

PROGRAM IMPLEMENTATION AGREEMENT

BETWEEN

THE UNITED STATES OF AMERICA,

ACTING THROUGH

THE MILLENNIUM CHALLENGE CORPORATION

AND

THE KINGDOM OF MOROCCO

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PROGRAM IMPLEMENTATION AGREEMENT

PREAMBLE

This PROGRAM IMPLEMENTATION AGREEMENT (this “**Agreement**”) is between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation (“**MCC**”), and the Kingdom of Morocco (“**Morocco**”) (the “**Government**”) (individually, a “**Party**” and collectively, the “**Parties**”).

Recalling that the Millennium Challenge Compact between the United States of America, acting through MCC, and Morocco, acting through its Government, signed on November 30, 2015 (the “**Compact**”), sets forth the general terms on which MCC will provide assistance of up to Four Hundred Fifty Million United States Dollars (US\$450,000,000) to the Government for a program to reduce poverty through economic growth in Morocco;

Recalling that the Government has designated MCA-Morocco to carry out certain rights and obligations of the Government under the Compact and related agreements; and

Recognizing that the Parties wish to specify further the terms for implementing the Compact and the Program;

The Parties hereby agree as follows:

ARTICLE 1.

GENERAL RESPONSIBILITIES OF THE PARTIES

Section 1.1 Definitions.

Capitalized terms used in this Agreement and not defined in this Agreement have the meanings provided in the Compact. All other capitalized terms have the meanings provided in Annex I.

Section 1.2 Role of the Government.

(a) Government Responsibilities. The Government will promptly take all necessary or appropriate actions to carry out all of its obligations under the Compact, this Agreement, and any other Supplemental Agreement (including any post-Compact Term activities, audits or other responsibilities), and to delegate its rights and responsibilities to entities, including MCA-

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Morocco, adequate to enable them (each a “*Permitted Designee*”) to oversee and manage the implementation of the Program on behalf of the Government.

(b) Government Undertakings. The Government hereby affirms as follows:

(i) Impoundment; Liens or Encumbrances. The Government will ensure that (A) no Program Assets are subject to any impoundment, rescission, sequestration, liquidation or to any provision of law now or hereafter in effect in Morocco that would have the effect of allowing any such impoundment, rescission or sequestration and (B) no Program Asset is subject to any lien, attachment, enforcement of judgment, pledge, or encumbrance of any kind (each a “*Lien*”), except with MCC’s prior written approval. In the event any Lien not so approved is imposed, the Government will promptly seek the release of such Lien and, if such Lien is required by a final and non-appealable court order, will pay any amounts due in order to obtain such release; ***provided, however,*** that the Government will not use MCC Funding or any Program Assets to satisfy any such obligation.

(ii) Disposal of Program Assets Consisting of Real Property. The Government will ensure that no Program Asset consisting of real property is (A) subject to any lease or sub-lease arrangement, in whole or in part or (B) sold, donated or otherwise disposed of, in whole or in part; except, in each of the foregoing cases, with MCC’s prior written approval. In addition, any Program Asset consisting of real property that is retained by MCA-Morocco, subject to the terms of the Program Closure Guidelines, after the expiration or termination of the Compact will be subject to a reversionary interest of MCC for a period of five (5) years commencing on the last day of the closure period; and if at any time during that five-year period, the Government wishes to sell the real property or use it for a purpose that is not related to the Program or does not continue to further the Program objectives, the Government will compensate MCC for its interest in the real property by paying to MCC an amount equal to the fair market value of MCC’s reversionary interest in the real property determined at such time.

(iii) Environmental and Social Performance. Unless MCC and the Government agree otherwise in writing, the Government will ensure that all Projects and Activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by MCC Funding under the Compact comply with the MCC Environmental Guidelines, including the environmental and social performance standards set forth in the *Performance Standards on Environmental and Social Sustainability of the International Finance Corporation* (as in effect from time to time, the “*IFC Performance Standards*”) that have been incorporated by reference into the MCC Environmental Guidelines. The Government also will ensure that the Projects and Activities comply with all national environmental laws and regulations, licenses and permits, except to the extent such compliance would be inconsistent with the Compact. Where there is a difference in standards between the national environmental laws and regulations and the standards required by the Compact, the Government will ensure that the stricter standard is followed. Unless MCC agrees otherwise in writing, the Government will fund all necessary costs of environmental and social mitigation measures (including, without limitation, costs of

resettlement) not specifically provided for, or that exceed the MCC Funding specifically allocated for such costs in, the Detailed Financial Plan for any Project or Activity.

(iv) Gender and Social Inclusion. Unless MCC and the Government agree otherwise in writing, the Government will ensure that all Projects and Activities undertaken, funded, or otherwise supported in whole or in part (directly or indirectly) by MCC Funding comply with the MCC Gender Policy and the MCC Gender Integration Guidelines.

Section 1.3 Role of MCA-Morocco.

(a) Designation of MCA-Morocco.

(i) Pursuant to Section 3.2(b) of the Compact, the Government has designated MCA-Morocco, an *établissement public* created under Moroccan law ("**MCA-Morocco**"), as the primary agent of the Government to implement the Program and to exercise and perform the Government's right and responsibility to oversee, manage and implement the Program, including without limitation, managing the implementation of Projects and Activities, allocating resources and managing procurements (the "**Designated Rights and Responsibilities**"). The Parties note that the Government remains ultimately responsible for the performance of the Government's obligations under or in relation to the Compact and this Agreement.

(ii) The Government will ensure that MCA-Morocco is and remains throughout the Compact Term duly organized, sufficiently staffed and empowered to exercise the Designated Rights and Responsibilities.

(iii) The "Accountable Entity" referenced in the Program Guidelines will be deemed to refer to MCA-Morocco, and all obligations assigned to the "Accountable Entity" in the Program Guidelines will be obligations of MCA-Morocco.

(b) Additional Government Undertakings with Respect to MCA-Morocco. The Government hereby affirms to MCC as follows:

(i) Power and Authorization. MCA-Morocco has the power and authority to (A) bind the Government to the full extent of the Designated Rights and Responsibilities, (B) execute and deliver each agreement, certificate, or instrument contemplated by this Agreement, the Compact, any other Supplemental Agreement or the Program Guidelines, and (C) perform its obligations under this and each such other agreement, certificate, or instrument contemplated by this Agreement, the Compact, any other Supplemental Agreement or the Program Guidelines.

(ii) Government Responsibilities. MCA-Morocco (A) will carry out the Designated Rights and Responsibilities (including all obligations specified as MCA-Morocco obligations in the Compact, this Agreement or any other Supplemental Agreement) with due care, efficiency and diligence in conformity with sound technical, financial and management practices, and in conformity with the Compact, this Agreement, each other Supplemental Agreement and the Program Guidelines, (B) except as provided in Section 2.10 or with respect to

an Implementing Entity, will not assign, delegate or otherwise transfer any of the Designated Rights and Responsibilities without the prior written consent of MCC, and (C) will not undertake any activities, duties or responsibilities other than the Designated Rights and Responsibilities without the prior written consent of MCC.

(iii) Government Representations. MCA-Morocco will confirm each representation that it makes on behalf of the Government in any agreement, certificate or instrument delivered by MCA-Morocco with all necessary Permitted Designees prior to providing such representation to MCC.

(iv) Autonomy. The Government will ensure that (A) no decision of MCA-Morocco is modified, supplemented, unduly influenced or rescinded by any governmental authority, except by a final and non-appealable judicial decision and (B) the authority of MCA-Morocco will not be expanded, restricted or otherwise modified, except in accordance with this Agreement and the Compact.

(v) Governance of MCA-Morocco. MCA-Morocco will adopt internal rules and regulations or bylaws, in form and substance satisfactory to MCC (the “**Bylaws**”). MCA-Morocco will conduct its operations and management in accordance with the Governing Documents (including the Bylaws) and the Governance Guidelines.

(vi) Funded Agreements; General Provisions Annex. MCA-Morocco will provide the Fiscal Agent (and MCC if it so requests) a copy of each agreement that is funded (directly or indirectly) with MCC Funding (each a, “**Funded Agreement**”), regardless of whether MCC has approval rights with respect to such agreement. Unless otherwise instructed by MCC, MCA-Morocco will include in each Funded Agreement (i) a covenant that the counterparty to such agreement (each a, “**Counterparty**”) will comply with (A) the General Provisions Annex and (B) any instruction received by such Counterparty from MCC regarding the performance by such Counterparty of the terms of the General Provisions Annex notwithstanding any other instruction given by MCA-Morocco; and (ii) a right for MCC to terminate such Funded Agreement if such Counterparty fails to comply with the General Provisions Annex or any such instruction of MCC.

(vii) Insurance; Performance Guaranties. MCA-Morocco will, to MCC’s satisfaction, cause all Program Assets to be insured (including, without limitation, through self-insurance) and will arrange such other appropriate insurance to cover against risks or liabilities associated with the operations of the Program, including by requiring Providers to obtain adequate insurance and to post adequate performance bonds or other guaranties. MCC Funding may be used to pay the costs of obtaining such insurance. MCA-Morocco (or, as appropriate and with MCC’s prior approval, another entity) will be named as the payee on any such insurance and the beneficiary of any such guaranty or bonds. If not already named as the insured party, MCA-Morocco (and MCC, if it so requests) will be named as additional insureds on any such insurance. The Government will promptly notify MCC of the payment of any proceeds from claims paid under such insurance or guaranty, and will ensure that such proceeds will be used to replace or repair any lost or damaged Program Assets; **provided, however**, that, at MCC’s

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election, such proceeds will be deposited in a Permitted Account as designated by MCA-Morocco or as otherwise directed by MCC.

(viii) MCA-Morocco Indemnity. If MCA-Morocco is held liable under any indemnification or other similar provision of any agreement, then the Government will pay such indemnity in full on behalf of MCA-Morocco and will not use MCC Funding or any Program Assets to satisfy such obligation. In addition, the Government will indemnify and hold harmless each member of MCA-Morocco's Board (including the Observer), each member of any Stakeholder Committee and each of MCA-Morocco's Key Staff and employees from any claim, loss, action, liability, cost, damage or expenses incurred by such person in the performance of its duties on behalf of MCA-Morocco, *provided, however*, that the Government will have no obligation to indemnify any such person if and to the extent that any such claims, losses, actions, liabilities, costs, damages or expenses are attributable to the fraud, gross negligence or willful misconduct of such person; and *provided, further*, that the Government will not use MCC Funding or any Program Assets to satisfy its obligations under this Section 1.3(b)(viii).

ARTICLE 2.

IMPLEMENTATION FRAMEWORK

Section 2.1 Implementation Plan. The framework for implementation of the Program will be further elaborated in a set of documents, in form and substance approved by MCC, consisting of (i) a Work Plan, (ii) a Detailed Financial Plan, (iii) an Audit Plan and (iv) a Procurement Plan (each, an "**Implementation Plan Document**" and collectively the "**Implementation Plan**"). MCA-Morocco will submit its proposed Implementation Plan for review and approval by MCC before the initial Disbursement of Program Funding and at least on an annual basis thereafter (or in such other interval as may be required by the Program Guidelines). MCC will review the proposed Implementation Plan and as necessary may request MCA-Morocco to submit clarifications or adjustments. MCA-Morocco will submit an updated Implementation Plan or updated Implementation Plan Document during any quarter in which significant changes or modifications are made to a Project or to the Program, or when MCA-Morocco determines that the expected results, targets and milestones for the specified year are not likely to be achieved; *provided, however*, that an updated Detailed Financial Plan will be submitted each quarter. In such instances, MCA-Morocco will submit to MCC for approval a proposed revised Implementation Plan or updated Implementation Plan Document (as applicable) on the same date as the next Periodic Report is due. MCA-Morocco will ensure that the implementation of the Program is conducted in accordance with the Implementation Plan.

(a) Work Plan. MCA-Morocco will develop and implement a work plan, in form and substance satisfactory to MCC, for the overall administration of the Program (the "**Work Plan**").

(b) Detailed Financial Plan. The Multi-Year Financial Plan Summary for the Program, which is set forth in Annex II to the Compact, shows the estimated annual contribution of MCC Funding to administer, monitor and evaluate the Program and to implement each Project (the "**Multi-Year Financial Plan**"). Except as MCC agrees otherwise in writing, MCA-Morocco

will develop and implement for each quarter for the upcoming year and on an annual basis for each year of the remaining years of the Compact, a detailed financial plan in accordance with the Reporting Guidelines, setting forth funding requirements for the Program (including administrative costs) and for each Project, broken down to the sub-activity level (or lower, where appropriate), and projected both on a commitment and cash requirement basis (each a “**Detailed Financial Plan**”).

(c) Audit Plan. MCA-Morocco will develop and implement a plan, in accordance with the Audit Guidelines, for the audit of the expenditures of the entities that are subject to audit pursuant to the Audit Guidelines (the “**Audit Plan**”). The Audit Plan will be in form and substance satisfactory to MCC and will be developed no later than sixty (60) days before the end of the first period to be audited.

(d) Procurement Plan. MCA-Morocco will prepare periodic procurement plans for acquiring the goods, works, and consultant and non-consultant services needed to implement the Compact (each a “**Procurement Plan**”). Each Procurement Plan will be prepared and updated in accordance with the MCC Program Procurement Guidelines. In addition, no later than six months after the Compact enters into force as provided in Article 7 of the Compact, MCA-Morocco will develop and implement a bid challenge system (“**BCS**”) that provides suppliers, contractors and consultants that are interested parties the ability to seek review of procurement actions and decisions. The organization, rules and procedures of such BCS will be subject to MCC approval. Upon MCC’s approval of the BCS, MCA-Morocco will publish the BCS on the MCA-Morocco website.

Section 2.2 Fiscal Accountability Plan. Except as MCC agrees otherwise in writing, MCA-Morocco will develop and implement a manual (as approved by MCC) setting forth the principles, mechanisms and procedures (the “**Fiscal Accountability Plan**”) that MCA-Morocco will use to ensure appropriate fiscal accountability for the use of MCC Funding, including the process to ensure that open, fair, and competitive procedures will be used in a transparent manner in the administration of grants or cooperative agreements and in the procurement of goods, works and services. The Fiscal Accountability Plan will also include, among other things, requirements with respect to (a) budgeting, (b) accounting, (c) cash management, (d) financial transactions (receipts and payments), (e) opening and managing Permitted Accounts, (f) personnel and payroll, (g) travel and vehicle use, (h) asset and inventory control, (i) audits and (j) reporting. The Fiscal Accountability Plan will be revised periodically, subject to review and approval by MCC.

Section 2.3 M&E Plan. Unless MCC agrees otherwise in writing, no later than ninety (90) days after the Compact enters into force as provided in Article 7 of the Compact, MCA-Morocco will develop and implement an M&E Plan that will serve as the primary governing document for monitoring and evaluation activities for the Program over the Compact Term. The M&E Plan will be developed, implemented and updated in accordance with the MCC Policy for Monitoring and Evaluation of Compacts and Threshold Programs.

Section 2.4 Environmental and Social Performance Plans. In accordance with Section 1.2(b)(iii), MCA-Morocco will ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by MCC Funding comply with the MCC Environmental Guidelines, including the IFC Performance Standards that are incorporated by reference therein. Specifically, MCA-Morocco will: (i) develop, adopt, and implement an Environmental and Social Management System (“**ESMS**”) for all Compact Activities; (ii) undertake, cooperate with or complete, as the case may be, any necessary studies or plan including but not limited to environmental and social impact assessments, environmental and social management plans, environmental and social audits, resettlement policy frameworks, and resettlement action plans required under the laws of Morocco, the MCC Environmental Guidelines, this Agreement, the Compact, any other Supplemental Agreement or the Program Guidelines, or as otherwise required by MCC, each in form and substance satisfactory to MCC; (iii) ensure that Project or Activity-specific environmental and social management plans are developed and all relevant measures contained in such plans are integrated into project design, the applicable procurement documents and associated finalized contracts, in each case, in form and substance satisfactory to MCC; and (iv) implement to MCC’s satisfaction appropriate environmental and social mitigation measures identified in such assessments or plans or developed to address environmental and social issues identified during Compact implementation.

Section 2.5 Gender and Social Inclusion. To ensure social inclusion and gender integration across the Projects and Activities, address human trafficking, and ensure compliance with the MCC Gender Policy and the MCC Gender Integration Guidelines, MCA-Morocco will: (i) develop a comprehensive social and gender integration plan (“**Social and Gender Integration Plan**”) that, at a minimum, (i) identifies approaches for regular, meaningful and inclusive consultations with women and other vulnerable and/or underrepresented groups; sets forth strategies for consolidating the findings and recommendations of Project-specific social and gender analyses into final Project designs; and specifies actions to be taken during the Compact Term to meet the social inclusion and gender equality objectives for the Projects; and (ii) ensures, through monitoring and coordination during Compact implementation, that final Activity designs, construction tender documents and implementation plans are consistent with and incorporate the outcomes of the social and gender analyses. MCA-Morocco will, on an annual basis, review and update the Social and Gender Integration Plan as needed to reflect lessons learned and Project-specific analysis.

Section 2.6 MCC Program Procurement Guidelines and MCC Approval of Grants. In accordance with Section 3.6 of the Compact:

(a) MCA-Morocco will comply with the MCC Program Procurement Guidelines in the procurement (including solicitation) of all goods, works and services and the award and administration of contracts in furtherance of the Compact. In addition, the Government will ensure that any bid challenges are conducted in accordance with the MCC Program Procurement Guidelines and the BCS; and

(b) Unless MCC otherwise consents in writing, MCA-Morocco will ensure that grants awarded to any non-Government entity in furtherance of the Program are awarded and administered pursuant to an open, fair and competitive procedure administered in a transparent manner.

Section 2.7 Notice to Providers; Incorporation.

(a) MCA-Morocco will notify all Providers (and all other entities or individuals receiving MCC Funding in connection with the Program) of the requirements of Section 2.7 of the Compact and will include, or ensure the inclusion of, the requirements of Section 2.7 of the Compact in all agreements with a Provider if MCC is not a party to such agreements.

(b) MCA-Morocco will include, or ensure the inclusion of, the requirements of:

(i) Sections 2.1(c) and 2.8(c) of this Agreement and Section 3.7 of the Compact and paragraphs (b)(i) and (ii), (c), and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Covered Provider that is not a non-profit organization domiciled in the United States, on the other hand;

(ii) Section 3.7 of the Compact and paragraphs (b)(i) and (ii) and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Provider that does not meet the definition of a Covered Provider, on the other hand;

(iii) Section 3.7 of the Compact and paragraphs (b)(i) and (ii), (c), and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Covered Provider that is a non-profit organization domiciled in the United States, on the other hand;

(iv) Section 3.7 of the Compact and paragraphs (b)(iii), (c) and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a non-U.S. Covered Provider, on the other hand.

Section 2.8 Reports; Notices.

(a) Unless MCC agrees otherwise in writing, MCA-Morocco will periodically provide to MCC, in form and substance satisfactory to MCC, the reports and information required by the Reporting Guidelines (each, a "**Periodic Report**"). MCA-Morocco will provide

the Periodic Reports to MCC on the schedule specified in the Reporting Guidelines, and the Periodic Reports will be consistent with the Reporting Guidelines in all respects.

(b) On October 30 of each year of the Compact Term (or within thirty (30) days of any written request by MCC), MCA-Morocco will provide to MCC an annual supplemental report containing the following information:

(i) the progress made by the Government toward achieving the Compact Goal and Project Objectives;

(ii) additional information on accomplishments not presented in the Periodic Reports;

(iii) developments in Compact implementation related to the consultative process, donor coordination, and lessons learned; and

(iv) any report or document required to be delivered to MCC in connection with the Program under the MCC Environmental Guidelines (including the IFC Performance Standards that are incorporated by reference therein), any Audit Plan, or any Implementation Plan Document.

(c) MCA-Morocco will furnish, or use its best efforts to furnish, to MCC an audit report in a form satisfactory to MCC for each audit required under the Compact, other than audits arranged for by MCC, no later than ninety (90) days after the end of the period under audit, or such other time as may be agreed by MCC from time to time.

(d) If at any time during the Compact Term, the Government materially reallocates or reduces the allocation in its national budget of the normal and expected resources that the Government would have otherwise received or budgeted, from external or domestic sources, or fails to timely distribute an allocation budgeted for the activities contemplated under the Compact, the Government, acting through MCA-Morocco, must notify MCC in writing within thirty (30) days of such reallocation, reduction, or failure to distribute, such notification to contain information regarding the amount of the reallocation, reduction, or failure to distribute, the affected activities, and an explanation for the reallocation or reduction.

(e) In addition to the Periodic Reports, MCA-Morocco will provide to MCC within thirty (30) days of a written request by MCC, or as otherwise agreed by MCC and MCA-Morocco in writing, such other reports, documents or information as MCC may request from time to time related to the Program, including any component of the Implementation Plan, the Fiscal Accountability Plan, the Program Guidelines or any Disbursement.

(f) MCA-Morocco will submit the Periodic Reports and any other reports required hereunder electronically if requested by MCC or otherwise required by the Reporting Guidelines.

(g) MCA-Morocco will furnish MCC with an annual report, in form and substance satisfactory to MCC, regarding the Government's contribution to the objectives of the Program required by Section 2.6(a) of the Compact. This report will be provided to MCC on a schedule concurrent with the audit schedule for all Disbursements of MCC Funding, as further specified in Section 3.8(a) of the Compact.

Section 2.9 Transactions Subject to MCC Approval. Each of the following transactions, activities, agreements, and documents requires MCC's prior written approval:

- (a) Disbursements;
- (b) the Implementation Plan (including each element or component thereof), the Fiscal Accountability Plan and the M&E Plan, and any modification of any of the foregoing;
- (c) agreements between the Government and MCA-Morocco, and agreements in which any of the following are appointed, hired or otherwise engaged (each, a "***Material Agreement***"):
 - (i) Auditor or Reviewer;
 - (ii) Fiscal Agent;
 - (iii) Procurement Agent;
 - (iv) Bank;
 - (v) Implementing Entity;
 - (vi) Outside Project Manager; and
 - (vii) a member of the Board (including any Observer) or any Key Staff of MCA-Morocco (including agreements regarding compensation for any such person);
- (d) any modification, termination or suspension of a Material Agreement, or any action that would have equivalent effect;
- (e) any agreement or transaction of MCA-Morocco that is not arm's-length;
- (f) any pledge of any MCC Funding or any Program Assets, or any incurrence of material indebtedness, or any guarantee, directly or indirectly of any indebtedness;
- (g) any decree, legislation, regulation, charter, contractual arrangement or other document establishing or governing (other than public laws of general application to all public institutions), or relating to the formation, organization or governance of, MCA-Morocco (including the Bylaws and any staffing plan) (each, a "***Governing Document***");

- (h) any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other change of MCA-Morocco;
- (i) any change in character or location of any Permitted Account;
- (j) (A) any change of any member of the Board (including any Observer), of the member serving as the chairperson or in the composition or size of the Board, and the filling of any vacant seat of any member of the Board (including any Observer), (B) any change of any Key Staff of MCA-Morocco or in the composition or size of its management unit, and the filling of any vacant position of any Key Staff of MCA-Morocco, and (C) any material change in the composition or size of any Stakeholder Committee;
- (k) any decision by MCA-Morocco to engage, accept or manage any funds in addition to MCC Funding (including from the Government or any donor agencies or organizations) during the Compact Term, or to engage in any activities or undertake any duties or responsibilities other than the Designated Rights and Responsibilities;
- (l) any agreement, transaction, decision or other action or document for which MCC approval is required under any of the Program Guidelines; and
- (m) any amendment, supplement, replacement, termination, revocation or other change to any of the foregoing documents or arrangements.

Section 2.10 Role of Certain Entities in Implementation.

(a) Outside Project Manager. MCA-Morocco may engage qualified persons or entities to serve as outside project managers (each, an “**Outside Project Manager**”) in the event that it is advisable to do so for the proper and efficient day-to-day management of a Project or Activity; **provided, however**, that, if so required by the MCC Program Procurement Guidelines, the appointment or engagement of any Outside Project Manager will be made using a competitive selection process and, if required by the MCC Program Procurement Guidelines, will be subject to approval by the Board and by MCC prior to such appointment or engagement. Upon such approval, MCA-Morocco may delegate, assign, or contract to the Outside Project Managers such duties and responsibilities as it deems appropriate with respect to the management of the Implementing Entities and the implementation of the specific Projects or Activities; and **provided, further**, that MCA-Morocco will remain accountable for those duties and responsibilities and all reports delivered by the Outside Project Manager notwithstanding any such delegation, assignment or contract and the Outside Project Manager will be subject to the oversight of the Fiscal Agent and Procurement Agent. The Board may determine that it is advisable to engage one or more Outside Project Managers and instruct MCA-Morocco and, where appropriate, the Procurement Agent to commence and conduct the competitive selection process for such Outside Project Manager.

(b) Fiscal Agent. MCA-Morocco will engage a Fiscal Agent, who will be responsible for, among other things, (i) ensuring and certifying that Disbursements are properly authorized

and documented in accordance with established control procedures set forth in the Fiscal Agent Agreement and the Bank Agreement, (ii) instructing the Bank to make Disbursements from a Permitted Account or requesting Disbursement be made directly to a provider as payment for goods, works or services in accordance with the Common Payment System or any alternate payment system approved by MCC, as the case may be, and in each case following applicable certification by the Fiscal Agent, (iii) providing applicable certifications for Disbursement Requests, (iv) maintaining proper accounting of all MCC Funding financial transactions, and (v) producing reports on Disbursements in accordance with established procedures set forth in the Fiscal Agent Agreement or the Bank Agreement. MCA-Morocco will enter into an agreement with the Fiscal Agent, in form and substance satisfactory to MCC, which sets forth the roles and responsibilities of the Fiscal Agent and other appropriate terms and conditions (the “**Fiscal Agent Agreement**”). Unless MCC agrees otherwise in writing, the Fiscal Agent will be a third party, independent of the Government.

(c) Auditors and Reviewers. MCA-Morocco will engage one or more auditors as contemplated in the Audit Guidelines (each, an “**Auditor**”). As requested by MCC in writing from time to time, MCA-Morocco will also engage an independent (i) reviewer to conduct reviews of performance and compliance under the Compact, which reviewer will have the capacity to (1) conduct general reviews of performance or compliance, (2) conduct audits of environmental and social performance, and (3) conduct data quality assessments in accordance with the M&E Plan, as described more fully in Annex III to the Compact, and/or (ii) evaluator to assess performance as required under the M&E Plan (each, a “**Reviewer**”). MCA-Morocco will select the Auditor(s) and/or Reviewer(s) in accordance with the Audit Guidelines and the M&E Plan, as applicable. MCA-Morocco will enter into an agreement with each Auditor or Reviewer, in form and substance acceptable to MCC, that sets forth the roles and responsibilities of the Auditor or Reviewer with respect to the audit, review or evaluation, including access rights, required form and content of the applicable audit, review or evaluation and other appropriate terms and conditions (the “**Auditor / Reviewer Agreement**”).

(d) Procurement Agent. MCA-Morocco will engage a Procurement Agent to carry out and/or certify specified procurement activities in furtherance of the Compact and this Agreement. MCA-Morocco will enter into an agreement with the Procurement Agent, in form and substance satisfactory to MCC, that sets forth the roles and responsibilities of the Procurement Agent with respect to the conduct, monitoring and review of procurements and other appropriate terms and conditions (the “**Procurement Agent Agreement**”). Unless MCC agrees otherwise in writing, the Procurement Agent will be a third party, independent of the Government.

Section 2.11 Publicity and Transparency.

(a) Subject to Section 2.12, MCA-Morocco will give appropriate publicity to the Compact as a program to which the United States, through MCC, has contributed, including by identifying Program Activity sites, and marking Program Assets, all in accordance with MCC’s *Standards for Global Marking*. Upon the termination or expiration of the Compact, the

Government, upon MCC's request, will cause the removal of any such references and markings on the MCA-Morocco Website or in any Government or MCA-Morocco publicity materials.

(b) MCA-Morocco will make information concerning implementation of the Compact publicly available, including by posting the following documents in English (unless MCC agrees otherwise in writing), on the website operated by MCA-Morocco (the "***MCA-Morocco Website***"), all to the extent contemplated by and in accordance with the Governance Guidelines: (i) Compact, (ii) this Agreement, (iii) minutes of the meetings of the Board, and minutes of the meetings of the Stakeholders Committees as they relate to MCA-Morocco; (iv) the M&E Plan, along with periodic reports and final evaluations on Program performance; (v) all environmental and social impact assessments and resettlement action plans for the Projects and supporting documents; (vi) all social and gender assessments and the Social and Gender Integration Plan; (vii) all audit reports by an Auditor and any periodic reports or evaluations by a Reviewer; (viii) all Disbursement Requests; (ix) all reports required to be submitted to MCC under the terms of this Agreement (including the reports required under Section 2.8(a)); (x) all procurement policies and procedures (including standard documents, procurement plans, contracts awarded and the BCS) and any other procurement documents required to be made publicly available under the MCC Program Procurement Guidelines; (xi) a copy of any legislation or other documents related to the formation, organization or governance of MCA-Morocco (except to the extent classified), including the Governing Documents and any amendments thereto; and (xii) such other materials as MCC may request; ***provided, however***, that any press release or announcement regarding MCC or the fact that MCC is funding the Program or any other publicity materials referencing MCC will be subject to MCC's prior approval and must be consistent with any instructions provided by MCC in relevant Implementation Letters.

(c) Notwithstanding Section 2.11(b), information relating to procurements prior to the award of a contract and confidential information relating to MCA-Morocco's agreements with employees, contractors and consultants will be excluded from the information and documents made publicly available; ***provided, however***, that MCC and MCA-Morocco will mutually determine whether any information to be excluded is confidential.

Section 2.12 Branding and Enforcement.

(a) Subject to Section 4.2(g), MCC hereby grants MCA-Morocco a revocable, royalty-free, fully paid and non-exclusive right and license to use MCC's logo and the names "Millennium Challenge Corporation," "Millennium Challenge Account" and "MCC," in each case, solely in accordance with the MCC *Standards for Global Marking*. Any such use of the logo and names will be solely for the benefit of MCC, and not inure to the benefit of MCA-Morocco. The use of MCC's logo and names will not create any agency or legal representation, and MCA-Morocco has no authority to bind MCC in any way.

(b) MCA-Morocco will create its own logo, and use such logo as well as the names "Millennium Challenge Account –Morocco" and "MCA-Morocco," in each case, solely in accordance with the MCC *Standards for Global Marking*. Subject to Section 4.2(g), MCA-

Morocco hereby grants MCC an irrevocable, royalty-free, fully paid and non-exclusive right and license to use the names “Millennium Challenge Account –Morocco” and “MCA-Morocco,” and MCA-Morocco’s logo.

(c) MCA-Morocco will take all reasonable steps to ensure that the names “Millennium Challenge Account- Morocco” and “MCA-Morocco,” as well as its own logo, will enjoy maximum protection under the laws now or hereafter in effect in Morocco throughout the term of this Agreement. This includes the registration of the names and the logo as a trademark, if appropriate, the monitoring of unauthorized use by third parties, and, in case of detection of unauthorized use, the enforcement of such rights. MCA-Morocco will inform MCC as soon as practicable if it becomes aware of any infringement, threat of infringement, or any other use by a third party that has not been authorized by MCC of any of (i) the names “Millennium Challenge Account –Morocco,” “MCA-Morocco” and/or MCA-Morocco’s logo; or (ii) the names “Millennium Challenge Corporation,” “MCC” and/or MCC’s logo. MCA-Morocco will provide MCC assistance to enforce MCC’s rights to the names “Millennium Challenge Corporation” and “MCC,” as well as to MCC’s logo.

Section 2.13 Government Contribution.

(a) In accordance with Section 2.6(a) of the Compact, the Government will make an appropriate contribution, relative to its national budget and taking into account prevailing economic conditions, toward meeting the objectives of the Compact. Such contribution will be in addition to the Government’s spending allocated toward such objectives in its budget for its fiscal year 2014. The Government’s anticipated contributions from its national budget for fiscal years 2015 through 2022 are set forth in Annex III to this Agreement. Such contributions remain subject to any legal requirements in Morocco for the budgeting and appropriation of such contributions, including approval of the Government’s annual budget by Morocco’s legislature. The Government’s contribution may include in-kind and financial contributions (including obligations of the Government on any debt incurred toward meeting the Objectives).

(b) Unless otherwise agreed by the Parties in writing, contributions denominated in the local currency of Morocco or other foreign currency will be recorded and converted to U.S. dollars at the exchange rate on the date the contribution payment is made or using an average rate over the period of contribution, in each case, using the exchange rates published by the central bank of Morocco or such other source acceptable to MCC.

ARTICLE 3.

DISBURSEMENT OF MCC FUNDING

Section 3.1 Disbursement Process.

(a) Disbursement Requests. MCA-Morocco may request Disbursements to be made under the Compact by submitting a request in accordance with the Reporting Guidelines (each a “**Disbursement Request**”), duly completed, to MCC not later than twenty (20) days (or such

other period of time as may be agreed by MCC) prior to the commencement of each Disbursement Period. Requests for Disbursement of Program Funding and Compact Implementation Funding for any Disbursement Period will be made by separate Disbursement Requests using the applicable form. Unless MCC agrees otherwise in writing, MCA-Morocco may submit only one Disbursement Request for Program Funding, and one Disbursement Request for Compact Implementation Funding, for each quarter (such quarter, or any other period of time as agreed by MCC, the “**Disbursement Period**”). Each Disbursement Request submitted must be accompanied by the Periodic Reports covering the corresponding Disbursement Period.

(b) Approval of Disbursement Requests; Release of Proceeds.

(i) Upon receipt of a Disbursement Request, MCC will determine the appropriate amount of the Disbursement to be made based on, among other things, (A) the progress achieved under the Implementation Plan, (B) the amount of funds required to complete the activities described in the accompanying Periodic Reports during the corresponding Disbursement Period and (C) the satisfaction, waiver or deferral of applicable conditions to such Disbursement. MCC may, in its sole discretion, disapprove any Disbursement completely or reduce the amount of any Disbursement below that proposed in a Disbursement Request based on its determination of any of the factors set forth in this Section 3.1(b)(i).

(ii) Upon MCC’s approval of a Disbursement Request, the proceeds of the Disbursement may be transferred, at MCC’s sole election, (A) to a Permitted Account, or (B) directly to a provider as payment for goods, works or services received by MCA-Morocco in accordance with the Common Payment System or any alternate payment system approved by MCC; **provided, however**, that expenditures of such proceeds (including amounts transferred directly to a provider) are authorized by MCA-Morocco, and the related payment complies, as certified by the Fiscal Agent, with the most recently approved Detailed Financial Plan and the standards and procedures set forth in the Fiscal Agent Agreement and the Fiscal Accountability Plan.

(c) Permitted Accounts.

(i) Any MCC Funding to be disbursed to a bank account must be deposited in an account established by MCA-Morocco in the local currency of Morocco (the “**Local Account**”) at a financial institution acceptable to MCC, such Local Account to be interest-bearing to the extent practicable. The Local Account will be a Permitted Account. MCC and MCA-Morocco also may mutually agree in writing to the establishment of additional Permitted Accounts from time to time at financial institutions acceptable to MCC. MCA-Morocco will notify MCC promptly if any account information for a Permitted Account changes during the Compact Term and provide MCC with the updated information.

(ii) Unless otherwise authorized by MCC in writing, no funds will be co-mingled in a Permitted Account other than MCC Funding and accrued interest and earnings thereon. MCC will have the right, among other things, to view any Permitted Account

statements and activity directly on-line, and where such viewing is not feasible, MCA-Morocco will provide copies of such statements to MCC upon its request. Before any MCC Funding is deposited into a Permitted Account, MCA-Morocco will enter into an agreement, in form and substance satisfactory to MCC, with the financial institution approved by MCC to hold such Permitted Account (the “**Bank**”) that sets forth the signatory authority, access rights, anti-money laundering and anti-terrorist financing provisions, and other terms related to such Permitted Account (the “**Bank Agreement**”). The Fiscal Agent, and in certain specified cases in the Bank Agreement, designated representatives of MCC, will be the sole signatories on each Permitted Account.

(iii) MCC Funding held in a Permitted Account will accrue interest or other earnings in accordance with the Bank Agreement. On a quarterly basis and upon the termination or expiration of the Compact or the Bank Agreement, MCA-Morocco will ensure the transfer of all accrued interest to MCC.

(iv) Unless MCC agrees otherwise in writing, if MCC Funding is held in any Permitted Account other than the Local Account, MCA-Morocco will ensure that such MCC Funding will be denominated in the currency of the United States of America prior to its expenditure or transfer to the Local Account. To the extent that any amount of MCC Funding held in U.S. Dollars must be converted into the currency of Morocco for any purpose, MCA-Morocco will ensure that such amount is converted consistent with the requirements of the Bank Agreement or any other applicable Supplemental Agreement.

Section 3.2 Conditions Precedent to Disbursement of Compact Implementation Funding. Prior to the initial Disbursement of Compact Implementation Funding or any subsequent Disbursement of Compact Implementation Funding, the applicable conditions set forth in Annex IV to the Compact must have been met to MCC’s satisfaction.

Section 3.3 Conditions Precedent to the Initial Disbursement of Program Funding. Unless waived or deferred by MCC, the conditions of this Section 3.3 and the conditions set forth in Section 3.4 must have been met to MCC’s satisfaction prior to the initial Disbursement of Program Funding:

(a) Entry into Force. The Compact has entered into force as provided in Article 7 of the Compact.

(b) Key Staff. Each of the Key Staff has been selected and engaged by MCA-Morocco and approved by MCC.

(c) Fiscal Accountability Plan. MCA-Morocco has developed the Fiscal Accountability Plan (or an interim version), and the plan has been approved by MCC.

(d) Implementation Plan. MCA-Morocco has developed a complete Implementation Plan.

(e) Governing Documents. MCA-Morocco delivers to MCC a copy of the official bulletin publishing both the law creating MCA-Morocco and the decree for application of the law creating MCA-Morocco.

Section 3.4 Conditions Precedent to Each Disbursement of Program Funding. Unless waived or deferred by MCC, the following conditions must have been met to MCC's satisfaction prior to each Disbursement of Program Funding (including the initial Disbursement of Program Funding):

(a) Deliveries. MCA-Morocco has delivered to MCC the following documents, reports and information in form and substance satisfactory to MCC:

(i) a completed Disbursement Request, together with the Periodic Reports covering the related Disbursement Period;

(ii) copies of any reports from any technical (including environmental) auditors engaged by MCA-Morocco for any Activity delivered since the previous Disbursement Request;

(iii) a certificate of MCA-Morocco, dated as of the date of such Disbursement Request, substantially in the form provided by MCC (the "**MCA Disbursement Certificate**");

(iv) a certificate of the Procurement Agent, substantially in the form provided by MCC (the "**Procurement Agent Disbursement Certificate**");

(v) a certificate of the Fiscal Agent, substantially in the form provided by MCC (the "**Fiscal Agent Disbursement Certificate**");

(b) Other Conditions Precedent. MCC has determined in its sole discretion that:

(i) all applicable conditions precedent in Annex II have been duly satisfied, deferred or waived as provided in this Agreement;

(ii) no material default or breach of any covenant, obligation or responsibility by the Government, MCA-Morocco or any Government entity has occurred and is continuing under the Compact, this Agreement or any other Supplemental Agreement;

(iii) the activities to be funded with such Disbursement will not violate any applicable law or regulation;

(iv) the Implementation Plan Documents and Fiscal Accountability Plan are current and updated and are in form and substance satisfactory to MCC, and there has been progress satisfactory to MCC on the components of the Implementation Plan for any relevant Projects or Activities related to such Disbursement;

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(v) there has been progress satisfactory to MCC on the M&E Plan and Social and Gender Integration Plan for the Program, relevant Project or Activity and substantial compliance with the requirements of the M&E Plan and Social and Gender Integration Plan (including the targets set forth therein and any applicable reporting requirements set forth therein for the relevant Disbursement Period);

(vi) all Government entities involved in the implementation of the Program, including the Implementing Entities, are coordinating successfully with MCA-Morocco and dedicating the necessary staff and other resources to ensure successful implementation of the Program;

(vii) there has been no material negative finding in any financial audit report delivered in accordance with the Compact and Audit Plan, for the prior two quarters (or such other period as the Audit Plan may require);

(viii) any Taxes paid with MCC Funding through the date ninety (90) days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.8(c) of the Compact;

(ix) the Government has satisfied all of its payment obligations, including any insurance, indemnification, tax payments or other obligations, and contributed all resources required from it, under the Compact, this Agreement and any other Supplemental Agreement;

(x) MCC does not have grounds for concluding that any matter certified to it in the related MCA Disbursement Certificate, Procurement Agent Disbursement Certificate or Fiscal Agent Disbursement Certificate is not as certified;

(xi) no act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, the Compact or MCC Funding in accordance with Section 5.1 of the Compact;

(xii) each of the Key Staff remains engaged, or if a position is vacant, MCA-Morocco is actively engaged, to MCC's satisfaction, in recruiting a replacement;

(xiii) MCA-Morocco has complied in all material respects with its obligations set forth in Section 2.1(d) with respect to the establishment of a BCS and its obligations set forth in Section 2.3 with respect to the establishment of an M&E Plan; and

(xiv) The Government has complied in all material respects with its obligations set forth in Section 2.13 with respect to the making of its contributions in accordance with the projected timeline set forth in Annex III.

Section 3.5 Authorized Expenditures. Except as MCC agrees otherwise in writing, a Disbursement, or financial commitment involving MCC Funding may be made, and a Disbursement Request may be submitted, only if the related expense is provided for in the

Detailed Financial Plan and sufficient uncommitted funds exist in the Detailed Financial Plan for the relevant period.

ARTICLE 4.

EFFECTIVENESS OF THIS AGREEMENT; CONSEQUENCES OF COMPACT TERMINATION, SUSPENSION AND EXPIRATION IMPLEMENTATION FRAMEWORK

Section 4.1 Entry into Force of this Agreement. This Agreement will enter into force upon the later of (a) the signing of this Agreement by each of the Parties to this Agreement and (b) the date that the Compact enters into force as provided in Article 7 of the Compact; ***provided, however,*** that the Parties agree that upon signature of this Agreement, and until this Agreement enters into force, the Parties will provisionally apply the terms of this Agreement.

Section 4.2 Consequences of Compact Termination, Suspension or Expiration.

(a) Upon the suspension, in whole or in part, of the Compact or any MCC Funding, all applicable Disbursements will be suspended, and MCC may request the Government to return any MCC Funding (or portion thereof) on deposit in any Permitted Account; ***provided, however,*** MCC Funding may be used, in compliance with the Compact and this Agreement and with written consent of MCC, to pay for (i) reasonable expenditures for goods, works or services that were properly incurred under or in furtherance of the Program before the suspension of the Compact or any MCC Funding; and (ii) reasonable costs incurred in connection with the suspension of the Compact or any MCC Funding.

(b) Upon the termination, in whole or in part, of the Compact or any MCC Funding, all applicable Disbursements will cease; ***provided, however,*** MCC Funding may be used, in compliance with the Compact and this Agreement and with written consent of MCC, to pay for (i) reasonable expenditures for goods, works or services that were properly incurred under or in furtherance of the Program before termination of the Compact or any MCC Funding, and (ii) reasonable expenditures (including administrative expenses) properly incurred in connection with the winding up of the Program (or any part thereof) within 120 days after the termination of the Compact or any MCC Funding.

(c) Upon expiration of the Compact, all Disbursements will cease; ***provided, however,*** MCC Funding may be used, in compliance with the Compact and this Agreement, to pay for (i) reasonable expenditures for goods, works or services that were properly incurred under or in furtherance of the Program before expiration of the Compact, and (ii) reasonable expenditures (including administrative expenses) properly incurred in connection with the winding up of the Program within 120 days after the expiration.

(d) Subject to Sections 4.2(b) and (c), upon the expiration or termination of the Compact or MCC Funding, the Government will return to MCC any amounts of MCC Funding on deposit in any Permitted Account but not expended before the expiration or termination, plus

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accrued interest thereon within thirty (30) days after the Government receives MCC's request for such return; ***provided, however***, that if the Compact is terminated in part, only the amount of MCC Funding allocated to the terminated portion will be subject to return.

(e) Upon the full or partial termination of the Compact or any MCC Funding, MCC may, at its expense, direct that title to any Program Assets be transferred to MCC if such Program Assets are in a deliverable state, and the Government will promptly effect such transfer upon such direction; ***provided, however***, that, for any Program Asset not in a deliverable state and any Program Asset partially purchased or funded with MCC Funding, the Government, upon MCC's request, will reimburse MCC in United States Dollars the cash equivalent of the fair market value of such Program Asset or portion thereof, as such is determined by MCC.

(f) Prior to expiration, or upon termination, of the Compact, the Parties will consult in good faith with a view to reaching an agreement in writing on (i) the post-Compact Term treatment of MCA-Morocco, (ii) the process for ensuring the refunds of Disbursements that have not yet been released from a Permitted Account or committed in accordance with Sections 4.2(b) and (c), and (iii) any other matter related to the winding up of the Program and the Compact.

(g) No later than 120 days after the expiration or termination of the Compact, unless MCC agrees otherwise in writing, (i) the licenses granted to MCA-Morocco in Section 2.12(a) will terminate with immediate effect; (ii) the Government will ensure that MCA-Morocco ceases to be named "Millennium Challenge Account-Morocco" and/or "MCA-Morocco," and (iii) the Government will take reasonable steps to ensure that such names and any associated logo, as well as the names "Millennium Challenge Corporation" and "MCC," as well as any logo associated therewith, are no longer used by MCA-Morocco or any other entity for any purpose not authorized by MCC. Furthermore, upon expiration or termination of the Compact, MCA-Morocco will assign and hereby assigns and transfers to MCC all right, title, and interest to the names "Millennium Challenge Account –Morocco," "MCA-Morocco," "Millennium Challenge Corporation," "MCC," as well as MCA-Morocco's logo and MCC's logo that it might have acquired during the term of this Agreement.

(h) MCC and the Government recognize that the effects of the Compact will be long-ranging and its impact on reducing poverty may not be measurable for several years after the Compact ceases to be in force. Accordingly, MCC and the Government agree to cooperatively monitor the results and evaluate the impacts of the Compact on reducing poverty through economic growth in Morocco after the Compact ceases to be in force. As part of this cooperation, prior to expiration, or upon termination, of the Compact and in addition to the actions described in Section 4.2(f), the Parties will develop a post-Compact monitoring and evaluation plan that describes the future monitoring and evaluation activities, the individuals and organizations that will undertake these activities, and a budget framework for future monitoring and evaluation, provided, however, that nothing in this Section 4.2(h) will be construed as committing MCC to provide any assistance to the Government after the Compact ceases to be in force. The Government agrees to provide all resources necessary (including both financial and

personnel) to fulfill the tasks undertaken by the Government under the post-Compact monitoring and evaluation plan.

ARTICLE 5.

GENERAL PROVISIONS

Section 5.1 Representatives. The provisions of Section 4.2 of the Compact are incorporated herein by reference as if fully set forth herein.

Section 5.2 Communications. The provisions of Section 4.1 of the Compact are incorporated herein by reference as if fully set forth herein, provided that documents or communications submitted to MCA-Morocco will be submitted at the following address:

MCA-Morocco
 Attention: Director General
 Complexe administrative et culturel de la Fondation Mohamed IV de promotion
 des œuvres sociales de l'éducation-formation
 Avenue Allal El Fassi
 Madinat Al Irfane
 Hay Riad
 Rabat, Morocco

Section 5.3 Assignments The Government may not assign, delegate or contract implementation of its rights or obligations under this Agreement without MCC's prior written consent. The Government agrees, upon request by MCC, to execute an assignment to MCC of any contractual right or cause of action which may accrue to the Government or MCA-Morocco in connection with or arising out of the contractual performance or breach of performance by a party to a contract financed in whole or in part by MCC Funding.

Section 5.4 Amendment; Waivers. The Parties may amend this Agreement only by a written agreement signed by the Parties. Such agreement will provide how it enters into force; **provided, however**, that the Government and MCC may by written agreement, signed by the Principal Representative or any Additional Representative of each Party and which will enter into force upon signature, modify any Annex hereto. The Parties understand that any modification of this Agreement may be entered into by the Government without the need for further action by the Government (including any parliamentary action), or satisfaction of any additional domestic requirements of Morocco. Any waiver of a right or obligation arising under this Agreement will be effective only if provided in writing.

Section 5.5 Attachments. Each exhibit, schedule and annex attached to this Agreement constitutes an integral part of this Agreement.

Section 5.6 Inconsistencies. In the event of any conflict or inconsistency between this Agreement and the Compact, the terms of the Compact will prevail. In the event of any conflict

or inconsistency between this Agreement and any other Supplemental Agreement or any Implementation Plan Document the terms of this Agreement will prevail.

Section 5.7 Termination of this Agreement.

(a) MCC may terminate this Agreement in whole or in part, without cause by giving the Government thirty (30) days' written notice. This Agreement will terminate simultaneously with the termination of the Compact by the Government in accordance with Section 5.1(a) of the Compact.

(b) MCC may immediately terminate this Agreement, in whole or in part, by written notice to the Government, if MCC determines that any event that would be a basis for termination or suspension of the Compact or MCC Funding under Section 5.1(b) of the Compact has occurred.

(c) Unless terminated earlier in accordance with the terms hereof, this Agreement will cease to be in force simultaneously with the expiration or termination of the Compact; ***provided, however,*** that, if MCC determines, consistent with Section 4.2 (b) or (c), that obligations incurred (and previously approved by MCC in a Disbursement Request) prior to the expiration or termination of the Compact remain to be paid, then the provisions of this Agreement will apply until such date as such obligations are satisfied.

Section 5.8 Survival. Notwithstanding any expiration, suspension or termination of this Agreement, the following provisions of this Agreement will survive: Sections 1.2(b)(i), 1.2(b)(ii), 2.11, 4.2, 5.1, 5.2, 5.3, 5.8, 5.9 and 5.10.

Section 5.9 Information Provided to MCC. MCC may use or disclose any information in any Disbursement Request, report or document developed or delivered in connection with the Program: (a) to its employees, contractors, agents and representatives, (b) to any United States inspector general or the United States Government Accountability Office or otherwise for the purpose of satisfying MCC's own reporting requirements, (c) to post on the MCC Website for the purpose of making certain information publicly available and transparent, (d) in connection with publicizing MCC and its programs or (e) in any other manner.

Section 5.10 Governing Law. The Parties acknowledge and agree that this Agreement is an international agreement entered into for the purpose of implementing the Compact and as such will be interpreted in a manner consistent with the Compact and will be governed by the principles of international law.

Section 5.11 No Counterparts; Electronic Delivery. Signatures to this Agreement and to any amendment to this Agreement will be original signatures appearing on the same page or in an exchange of letters or diplomatic notes.

Signature Page Follows on the Next Page

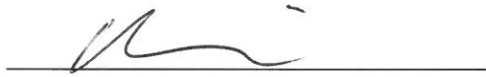
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IN WITNESS WHEREOF, each Party, by its duly authorized representative, has signed this Program Implementation Agreement.

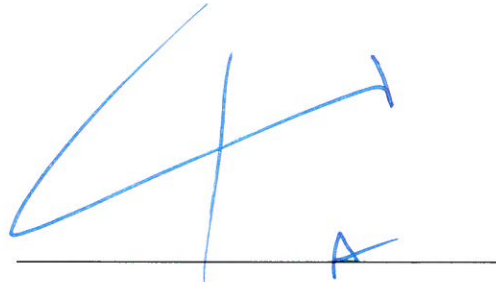
Done at Rabat, Morocco, this ^{25th}24th day of May, 2017. The English language text is the only authentic text of this Program Implementation Agreement.

FOR THE UNITED STATES OF
AMERICA, acting through THE
MILLENNIUM CHALLENGE
CORPORATION



Name: Kye Kim
Title: Vice President (Acting), Compact
Operations

FOR THE KINGDOM OF MOROCCO



Name: Mohamed Boussaid
Title: Minister of Economy and Finance

ANNEX I

DEFINITIONS

***Agreement** has the meaning provided in the preamble to this Agreement.*

***Audit Plan** has the meaning provided in Section 2.1(c).*

***Auditor** has the meaning provided in Section 2.10(c).*

***Auditor / Reviewer Agreement** has the meaning provided in Section 2.10(c).*

***Bank** has the meaning provided in Section 3.1(c)(ii).*

***Bank Agreement** has the meaning provided in Section 3.1(c)(ii).*

***BCS** has the meaning provided in Section 2.1(d).*

***Board** means the board of directors of MCA-Morocco.*

***Bylaws** has the meaning provided in Section 1.3(b)(v).*

***Common Payment System** means the system pursuant to which payments of MCC Funding are made directly to vendors as further described in the Fiscal Accountability Plan.*

***Compact** has the meaning provided in the first recital to this Agreement.*

***Counterparty** has the meaning provided in Section 1.3(b)(vi).*

***Designated Rights and Responsibilities** has the meaning provided in Section 1.3(a)(i).*

***Detailed Financial Plan** has the meaning provided in Section 2.1(b).*

***Disbursement Period** has the meaning provided in Section 3.1(a).*

***Disbursement Request** has the meaning provided in Section 3.1(a).*

***ESIA** has the meaning provided in Annex II, Part A(b)(i).*

***ESMP** has the meaning provided in Annex II, Part A(b)(i).*

***ESMS** has the meaning provided in Section 2.4.*

***Fiscal Accountability Plan** has the meaning provided in Section 2.2.*

Fiscal Agent Agreement has the meaning provided in Section 2.10(b).

Fiscal Agent Disbursement Certificate has the meaning provided in Section 3.4(a)(v).

Funded Agreement has the meaning provided in Section 1.3(b)(vi).

General Provisions Annex means the annex titled General Provisions posted from time to time on the MCC Website or otherwise made available to the Government.

Governance Guidelines means the MCC Guidelines for Accountable Entities and Implementation Structures.

Governing Document has the meaning provided in Section 2.9(g).

Government has the meaning provided in the preamble to this Agreement.

HSMP has the meaning provided in Annex II, Part A(b)(ii).

IFC Performance Standards has the meaning provided in Section 1.3(b)(iii).

Implementation Plan has the meaning provided in Section 2.1.

Implementation Plan Document has the meaning provided in Section 2.1.

Key Staff means individual(s) in the following positions in the management unit of MCA-Morocco: (i) Director General; (ii) any deputy director general; (iii) director of communications; (iv) director of general affairs; (v) chief financial officer; (vi) legal advisor; (vii) director of procurement; (viii) director of environmental and social performance; (ix) director of monitoring and evaluation; (x) director of gender and social inclusion; (xi) activity directors for each Activity under the Compact; and (xii) infrastructure director.

Lien has the meaning provided in Section 1.2(b)(i).

Local Account has the meaning provided in Section 3.1(c)(i).

Material Agreement has the meaning provided in Section 2.9(c).

MCA Disbursement Certificate has the meaning provided in Section 3.4(a)(iii).

MCA-Morocco has the meaning provided in Section 1.3(a)(i).

MCA-Morocco Website has the meaning provided in Section 2.11(b), with the following address as of the date hereof: www.mca-maroc.ma.

MCC has the meaning provided in the preamble to this Agreement.

Morocco has the meaning provided in the preamble to this Agreement.

Multi-Year Financial Plan has the meaning provided in Section 2.1(b).

Observer has the meaning provided in the Governance Guidelines.

Outside Project Manager has the meaning provided in Section 2.10(a).

Party and **Parties** have the meaning provided in the preamble to this Agreement.

Periodic Report has the meaning provided in Section 2.8(a).

Permitted Designee has the meaning provided in Section 1.2(a).

PNEA has the meaning provided in Annex II, Part B(c).

Procurement Agent Agreement has the meaning provided in Section 2.10(d).

Procurement Agent Disbursement Certificate has the meaning provided in Section 3.4(a)(iv).

Procurement Plan has the meaning provided in Section 2.1(d).

Region 1 refers to the region of Tanger-Tetouan.

Region 2 refers to the region of Fes-Meknes.

Region 3 refers to the region of Marakech-Safi.

Reviewer has the meaning provided in Section 2.10(c).

Social and Gender Integration Plan has the meaning provided in Section 2.5.

Stakeholder Committee means each of the consultative mechanisms described in paragraph C(1)(d) of Part III of Annex I to the Compact, and any successor or other body (approved by MCC) of representatives of the private sector, civil society and local and regional governments that has been formally established in accordance with the Governance Guidelines to provide advice and input to MCA-Morocco regarding the implementation of the Program.

Work Plan has the meaning provided in Section 2.1(a).

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ANNEX II

CONDITIONS PRECEDENT TO PROGRAM FUNDING

PART A. Conditions Precedent for All Projects

(a) Prior to the second Disbursement of Program Funding, MCA-Morocco will have developed and approved a comprehensive Social and Gender Integration Plan and the M&E Plan, both in form and substance satisfactory to MCC.

(b) Prior to the initial Disbursement of MCC Funding for payment under a particular works or construction contract for a given Project or Activity, MCA-Morocco must have submitted to MCC evidence in form and substance satisfactory to MCC that:

(i) MCA-Morocco or the appropriate Government entity has developed and adopted, as relevant, an Environmental and Social Impact Assessment (“**ESIA**”), an Environmental and Social Management Plan (“**ESMP**”), and/or a Resettlement Action Plan (“**RAP**”) with respect to such Activity, each of which must be in form and substance satisfactory to MCC; and

(ii) MCA-Morocco or the appropriate Government entity is implementing the requirements of each ESIA, ESMP, Health and Safety Management Plan (“**HSMP**”) or RAP, as appropriate, in all material respects and consistent with the MCC Environmental Guidelines (including the IFC Performance Standards that are incorporated by reference therein).

(c) Prior to any Disbursement on or after the commencement of year five (5) of the Compact Term, the Government must have submitted to MCC an initial draft Compact Closure Plan in accordance with the MCC Program Closure Guidelines.

(d) Prior to the initial Disbursement for each sub-Activity, MCA-Morocco and all appropriate Government entities will have signed any Implementing Entity Agreements relevant for the specific sub-Activity receiving funds.

PART B. Conditions Precedent for the Education and Training for Employability Project

(a) Prior to both (1) any Disbursement for investment in infrastructure or equipment in Region 1, and (2) any Disbursement for investment in infrastructure or equipment in Regions 2 or 3 of the Secondary Education Activity, the Government will, in form and substance satisfactory to MCC, take necessary actions to enable autonomous school management for Project-supported schools.

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(b) Prior to both (1) any Disbursement for investment in infrastructure or equipment in Region 1, and (2) any Disbursement for investment in infrastructure or equipment in Regions 2 or 3 of the Secondary Education Activity, the Government will provide a commitment, satisfactory in form and substance to MCC, to provide a progressively increasing amount in order to reach an average of 160,000 Moroccan Dirhams annually for discretionary school budgets to support the School Improvement Plan for each school supported through the Integrated School Improvement Model sub-Activity.

(c) Prior to any Disbursement for investment in infrastructure or equipment in Region 1 of the Integrated School Improvement Model sub-Activity, the Higher Council on Education, Training, and Scientific Research and the Ministry of National Education and Vocational Training, will appoint a steering committee and operational team, and will establish a plan for the re-design, preparation for, and implementation of a national student assessment (“*PNEA*”), as shall be memorialized in an Implementation Letter between the Government and MCC.

(d) Prior to any Disbursement for investment in infrastructure or equipment in the Region 1 of the Integrated School Improvement Model sub-Activity, the Ministry of National Education and Vocational Training will appoint a central coordination committee and operational team in Region 1, and will establish a plan for the development of a new O&M system.

(e) Prior to any Disbursement for investment in infrastructure or equipment in Regions 2 or 3 of the Integrated School Improvement Model sub-Activity, the Higher Council on Education and the Ministry of National Education and Vocational Training will have made progress satisfactory to MCC on: (1) the plan for the re-design, preparation for, and implementation of the PNEA; and (2) preparing for, executing, and publishing results of the 2018 round of the Organization for Economic Cooperation and Development Program for International Student Assessment.

(f) Prior to any Disbursement for investment in infrastructure or equipment in Regions 2 or 3 of the Integrated School Improvement Model sub-Activity, the Ministry of National Education and Vocational Training will have made progress on the plan for the development of a new O&M system. In addition, the Parties will have reached agreement upon the amount of the Government’s funding to pilot and implement the new O&M system to a standard acceptable to MCC after the O&M system has been developed to a point sufficient to determine costs.

(g) Prior to any Disbursement for the Operationalizing TVET Sector Policy Reform sub-Activity and prior to any Disbursement for the Labor Market Observatory sub-Activity, the Government will pass a law reforming continuing education and training (*formation continue*) including its financing and management to contain the following elements: (1) involves the private sector in the allocation of continuing education and training funds as well as system oversight and management; and (2) ensures that the decision on the allocation of continuing education and training funds is not made by an entity that is potentially receiving those funds.

(h) Prior to any Disbursement for the second round of the Private Sector-Driven TVET grant facility, the Government will have committed to fund the majority portion of the second round for said grant facility.

PART C. Conditions Precedent for the Land Productivity Project

(i) Prior to any Disbursement for investment in any specific demonstration site in the Industrial Land Activity, MCC will have received, for the relevant site: (1) a feasibility study that confirms to the satisfaction of MCC that the site is technically and financially viable, including a clear confirmation of market demand; and (2) for any revitalization site, evidence that viable mechanisms acceptable to MCC are in place for incentivizing development or sale of unused land in the site.

(ii) Prior to initial Disbursement for the Industrial Land Activity, the Government will commit to provide co-financing of at least 20 percent of the joint Government and Compact investment, and will cause to be contributed to MCA-Morocco, on terms acceptable to MCC, the land needed for the three demonstration sites to be included in the Industrial Land Activity, as specifically set forth in Annex V, Schedules A, B, and C. Contribution of the land for the three sites will be considered part of the Government's 20 percent co-financing referenced above at a value to be agreed upon by the Government and MCC.

- a. There is an exception to the timing set forth above with regard to the land described on Annex V, Schedule B, point 2. The contribution of this land to MCA-Morocco shall occur no later than three months following: (i) the date of final disposition of legal proceedings regarding the ownership of this land in favor of the Government, including the expiration of any applicable appeals period; and (ii) the clearance of any and all mortgages and other liens. Prior to any Disbursement for the Industrial Land Activity after three months following the date of such final disposition, including the clearance of any and all mortgages and liens, the Government will cause to be contributed to MCA-Morocco, on terms acceptable to MCC, the land described in Annex V, Schedule B, point 2. The Government shall use its best efforts to clear any and all mortgages and liens in collaboration with MCA-Morocco.

(iii) Prior to any Disbursement following completion of the land use inventory, the Government will adopt procedures for conversion of collective land to private land that are acceptable to MCC and can be completed in three years or less.

(iv) Prior to any Disbursement for the Industrial Land Activity, MCA-Morocco will have signed an Implementing Entity agreement with the Ministry of Industry.

(v) Prior to any Disbursement for the Industrial Land Activity, the Parties will agree upon the criteria for determining whether exemptions or subsidies would constitute unfair competition with projects initiated by MCA-Morocco, as referred to in Section 8.1(b) of the Compact.

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ANNEX III**Anticipated Government Contributions in US Dollars**

Component	2014 ¹	2015 + CIF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Education and Training for Employability Project	54,567,286		8,149,569	8,787,789	11,724,088	12,041,546	11,189,608	51,892,599
1.1 Secondary Education Activity	48,258,881		2,800,778	3,418,773	3,347,692	3,657,622	3,798,007	17,022,872
1.2 Workforce Development Activity	6,308,405		5,348,791	5,369,015	8,376,395	8,383,923	7,391,602	34,869,727
Contribution to Private Sector-Driven TVET Grant Facility	5,939,240		5,012,989	5,026,497	7,027,026	7,027,567	6,028,118	30,122,197
Support for Operationalizing TVET Sector Policy Reform	0		112,612	114,864	117,161	119,505	121,895	586,037
Labor Market Observatory	0		95,506	97,416	99,365	101,352	103,379	497,019
Results-Based Financing for Inclusive Employment	369,165		127,684	130,238	1,132,843	1,135,500	1,138,210	3,664,474
2. Land Productivity Project	102,401		14,202,471	6,911,746	4,921,309	576,777	602,313	27,214,617
2.1 Governance Activity	0		98,305	100,271	102,276	104,322	106,408	511,581
2.2. Rural Land Activity	102,401		156,876	160,013	163,214	166,478	169,807	816,388
2.3 Industrial Land Activity	0		13,947,291	6,651,462	4,655,819	305,978	326,098	25,886,648
3. Program Administration	427,508	2,259,656	390,761	413,555	429,837	429,837	454,911	4,378,557
Total Government Contribution	55,097,195	2,259,656	22,742,801	16,113,090	17,075,234	13,048,160	12,246,833	83,485,774

¹ The 2014 column summarizes the Government's pre-Compact spending and is not included in the Government contributions calculation.

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ANNEX IV

Tax Exemption Schedules

In accordance with, and without limiting the generality of, Section 2.8 of the Compact, the Government will ensure that MCA-Morocco and all Providers, Covered Providers, Implementing Entities, contractors, consultants, and other entities and individuals that receive MCC Funding directly or indirectly in furtherance of the Compact are exempt from Taxes.

The following Schedules identify specific taxes and mechanisms to implement compliance with the exemption from Taxes under the Compact. If necessary, MCA-Morocco and the Government's Ministry of Finance will enter into an agreement to ensure the benefits of the exemption from Taxes and to specify the operation of the fiscal treatment and exemptions contemplated by Section 2.8 of the Compact and these Schedules.

As the direct beneficiary of the tax exemption under the Compact, MCA-Morocco will facilitate and assist all other indirect beneficiaries of the tax exemption, including Providers, Covered Providers, contractors, consultants, and other entities and individuals that receive MCC Funding directly or indirectly in furtherance of the Compact, to ensure compliance with the exemption terms herein that apply to Taxes.

De Minimis exception: Taxes, duties or other similar charges on transactions valued at less than US\$500 need not be exempted. Transactions that would exceed this de minimis exception threshold may not be broken into multiple transactions to fall below this threshold, except in some very specific cases to which MCC will give its prior no-objection.

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SCHEDULE A

INCOME TAX – CORPORATE AND/OR PERSONAL

Legal Basis for Exemption

Section 2.8 of the Compact.

Legal Basis

Code General des Impôts Article 1 et 2 (IS) et Article 21 (IR) (Morocco).

Beneficiaries of Exemption

MCA-Morocco.

Procedures*Physical persons*

MCA-Morocco will withhold income taxes from payments to its physical person contractors, and transfer those amounts to the *Direction Generale des Impôts*. MCA-Morocco will request from the *Direction du Budget* a reimbursement of all amounts withheld from payments to non-Moroccan citizens and individuals without Moroccan permanent resident cards (*carte de sejour*). To support such a request, MCA-Morocco will supply the *Direction du Budget* with copies of the relevant invoices, along with proof that the payee is not a Moroccan citizen or resident. For the purposes of planning only, the *Direction du Budget* may assume that MCA-Morocco will be requesting a reimbursement equivalent to 30% of the contract price for contracts with physical persons.

Legal persons

MCA-Morocco will withhold 10% of each payment to its contractors that are legal persons and do not have Moroccan tax identification numbers. MCA-Morocco will transfer that amount to the *Direction Generale des Impôts*, and will request from the *Direction du Budget* a reimbursement of all amounts withheld from such payments. MCA-Morocco will not withhold any amounts for contractors that have Moroccan tax identification numbers because the Moroccan contractors will handle any corporate tax directly. However, for those contractors who obtained a Moroccan tax identification number only after signing a contract with MCA-Morocco, MCA-Morocco will request a reimbursement of 10% of each payment to such contractor which represents the income tax paid by such contractors. For those contractors who have a Moroccan tax identification number prior to signing a contract with MCA-Morocco, MCA-Morocco will not request any reimbursement, as those contractors are deemed to be resident companies of Morocco.

Timing

MCA-Morocco will request reimbursement from the Government for corporate and income taxes on a quarterly basis. Within 30 days of receiving the request for reimbursement, the Government will deposit the requested amount in the Permitted Account. MCA-Morocco will use such amounts to pay for expenses it incurs in carrying out the Program.

Attestation letter

For all taxes withheld from payments, each contractor will receive a copy of the receipt and a letter from MCA-Morocco providing proof that such contractor paid such tax in Morocco.

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SCHEDULE B VALUE ADDED TAX (VAT)

Legal Basis for Exemption

Section 2.8 of the Compact.

Legal Basis

Code General des Impôts Articles 88-89 et 90 (Morocco).

Beneficiaries of Exemption

1. MCA-Morocco.
2. Each contractor and consultant of MCA-Morocco.

Procedures

Services and goods are subject to a value added tax ("*VAT*"). Pursuant to the Compact, the procurement by MCA-Morocco of goods, works or services will be exempt from VAT, and the following mechanisms will apply to implement this exemption.

Contractors to MCA-Morocco working in Morocco will either have a Moroccan tax identification number or will obtain a tax identification number from the *Direction Generale des Impôts*. Each contractor will include this tax identification number on a pro forma invoice (based on the form of pro forma invoice supplied by MCA-Morocco) provided to MCA-Morocco prior to any payment to such contractor. Using this pro forma invoice, MCA-Morocco will obtain a VAT exemption certificate applicable to each contract from the *Direction Generale des Impôts* within 15 business days. Contractors will retain this VAT exemption certificate in their files. Contractors will not charge VAT to MCA-Morocco.

Non-residents subjected to withholding tax and who pay VAT on behalf of their subcontractors will request reimbursement of their input VAT from the *Direction Générale des Impôts (DGI)* at the end of each quarter of the year. According to the tax code (article 103-5°), DGI will reimburse the contractor within no more than three months after the date of the request.

Timing

MCA-Morocco will request reimbursement from the Government for VAT on a quarterly basis. Within 30 days of receiving the request for reimbursement, the Government will deposit the requested amount in the Permitted Account. MCA-Morocco will use such amounts to pay for expenses it incurs in carrying out the Program.

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SCHEDULE C

TAXES AND FEES ON VEHICLE REGISTRATION AND USE

Legal Basis for Exemption

Section 2.8 of the Compact.

Legal Basis

Code Général des Impôts Articles 252 L, 259 et 262.

Beneficiaries of Exemption

MCA-Morocco.

Procedures

Vehicles are subject to vehicle registration fees under the *Code général des impôts*, article 252 (“*droit d’enregistrement pour la première immatriculation des véhicules à moteur*”). The initial registration of a vehicle is subject to a special tax paid for the Public Vehicle Registry of Morocco. Vehicles purchased by MCA-Morocco in furtherance of the Compact are exempt from this initial registration tax that applies at the purchase and registration of a vehicle.

In addition, vehicles used in Morocco are subject to an annual tax (*Taxe spéciale annuelle sur les véhicules automobiles*). This tax ranges from 350 Moroccan Dirhams to 20,000 Moroccan Dirhams, depending on the vehicle’s fuel and horsepower. Annual taxes paid on vehicles purchased by MCA-Morocco in furtherance of the Compact will be reimbursed.

To implement this exemption, MCA-Morocco will submit requests for reimbursements of the amounts paid for such taxes to the *Direction du Budget*, including a copy of the vehicle invoice and the vehicle *vignette*.

Timing

Within 30 days of receiving the request for reimbursement, the Government will deposit the requested amount in the Permitted Account. MCA-Morocco will use such amounts to pay for expenses it incurs in carrying out the Program.

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SCHEDULE D

MUNICIPAL TAXES, FEES, CONTRIBUTIONS AND TARIFFS

Legal Basis for Exemption

Section 2.8 of the Compact.

Legal Basis

Loi 4706 relative à la Fiscalité des Collectivités Locales Article 2.

Beneficiaries of Exemption

MCA-Morocco.

Procedures

Municipal authorities are autonomous from the Government. As such, municipal authorities may issue tariffs or taxes. Municipal taxes and tariffs differ from one municipality to another.

Municipal taxes, fees, tariffs or contributions that do not bear a reasonable relationship, as determined by MCC, to the cost of the service being provided (as such, "Municipal Taxes") should be exempted under the Compact. MCA-Morocco and its Fiscal Agent will prepare a list of contracts and a list of such Municipal Taxes paid with MCC Funding. On a quarterly basis, MCA-Morocco and its Fiscal Agent will submit such list of Municipal Taxes paid to the *Direction du Budget* requesting reimbursement. The Government will pay such reimbursement into the Permitted Account within 30 days of receiving the request.

SCHEDULE E

TRADE TAX – IMPORT VAT/EXPORT TAX/CUSTOMS DUTIES

Legal Basis for Exemption

Section 2.8 of the Compact.

Legal Basis

Code des Douanes et Impôts indirects approuvé par le Dahir portant loi n° 1-77-339 du 25 Chaoual 1397 (9 octobre 1977), tel que modifié et complété notamment par la loi n°02-99 promulguée par le Dahir n° 1-00-222 du 2 rabii I 1421 (5 juin 2000).

Beneficiaries of Exemption

MCA-Morocco.

Procedures

This Schedule applies to the exemption of the procurement and receipt of goods, works and services acquired with MCC Funding from import VAT, import duties, excise tax, and export duty and taxes (together, “**Trade Taxes**”). MCA-Morocco will procure goods, works and services exempted from Trade Taxes. MCA-Morocco will submit a request for trade tax exemption to the *Administration des douanes et impôts indirects* (the *ADII*)¹. The *ADII* will provide MCA-Morocco with proof of the tax-exemption for each specific contract. This will permit contractors to import goods, works and services pursuant to contracts with MCA-Morocco without paying Trade Taxes.

This exemption of import taxes and duties is granted to goods and commodities necessary to complete the Projects of the MCA-Morocco Compact, which are acquired exclusively through MCC Funding.

Goods and commodities acquired in part with MCC Funding are exempt from eligible taxes and duties on importation up to the MCC contribution.

Except for transfers made for the benefit of the Government, local authorities or public establishments, any transfer of goods and commodities permitted to benefit from the exemption of taxes and duties, even free of charge, is subject to prior authorization from the *ADII*.

¹ The exemption application includes: an application for exemption of customs duties and VAT on imports, a grant attestation, a pro forma invoice without taxes or customs duties, and a copy of the contract.

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SCHEDULE F
ADDITIONAL TAXES

Legal Basis for Exemption

Section 2.8 of the Compact.

Beneficiaries of Exemption

MCA-Morocco.

Procedures

As set forth in Section 2.8 of the Compact, MCC Funding is exempt from all Taxes in Morocco. For those Taxes not discussed in Schedules A through E above, MCA-Morocco and its Fiscal Agent will prepare a list of contracts and a list of Taxes paid with MCC Funding. On a quarterly basis, MCA-Morocco and its Fiscal Agent will submit such list of Taxes paid to the *Direction du Budget* requesting reimbursement. The Government will pay such reimbursement into the Permitted Account within 30 days of receiving the request.

ANNEX V

Schedule A

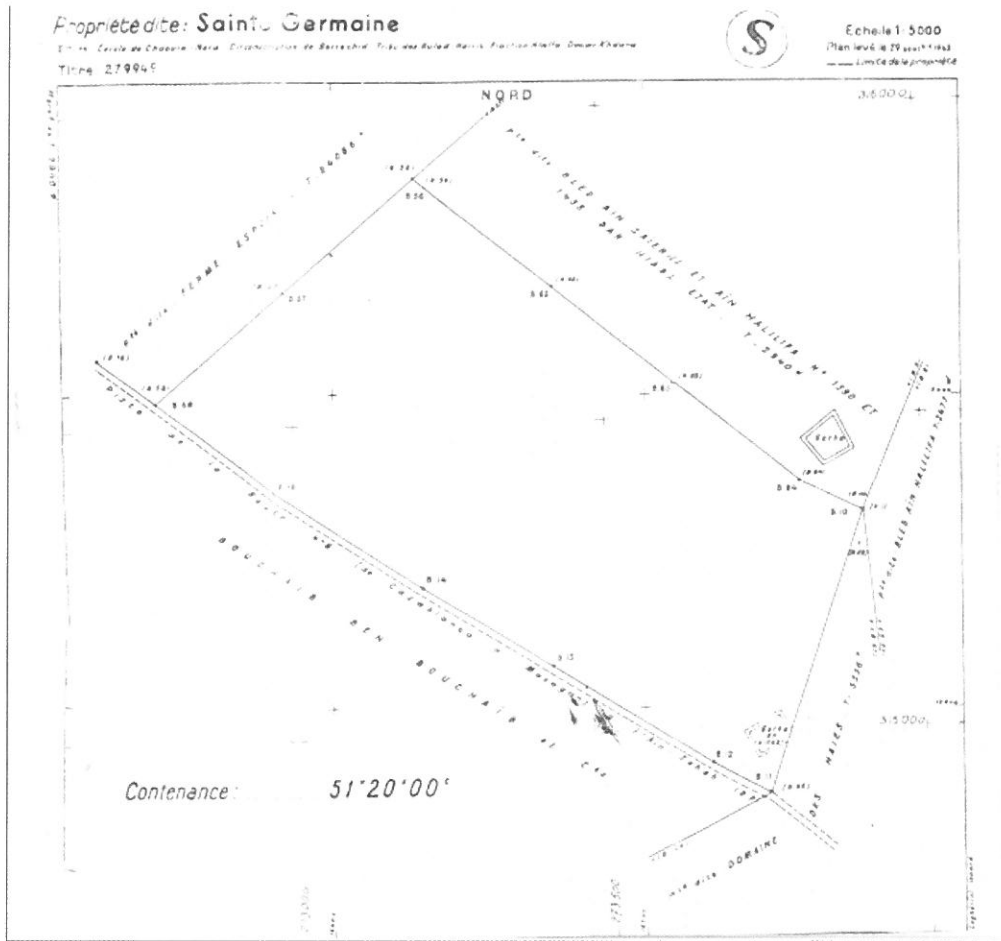
INDUSTRIAL ZONE OF HAD SOUALEM

The land in the Commune of Had-Soualem, Province of Berrechid described in Title Deed Number 27994/C, with an estimated area of approximately 51 hectares, as shown on the attached cadastral plan.

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Schedule A (cont.)
Title Deed Number 27994/C



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Schedule B

INDUSTRIAL ZONE OF BOUZNIKA

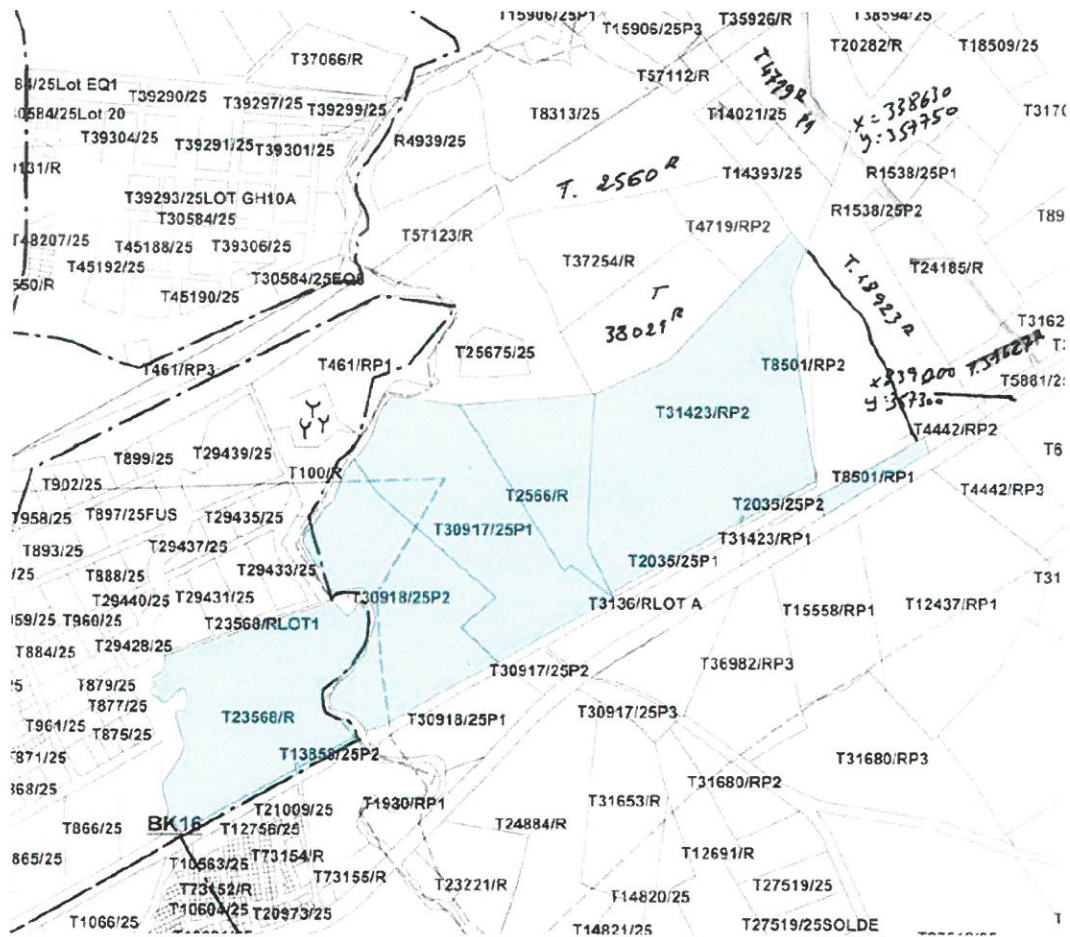
- 1- The land in the Commune of Cherrat, Province of Benslimane described in Title Deeds Number T30918/25P2, T30917/25P1 and T2566/R, with an estimated combined area of approximately 25 hectares, as shown on the attached cadastral plan.
- 2- The land in the Commune of Cherrat, Province of Benslimane described in Title Deed Number 23568/R, with an estimated area of approximately 10 hectares, as shown on the attached cadastral plan.

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Schedule B (cont.)

1. Title Deeds Number T30918/25P2, T30917/25P1 and T2566/R

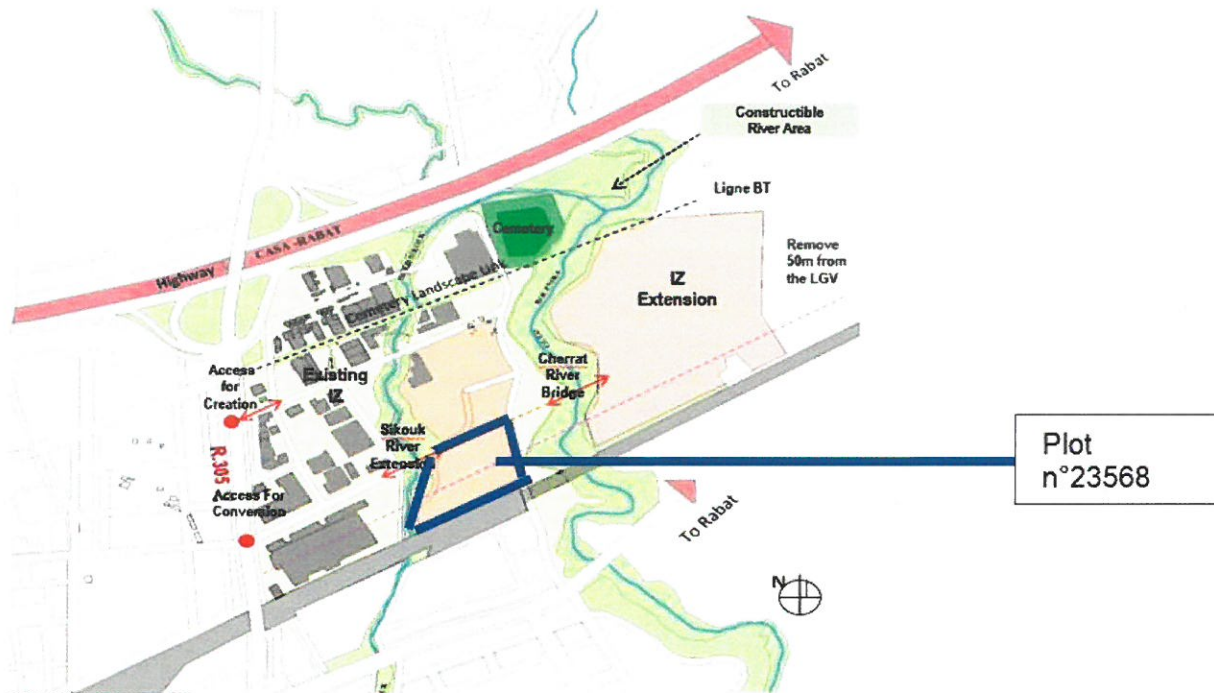


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Schedule B (cont.)

2. Title Deed Number 23568/R

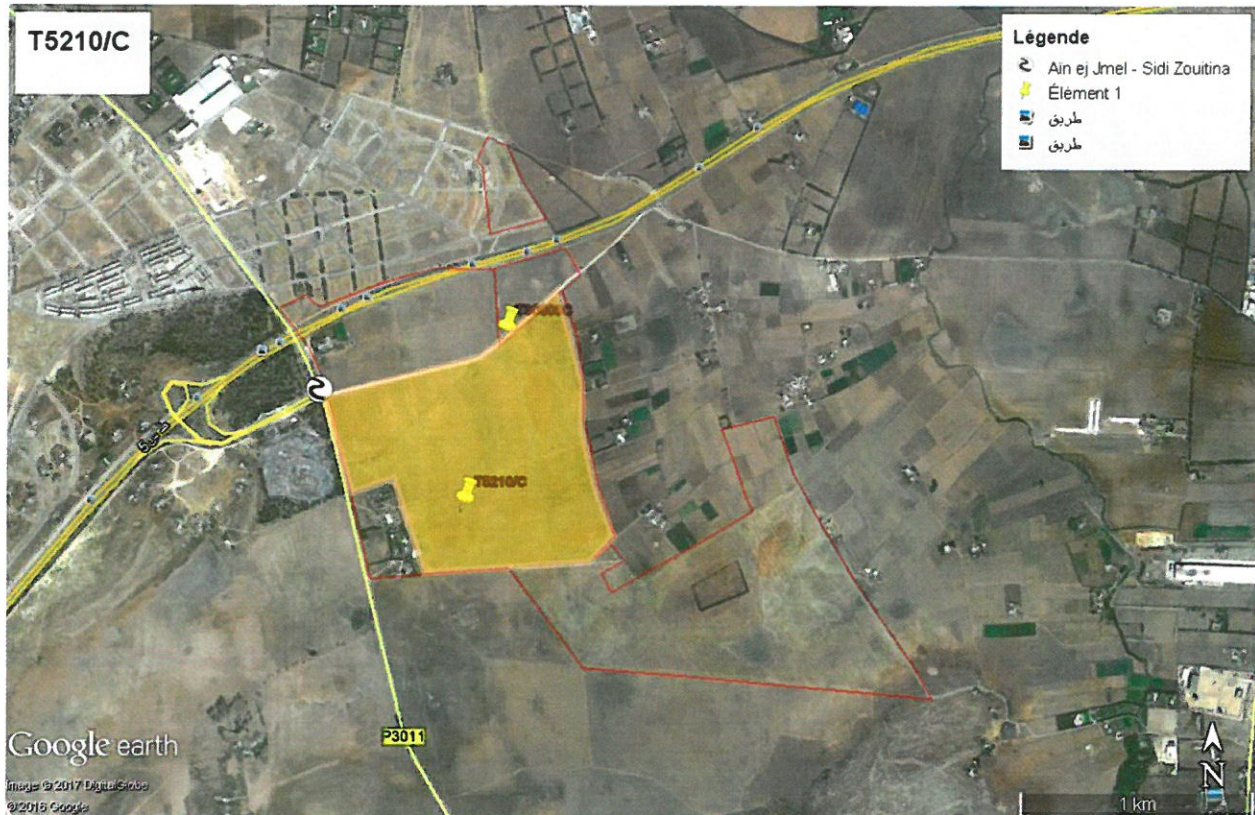


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Schedule C**INDUSTRIAL ZONE OF SAHEL LAKHYAYTA**

60 hectares acceptable to MCC within the land in the commune of Sahel, Province of Berrechid described in Title Deed Number 5210/C, and within the area shown in yellow on the map below.



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