

**OFFICIAL  
DOCUMENTS**

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**LOAN NUMBER 8507-MA**

**Loan Agreement**

**(Improving Primary Health in Rural Areas Program)**

**between**

**KINGDOM OF MOROCCO**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated July 2, 2015**

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**LOAN NUMBER 8507-MA**

**LOAN AGREEMENT**

AGREEMENT dated July 2, 2015, between KINGDOM OF MOROCCO (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred million US Dollars, (USD 100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the program described in Schedule 1 to this Agreement (“Program”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread ; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### **ARTICLE III — PROGRAM**

- 3.01. The Borrower declares its commitment to the objectives of the Program. To this end, the Borrower shall carry out the Program through the MoH in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is its Minister of Economy and Finance.

5.02. The Borrower's Address is:

Ministère de l'Economie et des Finances  
Avenue Mohammed V  
Rabat  
Kingdom of Morocco

Cable address:

MINFIN

Facsimile:

212-537-67-75-30/31  
212-537-76-40-81

5.03. The Bank's Address is:

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

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

248423(MCI) or  
64145(MCI)

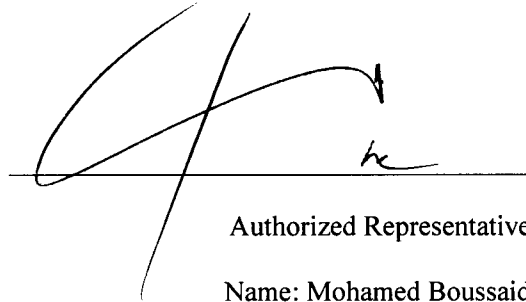
Facsimile:

1-202-477-6391

AGREED at Rabat, Kingdom of Morocco, as of the day and year first above written.

KINGDOM OF MOROCCO

By

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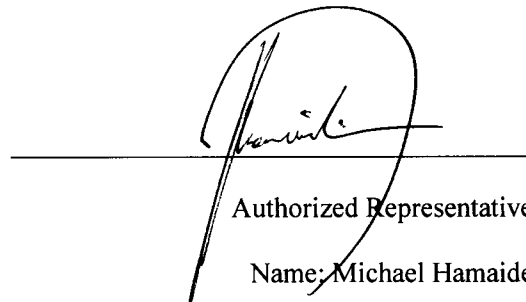
Authorized Representative

Name: Mohamed Boussaid

Title: Minister of Economy and Finance

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By

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Authorized Representative

Name: Michael Hamaide

Title: Senior Country Officer

## SCHEDULE 1

### Program Description

The objective of the Program is to expand access to primary healthcare in targeted rural areas in the Program Area.

The Program consists of the following activities to be implemented in the Program Area:

#### Part 1: Expanding equitable access to primary care in rural areas

1. Reducing maternal, neonatal, and under five mortality through the implementation of activities set forth in the Action Plan to Reduce Maternal, Neonatal, and Under Five Mortality.
2. Strengthening the detection and management of non-communicable diseases through the carrying out of: (i) prevention measures, including the organization of awareness campaigns on the benefits of a healthy diet and physical activity; (ii) screening measures, including equipping health centers and mobile teams with screening equipment, training of health staff at the ESSP-level on screening techniques, and conducting screening activities; and (iii) strengthening measures, including disseminating standards of care to all ESSPs and mobile teams, training professionals on standards of care, and providing health facilities with basic essential drugs.
3. Strengthening mobile health coverage through: (i) the provision of 57 equipped mobile units to be attached to ESSPs in the Program Area; (ii) strengthening of the technical platform of existing mobile units; and (iii) capacity building for health care providers in the management of mobile medical units.

#### Part 2: Improving health system governance at the primary level

1. Provision of support to the MoH in the creation of an incentive mechanism for all health professionals.
2. Improving accountability at the primary health care level through:
  - (i) The expansion of the annual quality assessment tool in the health sector (the "*concours qualité*") at the primary healthcare level in the Program Area, through the carrying out of annual reviews of the quality assessment tool, the provision of training, including for the personnel of all the centers that are enrolled; and publications and dissemination events for an increased number of primary healthcare facilities, in particular rural ones; and
  - (ii) The establishment of a comprehensive GRM by clarifying the existing institutional structure and operational arrangements.
3. Developing an integrated, computerized and accessible HMIS, including through: (i) the carrying out of foundational and analytical work, formulation of the data dictionary and coding standards, formulation of the data model which includes data flows and types of

data across the health system, and the formulation of national charts of accounts and statistics; (ii) updating the HMIS Master Plan; and (iii) testing of integrated computerized systems in one region and central support structures.

## SCHEDULE 2

### Program Execution

#### Section I. Implementation Arrangements

##### A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank (“Program Fiduciary, Environmental and Social Systems”) which are designed to ensure that:

1. the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

##### B. Anti-Corruption

Without limitation on the provisions of Part A of this Section, the Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

##### C. Other Program Institutional and Implementation Arrangements

###### 1. Program Institutions

Without limitation on the generality of Part A of this Section I, the Borrower shall maintain the following institutional arrangements throughout the implementation of the Program and as further set out in the Implementation Manual and, except as the Bank shall otherwise agree, the Borrower shall not amend or waive any of such arrangements if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Program or the achievement of the objective thereof.

###### 2. Steering Committee and Technical Committee for the Program

The Borrower shall by no later than 4 months after the Effective Date, establish in form and substance satisfactory to the Bank, and thereafter maintain throughout the Program: (i) a steering committee which shall be chaired by the Secretary General of the MoH and include directors of each of the relevant MoH departments, and (ii) a technical committee chaired by the director of DPRF and composed of representatives of each of the relevant MoH departments.



3. Manual

The Borrower shall adopt an Implementation Manual in form and substance satisfactory to the Bank and shall carry out the Program in accordance with such Implementation Manual and, except as the Bank shall otherwise agree, the Borrower shall not amend or waive any provision of said Manual if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the carrying out of the Program or the achievement of the objective thereof.

4. Additional Program Implementation Arrangements

Without limitation on the generality of Part A of this Section I, the Borrower shall carry out the Action Plan, or cause the Action Plan to be carried out in accordance with the schedule set out in the said Action Plan in a manner satisfactory to the Bank.

**Section II. Excluded Activities**

The Borrower shall ensure that the Program excludes any activities which:

- A. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost USD 50,000,000 equivalent or more per contract; (2) goods, estimated to cost USD 30,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost USD 20,000,000 equivalent or more per contract; or (4) consultants' services, estimated to cost USD 15,000,000 equivalent or more per contract.

**Section III. Program Monitoring, Reporting and Evaluation; Audits**

**A. Program Reports**

The Borrower shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions. Each Program Report shall cover the period of one calendar year, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.

**B. Program Financial Audits**

Without limitation on the generality of Section I.A of this Schedule 2 and Section 5.09 of the General Conditions, the Borrower shall have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Program. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

**C. Verification Protocol**

1. The Borrower shall carry out technical audits at least annually through the IGM or independent verification agencies that the Bank has confirmed in writing to be acceptable, for the verification of achievement of DLRs 1 through 7 which are set forth in the table in Section IV.A.2 of this Schedule, and furnish to the Bank not later than thirty (30) calendar days after the verification of compliance of said DLRs, a report on the results of said verification of compliance process of such scope and in such detail as the Bank shall reasonably request.
2. Such annual technical audits will be based on a review of the documentation available centrally at the MoH and on-site verification in a representative sample of areas targeted by the Program. The technical audit will verify:
  - (a) With respect to DLIs 1 through 6: The HMIS system and procedures at ESSPs, hospitals, and provincial directorate levels, and their aggregation at the central level;
  - (b) With respect to DLIs 1 through 5: The accuracy of the *quantity* of services as reported in the HMIS database;
  - (c) With respect to DLI 6: Proof of ESSPs' participation in training sessions and availability of an action plan to improve quality based on the recommendations included in the audit report of the "*concoeurs qualité*"; and
  - (d) With respect to DLI 7: Relevant documentation regarding progress in the development of the HMIS.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank may specify from time to time by notice to the Borrower to: (a) pay the Front-end Fee; (b) pay each Interest Rate Cap or Interest Rate Collar premium; and (c) finance the Program Expenditures, on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Borrower, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>
(1) DLI #1: Increase in number of pregnant women receiving antenatal care during a visit to a rural ESSP in the Program Area	DLR#1.1: 0.97% in CY15	2,329,331
	DLR#1.2: 2.18% in CY16	2,905,660
	DLR#1.3: 3.88% in CY17	4,082,333
	DLR#1.4: 5.83% in CY18	4,682,676
(2) DLI #2: Increase in number of deliveries of rural women attended by skilled health personnel in public health facilities in the Program Area	DLR#2.1: 1.71% in CY15	3,297,521
	DLR#2.2: 3.42% in CY16	3,297,521
	DLR#2.3: 5.13% in CY17	3,297,521
	DLR#2.4: 7.26% in CY18	4,107,437
(3) DLI #3: Increase in number of new visits of children under 5 to a rural ESSP in the Program Area for curative care	DLR#3.1: 1.50% in CY15	3,000,000
	DLR#3.2: 2.50% in CY16	2,000,000
	DLR#3.3: 3.50% in CY17	2,000,000
	DLR#3.4: 5% in CY18	3,000,000
(4) DLI #4: Increase in number of patients with diabetes diagnosed and treated at a rural ESSP in the Program Area	DLR#4.1: 4.09% in CY15	4,639,818
	DLR#4.2: 8.62% in CY16	5,138,968
	DLR#4.3: 13.10% in CY17	5,082,246
	DLR#4.4: 17.63% in CY18	5,138,968
(5) DLI #5: Increase in number of visits to rural ESSPs in the Program Area	DLR#5.1: 1.30% in CY15	3,023,257
	DLR#5.2: 2.30% in CY16	2,325,581
	DLR#5.3: 3.30% in CY17	2,325,581
	DLR#5.4: 4.30% in CY18	2,325,581
(6) DLI #6: % of rural health centers with delivery services (CSCAs) in the Program Area that participate in the main annual quality	DLR#6.1: 30% in CY15	2,000,000
	DLR#6.2: 40% in CY16	2,000,000
	DLR#6.3: 50% in CY17	2,000,000
	DLR#6.4: 60% in CY18	2,000,000

assessment ( <i>conours qualité</i> )		
(7) DLI #7: Establishment of the HMIS in one region within the Program Area	DLR#7.1: 'Urbanization' process, data dictionary and data model complete;	5,000,000
	DLR#7.2: HMIS Masterplan updated and validated	5,000,000
	DLR#7.3: Data Center is operational; regional and provincial reporting systems (in one region) are functional	7,000,000
	DLR#7.4: Legal documents drafted, HMIS operational in more than 80% of facilities in one region	6,750,000
(8) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions	Not applicable	250,000
(9) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 2.08(c) of this Agreement in accordance with Section 4.05 of the General Conditions	Not applicable	
TOTAL AMOUNT		100,000,000

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for purposes of Section 2.05 of the General Conditions, for payments for Program Expenditures made prior to the date of this Agreement;
  - (b) for any DLR under Categories (1) through (7), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved; such evidence to be verified in accordance with the terms of the Verification Protocol; and
  - (c) for any DLR under Categories (1) through (6), until and unless the Borrower provides to the Bank the updated CY 2014 baseline value for each DLI for the Program Area in a manner satisfactory to the Bank.

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw:
  - (i) an amount not to exceed USD 25,000,000 as an advance; provided, however, that if any of the DLRs set forth in the table in Part A.2 of this Section in the opinion of the Bank, is not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance or portion of such advance as determined by the Bank to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Borrower.
3. Notwithstanding the provisions of Part B.1(b) of this Section:
  - (a) if the Bank is satisfied that any DLR has been partially achieved, provided that, at a minimum, the Baseline Value for said DLR has been exceeded, the Bank may authorize the withdrawal of a portion of the amount of the Loan then allocated to said DLR in accordance with the following formula: *Loan amount allocated to the DLR* divided by the *number of percentage points by which the DLR exceeds the Baseline Value* multiplied by the *number of percentage points by which the actual result achieved exceeds the Baseline Value*.
  - (b) if the Bank is not satisfied that any of the DLRs have been achieved by the date by which the said DLR is set to be achieved, or if a DLR has been exceeded, the Bank may, at any time, by notice to the Borrower, decide, in its sole discretion, to:
    - (i) authorize the withdrawal of such amounts to be calculated in accordance with the formula set out in the Section IV.B.3 immediately above up to the maximum amount allocated to the applicable Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR; (ii) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR, or vice versa within the limits of such DLI; and/or (iii) cancel all or a portion of the proceeds of the Loan then allocated to said DLR, if applicable.
4. The Closing Date is December 31, 2019.
5. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Borrower has failed to provide evidence satisfactory to the Bank that the Withdrawn Loan Balance does not exceed the total amount of Program Expenditures paid by the Borrower, exclusive of any such expenditures financed by any other financier or by the Bank or the Association under any other loan, credit or grant, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such excess amount of the Withdrawn Loan Balance. The Bank shall cancel the refunded amount of the Withdrawn Loan Balance.

**SCHEDULE 3**

**Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each January 15 and July 15 Beginning January 15, 2020, through July 15, 2039	2.44%
On January 15, 2040	2.40%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Section I. Definitions

1. “Action Plan” means the Borrower’s plan dated February 25, 2015 and referred to in Section I.C.3 of Schedule 2 to this Agreement, as may be amended from time to time with the written agreement of the Bank.
2. “Action Plan to Reduce Maternal, Neonatal, and Under Five Mortality” means the action plan adopted by the Borrower in September 2012 entitled “*Plan d’action 2012 – 2016 pour accélérer la réduction de la mortalité maternelle et néonatale - Fin du compte à rebours 2015.*”
3. “Anti-Corruption Guidelines” means the Bank’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012.
4. “Baseline Value” or “BV” means the baseline values communicated to the Bank pursuant to Section IV.B.1(c) of Schedule 2 to this Agreement.
5. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. “*Concours qualité*” means the quality competition organized annually between health facilities involving a self-assessment, in which staff at participating health facilities complete standardized questionnaires that measure a range of quality indicators (user satisfaction, care accessibility and availability, rationalized use of resources, security and responsiveness, leadership, community participation, and institutional functionality), as well as an audit by peers.
7. “CSCA” means Community Health Center with Delivery Unit (*Centres de santé avec module d’accouchement*).
8. “CY” means the calendar year starting on January 1 and ending on December 31 of each year.
9. “DHSA” means the hospitals and ambulatory care Division of the MoH (*Direction des Hôpitaux et les Soins Ambulatoires*),
10. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the tables in Section IV.A.2 of Schedule 2 to this Agreement.
11. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV.



12. “DPRF” means the Department of Planning and Financial Resources of the MoH.
13. “ESSP” means primary health care facilities (*Etablissement de soins de santé primaires*).
14. “Formula” means the formula set out in the fourth column of the Table set out in Section IV.A.1 of Schedule 2 to this Agreement.
15. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
16. “GRM” means a grievance redress mechanism with documented and established mechanisms to record, address and monitor complaints.
17. “HMIS” means an information management system for the health sector.
18. “HRH” means human resources management in the health sector.
19. “Implementation Manual” means the manual setting forth the technical, administrative and fiduciary procedures applicable to the Program, to be adopted by the Borrower pursuant to the Action Plan.
20. “IGM” means, the inspection unit within the MoH (*Inspection Générale Ministérielle*).
21. “MoH” means the Borrower’s Ministry of Health, or any successor thereto.
22. “Morocco Medical Waste Regulations” means, collectively, the *Arrêté* for the application of the recommendations of *Décret* No.2-09139 and the *Plan National de gestion des déchets médicaux*, to be adopted by the Borrower.
23. “NCDs” means non-communicable diseases.
24. “Program Area” means the Borrower’s regions of Doukkala-Abda, Gharb-Chrarda-Beni Hssen, Marrakech-Tensift-Al Haouz, Meknès-Tafilalet, Oriental, Souss-Massa-Drâa, Tadla-Azilal, Tanger-Tétouan, and Taza-Al Hoceima-Taounate.
25. “Program Fiduciary, Environmental and Social Systems” means the Borrower’s systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.
26. “USD” means US Dollars.
27. “Verification Protocol” means the verification protocol set out in Section III.C of Schedule 2 to this Agreement and all other measures set forth in the Implementation Manual.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Wherever used throughout the General Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “the Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; and the term “Eligible Expenditures” is modified to read “Program Expenditures”.
2. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the amendments set forth below.
3. Section 2.02, *Special Commitment by the Bank*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
4. In Section 2.02 (originally numbered as Section 2.03), the heading “*Applications for Withdrawal or for Special Commitment*” is replaced with “*Applications for Withdrawal*”, and the phrase “or to request the Bank to enter into a Special Commitment” is deleted.
5. The section originally numbered as Section 2.04, *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Loan in accordance with the provisions of the Legal Agreements;”.
7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: “To that end, if the Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Borrower, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Loan, as required to ensure consistency with such policy of the Bank.”
8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read:

“Notwithstanding any allocation of an amount of the Loan to a withdrawal category under the Loan Agreement, the Bank may, by notice to the Borrower, reallocate any other amount of the Loan to such category if the Bank reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.
9. Section 3.01. (*Front-end Fee*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

  - (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).
  - (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan

Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

10. Section 7.01, *Cancellation by the Borrower*, is modified to read: “The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance.”
11. Paragraph (d) of Section 7.03, *Cancellation by the Bank*, entitled “*Misprocurement*”, is deleted, and subsequent paragraphs are relettered accordingly.
12. Section 7.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Bank*, is deleted in its entirety, and subsequent Sections in Article VII and references to such Sections are renumbered accordingly.
13. In the Appendix, **Definitions**, all references to Section numbers and paragraphs are modified, as necessary, to reflect the modifications set forth above.
14. A new paragraph 19 is inserted with the following definition of “Commitment Charge”, and the remaining paragraphs are renumbered accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”
15. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
16. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
17. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.
18. Renumbered paragraph 88 (originally paragraph 87) of the Appendix, setting forth the definition of “Special Commitment” is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.