

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8807-MA

Loan Agreement

(Casablanca Municipal Support Program)

between

MUNICIPALITY OF CASABLANCA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between MUNICIPALITY OF CASABLANCA ("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 one hundred seventy-two million EURO, (EUR172,000,000), 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 June 15 and December 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 objectives of the Program. To this end, the Borrower 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 the President of the *Conseil de la Commune de Casablanca*.

5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Place Mohamed V-Avenue Hassan II
Casablanca
Kingdom of Morocco; and

(b) the Borrower's Electronic Address is:

Facsimile:
+212 522 422 942

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

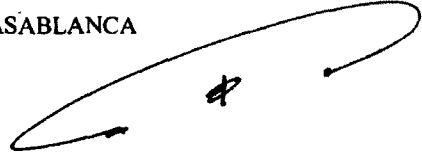
(b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

MUNICIPALITY OF CASABLANCA

By



Authorized Representative

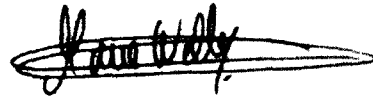
Name: Abdelaziz Ouari

Title: Président de la Commune de Casablanca

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 1

Program Description

The objectives of the Program are to increase the investment capacity of the Borrower, improve the business environment in the Borrower's territorial jurisdiction, and enhance access to basic services in the Program Area.

The Program consists of the following activities:

1. **Increasing the Borrower's municipal investment capacity**

- (a) Strengthening the Borrower's revenue management systems through, *inter alia*: (i) the carrying out of capacity building activities; (ii) the establishment and implementation of an integrated information system; (iii) the carrying of an inventory of taxpayers and inventory and valuation of the municipal real-state assets; and (iv) the implementation of an Addressing System (*Système d'Adressage*).
- (b) Increasing the mobilization of private investment through the establishment of public-private partnerships.

2. **Improving the urban environment and access to basic services**

- (a) Improving the access of households located in Disadvantaged Neighborhoods to electricity, water and sanitation services in the Program Area.
- (b) Developing effective and transparent Borrower's grievance redress mechanisms and an e-government platform in accordance with specifications and criteria set forth in the Program Operational Manual.
- (c) Improving Selected Public Spaces in the Borrower's territory by, *inter alia*, upgrading/building of roads, sidewalks, pedestrian ways, installation of public lighting, road markings and road signs, rainwater drainage systems, landscaping, green areas management and rehabilitation, and traffic management equipment.

3. **Improving the Borrower's business environment**

Supporting the acceleration and digitization of administrative procedures through the simplification, automation and dematerialization of the procedures for the issuance of business licenses and the authorization related to urban planning.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. The Borrower shall be responsible for the overall implementation, monitoring and evaluation of the Program. To this end, the Borrower shall:
 - (a) maintain, throughout the Program's implementation, a Strategic Committee, in charge of setting the Program's priority objectives and reviewing overall Program implementation, with decision making authority, under terms and conditions as described in the POM;
 - (b) maintain, throughout the Program's implementation, a Steering Committee, responsible for overall Program implementation at the operational level and for coordination among key Program stakeholders, under terms and conditions as described in the POM; and
 - (c) no later than thirty (30) days after the Effective Date, or any other later date as shall be established by the Bank, enter into a memorandum of understanding with *Casa Préstations*, or any other entity as shall be proposed by the Borrower and agreed by the Bank ("PMU Memorandum of Understanding" or "PMU MoU") under terms and conditions acceptable to the Bank, including *Casa Préstations's* or any such other entity's obligation to establish and thereafter maintain, throughout the Program's implementation, the 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, and staffed with adequate personnel (including a social and environmental specialist) and under terms and conditions as described in the POM.

B. Implementation Arrangements

1. To facilitate the implementation of the activities under the Program, the Borrower shall ensure that each Participating *Société de Développement Local* ("Participating SDL") and the Operator shall, pursuant to the terms and conditions of their respective Commitment Letter: (i) assist the Borrower in the implementation of the Program activities which fall within its administrative jurisdiction; and (ii) comply with the pertinent provisions of the POM.
2. Prior to the carrying out of any Program activity under Part 2(a) of the Program within the territorial jurisdiction of any of the Beneficiary Municipalities, arrangements with each Beneficiary Municipality shall be executed for the implementation of the activities under Part 2(a) of the Program, under terms and conditions acceptable to the Bank and described in the POM.

C. Additional Program Implementation Arrangements

Program Operational Manual

1. 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

2. The Borrower shall: (a) carry out the actions within the Program Action Plan which fall under its administrative jurisdiction; and (b) as applicable, cause each Participating SDL and the Operator to carry out the actions within the Program Action Plan which fall under their respective administrative jurisdiction, all in accordance with the Program Action Plan and in a manner acceptable to the Bank.

Environmental and Social Aspects

3. Without limitations to Section 5.01(b) of the General Conditions, no works under the Program shall cause involuntary land acquisition.
4. Without limitations to paragraph 3 above, if any works under the Program involve temporary taking of land or restriction of access to land which causes physical displacement and/or adversely affects the income source or means of livelihood and/or living standards of the affected persons, the Borrower shall, prior to any said temporary taking of land or restriction of access, ensure full payment of compensation and/or provision of relocation/restoration/livelihood assistance (as the case may be) to the affected persons, all in a manner acceptable to the Bank and as described in the POM.

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 125,000,000 equivalent or more per contract; (2) goods, estimated to cost USD 75,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost USD 75,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost USD 30,000,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

1. The Borrower shall furnish to the Bank each Program Report not later than sixty (60) days after the end of each calendar year, covering the calendar year.
2. (a) The Borrower shall, with the support of the PMU, ensure that verification missions are carried out at least annually, on the basis of the verification protocols

established in the Program Operational Manual, in accordance with terms of reference acceptable to the Bank, through IGAT or independent verification agencies the Bank has confirmed in writing to be acceptable, for the verification of achievement of DLRs 1.1 through DLR 6.3 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.

- (b) Such annual verifications will be based on a review of the documentation available at the PMU level 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 EUR)
(1) DLI #1: Percentage increase in Municipal Revenues Excluding Transfers from a baseline of 0% in CY 2015	DLR#1: Percentage increase in Municipal Revenues Excluding Transfers from baseline 0% to 40%	DLR#1: EUR43,000,000 Formula: For each percentage point increase occurred during a CY, starting CY 2016, EUR1,075,000 may be made available for withdrawal by the Borrower, up to EUR43,000,000. For each subsequent CY, amounts disbursed from previous CY are deducted.
(2) DLI #2: Modernization of Borrower's revenue management systems	DLR # 2.1: Installation of an integrated information system for the administration of taxes on non-built land, beverage	DLR#2.1: EUR 2,580,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<p>licenses and tourism, including: (i) relevant Borrower's staff have been equipped and trained to operate the system, and (ii) the system's functionalities have been successfully activated</p> <p>DLR #2.2: Carrying out of a census of taxpayers and elements of taxation relating to the revenues administered by the Borrower, including upgrading tax bases undertaken for each of the tax revenues, when applicable (as described in the POM)</p> <p>DLR #2.3: Establishment and operationalization of a single Addressing System (<i>Système d'Adressage</i>)</p> <p>DLR#2.4: Integrated information system for revenue administration is fully operational and the revenues administered by the Borrower (but excluding small volume revenues and cash revenues, <i>inter alia</i>, as described in the POM) are able to be administered through the integrated information system</p> <p>DLR #2.5: Completion of an inventory and valuation of the Borrower's real estate assets, in form and substance as set forth in the POM</p>	<p>DLR #2.2: EUR 2,580,000</p> <p>DLR #2.3: EUR 3,440,000</p> <p>DLR #2.4: EUR 1,720,000</p> <p>DLR #2.5: EUR 2,580,000</p>
(3) DLI #3 Private capital mobilized for investments through new or additional value of PPP contracts from a baseline of 0 (measured in MAD)	DLR #3: Amount of private capital committed pursuant to the execution of new PPP contracts or additional amounts of private capital mobilized pursuant to the revision and execution of amended PPP contracts, from a baseline of MAD 0 amount up to MAD 900,000,000	<p>DLR #3: EUR 51,300,000</p> <p>Formula: For each additional MAD 1,000,000 committed through the execution of a new PPP contract or the revision and execution of an existing PPP contract, EUR 57,000 may be made available for withdrawal by the Borrower, up to EUR 51,300,000, with a minimum threshold of MAD 15,000,000 committed</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
		through the execution of a new PPP contract or the revision and execution of an existing PPP contract.
(4) DLI #4 Households in Disadvantaged Neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity), from a baseline of 0.	DLR #4: cumulative, number of households in Disadvantaged Neighborhoods provided with access to at least one of the three following basic services: water supply, sanitation, or electricity, from a baseline of 0, up to 10,000 households	DLR #4: EUR34,470,000 Formula: Per each additional household in Disadvantaged Neighborhoods with access to at least one of the three basic services, EUR3,447 may be made available for withdrawal by the Borrower, up to EUR34,470,000 with a minimum threshold of 200 households in Disadvantaged Neighborhoods with access to at least one of the three basic services.
(5) DLI #5 Number of kilometers of comprehensive street upgrading completed (works to include at least three (3) of the following elements: (i) roadway, (ii) sidewalk or pedestrian path, (iii) road drainage systems, (iv) road markings and signs, (v) street lighting, (vi) urban furniture, and (vii) landscape), from a baseline of 0.	DLR #5: Cumulative, number of kilometers of comprehensive street upgrading completed (works to include at least three (3) of the following elements: (i) roadway, (ii) sidewalk or pedestrian path, (iii) road drainage systems, (iv) road markings and signs, (v) street lighting, (vi) urban furniture, and (vii) landscape), as described in the POM, from a baseline of 0, up to 116 kilometers	DLR #5: EUR 17,000,000 Formula: Per each kilometer upgraded, EUR146,552 may be made available for withdrawal by the Borrower, up to EUR17,000,000, with a minimum threshold of 10 kilometers upgraded.
(6) DLI #6: Simplification and digitalization of administrative transactions for: (i) the issuance of authorizations related to urban planning (<i>authorisations d'urbanisme</i>); and (ii) the issuance of business licenses (<i>autorisations commerciales</i>)	DLR #6.1: "V2: full numeric" version of the Casaurba platform is deployed in the central single window of the Borrower. DLR #6.2: "V2: full numeric" version of the Casaurba platform is deployed in the single window of all the Borrower's <i>Arrondissements</i> DLR #6.3: Dematerialized procedures for all business licenses have been effectively deployed in the single windows of all the Borrower's <i>Arrondissements</i>	DLR #6.1: EUR5,160,000 DLR #6.2: EUR4,300,000 DLR #6.3: EUR3,440,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
(7) 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	Not applicable	430,000
(8) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 4.05(c) of the General Conditions	Not applicable	0
TOTAL AMOUNT	172,000,000	

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 may be made up to an aggregate amount not to exceed EUR20,000,000 for such DLRs achieved prior to this date but on or after January 1, 2016; and
 - (b) for any DLR under Category (1), (2), (3), (4) (5) and (6), unless and until the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw an amount not to exceed EUR43,000,000 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 (or portion of such advance as determined by the Bank in accordance with the provisions of paragraph (3) of this Part B) 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 (6) have not been achieved, the Bank may, at any time, by notice to the Borrower, decide, in its sole discretion, to: (a) in respect of Categories (1), (3), (4), and (5), authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in the third column "Amount Loan Allocated (expressed in EUR)" of the table under Section IV.A.2 of this Schedule 2; or (b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; or (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.
4. The Closing Date is September 30, 2022.

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").

Principal Payment Date	Installment Share
On each December 15 Beginning December 15, 2024 through December 15, 2039	6.25%

APPENDIX

Section I. Definitions

1. "Addressing Framework" or "*Système d'Adressage*" means the Borrower's addressing system defined pursuant to the Guarantor's Decree n° 2.17.307 dated July 3, 2017.
2. "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.
3. "*Arrondissement*" means a Borrower's administrative subdivision.
4. "Beneficiary Municipality" means any of the municipalities located in the Guarantor's provinces of *Mohammadia*, *Nouaceur* and *Mediouna*, selected to participate in the Program pursuant to the criteria set forth in the POM.
5. "*Casa Aménagement*" means a local joint ownership company established pursuant to the Borrower's Conseil Communal Decision No. 20/2008, dated July 2008.
6. "*Casa Patrimoine*" means a local joint ownership company established pursuant to the Borrower's Conseil Communal Decision No. 50/2014, dated April 2014.
7. "*Casa Préstations*" means a local joint ownership company established and operating in the Borrower's territory pursuant to the Borrower's Conseil Communal Decision No. 49/2014, dated April 2014.
8. "*Casa Transports*" means a local joint ownership company established pursuant to the Borrower's Conseil Communal Decision No. 21/2008, dated July 2008.
9. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
10. "Commitment Letter" means *Lettre d'Engagement*, any of the letters referred to in Section I.B.1 of Schedule 2 to this Agreement.
11. "Disadvantaged Neighborhood" means a neighborhood in the Program Area which meets the criteria set forth in the Program Operational Manual for households located therein to receive improved access to basic services under Part 2 (a) of the Program.
12. "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.
13. "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.

14. "Guarantor" means the Kingdom of Morocco.
15. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing", dated July 14, 2017.
16. "IGAT" means *Inspection Générale de l'Administration Territoriale*, the General Inspectorate of Territorial Administration within the Guarantor's Ministry of Interior, or any successor thereto acceptable to the Bank.
17. "MAD" means Moroccan Dirham, the lawful currency of the Kingdom of Morocco.
18. "Municipal Revenues Excluding Transfers" means, with respect to DLI #1, Borrower's operating revenues, which include the taxes, fees, and other operating revenues administered directly by the Borrower as well as the taxes administered by the Guarantor's Central Government on behalf of the Borrower (*taxe professionnelle, taxe sur les services communaux, and taxe d'habitation*), but excluding transfers and resources from the Value-Added Tax Special Purpose Account, as further described in the POM.
19. "Operator" means *Société Lyonnaise des Eaux de Casablanca* (LYDEC), a private company registered in the Borrower territory, in charge of the implementation of the activities under Part 2(a) of the Program.
20. "Participating *Société de Développement Local*" or "Participating SDL" means the following: *Casa Préstations, Casa Aménagement, Casa Transports* and *Casa Patrimoine*, and any other *société de développement local* as shall be proposed by the Borrower and agreed by the Bank to participate in the Program implementation.
21. "PMU Memorandum of Understanding" or "PMU MoU" means the memorandum of understanding referred to in Section I.A.1(c) of schedule 2 to this Agreement.
22. "PPP" means public-private partnership.
23. "Program Action Plan" means the Borrower's plan dated November 8, 2017 and referred to in Section I.C.2 of Schedule 2 to this Agreement, as may be amended from time to time with the prior written consent of the Bank.
24. "Program Area" means the territorial jurisdiction of the Borrower and the Participating Municipalities.
25. "Program Management Unit" or "PMU" means the unit referred to in Section I.A(c)(i) of Schedule 2 to this Agreement.
26. "Program Operational Manual" means the manual in form and substance acceptable to the Bank setting forth the technical, administrative, environmental, social and fiduciary procedures applicable to the Program, including arrangements for monitoring, evaluation, and reporting of Program implementation, and in particular the necessary protocols to confirm DLR achievement.

27. "Selected Public Spaces" means those public spaces in the Borrower's territory selected for upgrading in accordance with criteria set forth in the Program Operational Manual.
28. "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.
29. "Steering Committee" means the committee referred to in referred to in Section I.A.1(b) of Schedule 2 to this Agreement.
30. "Strategic Committee" means the committee referred to in Section I.A.1(a) of Schedule 2 to this Agreement.