

Clima-Med

Acting for Climate in
South Mediterranean



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CLIMATE FOR CITIES

CLIMATE FINANCE GUIDEBOOK

Annexe 5

**FRAMEWORK CONDITIONS FOR CLIMATE FINANCE
IN MOROCCO**

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01.

Introduction



1.1 Content

The Framework Conditions for Climate Finance in Morocco – Annex 5 of the Clima-Med’s Climate Finance Guidebook” presents a selected set of rules, regulations, structures, and examples of relevance to the overall effort to scale up climate finance in the country.

The information included in this Annexe is meant to guide climate finance actions in general and, more specifically, to enhance the planning and implementation of the recommendations in the Clima-Med Climate Finance Guidebook.



The framework conditions relate to the following:

- The availability and usability of Clima-Med SEACAPs and the CAS.
- Main technical support facilities and programmes related to climate finance in the country.
- Institutional set-up, including leading state institutions whose role and needs are related to climate action in general and, more particularly, to climate finance.
- Commercial banks, funds, and other financing actors with experience and potential role in climate financing, including Development Banks Funds and relevant financing programmes.
- Specific framework conditions related to NDC implementation in the country.

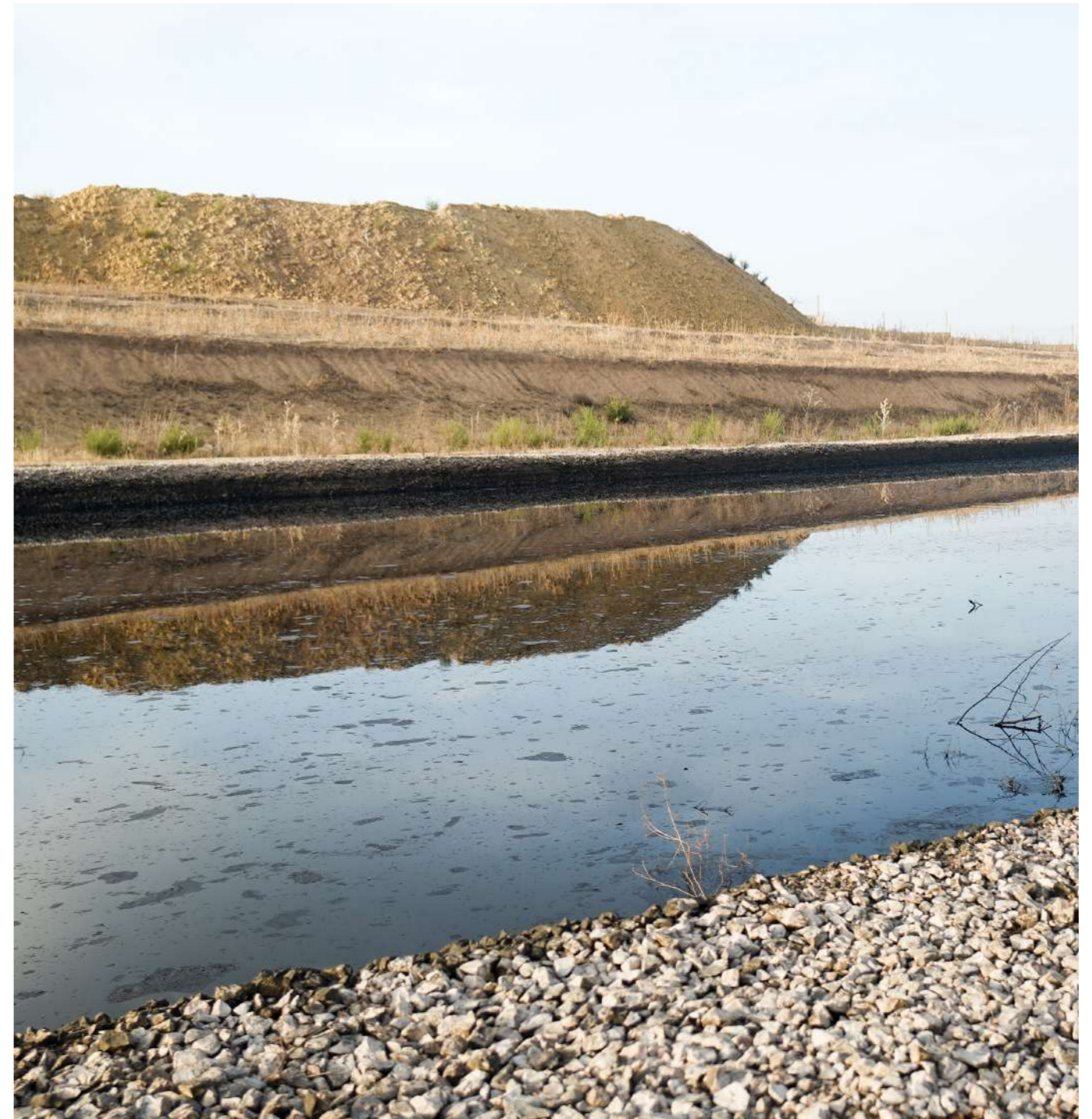
- Existing Key financial instruments or critical sources of funding for climate projects.
- Past or existing subsidy programmes and subsidies supported by bilateral governments, Multilateral Development Banks, and climate-related blended finance.
- Application, qualification process and recourse to Energy Service Companies (ESCO) and Energy Audits Companies.
- Applicability and enabling conditions for Public-private partnerships and concessions.
- Selected examples of financed climate actions and overall conclusions.

1.2. The Clima-Med project

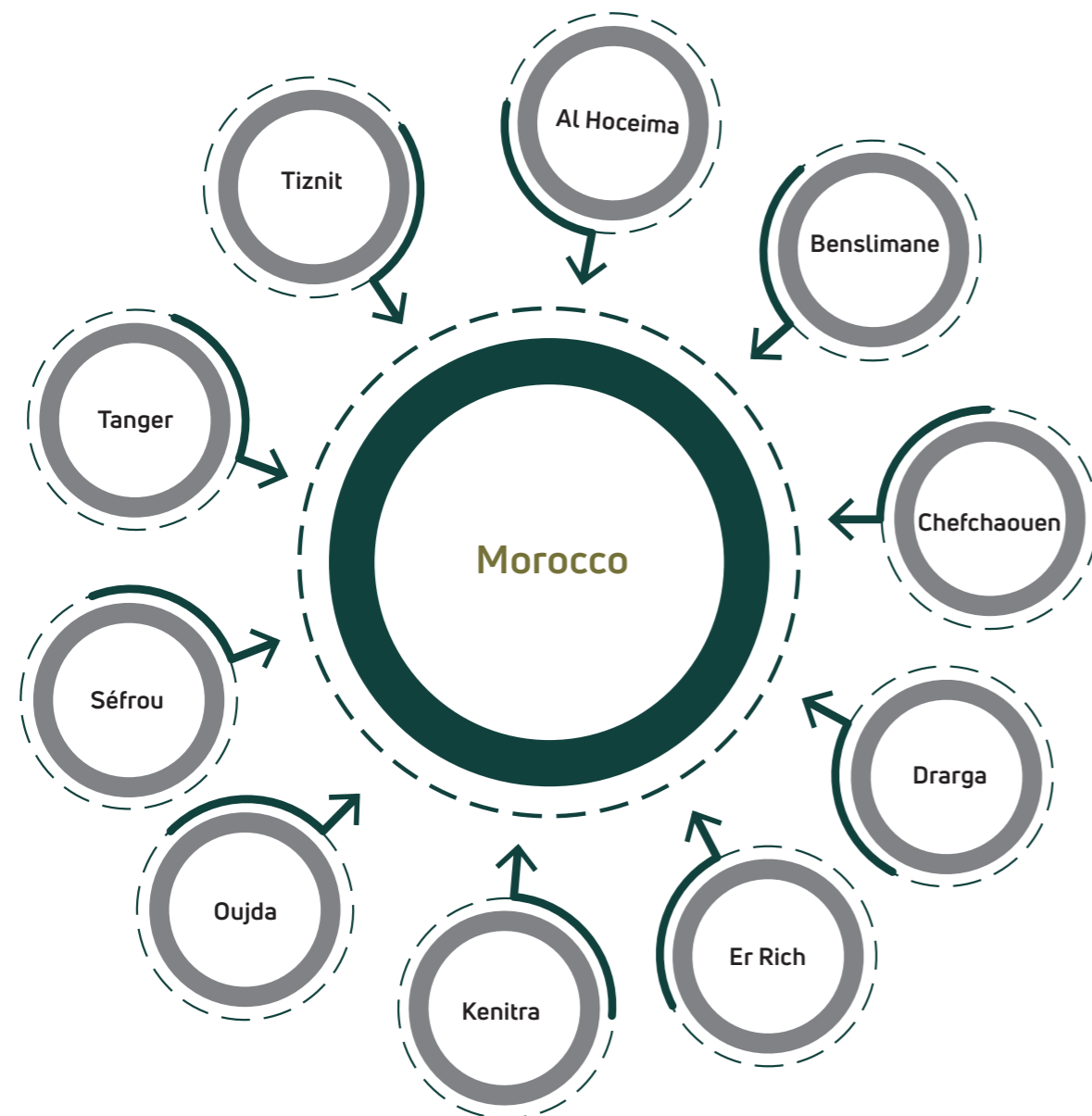
The Clima-Med project, which started in 2018 for the benefit of 8 countries and over a hundred cities in the southern Mediterranean, enhances three essential components aiming at guiding and implementing policies, strategies and programs related to the climate at national and local levels.

The first project's part is dedicated to coordinating climate action at the national level by creating the National Coordination Group (NCG) (Groupe de coordination national (GCN)) and developing a National Climate Coordination Strategy (Stratégie de coordination pour l'action climat) (CAS). The second component supports local authorities (LA) in preparing Sustainable Energy Access and Climate Action Plans (SEACAPs) (Plans d'accès à l'énergie durable et le climat (PAAEDCs)), and the third component aims to enhance Climate Finance, primarily to fund the SEACAPs projects.

The CAS aims to provide recommendations to national authorities to improve the mainstreaming of climate change (at both mitigation and adaptation aspects of climate change) in public policies and to ensure more effective coordination between all climate change actors nationwide.



The following ten cities have developed their SEACAP in Morocco:



Moreover, the Clima-Med Project has created and led the CoM Med initiative, attracting many cities committed to preparing SEACAPs, thus increasing the need to support them in financing the plans' actions.

The prepared SEACAPs and the engagement of more cities are a solid basis to be presented to the attention of national institutions and primarily to international donors.

02.

Institutional and Planning Set-up



Following its Paris Agreement commitment, Morocco put forward an enhanced and more ambitious Nationally Determined Contribution (NDC)^[1] on 22 June 2021, aiming at a 45.5 % reduction of its greenhouse gas emissions by 2030. 18.3 % of this target is unconditional, and the remaining 27.2 % is conditional to international assistance. The NDC includes mitigation targets for two new large industrial subsectors: cement and phosphates.

The role of several national institutions gradually aims to contribute to climate actions more directly. A wide range of strategic and operational tools support Morocco's NDC implementation, including the preparation of the National Climate Plan (Plan National Climat), the Sustainable Development Plan (Plan de Développement Durable), and the creation of the National Climate Change and Biodiversity Commission (Commission Nationale pour le Changement Climatique et la Biodiversité). The adaptation section builds on Morocco's National Adaptation Plan (Plan National d'Adaptation), referencing new sectors and more comprehensive targets compared to the 2015 NDC.



[1] [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Morocco First/Moroccan updated NDC 2021 _Fr.pdf%22 /h](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Morocco%20First/Moroccan%20updated%20NDC%202021_Fr.pdf)
HYPERLINK %22https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Morocco First/Moroccan updated NDC 2021 _Fr.pdf%22 /



The Ministry of Energy Transition and Sustainable Development (Ministère de la transition énergétique et du développement durable (MTDD))

Is responsible for implementing national strategies in the fields of Environment and Energy and building the necessary human competencies in these fields^[2]. The Ministry's Sustainable Development Division (Division du développement durable) is mainly in charge of setting up a monitoring system around themes related to sustainable development. The Division is also responsible for raising awareness and structuring sustainable development projects with Territorial Communities.

[2] <https://www.mem.gov.ma/en/Pages/art.aspx?v=7>

The Ministry of Economy and Finance (Ministère de l'Économie et des Finances^[3]) is critical for implementing the Nationally Determined Contributions (NDCs). It is a channel of resources into climate action and is responsible for budget preparation and implementation, proposing incentives and policy reforms, promoting green public investments, and other tasks.

[3] <https://www.finances.gov.ma/en/Pages/home.aspx>

[4] <https://www.sie.co.ma/en/apropos/>

The Energy Engineering Company (Société d'Ingénierie Énergétique (SIE))

Founded in 2010 under the name of Société d'investissements Énergétique was initially the State's financial arm for the sector of renewable energy and energy efficiency. Its mission was to finance and co-develop national programs and clean energy projects. Moving from the role of the financial arm of the State, the SIE has thus become the Société d'Ingénierie Énergétique, a Super ESCO dedicated solely to delivering energy efficiency programs and projects. Henceforth, the new SIE is adjusting its missions accordingly while contributing to the new strategic energy guidelines to reduce national energy consumption by nearly 20% by 2030^[4].

MASEN, the Moroccan Agency for Solar Energy

Is a privately-owned Moroccan company with public funding. It was created in 2010 to lead the Moroccan solar project to generate electricity from solar power by installing a minimum capacity of 2,000 MW by 2020 (the Noor Plant). 2016 MASEN became the Moroccan Agency for Sustainable Energy (MASEN). Its remit was extended to all renewable energy sources, chiefly solar, wind and hydropower. MASEN develops integrated energy projects (renewables installations) under an agreement between the Moroccan state, and its goal is to achieve a minimum installed capacity of 3,000 MW by 2020 and 6,000 MW by 2030.

Morocco has launched several strategies and plans to tackle climate challenges, including the Roadmap on aligning the Moroccan financial sector with sustainable development^[5]; **the Green Morocco Plan** (Plan Maroc Vert)^[6] to support climate-smart agriculture, **Green Investment Plan** (Plan d'investissement vert)^[7], **the National Energy Strategy** (Stratégie Énergétique Nationale), the **2030 National Sustainable Development Strategy** (Stratégie Nationale de Développement Durable 2030) and the **2030 National Climat Plan** (Plan National Climat 2030).

The National 2030 Climate Plan^[8] (Plan Climat National 2030)^[9] presents the mitigation and adaptation actions taken to combat Climate Change. It consolidates several initiatives related to climate change established by many ministries. It presents a summary of current emissions and projections of climate impacts, and it integrates the individual ministerial plans. The mitigation measures draw upon the **National Energy Strategy 2008**



(Stratégie Nationale Énergie 2008) and are mainly related to energy efficiency and renewable energy production. They comprise seven areas: energy demand and supply, transport, industry, waste management, agriculture, forestry and construction. Adaptation measures are proposed within the areas of weather forecast, water resources, agriculture, forestry, desertification, fisheries, public health, and tourism.

The National Plan for Adaptation to Climate Change (Plan National d'adaptation aux changements climatiques) establishes several research initiatives to promote climate change mitigation and adaptation. These include creating a human and technical apparatus to allow the identification, monitoring and alert of extreme climate events; promoting research on climate variation and climate change prediction; preparing climate risk assessments on regional and local levels; helping different sectors to evaluate their vulnerabilities to climate change; and elaborating climate change adaptation strategies. The 2009 version was replaced in 2019 by the **National Plan against Climate Change** (Plan National de Lutte contre le Réchauffement Climatique) with a vision until 2030.

Implementing the plan will require considerable investment, estimated at USD 50 billion for mitigation programs and another USD 35 billion for adaptation projects by 2030^[10].

[5] idem

[6] <https://www.ada.gov.ma/fr/principales-realizations-du-plan-maroc-vert>

[7] <https://www.environnement.gov.ma/fr/134-actualites/735-le-royaume-du-maroc-presente-son-plan-d-investissement-vert-au-sommet-de-new-york-sur-les-changements-climatiques>

[8] <http://www.umi.ac.ma/wp-content/uploads/2020/11/ODD-13-A8-Plan-climat-national-horizon-2030.pdf>

[9] <http://www.umi.ac.ma/wp-content/uploads/2020/11/ODD-13-A8-Plan-climat-national-horizon-2030.pdf>

[10] <https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Sustainable-Arab-Finance-Report-Jan-2021.pdf>

The National Strategy of Sustainable Development 2030 (Stratégie Nationale de Développement Durable 2030)

Identifies seven challenges for Morocco, among which are: strengthening the governance of sustainable development, promoting the implementation of national policies against climate change and achieving the transition towards a green economy.



The National 2009 Energy Strategy (Stratégie Énergétique Nationale 2009)

Sets out an ambition for 42% of the total installed power capacity to come from renewable energy in 2020. In 2015, during the 21st session of the UNFCCC's Conference of the Parties (COP21), Morocco announced a further planned increase in the renewables capacity to reach 52% of the total by 2030 (20% solar, 20% wind, 12% hydro). Due to the high dependency of the Moroccan transport sector on fossil fuels, the National Energy Strategy aims to achieve a 24.5% reduction in transport energy consumption in 2030, which is the highest share compared to other sectors.

The National Logistics Strategy (Stratégie Nationale Logistique).

Has been included in the 2016 NDC and renewed for the updated NDC due to its relevance for freight transport. The Administration's Exemplarity Pact 2019 (Pacte de l'Exemplarité de l'Administration 2019 (PEA)) seeks to increase by 30% the share of green cars (hybrid or electric) in the government fleet. The Moroccan Post Office agreed to electrify its fleet (225 vehicles in total), specially dedicated to mail and package distribution) with the support of the Ministry of Industry, Trade and Digital Economy.

To support sustainable mobility, the **Programme for the Improvement of Urban Public Transport** (Programme d'Amélioration du Transport Public Urbain) envisages the renewal of taxi fleets and the extension of the tramway lines in Casablanca and Rabat. The overall progress of the Rabat tramway line extension has reached 20%, and the extension of the Casablanca tramway lines started in early 2021^[11].

[11] <https://changing-transport.org/morocco-ndc-update-new-ambitions-for-the-transport-sector/>

The National Roadmap for Aligning the Financial Sector with Sustainable Development (Feuille de route Nationale pour l’alignement du secteur financier au développement durable)

And its climate change commitments launched at COP22 in 2016, which was held in Marrakech. The roadmap aims to promote higher investment flows into sustainable and climate-change-related projects to address Morocco’s mounting social and environmental challenges. By enabling the financial sector to play an instrumental role in closing the green investment gap (estimated at USD 24 billion), it seeks to smooth the transition to a green economy. In line with its commitment to enhancing South-South cooperation, the roadmap contains a section on integrating green finance in Africa. Its guiding framework reflects a comprehensive, unified vision for the financial sector’s commitment to supporting national efforts by mainstreaming sustainability^[12].



The Long-Term Low-Carbon Strategy 2050 Morocco (2021) (Stratégie long-terme Bas Carbone 2050 Maroc (2021)):

With the country’s new Low Carbon Strategy to 2050 adopted in 2021, ambitions to decarbonise the energy sector went further. The Strategy sets a new target of 70% renewable energy in the energy mix by 2040 and 80% by 2050^[13]. Other orientations include:

- Increase the electrification of uses in the industrial, building and transport sectors, and assess the development potential of green hydrogen to decarbonise industry and freight transport.
- Generalise energy efficiency and efficiency in using natural resources

in all sectors while developing construction quality standards and infrastructure and equipment.

- Stimulate the circular economy, waste reduction and recovery.
- Develop sustainable and resilient agriculture and forest ecosystems and carbon sinks.
- Set up transport and logistics plans favouring multi-modality and massive investment in the development of new transport infrastructure.
- Promote a new generation of sober and “smart” cities, including by integrating digital transition technologies in all socio-economic sectors.

[12] <https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Sustainable-Arab-Finance-Report-Jan-2021.pdf>

[13] <https://www.res4africa.org/news-events/xfi57jpiup1mpw833o2tzrc4bsviir>

03.

Examples of Climate-related Funding



In the Moroccan Nationally Determined Contributions (NDCs), revised in 2021, the country estimates it will need USD 38.7 billion to reduce greenhouse gas emissions alone. Regarding climate change adaptation measures, the funding requirement is at least USD 35 billion for the most vulnerable areas up to 2030. However, only some sectors of the economy have estimated the planned adjustment measures.

The Government does not identify Climate Change as a category within national budgets. It is increasing donor alignment with national priorities through the establishment of steering committees in critical sectors, including environmental protection and sustainable development, which are presented in several economic sectors, such as transport, housing, tourism and leisure, spatial planning, renewable energies and energy efficiency, conservation and management of water resources, agriculture etc.^[14].

In order to finance investments, **local governments can contract loans from the Municipal Equipment Fund (Fonds d'équipement communal, FEC)**, a key institution for financing local governments. Projects financed through this Fund focus on urban infrastructure, roads, water, sanitation equipment, etc. Initial resources of the FEC were transfers from the central government, but its funding resources have widened over time and now comprise grants from the World Bank, the European Investment Bank, etc.^[15].

Capacity building programmes related to climate finance

The Climate Change Competence Center (4C) (Centre de compétences changement climatique Maroc (4C)) is an initiative linked to the **Morocco NDC Support Program**^[16] (Programme d'appui à la CDN Maroc). At the national level, the 4C work focuses on establishing a transparency framework for the NDC, including a monitoring and evaluation system, a funding framework and capacity building. Current activities include identifying ten NDC projects for Green Climate Fund (GCF) funding and developing five concept notes for submission.

In addition, public and private organisations are organising training on climate finance. At the regional level, efforts are directed at south-south cooperation among African countries, while at the international level, work contributes to Morocco's strategic partnerships, such as with the Paris Committee for Capacity Building, the NDC Partnership, the GCF, and the International Centres of Excellence on Climate Change and Think Tanks for Capacity Building.

[14] <https://www.oecd.org/environment/environment-development/48458464.pdf>

[15] <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/465241468279862273/morocco-local-government-support-program-project>

[16] <https://www.ndcs.undp.org/content/ndc-support-programme/en/home/our-work/geographic/arab-states/morocco>

The Green Economy War Room^[17]

In 2021 Morocco launched a **“Green Economy War Room”** ^[18], as a collaboration between the Moroccan Agency for Energy Efficiency (Agence Marocaine pour l’Efficacité Énergétique (AMEE)) and the Ministry of Industry, Trade, and the Digital and Green Economy (Ministère de l’Industrie, du Commerce et de l’Économie Verte). The Centre’s creation intends to support over 150 different investment projects to maintain and boost Morocco’s pivot toward a model of a sustainable green economy^[19]. The war room has to be enabled as a central gathering location for investors and various stakeholders and help facilitate information flow and data exchange between all relevant parties^[20]. The Centre intends to promote an ecosystem “to recover 65% of waste, including nearly 55% in material recovery by 2030^[21].”

3.1. The Communal Equipment Fund (FEC)

The Communal Equipment Fund (FEC) (Fond d’Équipement Communal (FEC))

Is the financial institution dedicated to financing local public sector investments facilitating access to credit for local authorities to finance infrastructure and equipment projects^[22]. The FEC offers Local Authorities and their groups’ financial products and services in the form of loans or lines of credit adapted to their financing needs and for projects aimed at improving the living environment of the citizens’ projects relating to the various areas of competence, among which: drinking water, solid sanitation, electrification, urban transport, urban developments^[23], promotion of clean technologies, cleaning and environmental protection etc.^[24].



3.2. Commercial Banks with Experience in Climate Financing

Bank of Africa – BMCE Group

A leading player in environmental matters and corporate social responsibility. BMCE was the first Moroccan company to issue ‘green bonds’ by public offering to finance domestic and international eco-responsible environmental projects. BMCE Bank Foundation’s Medersat.com programme promotes education and community-based development in rural areas in Morocco and sub-Saharan Africa. Bank of Africa – BMCE Group became one of the Founding Signatories of the Principles for Responsible Banking. It is committed to strategically aligning its business with the Sustainable Development Goals and the Paris Agreement on Climate Change^[25].

Banque Centrale Populaire (BCP)

One of Morocco’s leading banking institutions. It comprises eight regional cooperative banks. Its central body is a listed public limited company with specialised subsidiaries, foundations, banks, and representations abroad. BCP Group is present in 32 countries across the world. It is Morocco’s biggest savings bank and a significant player in the economy’s financing.

Energy accounts for half of the Bank’s commitments, responding to constant growth in national consumption. The Bank supports SMEs in improving their energy-efficiency initiative by:

- Simplifying access to energy audits by financing an addition to the grant offered by Moussanada Efficacité Énergétique du Maroc PME.
- Financing arrangements that are tailored to each case, with the option to have recourse to investment funds.
- Waiving application fees for financing investments related to energy efficiency and renewable energy.

The Bank provides the ECOENERGY INVEST tailor-made financing offer, with a grant of 10 to 15% of the loan and free technical assistance^[26].

[17] <https://www.afrik21.africa/en/morocco-a-war-room-to-promote-the-green-economy/>

[18] <https://www.afrik21.africa/en/morocco-a-war-room-to-promote-the-green-economy/>

[19] <https://www.worldbank.org/en/news/press-release/2022/11/03/climate-investments-will-reap-big-dividends-for-morocco-says-world-bank-report>

[20] <https://www.moroccoworldnews.com/2021/09/344356/morocco-creates-new-war-room-to-promote-green-economy-projects>

[21] <https://www.moroccoworldnews.com/2021/09/344356/morocco-creates-new-war-room-to-promote-green-economy-projects>

[22] <https://www.fec.ma/article139.html>

[23] [https://www.environnement.gov.ma/images/publication/GUIDE%20D'ACCES%20A%20LA%20FINANCE%20CLIMAT%20\(1\).pdf](https://www.environnement.gov.ma/images/publication/GUIDE%20D'ACCES%20A%20LA%20FINANCE%20CLIMAT%20(1).pdf)

[24] <https://www.fec.ma/poste2.html>

[25] <https://www.unepfi.org/member/banque-marocaine-du-commerce-exetieur/>

[26] <https://www.groupebcp.com/en/Pages/Sustainable-Financing.aspx>

The Islamic Development Bank (IsDB)

IsDB recognises climate change action as a key priority area. It invests in high-impact projects in many sectors, including energy (renewable and intelligent systems), climate-smart agriculture, forestry, resource efficiency, zero-carbon buildings, sustainable transport, sustainable cities and urban development, coastal protection, waste management, water and sanitation, and others.

The IsDB addresses the challenges of climate change through adaptation-driven and resilience-focused investments and interventions. At the same time, it sees the opportunities climate change offers to the least developed, emerging and developed economies among IDB's member countries (MCs) through combined greenhouse gas emission mitigation and sustainable development actions, hence addressing the Sustainable Development Goals (SDGs) and Paris Agreement.



3.3. Climate and Energy-related Funds

The Climate Investment Funds (CIF)

Drive fundamental change in how countries tackle climate change and are unique among climate finance institutions. CIF enables communities to set priorities, design projects, and implement community-led projects to manage their natural environment. CIF has consistently taken a deliberate, collaborative and systems-level approach to delivering climate finance. CIF invests in Morocco through its Clean Technology Fund (CTF). Morocco's USD 150 million CTF investment plan has been focused on expanding wind and solar photovoltaics (PV) development. Its CTF concessional financing contributes to 1,070 MW in new wind power capacity and helps to establish the infrastructure needed to make wind energy commercially viable. It is also supporting the deployment of the first mid-sized solar PV plants in the country to generate 75–100 MW in total, which is expected to pave the way for solar PV penetration nationwide. Through the CIF-TAF, about USD 200,000 was programmed for technical assistance activities in 2021.

The Green Climate Fund (GCF)

It was accredited by Morocco's Agency for Sustainable Energy (MASEN) in 2021. The GCF, established by the United Nations Framework Convention on Climate Change (UNFCCC), aims to support a paradigm shift in the global response to climate change. The Fund catalyses climate innovation by investing in new technologies, business models, and practices to establish a proof of concept. Aside from MASEN, the GCF has accredited 103 international climate change entities, including Morocco's Agency for Agricultural Development^[27].

[27] <https://www.masen.ma/en/masen-news/green-climate-fund-credits-moroccos-agency-sustainable-energy>

The Global Environmental Facility Trust Fund (GEF Trust Fund)

Several projects fall under the umbrella of Morocco's participation in the global "Community-Based Adaptation Programme" financed through the GEF Trust Fund's Strategic Priority on Adaptation. Reflecting its priority needs, most adaptation action underway in Morocco addresses needs in the freshwater and agricultural sectors. Projects focus on capacity building, knowledge communication and research^[28].

Cleantech Programme for Innovation and Green Jobs Phase 2 (Programme Cleantech pour l'Innovation et les Emplois Verts au Maroc Phase 2)

The Ministry of Environment requested UNIDO to design Morocco's second phase of the National Cleantech programme. The programme will focus on expanding the national approach and developing regional innovation clusters around the local industry. The project will include the annual national cleantech competition complemented by regionally hosted competitions. The additionality of a regional approach is expected to allow working with local institutions to actively create more opportunities for youth employment around different industrial zones in Morocco.

CBIT Trust Fund

The CBIT aims to help developing countries in their efforts to build institutional and technical capacity for enhanced transparency, increasing transparency and strengthening countries' capacity for monitoring and evaluation are lynchpins for the Paris Agreement^[29].



[28] https://www.preventionweb.net/files/25729_morocco.pdf

[29] <https://sdg.iisd.org/news/cbit-trust-fund-supporting-transparency-under-paris-agreement-operationalized/>

Developing an integrated transparency framework for NDC planning and monitoring^[30]

The Implementing Partner is the Secretariat of State in Charge of Sustainable Development (SSSD). The project support is focused on strengthening the associated governance framework at both national and sub-national levels and the domestic MRV system. The project is in line with the UNDP country program, namely the United Nations Development Assistance Framework (UNDAF) Plan for Morocco for the period 2017-2021, focusing on supporting the country in the implementation of its commitments to international conventions and agreements and aimed at the improvement of resilience to climate change and adopting inclusive and sustainable solutions to increase energy efficiency and equitable access to clean energy.

Special Climate Change Fund (SCCF) (Fond Spécial pour les Changements Climatiques (FSCC))

Currently, the objective of the SCCF is to support adaptation and technology transfer projects and programmes that are integrated into national sustainable development action and consider national communications. In 2011 SCCF provided a 4,35 million USD Grant for Integrating climate change in the Implementation of the Plan Maroc Vert projects. The projects aimed to promote the implementation of climate change adaptations in agriculture in some areas of Morocco^[31].



[30] https://publicpartnershipdata.azureedge.net/gef/GEFDocuments/3ced5976-df7c-e811-8124-3863bb2e1360/ceoendorsement/Agencyprojectdocument_6212_Prodoc_CBIT_Morocco_31-05-2019.doc

[31] <https://www.worldbank.org/en/news/loans-credits/2011/05/17/morocco-special-climate-change-fund-sccf-grant-for-the-integrating-climate-change-in-the-implementation-of-the-plan-maroc-vert-projects>

Morocco Sustainable Energy Financing Facility (MorSEFF) (Ligne marocaine de financement de l'énergie durable)

Gathers together the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), KfW, the European Union and AFD. Together, they have allocated several credit lines for a total amount of EUR 110m to two of the leading commercial banks in the kingdom, **BMCE Bank**, formerly Banque Marocaine du Commerce Extérieur and the Banque Centrale Populaire (BCP), to support and improve their range of financing for sustainable energy projects^[32].

Those funds were on-lent to industrial companies willing to invest in green-energy equipment and complemented by EU-funded technical assistance or grants to participating companies. Investments supported by MorSEFF resulted in 207,289 megawatt hours of annual energy savings and helped avoid 102,725 tons of CO2 equivalent emissions annually^[33]. In 2018, the EBRD injected an extra EUR 40 million into the facility and admitted Banque Marocaine pour le Commerce et l'Industrie - BNP Paribas Group as a third partner.



[32] <https://www.afd.fr/en/actualites/morocco-climate-finance-has-greater-impact-when-four-partners-join-hands>

[33] <https://www.dai.com/our-work/projects/morocco-sustainable-energy-financing-facility-morseff>

3.4. Public-private Partnerships (PPPs) and Concessions

Law 86-12^[34] on “Public-private Partnership Contracts”^[35] is Morocco’s legal basis for PPPs. In line with this law, the Moroccan government designed policy tools to accelerate the involvement of private companies in climate projects. This approach is anchored in the NDC. An important instrument is the Build, Operate and Transfer (BOT) model, whereby private companies can receive state concessions allowing them to invest in power production facilities and sell the

energy for a certain period against an agreed price. Another essential tool is the Power-purchase Agreement (PPA). A PPA is concluded between a private entity and the government so that the private company has guaranteed income, and this can be used as a key to unlock the necessary investments to finance their own power-generating projects without further government involvement. BTOs and PPAs are the basis for producing 45% of Morocco’s renewable energy.



The Public-Private Partnership Programme in the field of irrigation

aims to improve the technical, economic and financial conditions for managing the irrigation water service. This programme seeks to mobilise unconventional water through various projects, including irrigation safeguard projects and seawater desalination projects. At the end of 2019, 4 Public-Private Partnership projects in irrigation were contracted, including two seawater desalination projects for the irrigation of Chtouka-Ait Baha (15,000 ha) and Dakhla (5,000 ha)^[36].

[34] <https://ppp.worldbank.org/public-private-partnership/library/new-moroccan-ppp-law-summary>

[35] <https://ndcpartnership.org/sites/default/files/Insight%20Brief%20Energy%20Morocco%20Final.pdf>

[36] <https://www.meer.com/en/68033-moroccan-integrated-strategy-to-face-climatic-changes>

The Noor Ouarzazate Plant

Morocco built the Noor Ouarzazate Plant (Complexe Noor Ouarzazate), the world's largest concentrated solar power plant, an enormous array of curved mirrors spread over 3,000 hectares (11.6 sq miles) which concentrate the Sun's rays towards tubes of fluid, with the hot liquid then used to produce power^[37]. Noor Ouarzazate I was structured as a public-private partnership (PPP) on a Build, Own, Operate and Transfer (BOOT) basis, with the ACWA Power consortium announced as preferred proponent in September 2012. The PPP was supported by a Power Purchase Agreement (PPA) and a Power Sales Agreement (PSA), plus a significant amount of concessional finance provided by the **Clean Technology Fund** (CTF) and several International Financial Institutions (IFIs). The project would not have been a viable investment prospect without this concessional finance and the support

of the Government of Morocco. The PPA is a 25-year fixed term, fixed tariff agreement between the ACWA Power consortium and the Moroccan Agency for Sustainable Energy (MASEN). The tariff in this PPA was determined by the bidding process, i.e., the ACWA Power consortium was the bidder that proposed the lowest tariff. MASEN has also entered into a separate PSA with ONEE¹, the National Office for Electricity and Potable Water (Office National de l'Électricité et de l'Eau Potable (ONEE)), in which ONEE will buy all power from MASEN at a tariff approximately matching the grid price and dispatch it from the plant. The difference between the tariff in the PPA and the price in the PSA will be covered by subsidies from the Government of Morocco and an operational support loan from the World Bank via the International Bank for Reconstruction and Development (IBRD). The ACWA Power consortium is responsible for project implementation, including design, construction, and plant performance optimisation^[38].



[37] <https://www.power-technology.com/projects/noor-ouarzazate-solar-complex/>

[38] <https://www.gihub.org/innovative-funding-and-financing/case-studies/noor-ouarzazate-concentrated-solar-power-plant>

3.5. ESCO

Amid growing demand, Morocco aims to meet its energy needs by combining large-scale energy efficiency strategies and renewable energy investments. Super ESCOs are vehicles for channelling funds into public sector energy efficiency investments such as hospitals, schools, and street lighting, laying the foundation for private investment later in the commercial and industrial sectors^[39].

In 2011, Morocco adopted Law 47-09^[40], also known as the Law on Energy Efficiency, to primarily increase energy efficiency in critical economic sectors. Law 47-09 introduces, among others, criteria for minimum energy performance, rational energy use and compulsory energy audits for industrial facilities exceeding a certain consumption threshold (LSE, n.d.). Apart from defining ESCOs, the law does not include other legal provisions concerning energy performance contracting, third-party finance schemes or other ESCO-related matters (EC, 2014).

The Energy Engineering Company (Société d'Ingénierie Énergétique (SIE))

Is a public institution created in 2010 to stimulate investments, especially private investments in renewable energy (RE) and energy efficiency (EE). Due to Morocco's new strategic directions and to move from a pure financier to a facilitator, developer and investor, the Board of Directors of SIE approved its transformation into an Energy Services Super Company (ESCO) in October 2018. Under its new identity, "Energy Engineering Company" (hereinafter referred to as the Super ESCO), SIE is exclusively dedicated to the execution of energy efficiency projects for the public buildings, street lighting, mobility and industrial sectors^[41].

3.6. Crowdfunding

Crowdfunding Law 2020 has been a milestone. Due to various civil society efforts, the new crowdfunding legislation finally saw the light in 2020. This law is expected to benefit civil society organisations, social enterprises, and start-ups to adopt more sufficient funding methods and ensure financial sustainability. In Morocco, crowdfunding is defined as a fundraising operation via an electronic collaborative funding platform (Plateforme Électronique de Financement Collaborative, (PFC)), managed by a collaborative funding company (article 1 of the Bill), and a third option relating to Islamic finance is also suggested.

The legal framework establishes a complete regulatory system for collaborative financing activities. To this end, it includes, in particular: the creation of the status of the manager of collaborative financing platforms (Plateforme de financement collaboratif (PFC)), the definition of the accreditation system for Collaborative Financing Companies (Société de financement collaboratif (SFC)), the definition of procedures and terms of creation and

operation of the SFCs, and the definition of their commitments and obligations in terms of public information, publicity and reporting.

Creating an SFC must meet various criteria described in the law (article 15), including having as its main activity the management of a PFC; and having a minimum share capital of MAD 300,000 fully paid up at the time of its incorporation. To meet the needs of the PFC, the SFC must enter into a service contract with a credit institution duly authorised by Bank Al-Maghrib (article 8). More precisely, a unique account for each project submitted must be made available to the authorised credit institution (article 41). The SFC is also required to join the association of crowdfunding companies (Association des sociétés de financements collaboratifs)

The Crowdfunding Law 2020 law has been expected to benefit civil society organisations, non-profit organisations, social enterprises, and start-ups to adopt more sufficient funding methods and ensure financial sustainability.

[39] <https://www.afdb.org/en/news-and-events/press-releases/africas-first-super-energy-service-company-morocco-gets-965000-grant-boost-african-development-banks-sustainable-energy-fund-africa-sefa-42217>

[40] <https://www.climate-laws.org/geographies/morocco/laws/law-47-09-on-energy-efficiency>

[41] <https://projectsportal.afdb.org/dataportal/VProject/show/P-MA-FZO-002>

04.

Examples of climate financing by donors and
multilateral development banks



The European Union

The EU-Morocco Green Partnership (Partenariat vert UE-Maroc) was signed in October 2022 and is the first initiative with a partner country as part of the external dimension of the European Green Deal. The Green Partnership focuses on three main thematic axes: climate and energy; the environment, including marine and maritime issues; and the green economy and is expected to become a model for similar partnerships on the African continent. The Green Partnership will allow the EU and Morocco to:

- progress towards their shared goals of becoming low-carbon, climate-resilient economies and transitioning to a green economy,

- strengthen early policy dialogue and coordination on energy, climate change, environmental protection and the green economy at bilateral, regional and multilateral levels,
- foster innovative, sustainable, job-creating and environmentally friendly projects, and
- develop triangular cooperation with other international actors to encourage a more substantial commitment to achieving the goals of the Paris Agreement and collectively advance the global climate agenda.

The EU-Morocco Green Partnership is also one of the Flagships of the European Investment Plan annexed to the Joint Communication on a Renewed European partnership with the Mediterranean.

The European Investment Bank (EIB)

EIB's financing fosters sustainable development and supports the goals set up by the European Neighbourhood Policy (ENP) and other EU bilateral agreements, such as the EU-Morocco Green Partnership^[42]. In Morocco, EIB financed projects to upgrade and rehabilitate the water supply and distribution infrastructure across the country and has also helped the agricultural sector to become more sustainable. Among EIB financing, the loans to the national railway company increase the quality of railways in the country and encourage green and sustainable transport.

European Bank for Reconstruction and Development (EBRD)

EBRD focuses on areas in Morocco EBRD includes support for sustainable energy, sustainability and improvement of the efficiency and quality of infrastructure and utility services. The Bank more than doubled its investment in the country in 2022, extending more than EUR 528 million in finance to 14 projects, up from EUR 211 million in 2021. It delivered a record investment of EUR 170 million in support of Morocco's green economy. Supporting the country's transition to a low-carbon economy, the Bank co-financed the repowering of the Koudia Al Baida^[43] wind farm in the north with a senior loan of up to EUR 44 million. This marked the first wind farm repowering project in Africa. The Bank invested a MAD 1 billion issue for the City of Agadir, the first Moroccan city to join the EBRD Green Cities programme.

[42] https://neighbourhood-enlargement.ec.europa.eu/news/eu-and-morocco-launch-first-green-partnership-energy-climate-and-environment-ahead-cop-27-2022-10-18_en

[43] <https://www.ebrd.com/news/2022/ebrd-and-ctf-to-repower-africas-oldest-wind-farm.html>



The German Government, through KfW

The German government is providing support for the energy transition in Morocco. Within the scope of the countries' Financial Cooperation (FC), the creation of over 650 MW of wind energy and 1,500 MW of solar energy and measures to expand the grid and increase energy efficiency are being promoted. One outstanding example of successful cooperation is the co-financing for the Noor I–IV solar power plants in Ouarzazate (see 3.4 above), significantly contributing to achieving the Moroccan solar plan 2020 with 580 MW. The FC energy portfolio currently contains over EUR 2 billion in funds. The foreseen NOOR Midelt solar complex will consist of two innovative hybrid power plants in the first phase, combining solar thermal energy and photovoltaics in one power plant complex.

The German Government, through GIZ

GIZ is now taking on an increasing number of commissions in Morocco for other clients, such as the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the Federal Foreign Office (AA), the Federal Ministry for Economic Affairs and Energy (BMWi), the European Union, and Moroccan companies in the sectors of renewable energies, energy efficiency, environment and climate change.

4C-GIZ Project supported the development of Morocco's climate protection policy and the National Green Investment Plan (Plan d'investissement vert). The anchoring of the project within the Ministry of Energy, Mines and Environment - Department of the Environment and establishing an independent Climate Change Competence Centre defined a sustainable institutional framework. The project analysed the training needs of climate change actors and offered the necessary training. It collected and disseminated good practices and developed instruments for sustainable knowledge management^[44].

[44] Création du Centre de compétences Changement climatique « 4C Maroc » (giz.de)

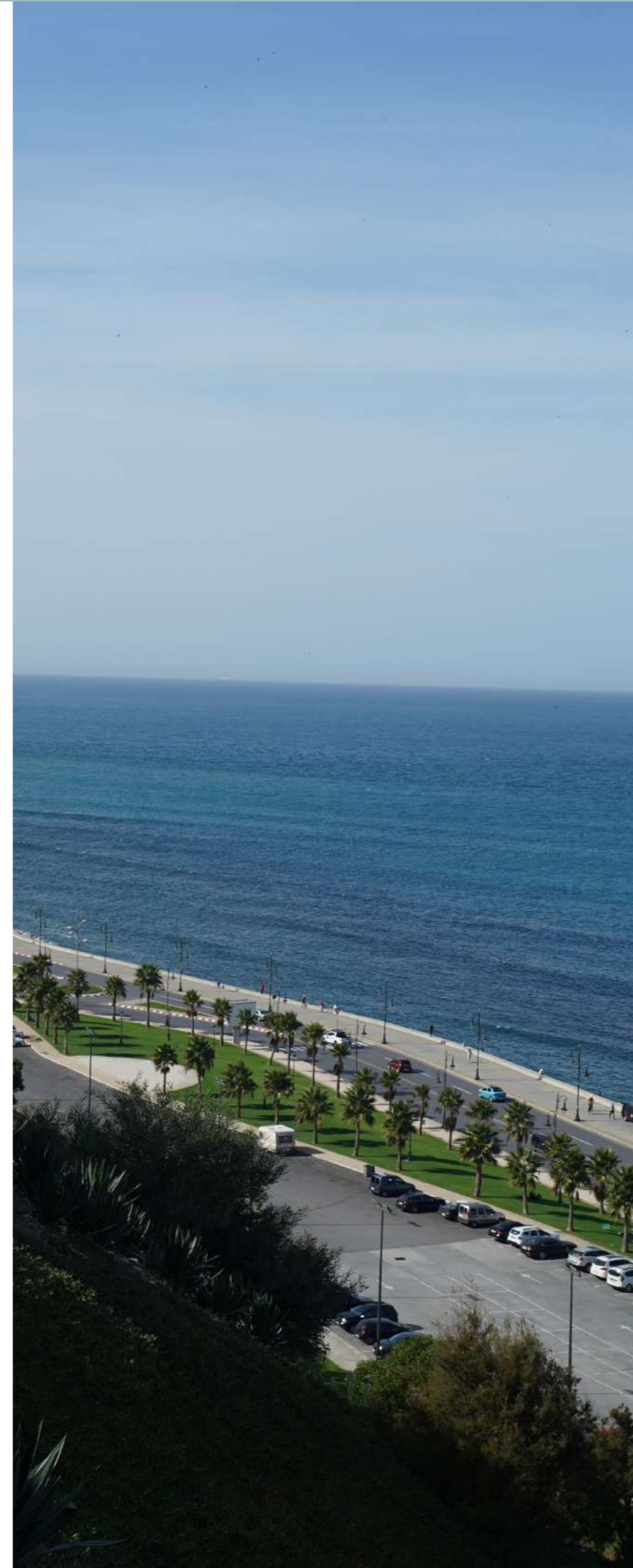
African Development Bank Group (ADB)

The ADB Group has been present in Morocco since 1970. Since 1978 and until the end of 2020, more than 170 operations in various sectors have been financed for more than eleven billion US dollars. At the end of 2020, the Bank's active portfolio comprised 36 projects and programmes, representing over USD 3.8 billion. These commitments are spread across the sectors of energy (31%), multi-sector operations (22%), social and human development (13%), private sector (13%), water and sanitation (10%), transport (9%) and agriculture (2%). An integrated approach to development

Examples of projects supported by the African Development Bank Group

- Africa's first Super Energy Service Company in Morocco gets a USD 965,000 grant from African Development Bank's Sustainable Energy Fund for Africa (SEFA)^[45].

The Board of Directors of the ADB approved on September 2022, in Abidjan, a EUR 199 million loan to finance Morocco's Competitive and Resilient Cereal Development Support Program (Programme d'appui au développement compétitif et résilient de la céréaliculture (PADCRC)). The programme will help to reduce Morocco's cereal imports, focusing on improving productivity and the resilience of cereal production to climate change. It also provides for structural reforms that will lead to more efficient and resilient production systems^[46].



[45] Africa's first Super Energy Service Company in Morocco gets USD 965,000 grant boost from African Development Bank's Sustainable Energy Fund for Africa (SEFA) | African Development Bank - Building today, a better Africa tomorrow (afdb.org)

[46] <https://www.afdb.org/en/news-and-events/press-releases/morocco-african-development-bank-commits-eu199-million-cereal-production-55149>

05.

CONCLUSIONS



From an institutional perspective, the Ministry of Energy Transition and Sustainable Development (Ministère de la Transition Énergétique et du Développement Durable), the Ministry of Economy and Trade (Ministère de l'Économie et du Commerce), the Energy Engineering Company (Société d'Ingénierie Énergétique (SIE)) and the Moroccan Agency for Solar Energy (MASEn) are main players relevant to climate finance. The Communal Equipment Fund (Fond d'Équipement Communal (FEC)) is a significant potential counterpart for launching specialised Financial Instruments for financing SEACAPs in Morocco.

There are several commercial banks with experience in climate finance. The Multilateral Development Banks also have experience in Morocco and are well-placed to scale up their presence. Climate funds also have a strong presence in the country and several mandates, including capacity building, funding Cleantech, etc.

The strategic framework in Morocco is an enabler for climate finance with the National 2030 Climate Plan, the Moroccan Green Plan (Plan Maroc Vert) and the National Energy Strategy (Stratégie Nationale Énergie) to deploy renewable energy in the centre. Private sector actors have also shown leadership by adopting the roadmap for aligning the financial sector to sustainable development in 2016.

The legal framework in Morocco allows municipalities to sign loans; hence the possibilities for setting up specialised Financial Instruments are there with the possible intermediation by the FEC or the Central Guarantee Fund (Caisse Centrale de Garantie).

The legal and institutional conditions for using the Super ESCO financial model are also in place with Law 47-09 and the Energy Engineering Company (Société d'Ingénierie Énergétique) acting as a Super ESCO company. The legal framework for PPPs is also in place, and there are already examples of climate change projects financed in such a way.

At the same time, it is recognised that there is a need to develop financial products dedicated to sustainable development in general and to financing sustainable energy and climate projects within the SEACAPs and beyond.

Capacity building and financial-related education are significant. As such, the role and efforts of specialised actors, such as the Moroccan Foundation for Financial Education (Fondation Marocaine pour l'Éducation Financière (FMEF)), merit full support.



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