

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.  
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April 7, 2011

Mr. Karim Mansouri  
Managing Director  
Fonds d'Equipement Communal (FEC)  
Espace Oudayas  
Angle Avenue Annakhil et Avenue Ben Barka  
BP 2175 – Hay Ryad  
Rabat  
Kingdom of Morocco

Re: Carbon Asset Development Fund Multi-Donor Trust Fund Grant No. TF098543  
Preparation of the Municipal Solid Waste Carbon Finance Project

Dear Mr. Mansouri:

In response to the request for financial assistance made on behalf of Fonds d'Equipement Communal (FEC) ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by various donors under the Carbon Asset Development Fund Multi-Donor Trust Fund, proposes to extend to the Recipient for the benefit of the Kingdom of Morocco ("Member Country"), a grant in an amount not to exceed five hundred twenty thousand United States Dollars (U.S.\$520,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 60 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

/s/ Simon Gray  
Country Director  
Middle East and North Africa Region

AGREED:  
FONDS D' EQUIPEMENT COMMUNAL

By: /s/ Karim Mansouri  
Authorized Representative  
Name: Karim Mansouri  
Title: Managing Director  
Date: April 28, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

## Article I

### Standard Conditions; Definitions

1.01. *Standard Conditions.* The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. *Definitions.* The terms CDM, CFD, ER, and ERPA have the same meaning ascribed to them in the Instrument establishing the Carbon Partnership Facility (CPF) dated May 15, 2010, as amended from time to time, which was incorporated by reference to the Seller Participation Agreement dated October 4, 2009 between IBRD as Trustee of the Carbon Fund and Carbon Asset Development Fund of the CPF, and FEC regarding the first tranche of the Carbon Fund of the CPF. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement:

- (i) “Programme of Activities” or “PoA” means a voluntary coordinated action by a private or public entity which coordinates and implements any policy/measure or stated goal (i.e. incentive schemes and voluntary programmes), which leads to anthropogenic greenhouse gas emission reductions or net anthropogenic greenhouse gas removals by sinks that are additional to any that would occur in the absence of the PoA, via an unlimited number of CPAs;
- (ii) “CDM programme activity” or “CPA” means a project activity under a programme of activities.
- (iii) “Landfill gas” or “LFG” means the release of gases such as methane from the anaerobic decomposition of organic waste at landfill sites; and
- (iv) “Sub-Project Agreement” means an agreement governing the purchase and sale of Emission Reductions from one or more CPA entered into between the Program Entity and the CPA implementers;

## Article II

### Project Execution

2.01. *Project Objectives and Description.* The objective of the Project is to support FEC prepare the Morocco Municipal solid Waste Carbon Finance Program. The main objective of this CDM PoA is to avoid methane (CH<sub>4</sub>) emissions from municipal landfills in Morocco by promoting LFG capture and flaring or electricity generation projects. Carbon dioxide (CO<sub>2</sub>) emissions will also be avoided through the displacement of fossil fuel consumption related to the generation of electricity for the national grid. The Project consists of the following parts:

- (a) Provision of technical assistance in preparing design documents of the activities of the PoA, including CPA design documents and generic monitoring plan;
- (b) Provision of technical assistance in managing and coordinating CDM PoA in compliance with CDM rules;
- (c) Provision of legal support in drafting generic Sub-Project Agreements and specific Sub-Project Agreements;
- (d) Provision of technical assistance in supporting CPA implementers for the implementation of monitoring tools and procedures in compliance with CDM requirements, including implementing carbon asset registry and information systems, CPA monitoring and ER payment procedures; and
- (e) Building CDM capacity by organizing workshops and training tools for CPA implementers.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. ***Donor Visibility and Visit.*** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Member Country’s territory for purposes related to the Project.

2.04. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

- (i) Percentage of the costs indicated in the Procurement Plan, as amended from time to time, for activities have been completed;
- (ii) At least four (4) Sub-Project Agreements signed and CDM project activities designed documents submitted for validation;
- (iii) At least two CPA design documents registered; and
- (iv) Capacity building and training events organized for CPA implementers and 10 implementers trained.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

## 2.06. **Procurement**

(a) General. All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

- (i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods;
- (ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and
- (iii) The provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

### (c) Particular Methods of Procurement of Goods

- (i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of Shopping.

- (ii) The following method, other than Shopping, may be used for procurement of goods for those contracts specified in the Procurement Plan: (A) Direct Contracting in accordance with the provisions of paragraph 3.7 of the Procurement Guidelines.
- (d) Particular Methods of Procurement of Consultants' Services
  - (i) Except as otherwise provided in sub-paragraph (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
  - (ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants' Qualifications; (C) Single-source Selection; (D) Selection of Individual Consultants; and (E) Sole Source Procedures for the Selection of Individual Consultants.
- (e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### **Article III**

#### **Withdrawal of Grant Proceeds**

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Consultants' Services, including audit	478,000	100%
(2) Training, Workshops and Stakeholder Consultation	36,000	100%
(3) Goods	6,000	100%
<b>TOTAL AMOUNT</b>	<b>520,000</b>	

For the purpose of this paragraph, the term "Training, Workshops and Stakeholder Consultation" means cost related to workshops and fees paid to training service providers, costs related to conducting public consultations, rental of facilities, production and distribution of documentations and communications.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2014.

#### **Article IV**

##### **Recipient's Representative; Addresses**

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Managing Director.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Fonds d'Equipement Communal (FEC)  
Espace Oudayas  
Angle Avenue Annakhil et Avenue Ben Barka  
BP 2175 – Hay Ryad  
Rabat  
Kingdom of Morocco

Facsimile:

+212-5-37-566-090

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD

248423 (MCI) or

1-202-477-6391

Washington, D.C.

64145

(MCI)