

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 27 April 2022¹

MOROCCO

ANP CLIMATE RESILIENCE

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

¹ As per section 1.4.8 of EBRD's Directive on Access to Information (2019), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

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ABBREVIATIONS / CURRENCY CONVERSIONS

AFD	French Development Agency or Agence Française de Développement
ANP	National Ports Agency of Morocco or Agence Nationale des Ports
CapEx	Capital Expenditures
CSR	Corporate Social Responsibility
DEPP	Directorate of Public Enterprises and Privatisation
DSCR	Debt Service Coverage Ratio
DSRA	Debt Service Reserve Account
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
ECEPP	EBRD Client E-Procurement Portal
EIA	Environmental Impact Assessment
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESMS	Environmental and Social Management System
GEF	Global Environment Facility
GET	EBRD's Green Economy Transition
HSE	Health, Safety and Environment
IFI	International Finance Institution
MEF	Ministry of Economy and Finance
METSd	Ministry of Energy Transition and Sustainable Development
MEW	Ministry of Equipment and Water
MPDD	Maritime Public Domain Department
ODEP	Port Operations Office or Office d'Exploitation des Ports
OHS	Occupational Health and Safety
OpEx	Operating Expenses
PIP	Priority Investment Programme
PIU	Project Implementation Unit
P-P	Public-to-public mechanism
PP&R	EBRD Procurement Policies and Rules
PRs	Performance Requirements
SCCF	Special Climate Change Fund
Marsa Maroc	Societe d'Exploitation des Ports SA (known by its commercial name Marsa Maroc)
MDB(s)	Multilateral Development Bank(s)
NDC	Nationally Determined Contribution
SOE	State Owned Entity
SSF	EBRD Shareholder Special Fund
SF	Strategic Framework
TC	Technical Cooperation
SDGs	Sustainable Development Goals
VAT	Value Added Tax
WG	Working Group
MAD/EUR	10.5165 (rate published by the Moroccan Central Bank as of 31.12.2021)
USD/EUR	1.15 at EBRD's Plan Rate

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of Agence Nationale des Ports, (“ANP” or the “Client”), the state-owned national port authority incorporated in the Kingdom of Morocco, are submitted for consideration by the Board of Directors.

The facility will consist of a senior loan to ANP in an amount of up to EUR 40 million, including a committed Tranche A of EUR 15 million and an uncommitted Tranche B of EUR 25 million, which will be the Bank's first loan to a Moroccan State Owned Entity (“SOE”) without a sovereign guarantee. The Project will be co-financed by an investment grant of USD 5.7 million from the Global Environment Facility (“GEF”).

The operation will enable ANP to enhance the climate resilience of several ports along the highly climate vulnerable Moroccan coastline of the Atlantic sea, in line with ANP's Priority Investment Programme (“PIP”) and international standards and best practice. Considering the key role of the port sector in linking the Moroccan economy to wider markets, ANP's strategic position in the sector, as well as the increasing urgency of addressing climate resilience globally, the Project has a wide potential for replication and impact beyond the immediate Project stakeholders.

The investment activities will be complemented by a comprehensive TC assignment, funded by a TC grant of USD 500,000 from the GEF and USD 1 million earmarked from the EBRD's Shareholder Special Fund (“SSF”). The assignment will provide targeted support to address key barriers in ensuring long-term climate resilience of the Moroccan port sector through a wide range of outreach measures, such as policy engagement and capacity building to facilitate informed decision-making and widespread adoption of climate change adaptation measures across the sector, as well as standard setting. As such, the transition impact of the Project is expected to be fully derived from the Green quality and the transaction is 70 [%] GET eligible under climate change adaptation activities.

In addition, the TC package will include a dedicated project implementation support to ANP as well as a Lender's Monitor, reporting directly to the Bank, to ensure effective implementation of the Project. A separate TC assignment will support the Client with IFRS adoption to strengthen its financial reporting and standards. The funds for these assignments, totalling EUR 360,000, have been earmarked from the SSF.

I am satisfied that the operation is consistent with the Bank's Strategy for Morocco, Green Economy Transition Approach 2021-2025, Transport Sector Strategy, Strategy for the Promotion of Gender Equality and the Agreement Establishing the Bank.

I recommend that the Board approve the proposed loan substantially on the terms of the attached Report.

Odile Renaud-Basso

BOARD DECISION SHEET

MOROCCO – ANP Client Resilience - DTM 51827	
Transaction / Board Decision	Board approval ² is sought for a senior loan of up to EUR 40 million, including a committed Tranche A of EUR 15 million and an uncommitted Tranche B of EUR 25 million, in favour of the Moroccan port authority Agence Nationale des Ports (“ANP” or the “Client”) to co-finance the works required to improve the climate resilience of selected Moroccan ports as included in ANP’s Priority Investment Programme (“PIP”). It is proposed that the Board of Directors delegate to Management the decision to commit Tranche B. The EBRD loan will be supplemented by an investment grant of USD 5.7 million from the Global Environmental Facility (“GEF”). Technical Cooperation (“TC”) package under the proposed Project will be funded by a GEF TC grant of USD 500,000 as well as EBRD’s Shareholder Special Fund (“SSF”) TC grant of USD 1 million and EUR 360,000 (totalling to circa EUR 1.23 million).
Client	The Borrower is ANP, the national port authority in charge of all Moroccan ports (except the special zone of Tanger-Med and the new port of Nador West Med ³), which is responsible for the port infrastructure investments within its existing port network. ANP is under technical supervision of the Ministry of Equipment and Water (“MEW”) and subject to the financial control of the Ministry of Economy and Finance (“MEF”). [REDACTED].
Main Elements of the Proposal	<p>Transition impact – Primary Quality - Green: The Project combines investment activities to develop climate resilient port infrastructure with a comprehensive suite of technical support activities to address key barriers in ensuring long term climate resilience of the Moroccan port sector so that interventions are sustainable and replicable in other Moroccan ports as well as in other regions.</p> <p>Additionality – (i) Risk mitigation: The Project will enable ANP to incorporate climate resilience measures in various ports along the Moroccan coastline included in the PIP, while the associated TC support will address key barriers to achieving climate resilience of Moroccan ports through long term policy measures and capacity building; (ii) Standard setting: The TC assignment also includes support for the adoption of the guidance published in January 2020 by the World Association for Waterborne Transport Infrastructure on Climate Change Adaptation Planning for Ports and Inland Waterways or PIANC’s Working Group 178, for the first time in the region, which will have a strong demonstration effect and will promote higher gender and economic inclusion standards; (iii) Policy, sector, institutional, or regulatory change: The Project is designed to trigger a change in the sector framework and enhance climate resilience practices at the sector level.</p> <p>Sound banking – This will be the Bank’s first loan to a Moroccan State Owned Entity (“SOE”) without a sovereign guarantee.</p>
Key Risks	<p>Key risks - (i) Implementation/completion Risk: The proposed Project will be ANP’s first project with the EBRD, although it has strong experience in implementing similar port infrastructure works. The Client will be required to establish a Project Implementation Unit (“PIU”) responsible for the Project implementation. The TC package includes dedicated support for the PIU to ensure that the procurement process is in line with the EBRD’s Procurement Policies and Rules (“PP&R”). A Lender’s Monitor will be appointed to report to the Bank on the implementation of the Project and compliance with the financial agreements; (ii) Traffic risk: [REDACTED].</p>
Strategic Fit Summary	The proposed Project is in line with the Bank’s Strategy for Morocco, Green Economy Transition Approach 2021-2025, Transport Sector Strategy 2019-2024, Strategy for the Promotion of Gender Equality and the Agreement Establishing the Bank.

² Article 27 of the AEB provides the basis for this decision.

³ Clarificatory note: Construction of Nador West Med (NWM) is ongoing. Any decisions regarding NWM port management following its completion are to be made by the Government of Morocco.

ADDITIONAL SUMMARY TERMS FACTSHEET

Client	The Borrower is ANP, the national port authority in charge of all Moroccan ports, excluding the special zone of Tanger-Med and the new port of Nador West Med ⁴ , which is responsible for port infrastructure investments within its existing port network. ANP is under technical supervision of the MEW and subject to the financial control of the MEF. [REDACTED].
EBRD Transaction	Senior loan of up to EUR 40 million, including a committed Tranche A of EUR 15 million and an uncommitted Tranche B of EUR 25 million, to finance the works needed to improve the climate resilience of selected Moroccan ports as included in ANP's PIP. The commitment of Tranche B will be at the Bank's sole discretion. The EBRD loan will be supplemented by an investment grant of USD 5.7 million from the GEF.
Existing Exposure	None to ANP
Maturity / Repayment	[REDACTED]
Potential AMI eligible financing	None [REDACTED]
Use of Proceeds	The proceeds of the EBRD loan and the GEF investment grant will be used to co-finance construction and improvement works in several ports in Morocco along the Atlantic coast, included in ANP's PIP (Annex 1), to enhance the resilience of these ports to climate change in line with international standards and best practice. The resilience of the ports is of utmost importance due to Morocco's extensive coastline along the Atlantic sea, which is highly exposed and vulnerable to extreme weather events and climate change, including sea-level rise. The use of proceeds will be controlled through procurement in line with EBRD Procurement Policies & Rules ("PP&R") for the public sector; conditions precedent prior to disbursement, documentary evidence as required in line with the Loan Agreement, and review of semi-annual progress reports on the agreed PIP. In addition, a Lender's Monitor will validate the documentary evidence and physical progress during its periodic site visits.
Investment Plan	[REDACTED]
Financing Plan	[REDACTED]
Key Parties Involved	<i>Borrower:</i> ANP <i>Grant funding:</i> GEF
Conditions to disbursement	[REDACTED]
Key Covenants	[REDACTED]
Security / Guarantees	[REDACTED]
Other material agreements	[REDACTED]
Associated Donor Funded TC and co-investment grants/concessional finance	<p>A. Technical Cooperation (TC)</p> <p><i>TC1: Capacity Building for Port Sector Climate Resilience</i> for USD 1.5 million, of which USD 500,000 is to be provided by the GEF and the remaining USD 1 million earmarked from the EBRD's Shareholder Special Fund ("SSF"), to address key barriers to ensure long term climate resilience of the Moroccan port sector such as through policy engagement, standard setting on climate change risk assessment and management as well as capacity building and public awareness activities, ensuring that both men and women are part of the process.</p> <p><i>TC2: Assistance with project procurement and ESAP monitoring</i> for EUR 100,000, earmarked from the SSF, to assist the Client on Project procurement in line with the EBRD PP&R as well as support in monitoring compliance of workforce accommodation with EBRD requirements as outlined in the ESAP, which forms part of the Loan Agreement.</p>

⁴ Clarificatory note: Construction of Nador West Med (NWM) is ongoing. Any decisions regarding NWM port management following its completion are to be made by the Government of Morocco.

	<p>TC3: Improvement of accounting systems to comply with IFRS for EUR 60,000, earmarked from the SSF, to improve ANP's financial reporting practices and standards.</p> <p>TC4: Lender's Monitor for EUR 200,000, earmarked from the SSF, to monitor and report to the Bank on the use of proceeds and the implementation and completion of the Project.</p> <p><i>Reimbursement:</i> The above TC assignments will be non-reimbursable transactional TCs required to support the Project.</p> <p><i>Cost sharing:</i> ANP will make all VAT (standard rate 20%) and other required indirect tax payments. The Client will also provide in-kind support in the form of office space, communication connections, and so on, for the consultants to work.</p> <p>B. Co-investment grants / Concessional Finance (Non-TC) Investment grant of USD 5.7 million (eq. EUR 4.96 million) from the GEF.</p>
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[REDACTED]

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

Moroccan ports, which play an integral part of the Moroccan economy, are highly exposed to the risk of adverse climate change impacts, which are projected to cause sea level rise, influencing the frequency and severity of storms, storm surge events as well as extreme wave and wind conditions⁵. This is expected to not only cause shifts in precipitation, hydrology and sedimentation patterns, but also impact vulnerable coastal communities and infrastructure, such as ports and the communities that rely on fishing and trade. Such impacts have already been seen – for instance, the storm swell in January 2014 caused waves with heights exceeding port design levels, causing damage to infrastructure and disrupting port operations in many locations⁶. The increasing vulnerability of ports to climate change is expected to have varying degrees of economic impact, including disruption to port and shipping operations, international and national trade, supply chains as well as negative impacts on broader economic activity.

The Project addresses the above challenges as well as the increasing climate change risks through investment in the PIP, approved by ANP's Board and included in Annex 1. ANP's PIP aims to rehabilitate and strengthen six assets located in four different ports along the highly exposed and climate vulnerable Atlantic coast. The objective is to extend the lifetime of these port structures and improve their resilience to sea level rise and associated extreme weather events. The Project is therefore expected to reduce the costs of weather-related damage to port infrastructure assets and weather-related disruption to operations at the ports.

While the investment component focuses on climate resilient port infrastructure, a linked TC assignment will provide a targeted support to address the key barriers to ensuring long-term climate resilience of the Moroccan port sector. This will be done through a range of sector-wide measures, such as policy engagement and capacity building to facilitate informed decision making and widespread adoption of climate change adaptation measures across the sector. The Project also promotes standard setting, such as through adoption of the PIANC WG 178 guidelines for the first time in the region, as detailed in further sections. As such, the transition impact of the Project is expected to be fully derived from the Green quality and the transaction is expected to be 70 [%] GET eligible under climate change adaptation activities. As ANP is the national port authority for Morocco responsible for the development, management, maintenance, concession and regulation of most Moroccan ports, it is naturally positioned to spread its capacity and knowledge on climate change adaptation across the other ports it manages and replicate the climate resilience approach to its future investments and operations. The Project is also anticipated to serve as a good-practice model for the Bank to mainstream port sector climate change adaptation in the SEMED and other regions.

Furthermore, the Project is in line with the national strategic direction in Morocco. More specifically, ANP is set to play a key role in large-scale infrastructure projects aimed at keeping up with changes in the maritime transport and trade outside of Morocco in accordance with the National Port Strategy 2030, which aims to promote port consolidation to better align the management and organization of Moroccan ports with international standards.

⁵ <http://unfccc.int/resource/docs/natc/marnc3.pdf>

⁶ *Impacts de la Houle Exceptionnelle du 06-07 Janvier 2014 sur les Infrastructures Portuaires*, report by the Ministry of Equipment, Transport and Logistics, March 2014

The TC assignment on climate resilience will also promote women’s inclusion in the port sector through encouraging their participation in the training and capacity building activities aimed at identifying, prioritising and implementing port sector adaption measures. In addition, the TC package under the proposed Project will include a dedicated support to the Client on the project procurement and ESAP monitoring to ensure effective implementation of the Project in line with the Bank’s requirements as well as IFRS adoption support to strengthen its financial reporting and standards. In addition, a Lenders’ Monitor, engaged as part of the Project, will monitor and report directly to the Bank on the project implementation to facilitate timely identification and management of the related risks.

The Project is consistent with the objective of the Bank’s Strategy for Morocco to broaden the range of financial instruments and promote innovative financial solutions as it is expected to be the EBRD’s first loan to a Moroccan SOE without a sovereign guarantee.

The Project is designed to support the climate resilience of Morocco's ports in both the short and longer-term through providing loan and grant funds to finance climate-resilient port infrastructure as well as supporting policy engagement, capacity development, and standard setting to introduce best international practice in the Moroccan port sector's policy, strategy, management, operations and monitoring. Through combining GEF investment grant, the Bank ensures that baseline investments in port address climate change impacts and, as such, contribute to overall national climate resilience. Hence, the Project is in line with the Bank’s Transport Strategy, specifically with its strategic direction on decarbonisation and reduced vulnerability to climate change, which aims to promote climate resilience through policy engagement and support, capacity building and blended financing and highlights climate resilience solutions in coastal areas. The Project is also aligned with the Bank’s Green Economy Transition Approach 2021-2025, namely with its thematic area on Climate Adaptation and Resilience.

The associated TC assignment will promote women’s economic and employment opportunities by delivering concrete recommendations to ANP to promote equal opportunities within their HR policies and practices, based on initial gender assessments undertaken in selected ports and accompanied by gender-sensitive trainings to the ANP’s employees. The TC assignment will also promote broader women’s participation in climate action, by ensuring that women represent [REDACTED] participants in raising awareness activities on climate change impacts, vulnerability and adaptation in the port sector. These activities are in line with the Bank’s Strategy for the Promotion of Gender Equality.

The Project also contributes to a host of United Nations Sustainable Development Goals (“SDGs”), namely SDG 4 on Quality Education, SDG 5 on Gender Equality, SDG 8 on Decent Work and Economic Growth, SDG 9 on Industry, Infrastructure and Innovation, and SDG 13 on Climate Action.

1.2 TRANSITION IMPACT

The tables below set out the TI Objectives and details of the project.

Primary Quality: Green

Obj. No.	Objective	Details
1.1	<i>The percentage of EBRD use of proceeds that supports a green economy transition</i>	ANP’s PIP aims to rehabilitate and strengthen several port assets along the Atlantic coast that are highly exposed and vulnerable to extreme weather and climate change. The rehabilitation and improvement works aim to extend the life of the port structures and improve their resilience to sea level rise and associated extreme weather events. The Project is therefore expected to reduce the costs of weather-related damage to port

	<i>and therefore qualifies as GET finance exceeds 60%</i>	infrastructure assets and weather-related disruption to operations at the ports. These climate resilience outcomes of reduced weather-related damage and disruption costs are expected to deliver significant economic benefit over the economic life of the investments. As a result, the Project qualifies as 70 [%] GET eligible under climate change adaptation activities.
1.2	<i>This project involves a policy engagement, which is new and aims to deliver institutional reform and lead to structural changes across sectors/markets.</i>	<p>To ensure the resilience of the Moroccan ports to climate change in the long-term as well as the sustainability of the Project beyond its completion, the investment activities will be accompanied by a comprehensive TC assignment to provide capacity building for the port sector climate resilience.</p> <p>The TC assignment will support establishment of a Working Group (“WG”), comprised of key stakeholders of the Moroccan port sector [REDACTED], to formulate a Strategic Framework (“SF”) to facilitate informed decision making as well as the widespread adoption of climate change adaptation measures across the Moroccan port sector, which is expected to have a high demonstration effect and reach the sector as a whole, i.e. beyond the ports managed by ANP.</p> <p>A key deliverable of the framework will be a Climate Resilience Strategy to be adopted by the Client, which will include an upgrade of the technical directives and regulations in compliance with international best practices [REDACTED].</p>
1.3	<i>As a result of the project the client will introduce environmental management practices or standards, which fulfils the following three conditions: a) It is internationally accredited; b) It is novel (first or second of its kind) in the relevant market; and c) It is replicable by other market participants.</i>	<p>As part of the Climate Resilience Strategy, the Project will also promote improved environmental management and standards. Namely, the Project, through the associated TC assignment, will help ANP to implement international best practice approaches, such as those defined by PIANC WG 178, and, thereby, it will be one of the first projects worldwide to promote and implement compliance with PIANC guidelines, issued in January 2020. In addition, the Project, through the associated TC assignment, will enable technical exchanges with a first tier OECD port operator covering climate resilience in port operations to facilitate international best practice.</p> <p>Furthermore, the Project, through the climate resilience TC assignment, will support capacity development of the members of the WG and other relevant port sector stakeholders and include measures to carry out a national stakeholder consultation process on port sector climate resilience as well as to prepare and disseminate awareness and knowledge products.</p> <p>Overall, considering the strategic role of ANP in the Moroccan port sector, the Project is expected to have a reach beyond the ports managed by ANP, such as Tanger-Med and Nador West Med⁷, as well as present high potential of replicability in other port-oriented countries.</p>

Delivery Risks: The delivery risk pertains to the willingness and/or capacity of the Client to implement the adaptation measures and climate-resilient upgrades in the selected ports as well as the various measures to achieve long-term climate resilience of the Moroccan port sector. The risks related to physical implementation of the Project is mitigated by the selection of PIP investments, which has been approved by the ANP Board of Directors, as well as inclusion of a procurement TC in the project structure. The risks related to the non-physical implementation of the Project to achieve long-term climate resilience of the Moroccan port sector is mitigated by the inclusion of a comprehensive Climate Resilience TC assignment [REDACTED], combined with the strategic positioning of ANP as the national port authority in charge of [REDACTED] Moroccan ports (excluding the special zone of Tanger-Med) and the new port of Nador West Med⁸).

⁷ Clarificatory note: Construction of Nador West Med (NWM) is ongoing. Any decisions regarding NWM port management following its completion are to be made by the Government of Morocco.

⁸ Clarificatory note: Construction of Nador West Med (NWM) is ongoing. Any decisions regarding NWM port management following its completion are to be made by the Government of Morocco.

1.3 ADDITIONALITY

Identified triggers	Description
No triggers identified	N/A

Additionality sources	Description of additionality sources
<p>Risk mitigation</p> <p>EBRD helps the client to mitigate physical transition risks and take climate action, such as to identify and manage physical climate risks and build resilience to them.</p> <p>EBRD helps the client to mitigate climate governance risks and take climate action, such as to improve its internal corporate governance for managing climate risks.</p>	<p>The operation will enable ANP to incorporate climate resilience measures in various ports along the Moroccan coastline as included in ANP's PIP and, thereby, to address the physical impacts of climate change in its port assets and operations in line with international best practice. The associated TC support will help address key barriers to achieving climate resilience of Moroccan ports in the long term and ensure sustainability of the Project.</p> <p>Given ANP's role as the national port authority for Morocco, there is substantial potential for replicability and embedding of international best practice in management and operation of the port sector. The Project is also anticipated to serve as a good-practice model for the Bank to mainstream port sector climate change adaptation in EBRD's other regions.</p>
<p>Standard-setting: helping projects and clients achieve higher standards</p> <p>Client seeks/makes use of EBRD expertise on higher environmental standards, above 'business as usual' (e.g. adoption of emissions standards, climate-related ISO standards etc.).</p>	<p>The associated TC assignment on climate resilience will provide targeted measures to achieve climate resilient strategy, operation, and management of the port sector in line with international best practice and standards, such as those defined by PIANC WG178. As such, the Project will be one of the first projects in Morocco and worldwide to promote compliance with PIANC guidelines, issued in January 2020.</p>
<p>Standard-setting: helping projects and clients achieve higher standards</p>	<p>Gender SMART: Client seeks/makes use of EBRD expertise for the adoption of gender and inclusion standards. The TC assignment on climate resilience will promote women's participation and economic inclusion in the port sector. Gender assessments will be conducted in selected ports to identify opportunities for enhancing women's livelihoods and economic empowerment as part of climate adaptation strategies. These assessments will also enable to explore opportunities for promoting women's employment in construction of port infrastructure as well as port operations. Women will be encouraged to participate in trainings and activities providing ANP staff with the technical skills (on climate resilience) needed to develop careers in this traditionally male-dominated sector. In addition, gender-sensitive trainings based on the findings of the gender assessments will be conducted for ANP's employees. In addition, raising awareness activities, part of the assignment, will ensure women's participation in climate action.</p>

1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
Implementation / Completion risk	Medium/ Medium	<p>The proposed Project will be ANP's first project with the EBRD, although it has a strong experience in implementing similar port infrastructure works, including those financed by an IFI, such as the French Development Agency ("AFD").</p> <p>In addition, the use of open tendering in accordance with the EBRD PP&R will allow for the participation of internationally qualified contractors in the tendering process. Furthermore, the Project structure includes a TC assignment to provide support on project</p>

		<p>procurement and ESAP monitoring to the PIU, which will be set up for the implementation of this Project [REDACTED].</p> <p>The Lender's Monitor, engaged as part of the Project, will monitor and report to the Bank on project implementation to facilitate timely identification and management of the project related risks.</p> <p>Involvement of an individual consultant from the Expert Panel under the Bank's Quality Assurance & Capacity Building Programme will be assessed in coordination with PPAD depending on the selection timeline of the Consultant to support the Client on project procurement.</p>
Credit risk	Low / High	ANP is cash generating and its stand-alone debt capacity was assessed internally. ANP's funding plan for its investment programme and debt service capacity have been analysed in detail [REDACTED] ANP is an autonomous public agency. [REDACTED] Further, ANP is fully owned by the Government of Morocco [REDACTED].
Traffic risk	Low / Medium	[REDACTED] The ports managed by ANP are continuing their operations to ensure cross-border trade flow. Traffic handled by ANP in 2021 stood at 91 million tons, i.e. a y-o-y increase of 3.5% compared to pre-COVID levels in 2019. [REDACTED]
FX risk	Medium/ Low	[REDACTED]
Regulatory risk	Medium/ Medium	Similar to all highly regulated industries, changes in regulations and/or changes in the application thereof may negatively affect the ANP business. [REDACTED]. This risk is therefore considered manageable.

2. MEASURING / MONITORING SUCCESS

<i>Overall objectives of project</i>	<i>Monitoring benchmarks</i>	<i>Implementation timing</i>
On-time project implementation	Completion according to the timeline and within the budget	[REDACTED]

Primary Quality: Green

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date	TC
1.1	New or updated GET technology or product leading to resource efficiency introduced	Inclusion of structural climate resilience measures in the upgrade of the port assets included in the PIP.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1.2	Recommended policy or strategy or regulatory framework/ standard agreed by relevant stakeholder(s)	Formulation of a Strategic Framework for port sector climate adaptation and decision making by the Working Group. Adoption of the Climate Resilience Strategy by ANP, which includes upgrade of the technical directives and regulations for port sector climate adaptation in compliance with international best practices.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1.3	Improved environmental standards	Introduction of a twinning and technical exchanges with a first tier OECD port operator covering climate resilience in port operations as part of the Climate Resilience Strategy. Implementation of the guidance set out in PIANC Working Group 178 as part of the Climate Resilience Strategy.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Additional Indicators

Indicator type	Monitoring indicator	Details	Baseline	Target	Due date	TC
Advisory & Policy Indicators	Number of individuals trained	As part of the capacity development activities, training of [REDACTED] key stakeholders in the port sector (including [REDACTED] from the WG, [REDACTED] from port authorities and operators of individual pilot ports and [REDACTED] from key stakeholders involved in monitoring and emergency response) on climate change impacts, vulnerability and adaptation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Advisory & Policy Indicators	Number of women enhancing their skills as a result of training	At least [REDACTED] of key stakeholders trained for climate	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

		change impacts, vulnerability and adaptation will be women				
Advisory & Policy Indicators	Number of individuals reached through advocacy or knowledge activity	As part of the awareness activities, delivery of national stakeholder consultation process as well as awareness and knowledge raising activities to at least [REDACTED] key stakeholders in the port sector (including the [REDACTED]key stakeholders included in the climate resilience training)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gender Tag indicator	Number of women reached through advocacy or knowledge activity	As part of the awareness raising activities, at least [REDACTED] of key stakeholders targeted by the awareness raising campaign on climate change impacts, vulnerability and adaptation will be women	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

3. KEY PARTIES

3.1 BORROWER

The Borrower is Morocco’s National Port Agency (“ANP” or the “Company”), a public authority wholly owned by the Government of Morocco and established under the Ministry of Equipment and Water (“MEW”), responsible for regulating the sector, granting concessions and permits to exercise port activities, as well as maintaining and modernizing the port infrastructure. [REDACTED].

ANP was established in 2006 under the Law No. 15-02 adopted to reform the legislative framework governing Moroccan port sector. This reform aimed to introduce competitive market conditions to enable Moroccan port sector to adapt to new economic, institutional, technological and maritime transport constraints and developments as well as to allow private investors to take a more active role in port infrastructure projects. The reform restructured the organization of ports and put an end to the *de facto* monopoly exercised by the Port Operations Office (Office d'Exploitation des Ports known as “ODEP”) by separating its commercial and authority functions through the establishment of two separate entities – ANP and Societe d'Exploitation des Ports SA (“SODEP”, known by its commercial name Marsa Maroc).

ANP is responsible for all the existing Moroccan ports, except for Tanger-Med special development zone port and Nador West Med port⁹ (still under construction). The Client is in charge of the port infrastructure investments and supervises public tenders (construction, services, equipment) within its existing port network. Total traffic generated by the ports managed by ANP reached 91 million tons in 2021, which represents a y-o-y increase of 3.5% compared to the pre-COVID level in 2019, despite the continued global challenges due to the pandemic.

⁹ Clarificatory note: Construction of Nador West Med (NWM) is ongoing. Any decisions regarding NWM port management following its completion are to be made by the Government of Morocco.

4. MARKET CONTEXT

Due to its strategic location, Morocco's maritime transport is at the core of the country's economic development with the large portion of the trade made through seaports. With more than 30 sea ports, of which 11 are for international trade including Tanger Med, Morocco's maritime transport sector plays, not only an important national role, but is also becoming increasingly an international hub for the trade with West Africa.

In addition to cargo throughput, container transport by sea has become an important mode of transport of goods from and to Morocco. Besides Tanger Med and Nador West Med¹⁰ (still under construction), there are only two other ports in Morocco, Casablanca and Agadir both managed by ANP, which handle containers.

In 2012, the MEW developed the "National Port Strategy 2030", which aims at promoting port consolidation to better align the management and organization of Moroccan ports with international standards, while at the same time integrating the regional territorial variation. As part of the National Port Strategy 2030, ANP is set to play a key role in large-scale infrastructure projects aimed at keeping up with changes in maritime transport and trade outside of Morocco.

ANP plays a key role in the organizational structure of the maritime sector in Morocco. While the Ports and Maritime Public Domain Department ("MPDD") of the MEW is responsible for the overall functioning of the sector (such as policies, regulations, investments, public tenders), ANP is responsible for implementing and controlling the maritime policies set by the MEW.

The ANP's regulator role entails, among other things, setting and monitoring compliance with public tariffs limits. [REDACTED].

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL PROJECTIONS

[REDACTED]

5.2 SENSITIVITY ANALYSIS

[REDACTED]

5.3 PROJECTED PROFITABILITY FOR THE BANK

[REDACTED]

¹⁰ Clarificatory note: Construction of Nador West Med (NWM) is ongoing. Any decisions regarding NWM port management following its completion are to be made by the Government of Morocco.

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised B (2019 ESP). As confirmed by Environmental and Social Due Diligence (“ESDD”) the environmental and social risks and impacts associated with the rehabilitation of four port infrastructure assets in Morocco, which will not lead to port capacity increases, are site specific and can be mitigated by the implementation of good construction management practices and a targeted ESAP. The ESDD was carried out by ESD and consisted of a site visit to the Casablanca port, an interview with ANP management, and a review of project and E&S documentation, (including third party assessment of port operations against IFC Performance Standards carried out in 2016). Associated facilities will consist of quarries for some of the four port infrastructure assets.

The ESDD confirmed that ANP has an E&S team at corporate level and operational level (in main ports) and a systematic approach to compliance with E&S national regulation, and has the capacity to implement the Project in line with the Bank’s Performance Requirements (“PRs”). The CapEx investments in four port infrastructure assets vary in scope; however, the ESDD confirmed that each “subproject” is categorised as B. The reconstruction works will not require a national Environmental Impact Assessment (“EIA”).

The Company is in the process of implementation of Environmental and Social Management System (“ESMS”) across its operational ports, with initial focus on commercial ports (Casablanca and Agadir) by the end of 2023 and later certifications planned at fishing ports. ANP has established a Corporate Social Responsibility (“CSR”) Policy in 2016 (referring to environmental management) and has recently introduced a requirement on ISO 14001 certifications from its terminal concessionaires. These efforts to apply more systemic approach to environmental management result from an ESAP agreed under a transaction with AFD in 2013. Specific environmental aspects of ports operations are covered by Corporate level procedures such as hazardous materials management, ballast water treatment, waste management, water and sediment monitoring. During the site visit, it was observed that some environmental practices were in place, but would benefit from improvement (e.g. fuel storage management, noise measurement).

ANP employs 900 staff, of which 22% are women. The Company follows the Moroccan Labour Code, which is aligned with PR2. 78% of the workforce is unionised within five active Trade Unions. There is no collective agreement in place. [REDACTED]. Construction workers will be accommodated outside the port perimeter; the ESAP requires that any workforce accommodation comply with the requirements of PR2 and EBRD Guidance Note on Workers’ accommodation. For some ports, subprojects involve dredging of silty sediment (up to 30,000m³ for Agadir port); the ESAP requires relevant sediment analysis, assessment of dredging techniques and disposal methods to be carried out and shared with EBRD, prior to dredging activities. Port Emergency Response Plans are in place and drills are carried out regularly in cooperation with national emergency services. Occupational health and safety risks during construction works (heavy lifting, underwater works, marine works such as sediment dumping, etc.) are considered high; therefore Contractors will prepare a Health and Safety Plan, and dedicated Occupational Health and Safety (“OHS”) supervision and auditing will be implemented during the rehabilitation works, as outlined in the ESAP. During operations, ANP’s system includes an Health, Safety and Environment (“HSE”) Annex applicable to all contracts related to provision of work services (requiring risk assessment, compliance with national regulation and international maritime conventions ratified by Morocco, and cascading of requirements to sub-contractors); nevertheless, the health and safety management system must be reinforced, as outlined in the ESAP.

To minimise the disturbance of the fishing activities for the fishing ports, the works will be undertaken by tranches (to avoid a full closure of the port), in concertation with the port users. Engagement with the

fishermen will be done through the cooperatives/associations in place. Most of the ports are located near terrestrial protected areas (Agadir port is adjacent to the terrestrial Sous Massa National Park, Kenitra port is adjacent to Sidi Boughaba Ramsar site, and Larache port is adjacent to the Marais de Larache Hunting Reserve), however the ESDD has confirmed that the scale of rehabilitation works will not have an impact on these areas.

The Company has established external communications practices at HQ and port levels, and a grievance mechanism for the port users. However, the Project requires further stakeholder engagement prior to and during construction and operation. A Corporate Stakeholder Engagement Plan will be developed by ANP; it will include specific requirements for engagement with local fishermen and implementation of a grievance mechanism. ANP publishes an Annual Report that includes a CSR section.

An ESAP has been developed and agreed with ANP. It focuses on development and implementation of E&S and H&S management systems; contractor performance management, stakeholder engagement and implementation of specific mitigations described above. The Project will be monitored through review of annual E&S reports and site visits as required.

6.2 INTEGRITY

In conjunction with OCCO, integrity due diligence was undertaken on the Client, ANP (fully state-owned), its senior management and other relevant parties. The review identified no material integrity concerns in relation to ANP. [REDACTED]. It has therefore been concluded that this Project does not present unacceptable integrity or reputational risks to the Bank.

[REDACTED]. All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the Project, and the Project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the Project.

6.3 OTHER ISSUES

Concessional Finance: The GEF approved the Project for implementation in June 2016¹¹, extending investment grant of USD 5.7 million and TC grant of USD 500,000 to be provided from its Special Climate Change Fund (“SCCF”).

The investment grant supports a non-revenue generating Project, which aims to deliver well defined and clear climate resilience outcomes, which is expected to benefit not only the operation of the ports benefitting from the investment, but also the sector as a whole following the strong demonstration effects.

Namely, the investment is expected to deliver clearly defined climate resilience outcomes, such as reduced weather-related damage to the port assets and/or reduced weather-related disruption to port activities, which are assessed to be greater than the cost of the investment. Furthermore, as in most ports, there are no revenue streams specifically linked to the physical infrastructure, such as the breakwaters and quays, in the ports to be rehabilitated as part of the Project. As such, the main benefit of investing in the improvement of these port infrastructure is the protection against extreme and unpredictable climate events, which is expected to

¹¹ The objective of the GEF project / facility is: “To support the climate resiliency of Morocco's ports in both the immediate and longer-term through investment in climate-resilient upgrades and/or new port facilities, and capacity development to introduce best international practice in the Moroccan ports sector's strategy, operations, management and monitoring.”

benefit the livelihood of the local population as well as the wider economy in terms of avoided costs of damage and disruption.

Hence, GEF investment provides an additional incentive for the Client to undertake the proposed Project. In the absence of the GEF grant, the ports included in the PIP would remain vulnerable to climate change impacts and, therefore, not contribute to the overall Moroccan climate resilience efforts.

ANNEXES TO OPERATION REPORT

ANNEX 1	ANP's Priority Investment Programme (PIP)
ANNEX 2	Financial Statements
ANNEX 3	Project Implementation (Procurement Plan)
ANNEX4	Green Assessment
ANNEX 5	Shareholding Structure
ANNEX 6	GEF Project Result Framework

ANNEX 1 – PRIORITY INVESTMENT PROGRAMME

The following sub-projects are included in ANP’s Priority Investment Programme (“PIP”), which was approved by the ANP Board and reviewed by an independent consultant engaged by the Bank to ensure its consistency with climate change adaptation and resilience objectives of both the EBRD and GEF as well as international best practice. [REDACTED].

ANNEX 2 – FINANCIAL STATEMENTS

[REDACTED]

ANNEX 3 – PROJECT IMPLEMENTATION

Procurement classification – *Public (Non-sovereign)*

[REDACTED]. The Project consists in ten (10) large works contracts and four (4) technical assistance/consultancy contracts, the latter covering the following:

- Client TC: Capacity building (USD);
- Client TC: Procurement support and ESAP monitoring;
- Client TC: IFRS implementation;
- EBRD TC: Lender's Monitor.

The procurement of the works contracts will face certain challenges, such as enforcing EBRD's PP&R framework, using ECEPP and EBRD Standard Tender Documents (STD) as well as ensuring to address significant number of international contractors that are capable to perform the contracts.

The procurement of the TC consultancy services are assessed to have lower risks in relation to tendering and implementation.

For details of contracts proposed to be financed from the Bank's loan are detailed in the indicative Procurement Plan, which has been finalized and approved by the Bank. The single-stage open tendering procedure for works will be tendered on the basis of detailed designs prepared by the Employer as described in the FIDIC Red Book approach. Supervision of works will be undertaken by Client-funded consultants, which is the Client usual procedure with regard to similar construction projects. The terms of reference for the Client-funded works supervision contract(s) and the minimum qualifications of the firm(s) to be selected will be reviewed by the Bank.

Project implementation arrangements:

The Client will set a PIU acceptable to the Bank, which will conduct the tendering processes and monitor the contracts implementation. [REDACTED].

A procurement support individual from the PPAD Expert Panel, selected by the Bank, will firstly provide support to the Client until the procurement support consultant is recruited. Following an open competitive selection in accordance with the Bank's PP&R, the procurement support consultant, will be selected by the Client to assist with the tendering processes of the Project.

Procurement arrangements:

The Project is classified as a public sector operation for procurement purposes.

The works FIDIC Red Book approach contracts will be tendered as One-stage Open Tendering procedure in accordance with the provision of the PP&R 2017 for the public sector (Chapter 3), via ECEPP.

Client-led consultancy services to be procured under the Project will be tendered by the Client in accordance with Chapter 5 of the PP&R 2017.

The contracts financed under this Project will be subject to Bank's prior review in accordance with the PP&R. [REDACTED].

ANNEX 4 – GREEN ASSESSMENT

Introduction

The [P]roject involves works required to improve the climate resilience of selected Moroccan ports as included in ANP’s Priority Investment Programme (“PIP”).

As the Project was Concept Reviewed in April 2017, with a re-approval in May 2020, and was Structure Reviewed in April 2021, it pre-dates the requirement for Paris Alignment assessment.

GET attribution

Methodology for the Calculation of Climate Change Adaptation GET

As set out in the Bank’s GET Handbook [REDACTED], the calculation of GET Climate Adaptation Finance at EBRD is undertaken in line with the Joint MDB Adaptation Finance Tracking Methodology¹², which sets out a ‘three step’ approach:

1. *Set out the climate vulnerability context of the project*
2. *Make an explicit statement of intent to address climate vulnerability*
3. *Articulate a clear and direct link between the climate vulnerability context and the specific project activities*

This is a process-based approach that reflects the context-specific nature of physical climate change risks and climate resilience. As set out in the GET Handbook, GET adaptation finance is then attributed on a proportional basis informed by the extent of expected Climate Resilience Outcomes, which are estimated ex-ante in both physical and valorised terms in line with MDB/IDFC guidance on the use of climate resilience metrics in financing operations¹³.

Calculation of Climate Change Adaptation GET for the Project:

1. *Set out the climate vulnerability context of the project*

Morocco is expected to face the consequences of climate change with long term changes in climate and more frequent extreme events. The Moroccan coastline is particularly vulnerable to sea-level rise and associated climate impacts. Along the Moroccan coastline, sea-level is expected to rise by 0.25m by 2050 and by up to 0.6m by 2100 relative to 2015. This also results in an increase in wave energy which has more damaging impacts to physical structures. Recent episodes of severe weather, such as the unprecedented extreme storm surge of January 2014 (*la houle exceptionnelle*), which caused widespread damage to several ports, demonstrate that the impacts are already being felt. Morocco’s ports play a strategic role in linking the Moroccan economy to wider markets, 98% of external trade passes through the country’s ports. Therefore, adapting ports to the impacts of climate change and building their resilience is imperative.

2. *Make an explicit statement of intent to address climate vulnerability*

The primary intention of the Project is to improve the resilience of the Moroccan port sector to the impacts of climate change. EBRD has engaged a team of experts to review the identified PIP (Priority Investment Programme) to ensure consistency with climate change adaptation and resilience objectives, including EBRD’s own objectives, those of the Global Environment Facility (co-financing the Project) and international best practice. This review has concluded that the PIP investments are in line with those

¹² <https://www.ebrd.com/2019-joint-report-on-mdbs-climate-finance> (see Annex B)

¹³ <https://www.ebrd.com/documents/climate-finance/a-framework-for-climate-resilience-metrics-in-financing-operations.pdf>

objectives and are expected to deliver climate resilience outcomes of reduced weather related damage to the port assets and/or reduced weather related disruption to port activities. As a result, the Project is expected to enable climate resilience in the wider market.

3. Articulate a clear and direct link between the climate vulnerability context and the specific project activities

The physical infrastructure works included in the identified PIP include enhancements to existing breakwaters, quay strengthening and rehabilitation. These investments are expected to improve the quality of the physical infrastructure and the ability of the relevant ports to continue operations in the face of rising sea levels and increased wave energy. Further technical work, to be carried out post signing, will review the detailed design of the identified climate resilience measures in order to optimise their contribution towards climate resilience. In addition to the physical infrastructure works, the Project includes a substantial capacity building component to further develop knowledge and expertise within the Moroccan port sector for managing the physical risks of climate change.

Ex-ante estimation of Project level Climate Resilience Outcomes

Two climate resilience outcomes were considered relevant for this Project. The first outcome corresponds to a reduction in the average annualised cost of routine and periodic maintenance of the port infrastructure assets due to sea level rise and extreme weather events as a result of implementing the Project [REDACTED]. The second outcome relates to a reduction in disruption at the ports, based on anticipated loss in revenues due to the effects of climate change impeding the working conditions at the identified quays [REDACTED].

Attribution of GET adaptation finance

[REDACTED]. When compared to the total CapEx cost of the investments, the Project is therefore eligible for a **GET Adaptation share 70%** as confirmed by the GET Clearing House and in line with Annex 4 of the GET Handbook.

ANNEX 5 – SHAREHOLDING STRUCTURE



100%



Domiciliation Annex not required for the Project.

ANNEX 6 – GEF PROJECT RESULTS FRAMEWORK

The Project progress will be reported against the below GEF Results Framework on an annual basis as agreed at the time of approval of the GEF funding. This Results Framework can be amended from time to time subject to agreement with the EBRD and in discussion with the GEF as needed. [REDACTED].