

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8560-MA

Loan Agreement

(Urban Transport Program)

between

KINGDOM OF MOROCCO

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated December 21 , 2015

LOAN NUMBER 8560-MA

LOAN AGREEMENT

AGREEMENT dated December 21, 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 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 the Program through the MoI 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:

MINFIN

Facsimile:

212-537-67-75-32

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)

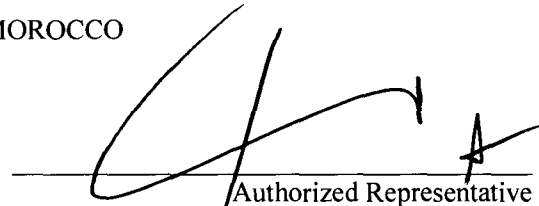
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AGREED at Rabat, Morocco, as of the day and year first above written.

KINGDOM OF MOROCCO

By



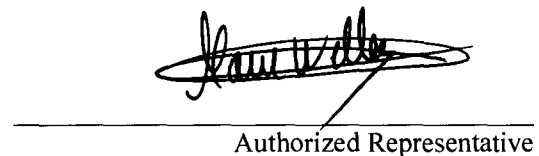
Authorized Representative

Name: Mohamed Boussaid

Title: Minister of Economy and Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Marie Françoise Marie-Nelly

Title: Country Director

SCHEDULE 1

Program Description

The objective of the Program is to strengthen the capacity of urban transport institutions to plan, implement and monitor infrastructure and services, and to improve the level of service of urban transport on targeted corridors in the Program Area.

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

Part 1: Strengthening central capacity to plan and monitor urban transport

1. Strengthening the central monitoring and evaluation system for the urban transport sector.
2. Strengthening the Urban Transport Fund (FART) by supporting, *inter alia*, the applicable decision making framework and the financing of urban transport projects.

Part 2: Strengthening local capacity to plan, implement, and monitor urban transport

1. Strengthening local capacity to coordinate initiatives at the urban agglomeration level through the creation of associations of agglomerations or similar institutional arrangements.
2. Strengthening local technical capacity and resources to plan urban transport activities, through: (i) the preparation of urban mobility planning documents using a structured process and a participatory approach; and (ii) the carrying out of sector-specific capacity building programs.
3. Strengthening local capacity to implement and monitor urban transport infrastructure and systems via municipally-owned enterprises.

Part 3: Improving the level of service of urban transport on targeted corridors

Carrying out of a program of Eligible Sub-projects in Participating Cities for the financing of urban transport corridors to improve the level of service of urban transport for users.

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 Program Operations 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.

DDUT

The DDUT shall be responsible for the monitoring of day-to-day implementation of the Program, the preparation of the Program’s annual progress reports, and consolidation of financial statements, as further set out in the Program Operations Manual. The Borrower shall maintain throughout the implementation of the Program the DDUT with staff and resources satisfactory to the Bank.

2. Manual

The Borrower shall adopt the Program Operations Manual and carry out 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 the Program or the achievement of the objective thereof.

3. 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 forty-five (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. 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, in accordance with terms of reference satisfactory to the Bank, through the IGAT or independent verification agencies the Bank has confirmed in writing to be acceptable, that, for the verification of achievement of DLRs 1 through DLR 7 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.
2. Such annual verifications will be based on a review of the documentation available at the MoI, at the municipal level and during on-site verification missions.

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) repay the Preparation Advance; (b) pay the Front-end Fee; (c) pay each Interest Rate Cap or Interest Rate Collar premium; and (d) 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 (expressed in USD)
(1) DLI #1: Strengthened monitoring and evaluation (M&E) system for the urban transport sector	DLR#1.1: Sector-wide M&E needs have been identified, and a strengthened central computer- based M&E system has been designed (in CY16)	4,500,000
	DLR#1.2: Strengthened M&E system has been installed as per specified requirements, and tested in at least 3 cities (in CY17)	5,000,000
	DLR#1.3: Strengthened M&E system has been implemented in at least 3 additional cities, review of the system has been carried out, and required changes and future needs have been identified (in CY18)	10,000,000
	DLR#1.4: Revised M&E system has been implemented in at least 3 additional cities (in CY19)	5,000,000
(2) DLI #2: Strengthened Urban Transport Fund	DLR#2.1: The Urban Transport Fund's institutional and financial arrangements are in place (in CY16)	10,000,000
	DLR#2.2: The Urban Transport Fund has started to assume its intended functions (in CY17)	15,000,000
	DLR#2.3: The Urban Transport Fund has continued to assume its intended functions (in CY18)	5,000,000
	DLR#2.4: The Urban Transport Fund has continued to assume its intended functions (in CY19)	5,000,000
(3) DLI #3: Number of operational Associations of Urban Agglomerations	DLR#1.1: 1 in CY16	8,340,000
	DLR#1.2: 2 in CY17	8,330,000
	DLR#1.3: 3 in CY18	8,330,000

	DLR#1.4: 3 in CY19	0.00
(4) DLI #4: Number of urban mobility master plans prepared using a structured process and a participatory approach	DLR#1.1: 5 in CY16	15,000,000
	DLR#1.2: 6 in CY17	7,500,000
	DLR#1.3: 6 in CY18	0.00
	DLR#1.4: 7 in CY19	7,500,000
(5) DLI #5: Number of operational municipally-owned urban transport enterprises	DLR#1.1: 2 in CY16	0.00
	DLR#1.2: 3 in CY17	12,500,000
	DLR#1.3: 4 in CY18	12,500,000
	DLR#1.4: 4 in CY19	0.00
(6) DLI #6: Percentage of Priority Program of Corridors completed and open to traffic	DLR#1.1: 0 in CY16	0.00
	DLR#1.2: 10 in CY17	10,000,000
	DLR#1.3: 20 in CY18	10,000,000
	DLR#1.4: 30 in CY19	10,000,000
(7) DLI #7: Percentage of corridors in the Priority Program of Corridors supported under the Program that meet their Objective in Reduction of Urban Transport Journey Time	DLR#1.1: 0 in CY16	0.00
	DLR#1.2: 30 in CY17	10,000,000
	DLR#1.3: 60 in CY18	10,000,000
	DLR#1.4: 90 in CY19	10,000,000
(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	500,000

(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		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 2.05 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 June 24, 2014; and
 - (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.

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 (other than for DLI#1 and DLI #2) 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 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 number (or percentage points for DLI#6 and DLI#7) by which the DLI end-line value for CY19 exceeds the Baseline Value multiplied by the number (or percentage points for DLI#6 and DLI#7) by which the actual result achieved exceeds the results achieved in the previous year.

- (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 (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR, if applicable.
- 4. The Closing Date is June 30, 2020.
- 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 January 15, 2021 through July 15, 2040	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 subparagraph 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 October 23, 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 agreement of the Bank.
2. “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.
3. “Associations of Urban Agglomerations” means the *Etablissements de Coopération Intercommunale*, institutional arrangements for inter-municipal cooperation as introduced in 2008 and governed by Law No.113.14 (*loi organique relative aux communes*), or any other similar arrangement satisfactory to the Bank.
4. “Baseline Value” means, for the purpose of Section IV.B.3 of Schedule 2 to this Agreement, the following baseline results as measured against the DLI for each DLR: (i) ‘Current M&E system is paper-based and limited in scope and depth’ for DLI #1; (ii) ‘The Urban Transport Fund’s institutional and financial arrangements are not yet fully in place’ for DLI #2; (iii) 0 for DLI #3; (iv) 3 for DLI #4; (v) 2 for DLI #5; (vi) 0 for DLI #6; and (vii) 0 for DLI #7.
5. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. “CY” means the calendar year starting on January 1 and ending on December 31 of each year.
7. “DDUT” means *Division des Déplacements Urbains et des Transports*, the Division of Urban Mobility and Transport within DGCL at Mol, or any successor thereto satisfactory to the Bank.
8. “DGCL” means the *Direction Générale des Collectivités Locales*, the General Directorate of Local Governments within Mol.
9. “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.
10. “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. All quantitative DLRs are cumulative.

11. “Eligible Sub-projects” means sub-projects identified in the Priority Programs of Corridors determined eligible in accordance with the criteria set forth in the Program Operations Manual.
12. “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.
13. “IGAT” means *Inspection Générale de l’Administration Territoriale*, the inspection unit within the MoI.
14. “MoI” means the Borrower’s Ministry of Interior, or any successor thereto.
15. “Objective in Reduction of Urban Transport Journey Time” means the objectives in reduction of urban transport journey time set out in the study underlying the Priority Programs of Corridors in a manner satisfactory to the Bank and the Borrower.
16. “Participating Cities” means the cities of more than 100,000 inhabitants determined eligible in accordance with the criteria set forth in the Program Operations Manual.
17. “Priority Programs of Corridors” means the specific program of subprojects of urban transport corridors to be supported by Urban Transport Fund Committee and adopted by the Borrower, which includes a minimum of cumulative length of 20 km of urban transport corridors.
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 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 the Program and the technical standards for the implementation of the transport corridors, to be adopted by the Borrower in form and substance satisfactory to the Bank.
21. “Urban Transport Fund” means the *Fonds d’Accompagnement des Réformes du Transport Routier Urbain et Interurbain*, a special purpose account established pursuant to the 2007 Budget Law, as amended in 2014.
22. “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.