Loan Agreement

(Education Support Program)

between

KINGDOM OF MOROCCO

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between the KINGDOM OF MOROCCO ("Borrower") and the 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 four hundred and forty-six million Euro (EUR 446,000,000) 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 Borrower elects to apply the Automatic Rate Fixing Conversion to the Loan. Accordingly, without limitation upon the provisions of Article IV of the General Conditions and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

2.06. 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.

2.07. The Payment Dates are February 1 and August 1 in each year.

2.08. 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 through its ministry in charge of national education ("MoE") 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 its Minister of Economy and Finance.

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

Ministère de l’Économie et des Finances
Quartier Administratif
Avenue Mohammed V
Rabat
Kingdom of Morocco; and

(b) the Borrower’s Electronic Address is:

Cable: Facsimile:
MINFIN 212-537-76-40-81

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 1-202-477-6391
AGREED as of the Signature Date.

KINGDOM OF MOROCCO

By

Authorized Representative

Name: Mohammed Brahimbou
Title: Minister of Economy and Finance
Date: July 11, 2019

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Paul Frasch, Country Director
Title: Country Director
Date: July 11, 2019
SCHEDULE 1

Program Description

The objectives of the Program are to establish an enabling environment for quality Early Childhood Education ("ECE") service delivery, support improved teaching practices in primary and secondary education, and strengthen management capacity and accountability along the education service delivery chain in the Program Areas.

In the context of the Borrower’s Education Strategic Vision, the Program consists of the following activities:

1. Establish an Enabling Environment for Quality Early Childhood Development Service Delivery

Carrying out a program of activities aimed at strengthening the management of preschool education through, *inter alia*:
(a) establishing adequate institutional arrangements for the purpose;
(b) rolling out of a qualifying training system for preschool educators; and
(c) developing a framework and implementing tools to measure the quality of preschool learning environment.

2. Support Improved Teaching Practices in Primary and Secondary Education

Supporting the new pre-service and in-service training model for the teaching profession; including through:
(a) enhancing teachers' training, recruitment and induction models; and
(b) consolidating a coherent, coordinated and diversified training model;

3. Strengthen Management Capacity and Accountability Along the Education Service Delivery Chain

Strengthening the management capacity and accountability of the targeted Regional Academies for Education and Training ("AREFs"); and targeted Provincial Directorates and schools through:
(a) implementation of Performance Contracts between the MoE and AREFs and Performance Contracts between a number of AREFs and Provincial Directorates;
(b) implementation of School Improvement Plans;
(c) establishment of a monitoring and evaluation mechanism of the Performance Contracts; and
(d) integration of the data to monitor School Improvement Plans in the Education Management and Information System ("MASSAR").
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. The Borrower shall:

(a) carry out the Program through the MoE, as further set forth in the Program Operations Manual;

(b) not later than three (3) month after the Effective Date, establish and thereafter maintain, during the period of implementation of the Program, a Strategic Steering Committee within MoE, to be responsible for overall oversight of the Program, as set forth in the Program Operations Manual;

(c) not later than three (3) month after the Effective Date, at all times during Program implementation, establish and thereafter maintain a Technical Committee in MoE, responsible for overall Program implementation and coordination, in accordance with the provisions of the Agreement and as set forth in the Program Operations Manual; and

(d) Ensure that MoE, coordinate with the AREFs, in accordance with adequate implementation arrangements as defined in the POM to: (i) carry out Program activities at the regional level, including, *inter alia*, DLR 6.3 and (ii) oversee the coordination and monitoring of the Program at the regional level and report to the Technical Committee.

2. (a) The Borrower shall not later than three (3) months after the Effective Date, maintain, prepare and adopt the Program Operations Manual, in form and substance acceptable to the Bank ("Program Operations Manual" or "POM"), containing detailed: (i) administrative, and monitoring and evaluation procedures; (ii) environmental and social management systems and complaints and grievance redress mechanism; (iii) Program Action Plan; (iv) required results and arrangements for verification of achievement of the DLRs (including the Verification Protocol); and (v) coordination and oversight arrangements for the Program. To this end, the Borrower shall carry out the Program in accordance with the Program Operations Manual.

(b) The Borrower shall: (i) furnish the draft Program Operations Manual to the Bank for its review; (ii) afford the Bank a reasonable opportunity to exchange views with the Borrower on the draft Program Operations Manual; and (iii) thereafter adopt such Program Operations Manual as shall have been approved by the Bank.

(c) 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.
B. Additional Program Implementation Arrangements

1. The Borrower shall carry out the Program Action Plan or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan in a manner acceptable to the Bank.

Section II. Excluded Activities under the Program

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 $75,000,000 equivalent or more per contract; (2) goods, estimated to cost $50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost $50,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost $20,000,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

The Borrower shall furnish to the Bank each Program Report not later than sixty (60) days after each calendar semester, covering the calendar semester.

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 Program Expenditures, on the basis of 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:

<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Disbursement Calculation Formula (Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DLI #1: a training program for preschool educators</td>
<td>DLR #1.1: The MoE has adopted a Professional Competency for DLR #1.1: 13,380,000</td>
<td>For DLR #1.1: 13,380,000</td>
</tr>
<tr>
<td>has been established.</td>
<td>Framework for preschool educators. DLR #1.2: 20,000 educators have completed the training program for preschool education. For DLR #1.2: 4,460,000 for each additional 2000 educators trained, up to 44,600,000 (Baseline: 0)</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>(2) DLI #2: the Framework for Measuring the Quality of Preschool Environment has been strengthened.</td>
<td>DLR #2.1: The MoE has adopted Framework for Measuring the Quality of Preschool Environment. DLR #2.2: The MoE has adopted a tool to measure the quality of preschool environment. DLR #2.3: The MoE has tested the piloted tool under DLR #2.2 on 150 preschool class rooms in the AREFs. For DLR #2.1: 13,380,000 For DLR #2.2: 11,373,000 For DLR #2.3: 6,244,000 for each 50 class rooms tested, up to 18,732,000. (Baseline: 0)</td>
<td></td>
</tr>
<tr>
<td>(3) DLI #3: The Borrower’s capacity to manage preschool education has been strengthened.</td>
<td>DLR #3.1: each of the AREF’s budget for FY19 includes an item dedicated to preschool education activities. DLR #3.2: MoE has established an administrative structure responsible for preschool education at the central level. DLR #3.3: MoE, has established an administrative structure responsible for preschool education at the level of each AREF and each Provincial Directorate. DLR #3.4: at least 70% of public and modern-private preschools under the AREFs are registered in MASSAR. For DLR #3.1: 8,920,000 For DLR #3.2: 8,920,000 For DLR #3.3: 8,920,000 For DLR #3.4: 4,460,000</td>
<td></td>
</tr>
<tr>
<td>(4) DLI #4: The model of pre-service training and</td>
<td>DLR: 4.1: The MoE has: (i) mandated all teachers appointed in AREFs as of FY20 to For DLR #4.1(i): 8,920,000 and for DLR #4.1(ii): 8,920,000</td>
<td></td>
</tr>
<tr>
<td>DLR #4.2: The MoE has:</td>
<td>For DLR #4.2(i): 8,920,000, and for DLR #4.2(ii): 8,920,000,</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>(i) adopted the terms of reference and procedures of teachers' recruitment; and (ii) developed a behavioral and technical test for teacher applicants.</td>
<td>For DLR #4.3: 17,840,000</td>
<td></td>
</tr>
<tr>
<td>DLR 4.3: The MoE has developed and adopted a framework for the coordination and sharing of responsibilities between the various actors involved in the professional development of teachers.</td>
<td>For DLR #4.4: 8,920,000 for each 10 percentage points, up to 35,680,000 (Baseline: 0)</td>
<td></td>
</tr>
<tr>
<td>DLR #4.4: At least 40% of the newly recruited teachers at all AREFs have taken the Education 3-year License (CLE).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(5) DLR #5: A strategy for in-service teacher training and professional development is implemented.  

<table>
<thead>
<tr>
<th>DLR #5.1: The MoE has adopted the strategy for in-service teacher professional development.</th>
<th>For DLR #5.1: 20,516,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLR #5.2: (i) The MoE has adopted in-service teacher professional development plans created by each AREF; (ii) each AREF has adopted in-service teacher professional training plans created by each Provincial Directorate.</td>
<td>For DLR #5.2(i): 2,676,000 For DLR #5.2(ii): 892,000 for each AREF, up to 8,028,000.</td>
</tr>
<tr>
<td>DLR #5.3: The MoE has established an information system for the reporting and monitoring of teacher’s professional development.</td>
<td>For DLR #5.3: 8,920,000</td>
</tr>
<tr>
<td>DLR #5.4: (i) 30% of in-service teachers received coaching support in instructional practice</td>
<td>For DLR #5.4(i): 4,460,000 for each 10-percentage point of increase in teachers receiving</td>
</tr>
</tbody>
</table>
and pedagogic content knowledge.

DLR #5.4: (ii) 30% of in-service teachers benefit from face-to-face training in instructional practice and pedagogic content knowledge.

DLR #5.4: (iii) 30% of in-service teachers used the Distant Learning.

<table>
<thead>
<tr>
<th>(6) DLI #6: Performance Contracts are implemented.</th>
<th>DLR 6.1: The MoE adopted the model Performance Contracts.</th>
<th>For DLR #6.1: 26,760,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DLR 6.2: The MoE put in place a system to monitor the Performance Contracts’ implementation.</td>
<td>For DLR #6.2: 19,624,000</td>
</tr>
<tr>
<td></td>
<td>DLR 6.3: (i) MoE enters into 6 Performance Contracts with 6 AREFs; (ii) each of the 6 AREFs enters into 2 Performance Contracts with 2 selected Provincial Directorates; all said contracts following the Performance Contract Model developed in DLR #6.1.</td>
<td>For DLR #6.3 (i) 5,352,000 for each signed Performance Contract between AREF and MoE up to 32,112,000. (Baseline: 0) For DLR 6.3 (ii) 892,000 for each signed Performance Contract between AREF and each of the selected Provincial Directorate up to 10,704,000. (Baseline: 0)</td>
</tr>
</tbody>
</table>

(7) DLI #7: School Improvement Plans are defined and implemented.

DLR #7.1: the MoE adopts a manual for carrying out School Improvement Plans. | For DLR #7.1: 4,460,000 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DLR 7.2: MoE adopts a Road Map for the implementation of School Improvement Plans.</td>
</tr>
<tr>
<td></td>
<td>DLR 7.3: MoE integrates the monitoring of the implementation of School Improvement Plans into MASSAR.</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>DLR #7.4: at least 50 schools under each of 6 different AREFs, have implemented the School Improvement Plans.</th>
<th>For DLR #7.4: 3,568,000 for each of the 6 AREFs, up to 21,408,000.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(8) 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</td>
<td>1,115,000</td>
</tr>
<tr>
<td>(9) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 4.05 (c) of the General Conditions</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>446,000,000</td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made: (a) on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed Euro 22,300,000 may be made on the basis of DLRs achieved prior to this date but on or after September 1, 2018; or/and (b) for any DLI/DLR under Category (1) through Category (7), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved as referred to in Schedule 2 to this Agreement and the additional supporting documentation set forth in the Disbursement and Financial Information Letter.

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw an amount not to exceed Euro 111,500,000 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 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 have not been achieved, the Bank may, by notice to the Borrower:

- authorize: (i) 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 Disbursement Calculation Formula set out in the third column of the table in Section IV.A.2 of this Schedule; and (ii) the
disbursement of previously undisbursed amounts allocated to the respective DLR, if and when the Bank shall be satisfied, on the basis of satisfactory evidence, that a partially achieved DLR for which a lesser amount has been disbursed pursuant to subparagraph (i) above has been fully achieved;

(b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or

(c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.

4. The Closing Date is September 1, 2024.
SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

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").

**Level Principal Repayments**

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1 and August 1</td>
<td></td>
</tr>
<tr>
<td>Beginning August 1, 2024</td>
<td>2.5%</td>
</tr>
<tr>
<td>through February 1, 2044</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions


2. “AREFs” means the Borrower’s Regional Academies for Education and Training in Program Areas.

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

4. “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.

5. “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.


7. “Education Strategic Vision” means the Borrower’s strategic vision program for 2015-2030 that lays the foundations to create a “new Moroccan school”, built around four pillars: (i) Equity and Equal Opportunities, (ii) Quality Education for All, (iii) Education for Life and (iv) Leadership and Change Management.

8. “Fiscal Year” or “FY” means the Borrower’s calendar year from January 1 to December 31.

9. “Framework of Measuring the Quality of Preschool Environment” means a set of several documents that will form the quality framework for learning environment particularly in the preschool sector, including the: (i) teaching guides, (ii) specification requirements to rehabilitate preschool classrooms, and (iii) quality standards for learning environments.


11. “MASSAR” means the education management and information system under the MoE.

12. “Professional Competency Framework” for the propose of DLI 1 means a framework that defines the necessary skills and profile for each profession relevant to preschool education, particularly preschool educators, as further defined in the POM.
13. "Performance Contracts" means the model performance contracts elaborated in the POM and which shall include:

a. Performance Contracts between the MoE and AREFs for the purpose of strengthening management capacity and accountability between the MoE and AREFs; or

b. Performance Contracts between AREFs and Provincial Directorates for the purpose of strengthening management capacity and accountability between the Provincial Directorates and AREFs.

14. "Program Action Plan" means the Borrower's plan dated May 17, 2019 and referred to in Section 1.B of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Bank.


16. "Program Operations Manual" or "POM" means the manual to be adopted by the Borrower as provided in Schedule 2 to this Agreement, which shall contain detailed:

(i) administrative, and monitoring and evaluation procedures; (ii) environmental and social management systems and complaints and grievance redress mechanism; (iii) Program Action Plan; (iv) details, required results and arrangements for verification of achievement of the DLRs (including the Verification Protocol); (iv) Project Reports template; and (v) coordination and oversight arrangements for the Program.

17. "Provincial Directorates" means the selected provincial directorates under the MoE in the Program Areas.

18. "Road Map" for purposes of DLI 7, means a medium-term plan for the definition and deployment school improvement plans in AREFs and Provincial Directorates.

19. "School Improvement Plan" means a framework through which educational actors plan a future development of a school and includes a diagnostic, planning and prioritization of activities and a monitoring and evaluation plan.

20. "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.

21. "Verification Protocol" means the protocol adopted by the Borrower as part of the Project Operations Manual for the purpose of providing evidence and verification arrangements of the DLIs and DLRs.