

**Annex of C(2016)6914: Projects identified (with activities in Morocco)**

***Morocco – Morocco – Enhancement of sanitation infrastructure in the context of the National Sanitation Programme (PNA2)***

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	Water sector policy and administrative management / 14010 Sanitation - large systems / 14022 Basic sanitation / 14032 Waste management / disposal /14050 Education and training in water supply and sanitation / 14081
Partner country/region	Morocco
Lead FI	AFD
Co-financiers	KfW, EIB
EU contribution requested	EUR 10 300 000
Total cost of the project	EUR 178 000 000
Objectives to be fulfilled (main)	<p>The general objective of this Programme is to assist Morocco in the context of PNA2 (Programme National d'Assainissement Phase 2) in meeting its policy objectives in the field of sanitation by (1) accompanying the National Office of Electricity and Potable Water (ONEE) in the implementation of the second phase of the Programme, and (2) supporting Morocco in defining and improving the institutional and legal framework for the sanitation sector.</p> <p>Specific objectives of the Programme are the following:</p> <ul style="list-style-type: none"> <li>• Increasing the number of households connected to a sewerage system (individual or collective) and whose wastewater is treated in compliance with the standards.</li> <li>• Increasing the number of people sensitized on hygiene and environmental protection.</li> <li>• Contributing to the creation of jobs (men / women) in the sanitation sector.</li> </ul>

	<ul style="list-style-type: none"> <li>• Contributing to strengthening the project owner capacities of decentralized entities of the Moroccan State (municipalities, provinces, regions).</li> <li>• Promoting the adoption of public policy measures for better sustainability of the sanitation sector in Morocco.</li> <li>• Contributing to climate change adaptation objectives of Morocco in connection with sewerage, wastewater.</li> </ul>
Foreseen results	<ul style="list-style-type: none"> <li>• The sanitary conditions of will be improved and this will lead to improvement of populations' health.</li> <li>• Better hygiene practices will be promoted. Public health is thus improved, indirectly contributing to poverty reduction and economic development.</li> <li>• Pollution discharged into the natural environment will be reduced and thereby water resources (rivers and groundwater) will be protected.</li> <li>• Development of sanitation systems will create permanent jobs for operation and maintenance of these systems.</li> <li>• PNA2 will constitute a laboratory for Moroccan local authorities (municipalities, provinces and regions) and will strengthen their project owner capacities.</li> </ul>
Description of the activities	<p>The following activities are foreseen:</p> <ul style="list-style-type: none"> <li>• Provision of technical assistance to develop the detailed technical design of the program, coordination and animation of the National Sanitation Programme both at national and regional level;</li> <li>• Support in defining and improving the institutional and legal framework, and related capacity building measures, on key issues for the development of the sanitation sector;</li> <li>• Support in mobilizing adequate financing to further develop the sanitation infrastructure in Morocco;</li> <li>• Communication, promoting and awareness rising activities in particular with local population and civil society organizations.</li> </ul>
Location	Morocco
Duration i.e. implementation	

<p>period and indicative implementation timetable</p>	<p>Dates of signature of the loans with the beneficiary:</p> <ul style="list-style-type: none"> <li>➤ Lead Financier 4Q 2016</li> <li>➤ Other co-financing EFIs 4Q 2016</li> </ul> <p>Target date of signature of EU Delegation Agreement with Lead FI 4Q 2016</p> <p>Target date of signature of EU Financing Agreement with Beneficiary 4Q 2016</p> <p>Start of activities financed by the EU grant 1Q 2017</p> <p>End of activities financed by the EU grant 2023</p> <p>End of project activities 2023</p>
<p>Justification/additionality of the EU grant</p>	<p>Sanitation has strong positive externalities in terms of public health, economic and environmental protection provided that high technical standards and adequate social support is mobilized to achieve the expected quality of services and increase in population coverage. The technical assistance financed by the NIF will ensure higher quality implementation of the project objectives in line with international standards.</p> <p>Within the National Sanitation Programme (PNA2), this project funded by the NIF will contribute to raise awareness of the local population on the importance on the relevance of the activities implemented by the programme. This will contribute to the overall sustainability of the National Programme.</p>

***Regional - Trade and competitiveness programme in Morocco and Tunisia (EBRD)***

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	Small and medium-sized enterprises (SME) development / 32130 Agriculture / 311 Industry / 321 Telecommunications / 22020 ICT / 22040 Energy: Resource generation, distribution and efficiency / 230 Storage / 21061
Partner country/region	Morocco, Tunisia
Lead FI	EBRD
Co-financiers	N/A
EU contribution requested	EUR 25 630 000
Total cost of the project	EUR 165 000 000
Objectives to be fulfilled (main)	<p><u>Instrument 1:</u></p> <p>The Project aims at enhancing sustainability and competitiveness of small and medium enterprises (SMEs) – in particular, local SMEs that already work with aggregators/sponsors (e.g. export-oriented buyers, local processing companies and off-takers) in the sectors of agribusiness, manufacturing, services, property (logistics/distribution) and ICT. Improved value chains will support SMEs in innovating processes and production and contribute to increase access to the EU market.</p> <p><u>Instrument 2:</u></p> <p>The objective of Instrument 2 is to support the implementation of Instrument 1 through a novel, practical and analytical assessment of the key regulatory and legislative obstacles to increase competitiveness and greater value chain development.</p>

Foreseen results	<p>The Program will boost the competitiveness of private sector SMEs in Tunisia and Morocco through increasing their participation in value-added and export-oriented activities across selected value chains. This will be achieved through improving linkages with larger market players/aggregators that can drive value chain organisation and the upgrade of standards.</p> <p>Investment projects with SMEs and aggregators will target production and export growth, value-creation and innovation activities along value chains which include a large number of SMEs. Product, process and service improvements by the aggregator will exert strong positive effects on the SMEs they work with (eg. raw material producers, suppliers, logistics operators, traders, etc.).</p> <p>Technical assistance will target SMEs directly to support improvements in their operations, productivity, environmental sustainability, management structure, and quality standards. The activities can focus on business advisory services, the transfer of technologies and know-how, and support for quality upgrades.</p>
Description of the activities	<p><u>Investment Component:</u></p> <p>The EU grant will be provided to SMEs and will be available to both suppliers higher in the value chain (Tier 1) and those with lower-value added activities (Tier 2). The grant will be used to purchase innovative machinery, tools, and equipment, to introduce new products, marketing and services, to boost production and resource efficiency as well as for other activities related to increasing the competitiveness of SMEs in Morocco and Tunisia. This includes investment into software as well as processes, services and products in the selected value chains.</p> <p><u>Technical Assistance Component:</u></p> <p>To boost the competitiveness of local SMEs and prepare them for financing from the EBRD, other IFIs, local commercial banks and micro-credit institutions, Technical Assistance funds will be used to support the upgrade of standards in line with DCFTA requirements. Technical Assistance will be of benefit to both suppliers higher in the value chain (Tier 1) and those with lower-value added activities (Tier 2). The technical assistance will help ascertain - through the work of consultants – the legal, technical, market and financial viability of proposed projects. At the post-investment stage the Technical</p>

	Assistance resources will be used to add value to SMEs and will include training and skills improvements to help SMEs move up on the innovation ladder and boost competitiveness.
Location	Morocco, Tunisia
Duration i.e. implementation period and indicative implementation timetable	<p>Target date of signature of EU Delegation Agreement with Lead FI 4Q 2016</p> <p>Start of activities financed by the EU grant 1Q 2017</p> <p>End of activities financed by the EU grant 2022</p> <p>End of project activities 2025</p>
Justification/additionality of the EU grant	<p>The EU budgetary resources will allow SMEs to improve their business, standards while at the same time improving their competitiveness through a value chain approach. The vast majority of the SMEs that the Program would reach are part of key supply and value chains in the context of the countries' economies and, at the same time, export products like processed agricultural produce (e.g. olive oil) or manufactured goods for various industries (automotive).</p> <p>The Program will support opportunities for export development to the EU (in the context of the existing Association Agreements and Deep and Comprehensive Free Trade Area agreement preparation) as well as in the Mediterranean region (in relation to the Agadir Free Trade Agreement). The Program will therefore target value chains in Morocco and Tunisia that have a competitive edge in export markets, through upgrading to EU standards and compliance with DCFTA requirements.</p> <p>The Program is expected to benefit a total of around 800 SMEs and will result in an increased level of innovation, business sophistication and value added in processing and products, hence increasing overall private sector competitiveness.</p>

***Regional - Trade and competitiveness programme in Morocco and Tunisia (EIB)***

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	Small and medium-sized enterprises (SME) development / 32130 Agriculture / 311 Industry / 321 Telecommunications / 22020 ICT / 22040 Energy: resource generation, distribution and efficiency / 230 Storage / 21061
Partner country/region	Morocco, Tunisia
Lead FI	EIB
Co-financiers	N/A
EU contribution requested	EUR 25 600 000
Total cost of the project	EUR 265 000 000
Objectives to be fulfilled (main)	The main objectives of the Programme are the following: 1. Providing wider access to finance for SMEs, in the form of a Risk Sharing Facility. This will enable local intermediary banks to take more risk and reach out to underserved segments of the economy. 2. Building capacity of financial intermediaries, final beneficiaries and authorities to support the implementation of the project. 3. Improving competitiveness of selected sectors and therefore prospects for trade. The Programme will enable SMEs to benefit from trade openness with the EU.
Foreseen results	The EIB Trade and Competitiveness Programme for Morocco and Tunisia will provide targeted financial and technical support to SMEs in the countries concerned to overcome the identified obstacles and will focus the priority objective of access to finance via a Risk Sharing Facility, allowing access to finance for SMEs, with a focus on selected value chains.

	<p>The Programme will blend EIB loans and EU grants, and achieve a considerable leverage effect with the purpose of providing access to finance to - and improving competitiveness of - local SMEs, ultimately allowing them to become more successful in the European market place.</p> <p>It will support the target countries in the development of value chains in particularly relevant sectors, such as the agri-food industry, manufacturing, services and others allowing them to offer attractive and EU-compliant products on the European market</p>
Description of the activities	<p>The Programme will combine: (i) EIB long-term Loan for Value Chains with (ii) a risk participation instrument (Risk Sharing Facility) and (iii) expert support (Expert Support Facility) to achieve the objectives of the Programme.</p> <p>1. EIB Loan for Value Chains (EIB VC Loan): The EIB will provide long-term lending to financial intermediaries committing to on-lend EIB financing to eligible sub-borrowers along selected value chains (Final Beneficiaries).</p> <p>2. Risk Sharing Facility (RSF): It will provide credit risk protection on a portfolio basis for the loans granted by Financial Intermediaries when on-lending EIB Loans for Value Chains. Risk sharing protection would be offered to Financial Intermediaries, in a form of a “first-loss piece”.</p> <p>3. Expert Support Facility (ESF): It will provide expert support to Final Beneficiaries and/or financial institutions to develop bankable efficiency investments and suitable financial products, respectively.</p>
Location	Morocco, Tunisia
Duration i.e. implementation period and indicative implementation timetable	<p>Target date of signature of EU Delegation Agreement with Lead FI 4Q 2016</p> <p>Start of activities financed by the EU grant 1Q 2017</p> <p>End of activities financed by the EU grant 2029</p> <p>End of project activities 2029</p>
Justification/additionality of the EU grant	<p>Private sector development is essential to create employment opportunities in both Tunisia and Morocco. In this context, there is a need to improve access to finance for SMEs, which account for the vast majority of enterprises and generate a substantial proportion of jobs. The difficulties SMEs face in accessing external funding</p>



	<p>hampers the development of the private sector and the promotion of export-oriented and value-added activities, and therefore limits economic development and job creation. The proposed EU contribution will help alleviate access to finance constraints of SMEs through risk sharing and capacity building instruments which promote value-chain development, competitiveness and trade development activities, and this will in turn foster a dynamic and competitive private sector with higher paid jobs.</p>
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