

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8609-MA

Loan Agreement

(Integrated Disaster Risk Management and Resilience Program)

between

KINGDOM OF MOROCCO

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated July 26, 2016

LOAN AGREEMENT

AGREEMENT dated July 26, 2016, 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 two hundred million Dollars, (\$200,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 objective of the Program. To this end, the Borrower shall carry out Parts 1 and 2 of the Program through the MoI and Part 3 of the Program through the MoEF, 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 Additional Condition of Effectiveness consists of the following, namely that the Program Operations Manual, in form and substance satisfactory to the Bank, has been adopted by the Borrower.
- 4.02. 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:

Facsimile:

MINFIN

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:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

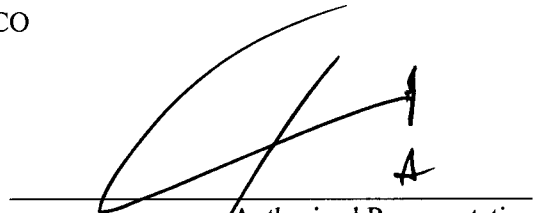
248423(MCI) or
64145(MCI)

1-202-477-6391

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

KINGDOM OF MOROCCO

By



A handwritten signature in black ink, consisting of a large, sweeping loop followed by a vertical stroke and a small flourish, positioned above a horizontal line.


Authorized Representative

Name: Mohammed Boussaid

Title: Minister of Economy and Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



A handwritten signature in black ink, featuring a large, stylized 'M' followed by several loops and a horizontal stroke, positioned above a horizontal line.

Authorized Representative

Name: Marie Françoise Marie-Nelly

Title: Country Director

SCHEDULE 1

Program Description

The objective of the Program is to improve the institutional framework to finance disaster risk reduction activities and strengthen financial resilience to natural disasters for targeted populations in the Program Area.

The Program consists of the following activities:

Part 1: Promoting Institutional Reform and Capacity Building

Strengthening the existing disaster institutional risk management structure through the following: (i) establishment of an improved governance structure for the FLCN, including the establishment of the Steering Committee, the National Selection Commission and the Secretariat; (ii) establishment of a transparent and results focused process for the allocation of FLCN resources for the financing of Eligible Sub-projects, as well as of a monitoring and evaluation system for the Eligible Sub-projects funded by FLCN; (iii) capacity building for improved disaster risk management for line Ministries, local governments, public agencies, and state owned enterprises in the Program Area; and (iv) development of a national integrated disaster risk and resilience management strategy.

Part 2: Scaling up Disaster Risk Reduction Activities

Carrying out of Eligible Sub-projects to be financed by FLCN and relevant Ministries, local governments, and public agencies or state-owned enterprises.

Part 3: Improving Disaster Risk Financing and Insurance

Designing and implementing a national insurance program against catastrophic events for homeowners and businesses, and establishing the FSEC, a dedicated solidarity fund to compensate uninsured households affected by catastrophic events.

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 for Parts 1 and 2 of the Program

Without limitation on the generality of Part A of this Section I, the Borrower shall maintain the following institutional arrangements throughout the implementation of Parts 1 and 2 of the Program and as further set out in the Program Operations Manual and, except as the Bank shall otherwise agree, during the implementation of the Program, 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 Parts 1 and 2 of the Program or the achievement of the objective thereof.

(a) Steering Committee

The Steering Committee shall be responsible for, *inter alia*: (i) setting the strategic direction for FLCN; (ii) defining and reviewing the selection eligibility criteria for the sub-projects to be co-financed by FLCN; (iii) providing a sounding board for line Ministries’ and local governments’ priorities in relation to Eligible Sub-projects; (iv) monitoring and evaluating the results of the Eligible Sub-projects in the Program Area; and (v) overseeing and providing guidance to both the National Selection Commission and the Secretariat. Following its establishment, the Borrower shall maintain throughout the implementation of the Program the Steering Committee with members, staff and resources satisfactory to the Bank.

(b) National Selection Commission

The National Selection Commission shall operate under the guidance of the Steering Committee, and shall manage the transparent selection of Eligible Sub-projects to be co-financed by the FLCN. Following its establishment, the Borrower shall maintain throughout the implementation of the Program the National Selection Commission with members, staff and resources satisfactory to the Bank.

(c) Secretariat

The Secretariat shall support the work of the Steering Committee and the National Selection Commission, and it shall be responsible for the monitoring of day-to-day coordination and the management of the Program, the preparation of the Program Reports, as further set out in the Program Operations Manual. Following its establishment, the Borrower shall maintain throughout the implementation of the Program the Secretariat with staff and resources satisfactory to the Bank.

2. Program Institution for Part 3 of the Program

Without limitation on the generality of Part A of this Section I, the Borrower shall ensure to maintain the following institutional arrangement throughout the implementation of Part 3 of the Program and, except as the Bank shall otherwise agree, during the implementation of the Program, the Borrower shall not amend or waive such arrangement if, in the opinion of the Bank, such amendment or waiver may materially and adversely affect the carrying out of Part 3 of the Program or the achievement of the objective thereof.

FSEC

Following its establishment, the Borrower shall ensure, throughout the implementation of the Program, that the FSEC is maintained in a manner satisfactory to the Bank.

3. Manual

The Borrower shall carry out Parts 1 and 2 of the Program in accordance with the Program Operations 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 Parts 1 and 2 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 ninety (90) 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. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

C. Verification Protocol

- 1. The Borrower shall carry out verification missions at least annually through: (i) the IGAT or independent verification agencies that the Bank has confirmed in writing to be acceptable, for the verification of achievement of DLR 1 through DLR 6 which are set forth in the table in Section IV.A.2 of this Schedule; and (ii) the SAI or independent verification agencies that the Bank has confirmed in writing to be acceptable, for the verification of DLR 7 and DLR 8; and furnish to the Bank not later than sixty (60) calendar days after the verification of compliance of said DLRs, reports 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 verifications will be based on a review of the documentation available at the MoI and the MoEF, as well as during on-site verification missions if any.

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:

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated to the DLR (expressed in USD)	Amount of the Loan Allocated to the DLI (expressed in USD)
<p>(1) DLI #1: The FLCN strategic orientation and governance structure are redesigned with a focus on disaster risk reduction</p>	<p>DLR#1.1(a): Preparation of: (i) draft provisions to be included in the Borrower's 2017 budget law, regarding the establishment of the Steering Committee, and the inclusion of local governments (<i>collectivités territoriales</i>) among the beneficiaries of FLCN financing; and (ii) draft circulars (<i>Circulaires</i>) to be issued by the MoI regarding the establishment of the National Selection Commission and the Secretariat.</p> <p>DLR#1.1(b): The Minister of Interior has decided on the annual allocation from the FLCN for the financing of Eligible Sub-projects (in CY 16)</p>	<p>DLR#1.1(a): 8,000,000</p> <p>DLR#1.1(b): 7,000,000</p>	<p>35,000,000</p>
	<p>DLR#1.2(a): (i) the Borrower's 2017 budget law includes provisions regarding the establishment of the Steering Committee, and the inclusion of local governments (<i>collectivités territoriales</i>) among the beneficiaries of FLCN financing; and (ii) circulars (<i>Circulaires</i>) regarding the establishment of the National Selection Commission and the</p>	<p>DLR#1.2(a): 7,000,000</p>	

	<p>Secretariat have been issued by the MoI.</p> <p>DLR#1.2(b):</p> <p>An interactive FLCN website that provides public access to information, handles grievances, and reports on the M&E system, has been created.</p> <p>(in CY17)</p>	<p>DLR#1.2(b): 7,000,000</p>	
	<p>DLR#1.3:</p> <p>The Steering Committee, the National Selection Commission, the Secretariat and the FLCN webpage are maintained.(in CY18)</p>	<p>DLR#1.3: 0</p>	
	<p>DLR#1.4:</p> <p>The Steering Committee, the National Selection Commission, the Secretariat and the FLCN webpage are maintained.</p> <p>A national integrated natural disaster risk management strategy is prepared by the Steering Committee.</p>	<p>DLR#1.4: 3,000,000</p>	
	<p>DLR#1.5:</p> <p>The Steering Committee, the National Selection Commission, the Secretariat and the FLCN webpage are maintained.</p> <p>A national integrated natural disaster risk management strategy is adopted by the Steering Committee.</p>	<p>DLR#1.5: 3,000,000</p>	

(2) DLI #2: Cumulative amount of FLCN funds allocated to Eligible Sub-projects	DLR#2.1: 170 million MAD in CY16	DLR#2.1: 5,000,000	25,000,000
	DLR#2.2: 340 million MAD in CY17	DLR#2.2: 5,000,000	
	DLR#2.3: 510 million MAD in CY18	DLR#2.3: 5,000,000	
	DLR#2.4: 680 million MAD in CY19	DLR#2.4: 5,000,000	
	DLR#2.5: 850 million MAD in CY20	DLR#2.5: 5,000,000	
(3) DLI #3 Minimum percentage of FLCN funds allocated to Eligible Non-Structural Sub-projects	DLR#3.1: N/A in CY16	DLR#3.1: 0	8,000,000
	DLR#3.2: 10% in CY17	DLR#3.2: 2,000,000	
	DLR#3.3: 10% in CY18	DLR#3.3: 2,000,000	
	DLR#3.4: 10% in CY19	DLR#3.4: 2,000,000	
	DLR#3.5: 10% in CY20	DLR#3.5: 2,000,000	
(4) DLI #4 Minimum percentage of total funding of Eligible Sub-projects provided by the entities responsible for implementation and their partners	DLR#4.1: N/A in CY16	DLR#4.1: 0	22,000,000
	DLR#4.2: 35% in CY17	DLR#4.2: 8,000,000	
	DLR#4.3: 40% in CY18	DLR#4.3: 8,000,000	
	DLR#4.4: 45% in CY19	DLR#4.4: 3,000,000	
	DLR#4.5: 50% in CY20	DLR#4.5: 3,000,000	
(5) DLI#5 Cumulative value of total funding of completed Eligible Sub-projects achieving disaster risk reduction targets	DLR#5.1: N/A in CY16	DLR#5.1: 0	40,000,000
	DLR#5.2: N/A in CY17	DLR#5.2: 0	
	DLR#5.3: 100 million MAD in CY18	DLR#5.3: 6,666,667	
	DLR#5.4: 350 million MAD in CY19	DLR#5.4: 16,666,667	
	DLR#5.5: 600 million MAD in CY20	DLR#5.5: 16,666,666	
(6) DLI#6 Minimum percentage of entities responsible for the implementation of Eligible Sub-projects having received technical	DLR#6.1: N/A in CY16	DLR#6.1: 0	10,000,000
	DLR#6.2: 50% in CY17	DLR#6.2: 4,000,000	
	DLR#6.3: 50% in CY18	DLR#6.3: 2,000,000	
	DLR#6.4: 50% in CY19	DLR#6.4: 2,000,000	
	DLR#6.5: 50% in CY20	DLR#6.5: 2,000,000	

assistance and/or training			
(7) DLI#7 Adoption of the catastrophic risk insurance legislative and regulatory framework and minimum number of people in the Program Area insured for bodily injuries against catastrophic events	<p>DLR#7.1:</p> <p>The draft catastrophic risk insurance law is transmitted by the General Secretary of the Government (<i>Secrétariat Général du Gouvernement</i>) to the relevant Ministries, and is adopted by the Government Cabinet (<i>Conseil du Gouvernement</i>)</p>	DLR#7.1: 14,500,000	34,500,000
	<p>DLR#7.2:</p> <p>The draft catastrophic risk insurance law is transmitted to the Parliament, and the implementation legal documents referred to in Article 71 of the draft catastrophic risk insurance law and providing for the effectiveness of the insurance scheme, are prepared by the MoEF and ACAPS</p>	DLR#7.2: 7,000,000	
	<p>DLR#7.3:</p> <p>The implementation legal documents referred to in Article 71 of the draft catastrophic risk insurance law and providing for the effectiveness of the insurance scheme, are adopted by the Government</p>	DLR#7.3: 5,000,000	
	DLR#7.4: 5.85 million	DLR#7.4: 8,000,000	
	DLR#7.5: 5.85 million	DLR#7.5: 0	

(8) DLI#8 Establishment and operationalization of the FSEC to protect the uninsured	DLR#8.1: N/A	DLR#8.1: 0	25,000,000
	DLR#8.2: The implementation legal documents referred to in Article 71 of the draft catastrophic risk insurance law regarding the establishment of the FSEC are prepared by the MoEF and ACAPS	DLR#8.2: 9,000,000	
	DLR#8.3: The implementation legal documents referred to in Article 71 of the draft catastrophic risk insurance law regarding the establishment of the FSEC are adopted by the Government	DLR#8.3: 8,000,000	
	DLR#8.4: FSEC received initial financial contributions as per the provisions of the catastrophic risk insurance law	DLR#8.4: 8,000,000	
(9) 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		500,000
(10) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 2.08(c) of this Agreement in	Not applicable		0

accordance with Section 4.05 of the General Conditions			
TOTAL AMOUNT			200,000,000

For the purposes of Category (3), “Eligible Non-Structural Sub-projects” means Eligible Sub-projects which shall not involve physical constructions (except for some types of early warning systems), as well as Eligible Sub-projects which shall involve small-scale physical construction and whose total costs shall not exceed the amount specified in the Program Operations Manual.

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, except that withdrawals up to an aggregate amount not to exceed USD 50,000,000 may be made for such payments made prior to this date but on or after January 1, 2015; and
 - (b) for any DLR under Categories (1) through (8), until and unless the Borrower has furnished evidence satisfactory to the Bank establishing that said DLR has been achieved; such evidence to be verified in accordance with the terms of the Verification Protocol.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw: (i) an amount not to exceed USD 50,000,000 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) Subject to the provisions of Part B.3(b) of this Section, if the Bank is satisfied that any DLR for DLI #2 and DLI# 5, has been partially achieved, provided that, with respect to DLI#2, at a minimum, for each CY, an amount of 100,000,000 MAD has been allocated by the FLCN to Eligible Sub-projects, the Bank may authorize the withdrawal of a portion of the amount of the unwithdrawn proceeds of the Loan then allocated to said DLR in accordance with the following formula:

Loan amount allocated to the DLI divided by the DLI end-line value for CY20 multiplied by the number by which the actual result achieved for a given CY exceeds the results achieved for the previous CY.
 - (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(a) immediately above up to the maximum unwithdrawn proceeds of the Loan then 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, 2021.
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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each January 15 and July 15 Beginning July 15, 2021 through January 15, 2041	2.50%

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. "ACAPS" means *Autorité de Contrôle des Assurances et de la Prévoyance Sociale*, the Borrower's insurance and social welfare supervisory authority.
2. "Action Plan" means the Borrower's plan dated March 10, 2016, and referred to in Section I.C.4 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Bank.
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, and revised July 10, 2015.
4. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. "CY" means the calendar year starting on January 1 and ending on December 31 of each year.
6. "Disbursement Linked Indicator" or "DLI" means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. "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.
8. "Eligible Sub-projects" means sub-projects, to be carried out in the Program Area, initiated by line Ministries, local governments, public agencies or state-owned enterprises, consisting of structural and non-structural activities for disaster risk reduction, determined eligible by the Steering Committee on recommendation from the National Selection Commission and to be co-financed by the FLCN, all in accordance with the Selection Criteria.
9. "FLCN" means *Fonds de Lutte Contre les Effets des Catastrophes Naturelles*, the Borrower's fund for the fight against natural disasters established pursuant the 2009 Budget Law (Law No. 40-08).
10. "FSEC" means *Fonds de Solidarité contre les Evènements Catastrophiques*, the Borrower's solidarity fund against catastrophic events.
11. "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.
12. "IGAT" means *Inspection Générale de l'Administration Territoriale*, the inspection unit within the MoI.
13. "MAD" means Moroccan Dirham, the lawful currency of the Borrower.

14. “M&E” means monitoring and evaluation.
15. “MoEF” means the Borrower’s Ministry of Economy and Finance, or any successor thereto.
16. “MoI” means the Borrower’s Ministry of Interior, or any successor thereto.
17. “National Selection Commission” means the national commission for the selection of Eligible Sub-projects, to be established by the Borrower in a manner satisfactory to the Bank.
18. “Program Area” means the regions of Tanger-Tétouan-Al Hoceima, l’Oriental, Fès-Meknès, Rabat-Salé-Kénitra, Béni-Mellal-Khénifra, Casablanca-Settat, Marrakech-Safî, Draâ-Tafilalet, and Souss-Massa, and the provinces of Guelmin, Tan-Tan and Sidi-Ifni of the Borrower.
19. “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.
20. “Program Operations Manual” means the manual setting forth the technical, administrative, environmental, social and fiduciary procedures applicable to Parts 1 and 2 of the Program, to be adopted by the Borrower pursuant to Section 4.01 of this Agreement.
21. “SAI” means *Service de l’Audit Interne*, the internal audit service of the Directorate of Treasury and External Finances at the MoEF.
22. “Secretariat” means the secretariat to be established by the Borrower at the MoI for Parts 1 and 2 of the Program, in a manner satisfactory to the Bank.
23. “Selection Criteria” means with the criteria and arrangements set forth in the Program Operations Manual for the selection of Eligible Sub-projects.
24. “Steering Committee” means the steering committee for the Parts 1 and 2 of the Program to be established by the Borrower in a manner satisfactory to the Bank.
25. “Verification Protocol” means the verification protocol referenced in Section III.C of Schedule 2 to this Agreement, as set out in terms of reference satisfactory to the Bank.

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.