

OFFICIAL DOCUMENTS

LOAN NUMBER 8815-MA

Loan Agreement

(Strengthening Agri-food Value Chains Program)

between

KINGDOM OF MOROCCO

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN NUMBER 8815-MA

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 the amount of two hundred million Dollars, (\$200,000,000), as such amount may be converted from time to time through a Currency Conversion ("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 is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread; or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the objective of the Program. To this end, the Borrower, through its Ministry of Agriculture, Marine Fisheries, Rural Development, and Water and Forests (MAPMDREF) shall carry out the Program in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

- 5.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

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

- (b) the Borrower's Electronic Address is:

Cable:	Facsimile:
MINFIN	212-537-76-40-81

- 5.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

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

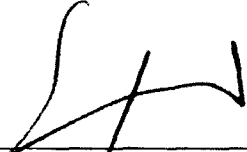
- (b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

KINGDOM OF MOROCCO

By



Authorized Representative

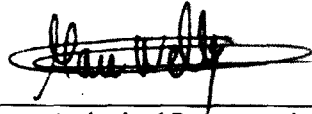
Name: Mohamed BOUSSAID

Title: Ministre de l'Economie et des Finances

Date: December 21st, 2017

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Marie Françoise MARIE-NELLY

Title: Directrice des Opérations

Date: December 21st, 2017

SCHEDULE I

Program Description

The objective of the Program is to increase the volume of added-value products commercialized in Selected Agri-food Value Chains in the Program Area.

The Program consists of the following activities:

Part I. Increasing Market Efficiency and Integration

Provision of support for the following activities:

- (a) strengthening the Borrower's *Interprofessions* through the preparation and implementation of their respective business plans, including the preparation and execution of pertinent intra-branch agreements (*Accords Interprofessionnels*);
- (b) supporting the integration of small and medium producers in Selected Agri-food Value Chains and markets through the following activities, including: (i) the revision of the Borrower's Law No. 04-12 on Agricultural Aggregation dated July 17, 2012 to allow for direct sales of fruit and vegetables from aggregation investments to supermarkets and other modern commercialization platforms; (ii) incentives for investments in value-addition and aggregation in the Selected Agri-food Value Chains under the FDA's universal support system; and (iii) the piloting of a new support mechanism to support small and medium producers interested in entering into commercial partnerships with buyers, in Selected-Agri-food Value Chains;
- (c) modernizing the management of wholesale markets, through, *inter alia*, the construction and operationalization of a new wholesale market; and
- (d) improving access to information through, *inter alia*: (i) the modernization of the existing Asaar market information platform; (ii) the strengthening of the Borrower's relevant market price analysis unit(s), and (iii) the development of new ICT tools to increase producers and enterprises' access to information.

Part 2. Improved Added-value of Agri-food Products

Provision of support for the following activities:

- (a) Improving food safety through, *inter alia*: (i) the carrying out of a census of agri-food enterprises and the provision of advisory services to private operators regarding compliance with food safety requirements and ONSSA's approval/authorization criteria and processes; (ii) the strengthening of the capacity of ONSSA to carry out its mandate through the carrying out of the activities described in the POM; (iii) the carrying out of awareness campaigns to inform consumers about food safety; (iv) the establishment of an input register for citrus in the Souss region; and (v) the implementation of the Borrower's Mediterranean fruit fly control program through, *inter alia*, the creation of a new facility for the

production of sterile *ceratite* males and the expansion of the areas covered by releases of sterile males;

- (b) promoting quality standards and certification systems through: (i) the provision of technical support to, *inter alia*: (A) certify new products under Distinctive Signs of Origin and Quality ("SDOQ") schemes; (B) assist producers to adopt good practices required to obtain organic certification; and (C) strengthen the capacity of producers of organic and SDOQ-certified products to implement good hygiene practices and value adding techniques; (ii) the establishment of FDA financial support to producers for the certification cost of organic and SDOQ products; and (iii) the carrying out of awareness campaigns to raise the knowledge among producers and consumers of quality standards and organic and SDOQ products certification systems, including olive oil;
- (c) strengthening business development and technical support services for the agri-food sector, through, *inter alia*, the carrying out of the design, establishment and operation of agri-food innovation centers, including the provision of technical and business development advisory services and training;
- (d) financing innovation through the establishment and financing of a competitive innovation grant mechanism in support of innovation by producers and enterprises in the agri-food sector; and
- (e) strengthening the capacity of the Borrower's relevant entities for the implementation, monitoring and evaluation of the Program, including by enhancing the Borrower's existing monitoring and evaluation system(s).

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

- i. The Borrower shall be responsible for the overall implementation, monitoring and evaluation of the Program. To this end, the Borrower, through MAPMDREF, shall:
 - (a) maintain, throughout Program implementation, a Steering Committee, composed of representatives of the entities and institutions participating in the implementation, monitoring and evaluation of the Program, responsible for strategic oversight and guidance under the Program, all under terms and conditions acceptable to the Bank and described in the POM; and
 - (b) maintain, through Program implementation, a Program Management Unit ("PMU"), responsible for the monitoring of day-to-day implementation of the Program, including the preparation of the Program's annual progress reports, preparation of pertinent financial statements, and staffed with adequate professional, fiduciary, administrative and technical personnel (including a social and environmental specialist), with qualifications, experience and terms of employment acceptable to the Bank, all as described in the POM.

B. Other Program Implementation Arrangements

1. Prior to the carrying out of any activity under Part I (c) of the Program (including any related DLRs), the Borrower shall, together with the relevant Borrower's national and subnational authorities, including *Rabat Région Aménagement*, enter into a *Convention de Partenariat* under terms and conditions set forth in the POM, including the Borrower's obligation to ensure that *Rabat Région Aménagement*: (a) assists the Borrower in the implementation of the activities under Part I(c) of the Program which fall within its administrative jurisdiction, including the construction works and oversight of the wholesale market ; and (b) complies with the pertinent provisions of the POM (including the pertinent actions under the Program Action Plan and the Anti-corruption Guidelines).
2. The Borrower shall exercise its rights and carry out its obligations under the *Convention de Partenariat* in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
3. In case of any conflict between the provisions of the *Convention de Partenariat* or those of this Agreement, the provisions of this Agreement shall prevail.

Program Operational Manual

4. The Borrower shall carry out the Program in accordance with the Program Operational Manual ("POM"). Except as the Bank shall otherwise agree, the Borrower shall not amend

or waive any provision of the POM. In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

Program Action Plan

5. The Borrower shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in said Program Action Plan and in a manner acceptable 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 \$75,000,000 equivalent or more per contract; (2) goods, estimated to cost \$50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$50,000,000 equivalent or more per contract; or (4) consultants' services, estimated to cost \$20,000,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

- A. The Borrower shall furnish to the Bank each Program Report not later than ninety (90) days after the end of each calendar year, covering the previous calendar year.

Verification Protocol

- B. The Borrower shall carry out verification missions at least annually, in accordance with terms of reference set forth in the POM, through the IGA for the verification of achievement of DLR#1 through DLR#8 which are set forth in the table in Section IV.A.2 of this Schedule, and furnish to the Bank not later than sixty (60) 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.
- C. Such annual verifications will be based on a review of the documentation available at the MAPMDREF and during on-site verification missions.

Section IV. Withdrawal of Loan Proceeds

A. General

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) pay the Front-end Fee; (b) pay each Interest Rate Cap or Interest Rate Collar premium; and (c) finance 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 (expressed in USD)
(1) DLI #1: Number of <i>Interprofessions</i> with business plans approved and intra-branch agreements (<i>Accords Interprofessionnels</i>) adopted to ensure sustainability	DLR#1: Number of <i>Interprofessions</i> with: (a) their business plans approved by their respective board; and (b) <i>Accords Interprofessionnels</i> adopted by all members integrating an <i>Interprofession</i> under terms and conditions acceptable to the Bank, from a baseline of 0.	10,000,000 Formula: for each <i>Interprofession's</i> business plan duly approved and related <i>Accords Interprofessionnels</i> duly adopted, USD 5,000,000 may be made available for withdrawal by the Borrower, up to USD 10,000,000.
(2) DLI #2: Amended Law No. 4-12 on Agricultural Aggregation dated 2012 is under implementation	DLR#2.1: Adoption by the Borrower's Council of Government (<i>Conseil du Gouvernement</i>) of the draft amendment to Law No. 4-12 on Agricultural Aggregation dated 2012, under terms and conditions described in the POM DLR#2.2: Amendment to Law No. 4-12 on Agricultural Aggregation dated 2012, under terms and conditions described in the POM has been published in the <i>Bulletin Officiel</i> DLR#2.3: Borrower's decree and pertinent <i>arrêté</i>	DLR#2.1: 2,000,000 DLR#2.2: 5,000,000 DLR#2.3: 3,000,000

	implementing Law No. 4-12 on Agricultural Aggregation dated 2012, as amended pursuant to DLR#2.2, have been published in the <i>Bulletin Officiel</i>	
(3) DLI#3: Number of new/upgraded units for conditioning, cold storage and/or processing in Selected Agri-food Value Chains are under operation	DLR#3: Number of new/upgraded units for conditioning, cold storage and/or processing in Selected Agri-food Value Chains that have received FDA incentives to operate, from a baseline of 0	DLR#3: 70,000,000 Formula: for each new/upgraded unit for conditioning, cold storage and/or processing in Selected Agri-food Value Chains receiving FDA incentives to operate, USD 1,000,000 may be made available for withdrawal by the Borrower, up to USD 70,000,000, with a minimum threshold of five (5) new/upgraded units having received FDA incentives.
(4) DLI#4: At least one wholesale market is operating and applying the new management model as defined in the POM	DLR#4.1: The <i>Société de Développement Locale/Régionale</i> (SDL/SDR) responsible of the management of the wholesale market has been duly established and registered DLR#4.2: Following the establishment and registration of the SDL/SDR referred to in DLR#4.1, the wholesale market has been constructed and is fully equipped, as described in the POM. DLR#4.3: Following the construction and full equipment of the whole sale market referred to in DLR#4.2, the new wholesale market is fully operational	DLR#4.1: 10,000,000 DLR#4.2: 12,500,000 DLR#4.3: 12,000,000

	pursuant to the terms and conditions established in the POM.	
(5) DLI#5: Number of Small and/or Medium Size Agri-food Enterprises authorized by ONSSA	DLR#5 Number of Small and/or Medium Size Agri-food Enterprises authorized by ONSSA and integrated into ONSSA's official registry, from a baseline of 5,000 Small and/or Medium Size Agri-food Enterprises in CY 2016	DLR#5: 30,000,000 Formula: for each additional Small and/or Medium Size Agri-food Enterprise authorized by ONSSA and integrated into ONSSA's official registry during a CY, starting CY 2017, USD 30,000 may be made available for withdrawal by the Borrower, up to USD 30,000,000, with a minimum threshold of: (a) one hundred (100) Small and/or Medium Size Agri-food Enterprises for the first Borrower's withdrawal application request; and (b) additional fifty (50) Small and/or Medium Size Agri-food Enterprises for each subsequent Borrower's withdrawal application request.
(6) DLI#6: The Borrower's center for the production of sterile <i>ceratitis</i> male providing farm treatment services to citrus producers	DLR#6.1: The agreement between the Borrower and IAEA has been duly signed for the provision of equipment and relevant training for the Borrower's center for the production of sterile <i>ceratitis</i> male, under terms and conditions set forth in the POM DLR#6.2: The Borrower's center for the production of sterile <i>ceratitis</i> male has been constructed/rehabilitated and fully equipped, and has launched its activities, as described in the POM.	DLR#6.1: 5,000,000 DLR#6.2: 10,000,000

<p>(7) DLI#7: Number of small and/or medium size producers and/or enterprises assisted by the CIAs</p>	<p>DLR#7.1: Two (2) CIAs have been constructed/rehabilitated and fully equipped, and are operational, as described in the POM.</p> <p>DLR#7.2: Number of small and/or medium size producers and/or enterprises (as defined in the POM) with value-addition projects having benefited from at least one of the following services offered by the CIA(s): technical support, management support, knowledge and market access support, training, incubation support and networking, as described in the POM, from a baseline of 0.</p>	<p>DLR#7.1: 5,000,000</p> <p>Formula: for each CIA that has been constructed/rehabilitated and fully equipped, and is operational, USD 2,500,000 may be made available for withdrawal by the Borrower, up to USD 5,000,000.</p> <p>DLR#7.2: 15,000,000</p> <p>Formula: For each additional small and/or medium size producer and/or enterprise (as defined in the POM) with value-addition projects having benefited from at least one of the services offered by the CIA(s), USD 300,000 may be made available for withdrawal by the Borrower, up to USD 15,000,000, with a minimum threshold of ten (10) small and/or medium size producers and/or enterprises with value-addition projects having benefited from at least one of these services</p>
<p>(8) DLI#8: Establishment of an integrated financial management system to improve Program management</p>	<p>DLR#8.1: The integrated financial and management system in MAPMDREF has been designed, under terms and conditions described in the POM.</p> <p>DLR#8.2: the integrated financial and management system in MAPMDREF is fully operational.</p>	<p>DLR#8.1: 3,000,000</p> <p>DLR#8.2: 7,000,000</p>
<p>(9) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions</p>	<p>Not applicable</p>	<p>500,000</p>
<p>(10) Interest Rate Cap or Interest Rate Collar premium to be paid</p>	<p>Not applicable</p>	<p>0</p>

pursuant to Section 4.05 (c) of the General Conditions		
TOTAL AMOUNT		200,000,000

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 2.03 of the General Conditions, for DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$50,000,000 may be made for such DLRs achieved prior to this date but on or after November 22, 2016;
 - (b) for any DLR under Category (1), (2), (3), (5), (6), (7) or (8), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved; and
 - (c) for any DLR under Category (4), until and unless: (i) the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved; and (ii) the *Convention de Partenariat* has been duly signed by all parties under terms and conditions described in the POM.
 2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw an amount not to exceed \$ 50,000,000 as an advance; provided, however, that if the DLRs in the opinion of the Bank, are not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance 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, if any of the DLRs under Category (1) through (8) have not been achieved, the Bank may, at any time, by notice to the Borrower, decide, in its sole discretion, to: (a) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; or (b) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.
- D. The Closing Date is September 30, 2023.

SCHEDULE 3

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").

Level Principal Repayments

Principal Payment Date	Installment Share
On each February 15 and August 15 Beginning February 15, 2023 through February 15, 2042	2.51%
On August 15, 2042	2.11%

APPENDIX

Section I. Definitions

1. "Anti-corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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.
2. "*Bulletin Officiel*" means the Borrower's Official Gazette.
3. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
4. "CIA" means a *centre d'innovation agro-alimentaire*, an agri-food innovation center.
5. "*Convention de Partenariat*" means *Convention de Partenariat pour la Création d'une Plateforme pour la Commercialization des Produits Agricoles et Alimentaires*, the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement for the implementation of Part 1(c) of the Program.
6. "CY" means a Borrower's calendar year.
7. "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.
8. "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.
9. "FDA" means *Fond de Développement Agricole*, the Borrower's Agricultural Development Fund.
10. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing", dated July 14, 2017.
11. "IAEA" means the International Atomic Energy Agency.
12. "ICT" means Information and Communication Technologies.
13. "IGA" means *Inspection Générale de l'Agriculture*, the Borrower's General Inspectorate of Agriculture, or any other independent verification agency acceptable to the Bank.

14. "Interprofessions" means the Borrower's *Maroc Citrus* and *Interprolive*, or any of the Borrower's other agricultural and/or fisheries interprofessional organizations, as agreed by the Borrower and the Bank and listed in the POM.
15. "Ministry of Agriculture, Marine Fisheries, Rural Development, and Water and Forests" or "MAPMDREF" means the Borrower's *Ministère de l'Agriculture, de la Pêche Maritime, du Développement Rural, et des Eaux et Forêts*, or any successor thereto.
16. "ONSSA" means the Borrower's *Office National de Sécurité Sanitaire des Produits Alimentaires*, or any successor thereto.
17. "Program Action Plan" means the Borrower's plan dated November 17, 2017 and referred to in Section I.B.5 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Bank.
18. "Program Area" means the Borrower's regions of Béni Mellal-Khénifra, Casablanca-Settat, Drâa-Tafilalet, Fès-Meknès, Marrakech-Safi, Oriental, Rabat-Salé-Kénitra, Souss-Massa and Tanger-Tétouan-Al Hoceïma.
19. "Program Management Unit" or "PMU" means the unit referred to in Section I.A.1(b) of Schedule 2 to this Agreement, established pursuant to MAPMDREF's Decision No. 599, dated November 10, 2017.
20. "Program Operational Manual" or "POM" means the manual referred to in Section I.B.4 of Schedule 2 to this Agreement setting forth the technical, administrative, environmental, social and fiduciary procedures applicable to the Program.
21. "*Rabat Région Aménagement*" means a Borrower's state-owned company established pursuant to Borrower's Decree No.2-14-565, dated August 1, 2014, or any other entity as agreed between the Borrower and the Bank.
22. "Selected Agri-food Value Chains" means the agri-food value chains of the olive and citrus sub-sectors, or any other sub-sector as agreed by the Borrower and the Bank and described in the POM.
23. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
24. "Small and/or Medium Size Agri-food Enterprise" means any small and/or medium size agri-food enterprise registered in the Borrower's territory, including agri-food cooperatives and *Groupements d'Intérêt Économique*, as defined in the POM.
25. "Steering Committee" means *Comité de Pilotage*, the committee referred to in Section I.A.1 (a) of Schedule 2 to this Agreement, established pursuant to the MAPMDREF's Decision No. 598, dated November 10, 2017.