July 2, 2015

H. E. Mohamed Boussaid
Minister of Economy and Finance
Ministry of Economy and Finance
Avenue Mohammed V
Rabat
Kingdom of Morocco

Re: PMR Grant No. TF019420
Kingdom of Morocco - Partnership for Market Readiness Project

Excellency:

In response to the request for financial assistance made on behalf of the Kingdom of Morocco ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Partnership for Readiness Multi-donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed three million United States Dollars (U.S.$3,000,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex 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 by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to
the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Michael Hamaide
Senior Country Officer
Middle East and North Africa Region

AGREED:

KINGDOM OF MOROCCO

By

Authorized Representative

Name: Mohamed Boussaid

Title: Minister of Economy and Finance

Date: July 2, 2015

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
PMR Grant No. TF019420
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions) constitute an integral part of this Agreement.

1.02. **Definitions.** 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 and the following terms have the following meanings:

(a) “DME” means the Recipient’s delegated ministry responsible for environment.

(b) “Operations Manual” means the manual adopted by Recipient outlining the implementation, institutional, financial and disbursement, monitoring and evaluation, and procurement arrangements, as shall have been agreed with the World Bank for the purposes of Project implementation, as the same may be amended from time to time with the concurrence of the World Bank.

(c) “PMU” and “Project Management Unit” each means the unit created pursuant to letter No. 04051 from the DME, dated May 15, 2015, responsible for the coordination, management and fiduciary aspects of the Project.

(d) “Steering Committee” means the committee created pursuant to letter number 04052 from the DME, dated May 15, 2015, vested with the responsibility of providing strategic orientation to the Project’s work plan and to facilitate coordination among the Recipient’s ministries and agencies contributing to the Project.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve the capacity to design and pilot greenhouse gas (GHG) Monitoring, Reporting and Verification (MRV) systems in selected sectors and to establish core technical components for the design of GHG emissions reduction crediting mechanisms in the Kingdom of Morocco. The Project consists of the following parts:

Part 1: MRV system and Supporting Analysis

Provision of technical assistance for:

(i) Carrying out an analysis including recommendations on which carbon pricing instruments to implement, and a proposal for an appropriate governance framework;
(ii) Designing an institutional framework and operational requirements for an MRV system;
(iii) Piloting the MRV system;
(iv) Establishing a baseline for each of the three targeted sectors (electricity, cement, phosphates);
(v) Evaluating the mitigation potential in the three targeted sectors; and
(vi) Supporting the establishment of a regulatory framework for mitigation measures in the three targeted sectors.

Part 2: Capacity Building

Carrying out activities aimed at providing technical assistance for the preparation and implementation of a plan to build both the Recipient and the private sector’s capacity for monitoring, reporting and verifying emissions and changes in emissions levels in the Recipient’s territory. Such activities to include: (i) the provision of workshops; (ii) knowledge sharing activities; (iii) study trips; and (iv) the preparation of knowledge products on MRV.

Part 3: Project Management

(i) Provision of technical assistance to the Project Management Unit (“PMU”); and

(ii) Carrying out of an independent mid-term review for the Project.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the DME in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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”); (c) the Operations Manual; and (d) this Article II.

2.03. Institutional and Other Arrangements. Without limitations upon paragraph 2.02 above, the Recipient shall:

(i) maintain throughout the implementation of the Project the PMU with qualified staff and adequate resources acceptable to the World Bank to be responsible for the coordination, management and fiduciary aspects of the Project;

(ii) no later than forty five (45) days after the signature of this agreement, recruit, in accordance with paragraph 2.07 of this Annex, a financial management specialist, a procurement specialist and a coordinator for the PMU, all with qualification and experience acceptable to the World Bank; and

(iii) maintain, throughout the implementation of the Project, the Steering Committee with a composition satisfactory to the World Bank, to be responsible for providing strategic orientation to the Project’s work plan and to facilitate coordination between the Recipient’s ministries and agencies contributing to the Project.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.
For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient 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) 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 months after the Closing Date.

2.06. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient 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.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. 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.

2.07. Procurement

(a) General. All goods, 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:


(ii) 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 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, 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").

(b) **Definitions.** The capitalized terms used in the following paragraphs of 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.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) The following methods may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) National Competitive Bidding subject to the following additional provisions:

1. The bidding documents include explicitly the bid evaluation method, award criteria and bidder qualification criteria;

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

3. 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;

4. 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

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

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection based on Consultants’ Qualifications; (B) Single-source Selection of consulting firms; (C) Selection of Individual Consultants; and (D) Single-source procedures for the Selection of Individual Consultants.

(e) **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.
Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 following table. The 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>Goods, Training, Operating Costs, non-consulting services and consultants’ services under the Project</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,000,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this section the term:

(a) “Training” means the reasonable costs which shall have been agreed by the World Bank for the training and workshops, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation.

(b) “Operating Costs” means the reasonable costs, which shall have been agreed by the World Bank for the incremental expenses incurred by the PMU on account of Project implementation, consisting of: vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding regular salaries of officials of the Recipient’s civil service).

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2018.
Article IV
Effectiveness; Termination

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

the Operations Manual, satisfactory to the World Bank, has been adopted by the Recipient.

4.02. 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 4.01 (“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.

Article V
Recipient’s Representative; Addresses

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

5.02. Recipient’s Address. 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

5.03. World Bank’s Address. 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 64145 (MCI)
Facsimile: 1-202-477-6391