Global Environment Facility
Grant Agreement

(Social and Integrated Agriculture Project)

between

KINGDOM OF MOROCCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated April 16, 2013
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated April 16, 2013, entered into between KINGDOM OF MOROCCO ("Recipient") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall cause Part 1 of the Project to be carried out by Agence pour le Développement Agricole ("Project Implementing Entity"), and carry out Part 2 of the Project through MAPM with the assistance of the Project Implementing Entity, in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time ("Project Agreement").

2.02. The Recipient represents, by entering into this Agreement, that it is authorized to enter into this Agreement and the Subsidiary Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement and the Subsidiary Agreement.
2.03. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to six million four hundred forty thousand United States Dollars (US$6,440,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement.

(b) The Project Implementing Entity has failed to perform any obligation under the Project Agreement.

(c) IBRD or IDA has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of: (i) a determination by IBRD or IDA that the Project Implementing Entity has engaged in fraudulent,
corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

(d) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement.

(e) Law No. 42-08 dated March 2, 2009, or Decree No. 2-08-563 dated March 5, 2009, pursuant to which the Project Implementing Entity has been established and is operating under has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(f) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) The Project Implementation Manual, satisfactory to the World Bank, has been adopted by the Recipient and the Project Implementing Entity, and had been posted on the website of the Project Implementing Entity.

(b) The execution and delivery of the Project Agreement on behalf of the Project Implementing Entity have been duly authorized by all necessary governmental and corporate action.
(c) The Subsidiary Agreement referred to in Section I.C of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

(d) The Project Implementing Entity has recruited a financial management specialist in compliance with the provisions of Section II.C of Schedule 2 to this Agreement.

5.02. As part of the evidence to be furnished pursuant to Sections 5.01 (b) and 5.01 (c), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank showing the following matters:

(a) on behalf of the Project Implementing Entity, that the Project Agreement has been duly authorized by it, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and

(b) on behalf of the Project Implementing Entity, that the Subsidiary Agreement referred to in Section I.C of Schedule 2 to this Agreement has been duly authorized by it, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.
Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Economy and Finance.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable address: MINFIN
Facsimile: 212-537-67-75-30/31

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 44145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Rabat, Kingdom of Morocco, as of the day and year first above written.

**KINGDOM OF MOROCCO**

By:

[Signature]

Authorized Representative

Name: H.E. Nizar Baraka

Title: Minister of Economy and Finance

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

acting as an implementing agency of the Global Environment Facility ("GEF")

By:

[Signature]

Authorized Representative

Name: Simon Gray

Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to increase the implementation of land and biodiversity conservation measures in selected projects directed to small farmers located in targeted marginal areas in the Project Area.

The Project consists of the following parts:

Part 1: Development of the Capacities of Public and Private Institutions on Land and Biodiversity Conservation

1. Development of the capacities of selected staff of public and private institutions involved in the planning and implementation of Pillar II Projects on land and biodiversity conservation measures through the following: (i) provision of Training, and carrying out of study tours and field visits; (ii) carrying out of studies and production of dissemination materials; (iii) carrying out of awareness campaigns; (iv) monitoring and evaluation of the activities referred to in (i), (ii) (iii); and (v) carrying out of audits.

2. Support to Project implementation through the provision of Training to selected staff of the Project Implementing Entity and MAPM

Part 2: Transfer of Land and Biodiversity Conservation Measures Among Small Farmers

Implementation of about eight (8) Sub-Projects for the integration of land and biodiversity conservation measures among small farmers through the following: (i) provision of goods and works; (ii) provision of Training, and carrying out of study tours and field visits; (iii) carrying out of awareness campaigns; and (iv) monitoring and evaluation of the activities referred to in (i), (ii) and (iii).
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall cause the Project Implementing Entity to have the responsibility of the overall coordination of Project implementation. The Recipient shall vest MAPM, through its DPAs for their relevant part of the Project Area and with the support of the relevant DRAs and CTs, and the Project Implementing Entity, with the overall responsibility for implementation of Part 2 of the Project. The Recipient shall, to this end, ensure that the DPAs, DRAs and CTs for their relevant part of the Project Area are maintained at all times during the implementation of the Project with qualified staff and adequate resources.

2. The Recipient shall ensure that the DPAs for their relevant part of the Project Area provide, through the DRAs for their relevant part of the Project Area, to the Project Implementing Entity: (i) not later than fifteen (15) days after the end of each calendar semester all necessary information regarding the implementation of Part 2 of the Project in order for the Project Implementing Entity to prepare the Project Report covering each calendar semester; (ii) not later than fifteen (15) days after the end of each calendar semester, all necessary information regarding Part 2 of the Project in order for the Project Implementing Entity, to prepare the overall interim unaudited financial report covering each calendar semester; and (iii) not later than two (2) months after the end of each fiscal year of the Recipient all necessary information in order for the Project Implementing Entity to prepare the Recipient’s Financial Statements for the Project.

B. Implementation Arrangements

1. The Recipient shall take all necessary measures to implement Part 2 of the Project in accordance with the Project Implementation Manual. The Recipient shall not amend, suspend, abrogate, repeal or waive any provision of the Project Implementation Manual without prior approval of the World Bank.

2. The Recipient shall ensure that each Pillar II Project in connection to which a Sub-Project will be implemented, is carried out in an appropriate manner.

3. The Recipient shall ensure that the MAPM: (i) display relevant information on each Sub-Project and on each Pillar II Project in connection to which a Sub-Project will be implemented on a status board in the local offices of the MAPM; and (ii) update said information on the status board each semester.
4. The Recipient shall ensure that the Sub-Projects, including the implementation schedule and the estimated cost of the activities to be carried under such Sub-projects, other than those already identified in the Project Implementation Manual, are selected by the Project Implementing Entity in consultation with the relevant DPAs and DRAs for the Project Area in accordance with the criteria and procedures set forth in the Project Implementation Manual.

C. Subsidiary Agreement

1. To facilitate the carrying out of Part 1 of the Project, the Recipient shall make the proceeds of the Grant allocated from time to time to Category I of the table set forth in Section IV.A.2 of this Schedule available to the Project Implementing Entity as a grant under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines").

E. Safeguards

1. The Recipient shall: (i) implement Part 2 of the Project in accordance with the ESIAF, and any ESIA and EMP; (ii) not amend, suspend, abrogate, repeal or waive any provision of the ESIAF, and any ESIA and EMP without prior approval of the World Bank; and (iii) ensure that adequate information on the implementation of the ESIAF, and any ESIA and EMP (including information on how potential negative impact has been minimized), is suitably included in the Project Reports referred to in Section II.A.1 of this Schedule 2.

2. The Recipient shall ensure that no Sub-Project shall be implemented before such Sub-Project has been assessed and it has been determined, in accordance with the ESIAF, if an ESIA or an EMP is required for the relevant Sub-Project and, in such case, shall ensure that such ESIA or EMP is: (i) prepared by the Project Implementing Entity; (ii) approved by the MAPM after the Project Implementing
Entity shall have addressed any feedback or comment provided by the World Bank in form and substance satisfactory to the World Bank; and (iii) publicly disclosed.

3. The Recipient shall ensure that no Resettlement will take place under the Project.

4. If any private land is voluntarily donated or temporary occupied with the formal consent of the owner thereof for the purposes of the implementation of any Sub-Project, the Recipient shall ensure that: (i) such donation or temporary occupancy shall not involve any Resettlement; (ii) such donation or temporary occupancy shall be made in accordance with the laws of the Recipient and the Project Implementation Manual; and (iii) such donation or temporary occupancy shall be in form and substance satisfactory to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of Part 2 of the Project and ensure that Project Reports for the entire Project are prepared by the Project Implementing Entity, with the assistance of the DPAs, DRAs and CTs for the Project Area, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared by the Project Implementing Entity, with the assistance of the DPAs and DRAs for the Project Area, and furnished to World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods, works and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. National Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding, subject to the following additional procedures:
(i) The bidding documents include explicitly the bid evaluation method, award criteria and bidder qualification criteria;

(ii) Technical, administrative and financial envelopes are opened immediately after the bid opening session has started and prices are read aloud;

(iii) The bids are evaluated on the basis of the price and any other criteria expressed either in pass/fail terms or in monetary terms and disclosed in the bidding document;

(iv) Contracts are awarded to the qualified bidder who has submitted the least-cost evaluated and substantially responsive bid as stipulated in the bidding document; and

(v) Standard bidding documents and bid evaluation reports found acceptable by the World Bank are used.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.
Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services and Training under Part 1 of the Project</td>
<td>1,320,000</td>
<td>100 %</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services and Training under Part 2 of the Project</td>
<td>5,120,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,440,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed one million two hundred eighty-eight thousand United States Dollars (US$1,288,000) equivalent may be made for payments made prior to this date but on or after January 1, 2013 for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.
APPENDIX

Definitions

1. "CT" means Centre de Travaux, a local agricultural work center of MAPM.

2. "DPA" means Direction Provinciale de l'Agriculture, a Provincial Agricultural Directorate of MAPM.

3. "DRA" means Direction Régionale de l'Agriculture, a Regional Agricultural Directorate of MAPM.

4. "EMP" means environmental management plan, a plan in form and substance satisfactory to the World Bank, to be prepared and disclosed by the Project Implementing Entity for a Sub-Project in accordance with the provisions of the ESIAF, setting out the measures to be taken during the implementation and operation of the relevant Sub-Project to eliminate or offset adverse environmental impacts, or to reduce them to acceptable levels; and the actions needed to implement these measures.

5. "ESIA" means environmental and social impact assessment, an assessment for environmental and social impacts plan in form and substance satisfactory to the World Bank, to be prepared and disclosed by the Project Implementing Entity for a Sub-Project in accordance with the provisions of the ESIAF, describing: (i) the potential environmental and social impacts of the relevant Sub-Project; and (ii) the mitigation, monitoring and institutional measures to be applied during the implementation the relevant Sub-Project in order to offset or reduce adverse environmental or social impacts on the specific site in question and increase its positive impacts, including consultation of relevant stakeholders and disclosure.

6. "ESIAF" means Environmental and Social Impact Assessment Framework, the assessment framework of the environmental and social impacts prepared by the Project Implementing Entity and disclosed on its website on November 9, 2012, and: (i) setting forth the applicable legal and regulatory system for the preparation of the environmental and social impact assessment for the purpose of the Sub-Projects; (ii) describing the potential environmental and social impacts of the Sub-Projects; (iii) providing the screening procedures to determine whether an ESIA or an EMP is required for each Sub-Project, and the procedures for the preparation of such ESIAs and EMPs, including the mitigation, monitoring and institutional measures to be applied during the implementation of the relevant Sub-Project in order to offset or reduce adverse environmental or social impacts and increase their positive impacts; and (iv) providing the budget needed for the preparation of ESIAs and EMPs; as such framework may be updated from time to time by agreement between the Recipient, Project Implementing Entity and the World Bank.


10. "MAPM" means Ministère de l’Agriculture et de la Pêche Maritime, the Ministry of Agriculture and Fisheries of the Recipient, or any successor thereto.

11. "Pillar II Project" means an agricultural project directed to small farmers located in a marginal area of the Recipient’s territory, partially financed by the Recipient as part of the PMV.

12. "Plan Maroc Vert" or "PMV" mean the agriculture sectoral strategy of the Recipient, launched in 2008.


14. "Project Implementation Manual" means the manual describing the implementation, financial management, procurement, disbursement, monitoring and evaluation, and reporting arrangements for the Project, including standard bidding documents, and referred to in Section I.B.1 of Schedule 2 to this Agreement.

15. "Project Implementing Entity" means Agence pour le Développement Agricole, the Agency for Agricultural Development of the Recipient.

16. "Resettlement" means: (i) the involuntary (i.e., an action that may be taken without a person’s informed consent or power of choice) taking of land, including anything growing on or permanently affixed to such land, such as buildings and crops, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the affected persons, and encompassing restrictions on the use of resources imposed on people living outside a park or protected area, or on those who continue living inside the park or protected area during and after Project implementation.
17. "Sub-Project" means the additional activities for land and biodiversity conservation to be carried out to the benefit of selected small farmers benefiting of a selected Pillar II Project located in the Project Area.

18. "Training" means the costs of: (i) reasonable expenditures for travel (domestic and international), room and board and per diem expenditures for trainers and trainees and for non-consultant training facilitators in connection with training provided under the Project; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.