Lejeune

DEPT. Middle East and North Africa

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

ekse/WDiamond/M'Bart:jh

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cc : Messrs. Sekse/Diamond

cc: Tozi

For Use by Archives Division

ORIGINAL (File Copy)

447 MOR Tourism
~~10 Hotels~~

FORM No. 59
(2.55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: February 7, 1967

TO: Mr. Benjenk

FROM: Mr. Benkirane

FILED UNDER: MOR BNDE ~~Tourism~~ 10 Hotels.

SUMMARY: Refinancement des Credits Hoteliers re letter Jan 27.

T. H. Williams

JAN 23 1967

MPB
WK
BADE/CPIM

البنك الوطني للإنماء الاقتصادي
BNDE
BANQUE NATIONALE POUR LE DEVELOPPEMENT ECONOMIQUE
CAPITAL 30 MILLIONS DE DIRHAMS
BOITE POSTALE 407 - RABAT - TÉL. 264-41-42
& 43 ADRESSE TÉLÉGRAPHIQUE BADEMAROC
DEPARTEMENT JURIDIQUE ET
DU CONTROLE DES CREDITS

RABAT, LE 11 JANVIER 1967

BANQUE INTERNATIONALE POUR LA
RECONSTRUCTION ET LE DEVELOPPEMENT
1818 H Street N.W.
WASHINGTON D.C. 20 433

GD/ED - n° 22 /JC

Référence : V/Lettre du 28/12/1966 A.G. El Emary, Directeur de l'Africa Department

O b j e t : Convention B.N.D.E./C.P.I.M.

23

Messieurs,

En réponse à votre lettre citée en référence, nous avons le plaisir de vous faire savoir que l'arrêté du ministre des finances, n° 406-62 du 5 novembre 1962 pris en application du dahir n° 1-62-201 de même date, et portant règlementation du crédit foncier au Maroc, a été modifié par arrêté du secrétaire d'Etat aux finances, en date du 9 décembre 1964, n° 673-64.

Nous vous adressons ci-joint, pour votre information, copie de cet arrêté.

Vous constaterez à la lecture de ce texte que l'article 18 de l'arrêté du 5 novembre 1962 précité a été ainsi modifié :

" Article 18 - A compter du 1er janvier 1962, et jusqu'au 31 dé-
" cembre 1969 inclus, les personnes physiques, etc..... "

En conséquence et jusqu'au 31 décembre 1969 les dispositions applicables au crédit foncier au Maroc demeurent inchangées.

Nous vous souhaitons bonne réception de la présente lettre.

Veuillez agréer Messieurs, l'expression de nos sentiments distingués.-

BANQUE NATIONALE POUR LE
DEVELOPPEMENT ECONOMIQUE

1 P.J.

Copies to Working Party
Orig. to Cp. Files 1/24

Arrêté du sous-secrétaire d'Etat aux finances n° 673-64 du 9 Décembre 1964 modifiant l'arrêté du ministre des finances n° 406-62 du 5 novembre 1962 pris en application du dahir n° 1-62-201 du 7 joumada II 1382 (5 novembre 1962) portant règlementation du crédit foncier.

LE SOUS-SECRETAIRE D'ETAT AUX FINANCES,

Vu le dahir n° 1-62-201 du 7 joumada II 1382 (5 novembre 1962) portant règlementation du crédit foncier ;

Vu l'arrêté du ministre des finances n° 406-62 du 5 novembre 1962 pris en application du dahir n° 1-62-201 du 7 joumada II 1382 (5 novembre 1962) précité ;

Après avis conforme du ministre des affaires économiques et des finances,

ARRETE :

ARTICLE UNIQUE - Les dispositions des articles 18,20,23,35 et le 2e alinéa de l'article 41 de l'arrêté susvisé du 7 joumada II 1382 (5 novembre 1962) sont modifiées ainsi qu'il suit :

" Article 18 - A compter du 1er janvier 1962 et jusqu'au 31 décem-
" bre 1969 inclus, les personnes physiques..... "
(la suite sans modification)

" Article 20 - Le taux d'intérêt des prêts visés à l'article 18
" ci-dessus est fixé à :

" 3,25 % pendant les cinq premières années ;
" 4,50 % pendant les cinq années suivantes ;
" 6 % pendant les années suivantes "

" Article 23 - Les superficies et les valeurs immobilières totales
" des habitations à bon marché susceptibles d'être édifiées sous
" le régime du titre IV du dahir susvisé n° 1-62-201 du 7 joumada
" II 1382 (5 novembre 1962) ne peuvent excéder les chiffres fixés
" par le tableau ci-après :

"

ENFANTS A CHARGE	TYPE	SUPERFICIE MAXIMUM m2	VALEUR IMMOBILIERE MINIMUM DH
Célibataires, mariés sans enfants, mariés avec un enfant ou deux enfants du même sexe	I	120	37.000
Deux enfants de sexe différent, trois ou quatre enfants	II	140	41.000
Cinq ou six enfants	III	160	45.000

.....

" Au-dessus de six enfants .....
(la suite sans modification)

" Article 35 - la transmission à un tiers d'actions émises par
" une société coopérative d'habitation doit être autorisée par le
" conseil d'administration de ladite société et par la société de
" crédit foncier prêteuse.

" La cession se fera ..... "
(la suite sans modification)

" Article 41 (2e alinéa) - Les entrepreneurs doivent être agréés
" par la Société de crédit foncier prêteuse. "

RABAT, le 9 DECEMBRE 1964

signé : MAMOUN TAHIRI

Morocco Tourism

IDA | IBRD | IFC

FORM NO. 92 (10-61)

CORRESPONDENCE RECORD FORM

FROM

Banque Nationale Pour le
Developpement Economique
Rabat

DATED
Jan. 4, 1967

SUBJECT

Letter re: Refinancing of "Credits Hoteliers"

Addressed to IBRD

REFERRED TO
r. Benjenk

DATE RECEIVED
Jan. 10, 1967 mp

BNDE Sen
TOURISM

FORM NO. 26
(6.65)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

INCOMING CABLE

DATE AND TIME OF CABLE: JANUARY 2, 1967 1850

LOG NO.: RC 9/3

TO: WILLIAMS INTBAFRAD

FROM: RABAT

ROUTING	
ACTION COPY:	MR. WILLIAMS
INFORMATION COPY:	MR. EL EMARY
DECODED BY:	

TEXT:

Dec. 30.

AFTER THE WORD UNCAB 6 ITS DISCUSSIONS BNDE

BENJENK

MP

FOR INFORMATION REGARDING CABLES, PLEASE CALL THE COMMUNICATIONS UNIT EXT. 2021

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