

A close-up portrait of a young child with curly brown hair, looking slightly to the right. The child is wearing a red and grey sweater. The background is a bright, outdoor setting with some foliage.

EUROPEAN INVESTMENT BANK
IN MOROCCO



European
Investment
Bank

The EIB bank





Ricardo Mourinho Félix
Vice-president
of the European
Investment Bank

By financing projects vital to Morocco's socioeconomic growth, the European Investment Bank is helping the country develop and consolidate its special position between Europe and Africa. As the EU climate bank, we fund a wide variety of climate action and environmental sustainability projects, in full alignment with the Paris Agreement. At the same time, we provide microfinance and businesses with greater support so that they can develop and create jobs. Faced with the crisis unleashed by the pandemic, we are also financing healthcare systems around the world, particularly in Morocco. The European Investment Bank is boosting the country's industry, while helping to educate and train young

people and supporting traditional financial institutions to facilitate access to funding. Thanks to its long-standing, high-calibre partnership with Morocco, the Bank can take concrete action in diverse areas, helping to generate more inclusive and sustainable growth in a way that benefits everyone in the country. Through our support, we are laying the groundwork for the future!

The European Investment Bank is the bank of the European Union and began operating in Morocco in 1979. Over the years, it has made a key contribution to the partnership between the European Union and Morocco by promoting EU objectives there. During the COVID-19 health crisis, we provided exceptional support for Morocco under the Team Europe action plan, focusing on the healthcare sector along with businesses facing shortfalls in cash, microentrepreneurs and the self-employed. As the EU climate bank, we promote projects that actively contribute to sustainable development, innovation and competitiveness, supporting the energy revolution through innovative financing.



Anna Barone
Head of
the European Investment Bank's
Representation in Morocco



THE MOROCCAN ECONOMY IN BRIEF

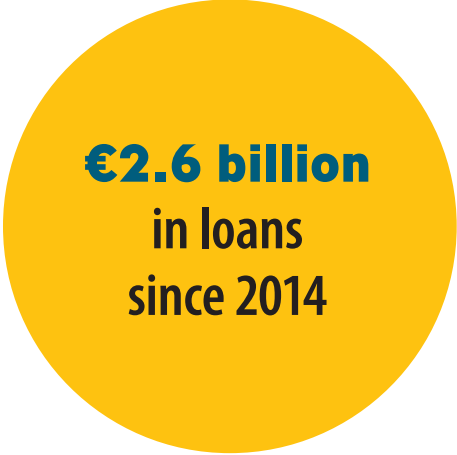
The Kingdom of Morocco is a lower middle-income country with a per capita gross domestic product (GDP) of nearly \$7 600 (at purchasing power parity) and a total population of about 36.4 million. Real GDP growth reached 2.2% in 2019, curbed by the agricultural sector and its dependency on unstable rainfall, and weak growth in services. In 2020, GDP contracted by 6.6% according to Bank Al Maghrib, Morocco's central bank, due to the coronavirus pandemic and a poor harvest following a major drought. But growth is expected to have bounced back to 5.3% in 2021.

As the most stable country in the region, Morocco also has the best business environment of the North African countries, but is still vulnerable to external shocks. Current and future challenges require stronger capacity for reform and modernisation so that Morocco can achieve more resilient growth and create more jobs, while continuing to reduce regional and social inequality.

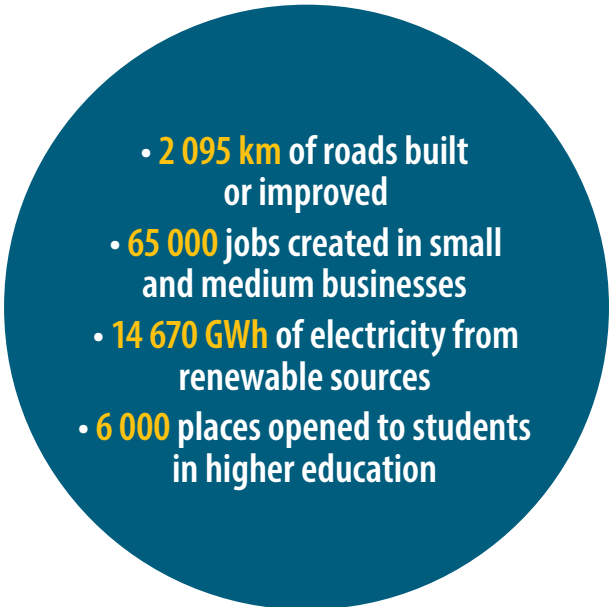
Services, mining, industry, buildings and public works, transport and agriculture account for the bulk of Morocco's economy. Tourism and high value-added export industries, particularly in the automotive and aerospace sectors, are playing an increasingly important role in the economy. However, agriculture continues to generate around 13% of GDP and over 11% of value added, employing more than 4 million people, almost 40% of the country's workforce.

MOROCCO AND THE EUROPEAN INVESTMENT BANK

Under the European Union's external lending mandate for 2014-2020, EIB financing in Morocco averaged €365 million per year. Against the backdrop of the health crisis, funding reached a record €617 million in 2020, as a testimony to the Bank's exceptional commitment under Team Europe.



€2.6 billion
in loans
since 2014

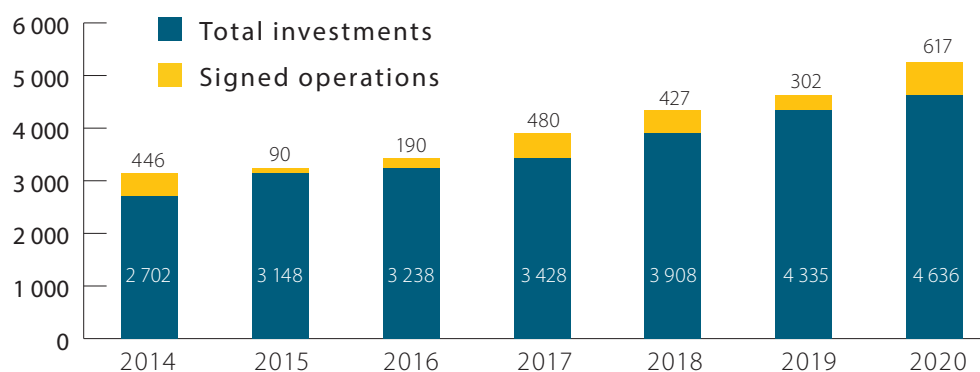
- 
- **2 095 km** of roads built or improved
 - **65 000** jobs created in small and medium businesses
 - **14 670 GWh** of electricity from renewable sources
 - **6 000** places opened to students in higher education

Some EIB lending operations include advisory services for identifying, preparing, implementing and maintaining projects, and providing operational assistance.

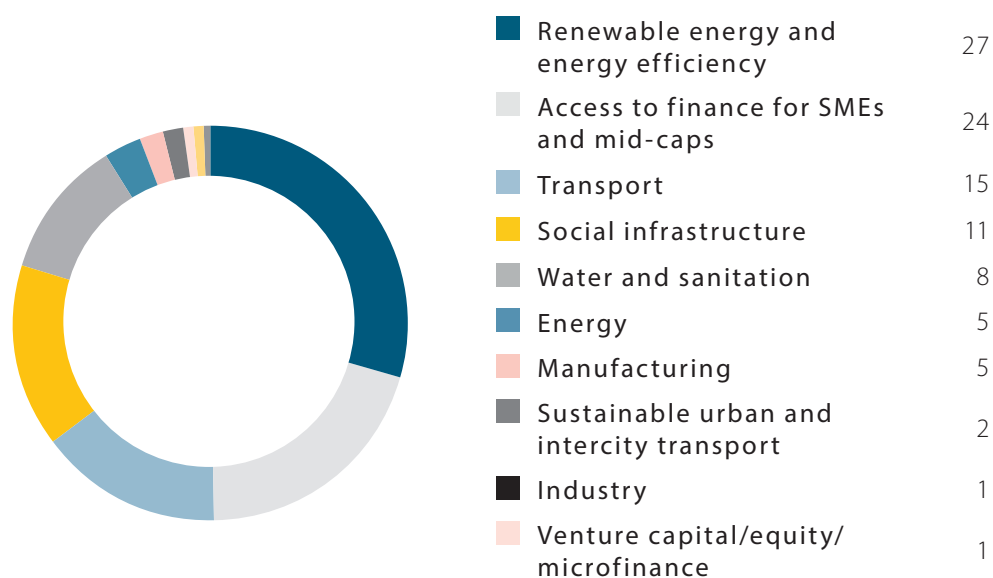
As the EU climate bank, the EIB is strongly committed to climate action, supporting innovative investments to address the challenge of sustainable development. The Bank has, for instance, backed Morocco's renewable energy strategy by financing major solar and wind power programmes. The EIB has spent a total of €1.2 billion on climate action in Morocco since 2012, representing more than 30% of all its financing over the period.

The social sectors are another key aspect of the Bank's action in the region, in line with the European Union's focus areas and Morocco's development priorities. The education and health sectors have received continuous funding as a result. When the coronavirus pandemic struck, the Bank stepped up its action to address the health consequences, providing the Moroccan government with €200 million in 2020 so that it could bolster its healthcare system and infrastructure by purchasing medical equipment.

TOTAL EIB SIGNATURES AND INVESTMENTS OVER 2014-2020 (€ million)



EIB SIGNATURES BY SECTOR, 2014-2020 (%)



Over 2014-2020, 27% of EIB loans were earmarked for renewable energy and energy efficiency projects, 24% helped enhance access to finance and benefited small and medium-sized enterprises (SMEs) and mid-caps, 15% went towards improving transport, and 11% was for social infrastructure (education and healthcare).



Euro-Mediterranean University of Fes (UEMF): from a regional university to a centre of academic excellence

Since 859, the city of Fes has been home to Al Quaraouiyine University, one of the oldest universities in the world still operating, according to Unesco. The new eco-campus of the Euro-Mediterranean University of Fes (UEMF), an initiative of King Mohammed VI, renews this legacy. With its state-of-the-art premises, research and office space, all equipped with energy-saving solar panels, the university has become a centre of academic excellence and a major force in the region. Thanks to intercultural dialogue, closer relations between both sides of the Mediterranean and a natural extension to sub-Saharan Africa, the university has 37 teaching departments split into three exceptional faculties: engineering and architecture, humanities and social sciences, and biomedical science and biotechnology.

1 600 students from the Middle East and North Africa, Europe and sub-Saharan Africa are already receiving top-quality teaching from 68 permanent lecturers and researchers, 46% of whom have international backgrounds. The 40 hectare eco-campus is expected to extend to 100 hectares and welcome up to 6 000 students.

The project was supported by a €70 million EIB loan issued under the Economic Resilience Initiative, combined with a €13.5 million grant from the European Union under the Neighbourhood Investment Facility. Additional EU grants help to reduce tuition fees and finance student scholarships.

This project helps train high-level managers, teaching them the values of tolerance, openness and excellence that they can later use to drive innovation forward. They also become equipped with the outstanding skills they need to enter the local and international labour markets.

Amid the disruption caused by the COVID-19 crisis, an additional grant of €500 000 (MAD 5.4 million) was financed by the European Union and implemented by the EIB in 2020. It funded the acquisition of computer equipment (laptops and 4G modems on subscription plans), ensuring that more than 400 scholarship students could continue their studies remotely. The university also used the grant to purchase 3-D printers to produce protective medical masks for the Fes university hospital.

LOANS TO THE PUBLIC SECTOR

Traditionally, a significant part of the European Investment Bank's activity in Morocco has focused on financing public infrastructure. Since 2008, 70% of the total project financing in Morocco has involved the public sector. The investments target many areas, mainly climate action and support for social sectors.

Over 2014-2020, the Bank implemented approximately €1.6 billion in loans to improve the country's infrastructure and lay the foundations for its economic development.



Since 2014,
€1.6 billion
for **38 public**
sector projects

EIB support for energy infrastructure in Morocco focuses on two aspects: more renewable energy and greater energy efficiency. For instance, the Bank financed the Noor solar energy project in Ouarzazate, one of the world's largest solar power complexes, through a €250 million loan, with further contributions from other international institutions. Thanks to 580 MW of installed capacity, this plant is expected to supply electricity to more than 1 million people in Morocco. The complex should also reduce CO₂ emissions by 760 000 tonnes per year, the equivalent of 2.5 million tonnes of imported oil. This power plant plays a key role in Morocco's ambitious target of increasing the share of renewable energy to 52% of installed power by 2030.



Safe and clean public transport

Morocco's first tramway links the cities of Rabat and Salé. After it opened, it soon became a success thanks to its comfort, speed and affordable prices. With a satisfaction rate of 90%, it is popular among passengers, especially students and people with reduced mobility.

Some 29 km of additional tracks are planned under the tramway's extension programme. With a loan of €40 million, the EIB is financing the extension of line 2 on the network, covering a length of approximately 7 km and serving 12 stations, four in Rabat and eight in Salé. The project also involves co-financing the acquisition of the 11 two-section tram units required for the future operation of the network.

This extension will increase passenger traffic on the line by 35% and should help reduce road traffic by around 10 000 cars per day, saving 4 500 tonnes of CO₂ per year. By making public transport more efficient, this project will boost the quality of life of residents, make both cities more easily accessible and trigger a sustainable reduction in greenhouse gases, fully in line with the EIB's commitments as the EU climate bank.

Residents in both cities will enjoy safer transport and a better quality of life. Rabat and Salé will also emit fewer greenhouse gases, in line with Morocco's commitments under the Paris Agreement.

State-of-the-art healthcare equipment and infrastructure

Since 2006, the EIB has been actively supporting the Moroccan healthcare sector with a loan of €70 million and a grant of €13 million. The funds have co-financed an extensive programme for rebuilding, renovating and equipping 16 hospitals, as part of the Ministry of Health's hospital reform initiative. The programme aims to modernise hospital services throughout Morocco by improving the quality of buildings and equipment. The project included a series of new planning and delivery methods and tools, some of which were developed thanks to the participation of the European Commission.

One of the 16 hospitals is the Prince Moulay Abdellah Hospital in Salé, a prime example of how the EIB's long-term financing can improve the healthcare sector and people's lives. The new facility increased Salé's capacity from 159 to 250 beds and significantly improved the quality of hospital services in the area. At the height of the COVID-19 crisis, the hospital was also designated as a regional referral centre for treating infected patients.





Since 2014,

€220 million

in EIB loans to support social infrastructure

€526 million

for renewable energy and energy efficiency

€156 million

for water and sanitation

€285 million

in investments in public transport infrastructure



Since 2014, more than **€86 million**
in technical assistance and investment grants to promote
renewable energy and education.

Morocco also benefits from regional budgets to support
the transport sector, public-private partnerships and competitiveness.



SUPPORT FOR THE PRIVATE SECTOR

The private sector will play a crucial role in the success of Morocco's growth model. Small and medium-sized enterprises account for about 90% of the economy, but are facing difficulties in accessing finance. Investing in projects and improving the liquidity of SMEs and mid-caps to develop the private sector and create jobs are among the EIB's key objectives in Morocco.

The EIB offers credit lines to local banks to facilitate the long-term financing of Moroccan SMEs on favourable terms. In 2020, the Bank granted a €200 million loan to the Crédit Agricole Group of Morocco to support companies in the bioeconomy and farming sectors and promote Morocco's new Generation Green 2020-2030 agricultural strategy.

The EIB not only provides direct investment loans to Moroccan companies, but also to European and international groups that are developing projects in the country. In 2020 for example, the Bank granted long-term additional financing of €54 million to AGC, a producer of tempered and laminated automotive glass in Kenitra.

EIB lending in the microfinance sector ultimately improves access to conventional loans, supports financial inclusion and reduces the risk of social exclusion for microentrepreneurs and self-employed people. In 2020, the Bank set up two deals that dovetailed neatly with one another: a €10 million loan with JAÏDA which funds microfinance institutions, and a direct loan of €3 million to microfinance institution Al Amana to support revenue-generating business.

The Bank is working alongside the National Company for Guarantees and Financing to Businesses (*Société nationale de garantie et de financement de l'entreprise*, formerly the National Guarantee Agency) to strengthen the government's guarantee system. The aim is to expand the public credit guarantees on offer and encourage banks to lend more to micro, small and medium-sized enterprises.

Sustainable and responsible financial services

JAÏDA is the second-largest lender to the microfinance sector in Morocco. The EIB's €10 million loan (around MAD 108 million) will exclusively cover microloans of less than €25 000 (approximately MAD 270 000) for the self-employed, individual entrepreneurs and microentrepreneurs to promote income-generating business. The Bank also signed a €3 million loan with Al Amana in 2020. The deal is expected to benefit 11 560 microentrepreneurs directly, around 45% of whom are women and 48% live in rural areas.




The EIB committed
€417 million
in 2020, and has mobilised over
€960 billion
for private sector projects
since 2014.

An autonomous and competitive poultry sector

As the leader in the Moroccan poultry sector, Zalar Holding is present throughout the entire value chain. The EIB's €25 million loan strengthens the group's vertical integration, financing the expansion of the cereal storage facilities used for its trading business. The group is also using the funds to modernise some of its farms located in Morocco's four main consumption regions. This project's economic and social impact will be significant, with 1 662 jobs created directly and indirectly.

Strengthening the state guarantee system

Since its inception, the National Company for Guarantees and Financing to Businesses (formerly the National Guarantee Agency) has played a crucial role in facilitating access to credit for very small and medium-sized enterprises. During the COVID-19 health crisis, the EIB provided exceptional funding of €150 million to support businesses by expanding the credit guarantees on offer. The products *Damane Oxygène* and *Damane Relance* played a key role in these efforts.



Nearly
600 projects
run by small businesses and
15 by large businesses
implemented between
2018 and 2020

Supporting industry, the automotive ecosystem and jobs

With its new factory in Kenitra, AGC Automotive Induver Morocco aims to gain a foothold in the North African market and serve the markets in Southern Europe better, strengthening the AGC Group's position in Europe overall. The EIB's €56 million loan will be used to build a plant that will produce complete windscreen systems, sidelites and backlites for cars and light vehicles. It will have a start-up capacity of 600 000 systems a year, growing gradually to almost 1.1 million. One of the targets was for the plant to employ 625 people by 2022. Additional funding of €54 million was signed in 2020, covering up to 90% of the project cost, at a time of very high tension affecting the entire automotive value chain.

SUPPORTING MICROENTREPRENEURS TO FOSTER SOCIAL JUSTICE AND INCLUSION

The EIB supports fund managers like JAÏDA and microfinance institutions such as Al Amana to safeguard jobs and improve social justice and inclusion, especially for young people and women. By helping small market participants to secure finance, this support protects jobs in microenterprises hit hard by the crisis. It also reduces the risk of social exclusion for those who don't have easy access to conventional loans.

The EIB supports JAÏDA, the second-largest lender in Morocco's microfinance sector, with a loan of €10 million (MAD 108 million) to fund microloans of less than €25 000 (around MAD 270 000) for the self-employed, individual entrepreneurs and microentrepreneurs, and promote income-generating business. The EIB also backs microfinance institutions like Al Amana with €3 million (MAD 33 million), which will benefit more than 11 000 microentrepreneurs, 45% of whom are women and 48% live in rural areas.

THE POLICY FRAMEWORK: EU-MOROCCAN PRIORITIES

A STRATEGIC PARTNERSHIP

Relations between the Kingdom of Morocco and the European Union are governed by the European Neighbourhood Policy, which aims to support inclusive economic and social development and create employment opportunities for young people as key measures for economic stabilisation. It is also designed to step up cooperation in the areas of mobility, migration, energy security and climate action.

The joint declaration for the 14th meeting of the EU-Morocco Association Council on 27 June 2019 underlined the ambition to develop a “Euro-Morocco partnership for shared prosperity.” It identified key areas to guide future priorities, namely:

- inclusive and fair economic and human development
- innovation and sharing of knowledge
- protection of the environment and sustainable development
- justice
- security
- intercultural dialogue
- mobility and migration
- human rights and good governance

The most directly relevant partnership priority for the European Investment Bank’s activities is economic development and social cohesion, covering a range of topics, including:

- the revival of negotiations for a Deep and Comprehensive Free Trade Agreement (DCFTA)
- enhanced connectivity of physical and digital infrastructure
- the integration of value chains, through better industrial integration and the development of productive reciprocal investments
- the promotion of competitiveness, entrepreneurship and innovation
- the green economy and support for the transformation of the Moroccan economy
- consultation on financial matters by actively reviving regular economic dialogue
- the reduction of social and territorial disparity
- interregional cooperation between the European Union and Morocco



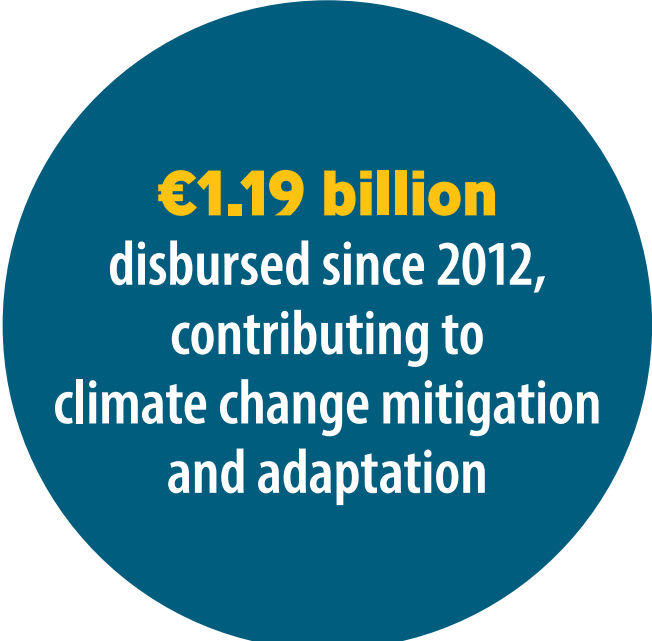
Wind farm in Tangiers

CLIMATE ACTION

As the EU climate bank, the European Investment Bank is firmly committed to climate action, in line with the external dimension of the European Green Deal. The Climate Bank Roadmap, adopted unanimously by the 27 EU Member States in 2019, sets the following targets:

- more than 50% of annual funding to go to green investment by 2025
- €1 trillion of investments in climate action and environmental sustainability between 2021 and 2030
- as of the end of 2020, align all EIB Group financing with the objectives of the Paris Agreement
- more advisory services and green financing to support innovative low-carbon technologies
- support for green capital markets, climate change adaptation and projects promoting a just transition

In Morocco, the Bank supports the production of renewable energy, the development of sustainable urban transport and the country's green transition.



€1.19 billion
disbursed since 2012,
contributing to
climate change mitigation
and adaptation

The first hybrid solar complex in Morocco

The Midelt complex was launched by the Moroccan Agency for Sustainable Energy as part of the country's Noor solar energy programme. Midelt is the first to use an energy mix combining thermodynamic concentrated solar power and photovoltaic technologies. The project consists of two solar plants with installed capacity of 500 MW each. Signed in 2018, the EIB loan of €387 million will finance the construction and operation of the plants to provide access to reliable, clean and sustainable energy. The hybrid combination of concentrated thermodynamic and photovoltaic energy will optimise the plants' operating profiles, making it possible to supply electricity after dark while providing a low-cost solution for daytime production. Thanks to the first phase, commissioning is expected in 2022.



Financing photovoltaic energy throughout the country

The Noor Atlas project aims to build seven solar photovoltaic plants in the east and south of Morocco, with total installed capacity of 240 MW. The operation will stabilise the power grids thanks to the solar energy generated in remote areas of Morocco. The EIB's €129 million loan will help improve the quality of life in rural communities and create jobs in a booming sector.






ABOUT THE EUROPEAN INVESTMENT BANK

The European Investment Bank (EIB) is the financing institution of the European Union. In 2020, the EIB Group made almost €80 billion available for investments within and beyond Europe. The EIB is the world's largest multilateral lender, particularly for climate action financing.



European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
+352 437 91
www.eib.org

 twitter.com/EIB
 facebook.com/EuropeanInvestmentBank
 youtube.com/EIBtheEUbank

Anna Barone
Head of Representation in Morocco
Riad Business Center, Aile sud, Immeuble S3
Avenue Attine
10100 Hay Riad Rabat
Morocco
+212 537 56 54 60
+212 537 56 53 93
rabat@eib.org

Anne-Cécile Auguin
Press contact
+352 4379 83330
a.auguin@eib.org

Driss Charrier-Rachidi
Media relations
+212 537 56 54 60/65
d.charrierrachidi@ext.eib.org

Printed on FSC® paper

The EIB uses paper certified by the Forest Stewardship Council (FSC). Because it's made by people who like trees. FSC promotes environmentally sound, socially beneficial, and economically viable management of the world's forests. We all know reading is good for you. It's good for the planet, too — as long as you read on the right paper.