Clean Technology Fund
Loan Agreement

(Clean and Efficient Energy Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as an implementing entity of the Clean Technology Fund

and

OFFICE NATIONAL DE L'ÉLECTRICITÉ ET DE L'EAU POTABLE

Dated July 2, 2015
AGREEMENT dated July 2, 2015, entered into between:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund ("CTF"), and OFFICE NATIONAL DE L'ÉLECTRICITE ET DE L'EAU POTABLE ("Borrower").

The Borrower and the World Bank hereby agree as follows:

**Article I**

**Standard Conditions; Definitions**

1.01. The Standard 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 Standard Conditions or in the Appendix to this Agreement.

**Article II**

**Loan**

2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of twenty three million nine hundred fifty thousand United States Dollars ($23,950,000) ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the CTF. In accordance with Section 3.02 of the Standard Conditions (as defined in the Appendix to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it from the CTF trust fund, and the Borrower’s right to withdraw the Loan proceeds is subject to the availability of such funds.

2.04. The Management Fee payable by the Borrower, pursuant to Section 4.01(b) of the Standard Conditions, on the Unwithdrawn Loan Balance shall be equal to eighteen one hundredth of one percent (0.18%) per annum.
2.05. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-fourths of one percent (1/4 of 1%) per annum.

2.06. The Payment Dates are May 1 and November 1 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is USD.

Article III
The Project

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension consists of the following, namely that the Basic Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement, or to achieve the objectives of the Project.

4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs.

Article V
Effectiveness; Termination

5.01. The Additional Conditions of Effectiveness consist of the following:

   (a) the IBRD Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been satisfied or waived; and

   (b) the Borrower has adopted the Project Operational Manual, in form and substance satisfactory to the World Bank.
5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

Article VI
Borrower's Representative; Addresses

6.01. The Borrower's Representative referred to in Section 10.02 of the Standard Conditions is the Director General.

6.02. The Borrower's Address referred to in Section 10.01 of the Standard Conditions is:

Office National de l'Electricité et de l'Eau Potable
Avenue Mohamed Belhassan El Ouazzani
10220 Rabat
Kingdom of Morocco

Facsimile: 212-537-75-91-06

6.03. The World Bank's Address referred to in Section 10.01 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 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Rabat, Morocco, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an implementing entity of the Clean Technology Fund

By

Authorized Representative
Name: Michael Hamaide
Title: Senior Country Officer

OFFICE NATIONAL DE L’ELECTRICITE ET DE L’EAU POTABLE

By

Authorized Representative
Name: Ali Fassi Fihri
Title: Directeur Général
SCHEDULE I

Project Description

The objective of the Project is to improve the capacity of the Borrower to supply and dispatch clean electricity and to meet the demand of targeted customers efficiently in the Project Area.

The Project consists of the following parts:

Part I: Support to the Borrower's Solar PV Program

1. First phase of the Borrower's Solar PV Program (the "Noor-Tafilalt Project") in the Project Area
   
   (a) Design and construction of a 25 MW solar PV plant near each of the towns of Erfoud, Zagoura and Missour, through a sole EPC and O&M contract to design, construct, operate and maintain the three plants.
   
   (b) Construction of the electricity evacuation lines for each of the three solar PV plants.
   
   (c) Construction of the access roads for each of the three solar PV plants.

2. Enabling environment for private participation in distributed PV generation:
   
   (a) Carrying out of a benchmark study on private sector participation in the solar PV market.
   
   (b) Strengthening the technical capacities of selected staff of the Borrower regarding solar PV development and the setting up of partnership with private sector in such area, through the provision of technical advisory services and training, and carrying out of international study tours.

Part II: Planning and Dispatching of Renewable Energies

1. Renewable energy dispatch center in the Project Area

   Setting up of a renewable energy dispatch center consisting of software and hardware, co-located with the existing national load dispatch center of the Borrower in Casablanca, to ensure optimal power dispatch and protection of the national power grid.
2. Increasing the Borrower’s capacity to perform long-term power planning 
   incorporating energy efficiency and technological improvement

   Supporting the Borrower’s planning department through the purchase of state of 
   the art demand forecasting tools and the provision of training and technical 
   advisory services.

Part III: Utility Demand-Side Management and Revenue Protection Program

1. Smart Meters Program in the Project Area

   (a) Acquisition of 63,600 time-of-use meters for low voltage customers, and 
       of 21,600 smart meters for extra-high, high and medium voltage customers 
       and related metering control equipment.

   (b) Installation of the time-of-use meters and smart meters.

2. Deepening and identifying additional opportunities for utility-implemented 
   energy efficiency and demand side management programs

   Carrying out of a study regarding energy demand, which shall identify options, 
   define priorities and set forth an action plan for selected energy efficiency and 
   demand side management programs to be implemented by the Borrower.

Part IV: Technical Assistance

   Strengthening the technical capacities of selected staff of the Borrower through the 
   provision of training and technical advisory services in the following areas: (i) best 
   practices by system operators to manage large shares of renewable energy at the 
   wholesale and distribution level; (ii) new technology trends in control and 
   performance capabilities of renewable energy technologies and interconnection 
   standards; (iii) preparation of standard bidding and contractual documents 
   covering technical, legal and procurement aspects in the field of renewable energy; 
   (iv) best practices in the development, operations and maintenance of solar PV, 
   wind and other renewable energy projects; (v) emerging regulatory practices for 
   private participation in renewable energy project; and (vi) technology trends and 
   best practices in smart meters and smart grids.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Electricity Branch Financing Department shall be responsible for the overall coordination of Project implementation. The Electricity Branch Financing Department shall collaborate closely with all other subdivisions of the Borrower involved in the implementation of the Project, as described in the Project Operational Manual. The Borrower shall maintain throughout the implementation of the Project the Electricity Branch Financing Department and all other subdivisions of the Borrower involved in the implementation of the Project, with qualified managers, competent staff and adequate resources.

2. The Borrower shall implement the Project in accordance with the Project Operational Manual. The Borrower shall not amend, suspend, abrogate, repeal or waive any provision of the Project Operational Manual without prior written approval of the World Bank.

B. Anti-Corruption.

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards.

1. The Borrower shall: (i) implement the Project in accordance with the ESMF, the RPF, the ESIA's, the EMPs and the RAPs, and shall not amend, suspend, abrogate, repeal or waive any provision of the ESMF, the EMPs, the RPF and the RAPs, without prior written approval of the World Bank and subject to compliance with applicable consultation and public disclosure requirements of the Bank; and (ii) ensure that adequate information on the implementation of the ESMF, the EMPs, the RPF and the RAPs is suitably included in the Project Reports referred to in Section II.A of this Schedule, including details of: (a) measures taken in furtherance of the ESMF, the RPF, the ESIA's, the EMPs and the RAPs; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF, the RPF, the ESIA's, the EMPs and the RAPs; and (c) remedial measures taken or required to be taken to address such conditions.

2. The Borrower shall ensure that all measures identified and described in the ESMF, the ESIA's, the EMPs, the RAPs and the RPF are taken in a timely manner.
3. The Borrower shall:

(a) prior to commencing civil works for any activity under the Project and when required under the ESMF and the EMPs, carry out specific public consultation in form and in substance satisfactory to the Bank; and

(b) ensure that the lay-out, construction and management of the relevant electricity evacuation line are consistent with the provisions of the ESMF and thereafter carry out the applicable EMP.

4. Prior to commencement of civil works for any activity of the Project involving involuntary resettlement or involuntary acquisition of land, the Borrower shall prepare and implement appropriate RAP or RAPs, as the case may be, for compensation, or resettlement, in accordance with the RPF, such RAP or RAPs to be in form and substance satisfactory to the World Bank.

5. In the event that any provision of the ESMF, the RPF, the ESIAs, the EMPs and the RAPs shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports 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 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.

B. Financial Management; Financial Reports; Audits

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

2. The Borrower shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the 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 Borrower 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 fiscal year of the Borrower. The audited Financial Statements for each such period shall
be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

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.

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

1. International 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 International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

   (a) National Competitive Bidding, subject to the following additional provisions:

      (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 Bank are used.

(b) Shopping; and

(c) Direct Contracting.

C. 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 Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article III of the Standard Conditions, this Section and such additional instructions as the World Bank may specify by notice to the Borrower (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 Loan (“Category”), the allocations of the amounts of the Loan 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and non-consulting services under Part I.1(a) of the Project</td>
<td>23,950,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
TOTAL AMOUNT | 23,950,000

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $4,790,000 equivalent may be made for payments made prior to this date but on or after April 1, 2015, for Eligible Expenditures; or

   (b) for any payment for Taxes levied by or in the territory of the Member Country.

2. The Closing Date is November 30, 2020.
### SCHEDULE 3
#### Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Loan repayable (expressed as a percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1:</td>
<td></td>
</tr>
<tr>
<td>commencing May 1, 2025, to and including November 1, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing May 1, 2035, to and including November 1, 2054</td>
<td>2%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions


2. “Associated Facilities” means the electricity evacuation lines and the access roads to be constructed under Part I.1 (b) and Part I.1(c) of the Project, respectively, for each of the three solar PV plants to be constructed near the towns of Erfoud, Zagoura and Missour, respectively.

3. “Basic Legislation” means the Law No. 40-09 of the Guarantor as promulgated pursuant to the Law (“Dahir”) No. 1-11-160 of the Guarantor, dated September 29, 2011, and the Decree No. 2-12-89 of the Guarantor, dated April 5, 2012, pursuant to which the Borrower has been established and is operating as a public entity (établissement public).

4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. “EMP” means each of the Environmental Management Plan for the Erfoud site, and disclosed in the World Bank’s Infoshop on February 18, 2015, the Environmental Management Plan for the Missour site and disclosed in the World Bank’s Infoshop on February 18, 2015, the Environmental Management Plan for the Zagora site and disclosed in the World Bank’s Infoshop on February 18, 2015, and each Environmental Management Plan, satisfactory to the World Bank and to be adopted by the Borrower in accordance with the terms of the ESMF, describing the mitigation, monitoring and institutional measures to be implemented in order to eliminate, offset or reduce any adverse environmental and social aspects in respect of the activities under the Project.

6. “EPC” means engineering, procurement and construction.

7. “ESIA” means each of the Environmental and Social Impact Assessment for the Erfoud site, and disclosed in the World Bank’s Infoshop on February 18, 2015, the Environmental and Social Impact Assessment for the Missour site and disclosed in the World Bank’s Infoshop on February 18, 2015, and the Environmental and Social Impact Assessment for the Zagora site and disclosed in the World Bank’s Infoshop on February 18, 2015, describing potential impacts in respect of the activities under the Project.

8. “ESMF” means the Environmental and Social Management Framework, satisfactory to the World Bank and disclosed in the World Bank’s Infoshop on
February 18, 2015, setting forth procedures for the environmental and social screening of the activities to be carried out under the Project regarding the Associated Facilities, including the mitigating measures to be prescribed in the EMPs as well as the specific public consultation measures to be carried out prior to commencing civil works.

9. "Guarantor" means the Kingdom of Morocco.

10. "IBRD Loan Agreement" means the agreement between the Borrower and the World Bank for Parts I.1 (a) and I.1 (b), Part I.2, Part II, Part II.1 (a), Part III.2 and Part IV of the Project, of the same date as this Agreement, as such agreement may be amended from time to time. "IBRD Loan Agreement" includes all appendices, schedules and agreements supplemental to the Loan Agreement.

11. "O&M" means operations and maintenance.


13. "Procurement Plan" means the Borrower’s procurement plan for the Project, dated March 20, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


15. "Project Operational Manual" means the manual describing the implementation, financial management, procurement, disbursement, monitoring and evaluation, and reporting arrangements for the Project, to be adopted by the Borrower, and referred to in paragraph 2, Section 1.A of Schedule 2 to this Agreement.

16. "PV" means photovoltaic technology.

17. "RAP" means each of the Resettlement Action Plan for the Erfoud site, and disclosed in the World Bank’s Infoshop on February 18, 2015, the Resettlement Action Plan for the Missour site and disclosed in the World Bank’s Infoshop on February 18, 2015, the Resettlement Action Plan for the Zagora site and disclosed in the World Bank’s Infoshop on February 18, 2015, and each Resettlement Action Plan, satisfactory to the World Bank, to be prepared and adopted by the Borrower in accordance with the terms of the RPF, describing the details for land acquisition,
resettlement and rehabilitation in respect of the activities to be carried out under the Project regarding the Associated Facilities, as applicable.

18. “RPF” means the Resettlement Policy Framework satisfactory to the World Bank and adopted by the Borrower on February 17, 2015 and disclosed in the World Bank’s InfoShop on February 18, 2015, outlining the modalities for land acquisition, resettlement and rehabilitation in respect of the activities to be carried out under the Project regarding the Associated Facilities, as well as details for the preparation of the RAPs.