Loan Agreement

(Disaster Risk Management Development Policy Loan with a Catastrophe Deferred Drawdown Option)

between

KINGDOM OF MOROCCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between KINGDOM OF MOROCCO ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

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

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of two hundred fifty-one million eight hundred thousand Euro (EUR251,800,000), as such amount may be converted from time to time through a Currency Conversion ("Loan").

2.02. The Front-end Fee is one half of one percent (0.50%) of the Loan amount.

2.03. If, at the Borrower’s request and on such terms and conditions as the Bank may agree, the Closing Date is extended, the fee payable by the Borrower for each extension of the Closing Date shall be one quarter of one percent (0.25%) of the Loan amount available for withdrawal upon such extension. If the Borrower elects to capitalize the fee, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself such amounts required to pay such fee. If the Borrower elects to pay the fee from its own resources, the Borrower shall pay such fee not later than sixty (60) days after the date of the notice given by the Bank to the Borrower confirming the extension of the Closing Date.

2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. (a) Except as otherwise provided in paragraph (b) of this Section, the principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.

(b) The Borrower may at the time of requesting a Withdrawal also request repayment provisions different from those set out in Schedule 2 to this Agreement for such Withdrawal, provided that: (i) the average maturity of such Withdrawal does not exceed twenty (20) years from the Withdrawal Date and the final maturity of such Withdrawal does not exceed thirty-five (35) years from the Withdrawal Date (or such other average maturity and/or final maturity as may be generally applicable to loans made by the Bank)
to the Borrower at the time of such agreement); and (ii) such repayment provisions have
been agreed between the Borrower and the Bank prior to the Withdrawal Date of such
Withdrawal.

2.07. At any time prior to the Closing Date, the Borrower may, by notice to the Bank, refund any
amount of the Withdrawn Balance for the purpose of re-crediting such amount to the Loan
Account for further withdrawals. Upon such refund, the repayment schedule shall be
adjusted on a pro rata basis, on terms and conditions acceptable to the Bank.

2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the
Borrower shall promptly furnish to the Bank such information relating to the provisions of
this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

3.01. The Borrower declares its commitment to the Program and its implementation. To this
end, and further to Section 5.05 of the General Conditions:

(a) the Borrower and the Bank shall from time to time, at the request of either party,
exchange views on the Borrower’s macroeconomic policy framework and the
progress achieved in carrying out the Program;

(b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly
inform the Bank of any situation that would have the effect of materially reversing
the objectives of the Program or any action taken under the Program including any
action specified in Section I of Schedule I to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely, that a situation has
arisen which shall make it improbable that the Program, or a significant part of it, will be carried
out.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event
specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days
after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Bank
is satisfied with the progress achieved by the Borrower in carrying out the Program and with the
adequacy of the Borrower’s macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister of Economy, Finances and Administrative Reform.

6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower’s address is:
Ministère de l’Economie, des Finances et de la Réforme de l’Administration
Quartier Administratif
Avenue Mohammed V
Rabat
Kingdom of Morocco; and

(b) the Borrower’s Electronic Address is:
Facsimile:
212-537-76-40-81/212-537-67-75-32

6.03. 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 1-202-477-6391
64145(MCI)
AGREED as of the Signature Date.

KINGDOM OF MOROCCO

Authorized Representative

Name: Mohamed Benchaaboun
Title: Minister of Economy, Finance and Administration Reform
Date: January 16, 2020

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Authorized Representative

Name: Jesko Hentschel
Title: Country Director
Date: January 16, 2020
Section I. **Actions under the Program**

**Actions Taken Under the Program.** The actions taken by the Borrower under the Program include the following:

**Pillar A. Strengthening the Borrower's institutional capacity to deal with the adverse financial impact of disasters and climate-related shocks**


2. The Borrower has established a sustained financing mechanism for the FSEC pursuant to Decree No. 2.19.244 by creating a parafiscal charge to fund the FSEC, adopted by the Council of Government on September 12, 2019 and published in the Official Gazette No. 6822 dated October 17, 2019.

3. The Borrower has defined the register model and enrollment procedures for the registry of victims of catastrophic events, pursuant to the Borrower’s Minister of Interior’s Order (*Arrêté*) No. 900.19 dated April 30, 2019 and published in the Official Gazette No. 6778, dated May 16, 2019.

4. The Borrower’s ACAPS has adopted *Circulaire* No. AS/03/19 dated October 30, 2019 amending *Circulaire* No. 01/AS/19, to establish prudential requirements on insurance companies to strengthen their financial capacity against catastrophic events.

**Pillar B Strengthening the Borrower’s institutional framework for disaster and climate-related risk management**

5. The Borrower has adopted a cooperation framework to strengthen flood management and early warning systems in the country, pursuant to the Inter-institutional Agreement (*Convention*) dated July 24, 2018 on the Implementation of the Pilot Project for the Establishment of an Integrated System of Aid for Flood Risk Management in Morocco.

6. The Borrower has strengthened the human resources management system of its Civil Protection pursuant to Law-Decree (*Dahir*) No. N ° 1.17.70 and Decrees No. 2-18-71 and No. 2-18-72 published in the Official Gazette No. 6694 dated July 26, 2018.
Section II. Availability of Loan Proceeds

A. General. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.

B. Allocation of Loan Amounts. The Loan is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Loan Allocated (expressed in Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>251,800,000</td>
</tr>
<tr>
<td>(2) Fee payable pursuant to Section 2.03 of this Agreement</td>
<td>0</td>
</tr>
<tr>
<td>(3) Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>251,800,000</td>
</tr>
</tbody>
</table>

C. Payment of Fee Pursuant to Section 2.03 of Agreement. If the Closing Date is extended pursuant to Section 2.03 of this Agreement and the Borrower elects to finance from its own resources the fee set forth in said Section, no withdrawal shall be made from the Loan Account until the Bank has received payment in full of such fee.

D. Withdrawal of Loan Proceeds.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied, based on evidence satisfactory to it, that a Borrower’s Declaration of Catastrophic Event has been issued to respond to an imminent or occurring natural catastrophe.

2. Notwithstanding the foregoing, if, at any time prior to the receipt by the Bank of a request for withdrawal of an amount of the Loan, the Bank determines that a review of the Borrower’s progress in carrying out the Program is warranted, the Bank shall give notice to the Borrower to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Loan Balance unless and until the Bank has notified the Borrower of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of Section 3.01 of Article III of this Agreement, with the progress achieved by the Borrower in carrying out the Program.

E. Audit. Upon the Bank’s request, the Borrower shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;

2. furnish to the Bank as soon as available, but in any case not later than four (4) months after the date of the Bank’s request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably
request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and

3. furnish to the Bank such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Bank shall reasonably request.

F. Closing Date. The Closing Date is June 15, 2023.
SCHEDULE 2

Amortization Schedule

1. Subject to the provisions of Section 3.03 of the General Conditions, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each April 15 and October 15, the first installment to be payable on the ninth (9th) Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the forty-eighth (48th) Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment shall be equal to one-fortieth (1/40) of the Disbursed Amount.

2. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
APPENDIX

Section I. Definitions

1. “ACAPS” means Autorité de Contrôle des Assurances et de la Prévoyance Sociale, the Borrower’s insurance regulator.

2. “Declaration of Catastrophic Event” means a declaration by the Borrower of a natural catastrophic event in accordance with the Borrower’s Law No. 110-14 instituant un Régime de couverture des conséquences d’événements catastrophiques et modifiant et complétant la Loi No. 17-99 portant Code des Assurances, published in the Borrower’s Official Gazette No. 6506 dated October 6, 2016, as the same may be amended from time to time.

3. “FSEC” means Fonds de Solidarité contre les Événements Catastrophiques, the Borrower’s disasters solidarity fund.

4. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018, with the modifications set forth in Section II of this Appendix.

5. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 2, 2019 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.

6. “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.

7. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In paragraph 52 of the Appendix, the term “Fixed Spread” is modified to read as follows:

“52. “Fixed Spread” means, for each Withdrawal, the Bank’s fixed spread for the Loan Currency of the Withdrawal in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date, and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on the Fixed Spread, and for purposes of
fixing the Variable Spread pursuant to Section 4.02, “Fixed Spread” means the Bank’s fixed spread for the Loan Currency as reasonably determined by the Bank on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.”

2. In paragraph 101 of the Appendix, the term “Variable Spread” is modified to read as follows:

“94. “Variable Spread” means, for each Withdrawal and each Interest Period: (a) (1) the Bank’s standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate, for six-month deposits, in respect of the Bank’s outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank and expressed as a percentage per annum and (b) in case of Conversions, the variable spread, as applicable, as determined by the Bank in accordance with Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c). In the case of a Loan denominated in more than one Currency, “Variable Spread” applies separately to each of such Currencies.”

3. The following definitions of the terms “Withdrawal” and “Withdrawal Date” are inserted as new paragraphs 102 and 103, respectively, and the remaining definitions and paragraphs (as the case may be) renumbered accordingly:

102. “Withdrawal” means each amount of the Loan withdrawn by the Borrower from the Loan Account pursuant to Section 2.01.

103. “Withdrawal Date” means, for each Withdrawal, the date on which the Bank pays the Withdrawal.”