

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

Approved by the Board of Directors on 4 December  
2024<sup>1</sup>

**MOROCCO**

**NADOR WEST MED – INDUSTRIAL AND  
LOGISTICS ZONE**

*[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]*

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<sup>1</sup> 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

AfDB	African Development Bank
ANP	Agence Nationale des Ports
BILZ	Bétoya Industriel & Logistic Zone
CAGR	Compound Annual Growth Rate
CapEx	Capital Expenditures
DSCR	Debt Service Coverage Ratio
DD	Due Diligence
E&S	Environmental and Social
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECEPP	EBRD Client E-Procurement Portal
ENVITECC	Environmental Technology Transfer Programme (Financing Advanced Environmental Technologies in the MedSea Region for Water Systems and Clean Coasts)
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
EUR	Euro
FDI	Foreign Direct Investment
FY / YE	Fiscal Year / Year End
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
Ha	Hectares
HIPCA	High Impact Partnership on Climate Action
IFI	International Finance Institution
m <sup>2</sup>	Square meter
MAD	Moroccan dirham
MEF	Ministry of Economy and Finance
NWM	Nador West Med
OSS	One Stop Shop
PIA	Project Implementation Agreement
PIU	Project Implementation Unit
PPRs	EBRD's Procurement Policies and Rules
PRs	Performance Requirements
SNGFE	Société Nationale de Garantie et du Financement de l'Entreprise
SOE	State Owned Entity
SSF	EBRD Special Shareholder Fund
TC	Technical Cooperation
TI	Transition Impact
TMZ	Tanger Med Zones
ToRs	Terms of Reference
VAT	Value Added Tax
WWTP	Wastewater Treatment Plant
y-o-y	Year on Year
MAD/EUR	10.9
EUR/USD	0.93

## PRESIDENT’S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of Nador West Med - Bétoya Industriel & Logistic Zone (“BILZ” or the “Company”), a state-owned limited liability company incorporated in Morocco, are submitted for consideration by the Board of Directors.

The facility will consist of a senior loan to the Company in the amount of up to EUR 110 million. The loan will be guaranteed by the Société Nationale de Garantie et du Financement de l'Entreprise ("SNGFE"), a state-owned guarantee fund. The Bank's loan will be supplemented by an investment grant of EUR 5 million from the EBRD Shareholder Special Fund ("SSF"), an investment grant of USD 3 million from the Foreign, Commonwealth & Development Office of the United Kingdom (“UK FCDO”) under the High Impact Partnership on Climate Action multi-donor fund ("HIPCA") and an investment grant of USD 2.5 million from the Global Environment Facility ("GEF") under the Financing Advanced Environmental Technologies in the Mediterranean Sea Region for Water Systems and Clean Coasts (“ENVITECC”) Programme.

The operation will enable the Company to finance the development of a climate resilient economic zone within the Nador West Med complex, located on the Mediterranean coast of Morocco near the city of Nador in the Oriental Region (the “Project”). The expected transition impact of the Project is primarily derived from the **Integrated** transition quality as it will allow the NWM complex to fulfil its role in unlocking the economic potential of the Oriental Region. The economic zone is expected to attract foreign direct investment into this region, further private sector development and open employment opportunities for the local population. The Project will also support the **Green** objective through the use of energy-saving technologies for the zone’s public lighting as well as solutions for sustainable water management. The Project is also Gender Additional through its incorporation of a gender-responsive capacity-building programme designed to empower women within the Nador West Med workforce to take on leadership positions.

The Technical Cooperation (“TC”) package will include an assignment to support the digitalization efforts of BILZ through development and adaption of a fully automated One-Stop-Shop (“OSS”). A separate TC assignment will support the development of a Sustainable Infrastructure Plan (“SIP”) to integrate resilient infrastructure systems planning and sustainable energy planning into the zone development. In addition, the TC package will include support to BILZ on project implementation, capacity building as well as a Lender’s Monitor, reporting directly to the Bank, to ensure effective implementation of the Project. TC support for this operation will require a total of EUR 2.45 million in TC funds and is expected to be funded by international donors or the SSF.

I am satisfied that the operation is consistent with the Bank’s Strategy for Morocco, the Bank’s Transport Sector Strategy 2019-2024, the Bank’s Green Economy Transition Approach 2021-2025, the Bank’s Strategy for the Promotion of Gender Equality and with 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 - Nador West Med - industrial and logistics zones - DTM 54674	
<b>Transaction / Board Decision</b>	Board approval <sup>2</sup> is sought for a senior loan of up to EUR 110 million in favour of Nador West Med - Bétoya Industriel & Logistic Zone (“ <b>BILZ</b> ” or the “ <b>Company</b> ” or the “ <b>Borrower</b> ”), a state-owned limited liability company in charge of the development of an economic zone within the Nador West Med complex, located in the Oriental Region of Morocco. The loan will be guaranteed by Société Nationale de Garantie et de Financement de l’Entreprise (“ <b>SNGFE</b> ”), a state-owned guarantee fund (also known under the commercial name of Tamwilcom). Board approval is also sought for the co-investment grant of EUR 5 million and the technical cooperation grant of EUR 2.45 million from the EBRD Shareholder Special Fund Work Plan 2023-2024.
<b>Client</b>	BILZ is a state-owned limited liability company incorporated in the Kingdom of Morocco created in 2023 for the management and the development of the economic zone adjacent to Nador West Med port in the Oriental Region of the Kingdom of Morocco. BILZ is a wholly-owned subsidiary of Société Nador West Med S.A (“ <b>NWM</b> ”), a state-owned limited liability company and existing client of the Bank under the Nador West Med Port project
<b>Main Elements of the Proposal</b>	<p>The proposed transaction is a follow-on to the Bank’s existing project with Nador West Med S.A. and will support the delivery of the objectives of that project.</p> <p><u>Transition impact:</u></p> <ul style="list-style-type: none"> <li>• Primary Quality – <b>Integrated</b>. The Project will allow the NWM complex to fulfil its role in unlocking the economic potential of the Oriental Region. It is expected to attract foreign direct investment to the region and enhance the competitiveness of its local enterprises, leveraging on the experience of the successful example of the Tanger Med complex.</li> <li>• Secondary Quality – <b>Green</b>. The Project promotes the adoption of climate resilient measures, circular economy principles and sustainable water management as well as the use of energy-saving technologies.</li> </ul> <p><u>Additionality:</u> <b>Financing structure:</b> the EBRD loan is needed to close the funding gap. <b>Standard-setting:</b> the Client seeks/makes use of EBRD expertise on higher environmental standards as well as best international procurement standards. <b>Knowledge, innovation, and capacity building:</b> EBRD provides expertise, innovation, knowledge and/or capabilities that are material to the timely realisation of the project’s objectives. <b>Gender SMART:</b> EBRD provides expertise for the adoption of higher gender equality standards.</p> <p><u>Sound banking:</u> The loan will benefit from the state-owned guaranteed mechanism SNGFE that is backed by a state guarantee.</p>
<b>Key Risks</b>	<p><u>Demand risk:</u> As global competition intensifies, the primary risk is that the economic zone fails to generate sufficient Foreign Direct Investment (“<b>FDI</b>”) and linkages to the local businesses. Mitigation measures include strong enabling regulatory and investment environments in Morocco, the geostrategic position of the NWM complex giving manufacturers a strong competitive advantage in terms of logistic optimisation, the success story of Tanger Med, the strong commitment of the Government of Morocco to the success of the Project and development of the wider region, including efforts to improve the regulatory and investment environments.</p> <p><u>Repayment risk:</u> [REDACTED] further mitigated by the SNGFE guarantee.</p>
<b>Strategic Fit Summary</b>	The proposed Project is in line with the Bank’s Strategy for Morocco and the Bank’s Transport Sector Strategy 2019-2024 as it seeks to support further development of key infrastructure with a view towards facilitating enhanced regional integration and greater private sector participation. The Project is also consistent with the Bank’s Green Economy Transition Approach 2021-2025, the Bank’s Strategy for the Promotion of Gender Equality and the Agreement Establishing the Bank.

<sup>2</sup> Article 27 of the AEB provides the basis for this decision.

## ADDITIONAL SUMMARY TERMS FACTSHEET

<b>EBRD Transaction</b>	<p>Senior loan of up to EUR 110 million to Bétouya Industriel &amp; Logistic Zone (“<b>BILZ</b>” or the “<b>Company</b>” or the “<b>Borrower</b>”) to (i) co-finance alongside African Development Bank (“AfDB”) the land development works for the industrial and logistics platforms within the economic zone adjacent to Nador West Med port and (ii) finance the construction works for two Wastewater Treatment Plants (“WWTPs”) and an on-site desalination plant as well as energy-efficient street lighting installation (collectively the “Project”).</p> <p>The Bank's loan will be supplemented by an investment grant of EUR 5 million from the EBRD Shareholder Special Fund (“SSF”), an investment grant of USD 3 million from the UK FCDO under the High Impact Partnership on Climate Action multi-donor fund (“HIPCA”) and an investment grant of USD 2.5 million from the Global Environment Facility (“GEF”) under the Financing Advanced Environmental Technologies in the Mediterranean Sea Region for Water Systems and Clean Coasts (“ENVITECC”) Programme. The loan will be guaranteed by SNGFE, a state-owned guarantee fund in Morocco.</p>
<b>Existing Exposure</b>	<ul style="list-style-type: none"> <li>• <b>Existing exposure to BILZ:</b> None.</li> <li>• <b>Existing exposure to NWM S.A:</b> Sovereign guaranteed loan [REDACTED] of EUR 300 million [REDACTED].</li> <li>• <b>Existing exposure to ANP</b>[REDACTED]: Senior loan of EUR 30 million [REDACTED]</li> <li>• <b>The Bank's total sovereign/sovereign guarantee portfolio exposure in Morocco</b>, is EUR 835 million [REDACTED].</li> <li>• <b>Existing exposure to SNGFE</b> [REDACTED]: Subscription to a local currency green bond issued by ONCF in the amount of EUR 18.6 million as part of Greenwich project.</li> </ul>
<b>Maturity / Repayment</b>	Tenor of 18 years [REDACTED].
<b>Potential AMI eligible financing</b>	None.
<b>Use of Proceeds - Description</b>	<p>The proceeds of the EBRD loan will be used (i) alongside investment grants from SSF and HIPCA UK to co-finance land development works of the industrial and logistics platforms, an on-site desalination plant as well as energy-efficient street lighting installation platforms and (ii) alongside the ENVITECC investment grant, to finance the integration of secondary and/or tertiary treatment within the scope of the construction works of two WWTPs.</p> <p>It is anticipated that several contracts procured in line with the EBRD's Procurement Policies and Rules (“PPRs”) could be awarded and expensed ahead of the loan signing - hence, in such case, in compliance with the PPRs and the Guidance on Retroactive Financing, approximately EUR 10 million representing 8% of the Bank's financing would be retroactively financed.</p>
<b>Investment Plan</b>	[REDACTED]
<b>Financing Plan</b>	[REDACTED]
<b>Key Parties Involved</b>	BILZ as the Borrower, SNGFE as the Guarantor, Ministry of Economy and Finance as provider of a comfort letter, AfDB as the Co-Financier, HIPCA UK, GEF and EBRD SSF as investment grant donors.
<b>Conditions to disbursement</b>	Execution and delivery of the Loan Agreement, the Guarantee Agreement and the Grant Agreements. [REDACTED]
<b>Key Covenants</b>	[REDACTED]
<b>Security / Guarantees</b>	Guarantee from SNGFE.
<b>Other material agreements</b>	<p>Guarantee Agreement between SNGFE and the Bank.</p> <p>Comfort Letter issued by the Ministry of Economy and Finance of the Kingdom of Morocco in favour of EBRD in respect of the SNGFE Guarantee and the underlying State Guarantee.</p> <p>Investment Grant Agreements for the SSF, HIPCA and GEF investment grants.</p> <p>Grant Agreement for donor funded TC assignments.</p> <p>Project Implementation Agreement with the AfDB.</p>
<b>Associated Donor Funded TC and Blended Concessional Finance</b>	<p><b>A. Technical Cooperation (“TC”)</b></p> <p><u>Pre-signing TC assignment:</u> <b>TC1: Legal Project Preparation Support</b> for EUR 74,000 required for the Project preparation, with the funding provided through SSF.</p> <p><u>Post-signing TC assignments:</u></p>

	<ul style="list-style-type: none"> <li>• <b>TC2: Development of an automated One Stop Shop (“OSS”)</b> - EUR 1,000,000, funding will be sought from an international donor or SSF to support digitalization efforts of BILZ and provide an integrated journey for the future investors in the Economic Zone.</li> <li>• <b>TC3: Project Implementation Support</b> - EUR 350,000, funding will be sought from an international donor or SSF to assist the Borrower with the implementation of the Project.</li> <li>• <b>TC4: Capacity Building</b> – EUR 350,000, funding will be sought from an international donor or SSF to assist the Borrower with capacity building activities to provide its personnel with up-to-date skills in the industrial port sector including gender-responsive design and delivery of trainings.</li> <li>• <b>TC5: Development of a Sustainable Infrastructure Plan (“SIP”)</b> - EUR 400,000, funding will be sought from an international donor or SSF to support BILZ in advancing its sustainability practices.</li> <li>• <b>TC6: Lender’s Monitor</b> for EUR 350,000 funding will be sought from an international donor or the SSF to monitor and report to the Bank on the Use of Proceeds, implementation progress and risks to Project completion.</li> </ul> <p><i>Client contribution:</i> The above TC assignments will be non-reimbursable TCs required to support the Project. If required, the Borrower will be responsible for paying VAT and other indirect taxes that are applied to the post-signing TC assignments where the Borrower is the main beneficiary.</p> <p><b>B. Blended Concessional Finance:</b> The Bank's loan will be supplemented by an investment grant of EUR 5 million from SSF, an investment grant of USD 3 million from the UK FCDO under HIPCA and an investment grant of USD 2.5 million from GEF under ENVITECC Programme. The investment grant package is necessary to complement the financing mix for a highly capital-intensive investment plan.</p>
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[REDACTED]



## **INVESTMENT PROPOSAL SUMMARY**

### **1. STRATEGIC FIT AND KEY ISSUES**

#### **1.1 STRATEGIC CONTEXT**

Significant regional disparities remain within Moroccan regions in terms of connectivity, access to basic services as well as economic opportunities. With the advanced regionalisation process, Morocco is putting regional inclusion at the heart of its growth model. [REDACTED] Morocco is implementing a major infrastructure plan including the development of the Nador West Med complex project (the “NWM complex”). The Project is intended to provide a platform for private sector led market expansion in line with the country’s drive towards addressing uneven regional development by promoting the development of economic zones to attract foreign investment.

The Bank’s involvement in the Project is highly additional as it contributes to Morocco’s steady progress in improving regional inclusion. The Project is an opportunity for the Bank to continue supporting an existing client in developing an important part of the NWM complex, which intends to draw on the successful Tanger Med Zone blueprint, a prime example of the compounded benefits of connecting an economic zone to an adjacent port. The NWM complex is expected to create 45,000 jobs and 55,000 induced jobs by 2034 with knock-on effects far beyond the Oriental Region perimeter. Indeed, the Project will also support the development of the neighbouring Fes-Meknes Region.

Changing patterns of regional disparities is contingent on pairing new infrastructure with climate resilient and sustainability measures. As such, the Project’s design incorporates adaptation measures namely flood defenses to ensure the resilience of the infrastructure against extreme weather events giving investors comfort regarding the sustainability of their operations. Therefore, the proposed transaction will support private sector involvement. The Project will kick-start a pilot initiative through the Sustainable Infrastructure Plan (“SIP”) TC by providing an approach for NWM and BILZ to engage stakeholders across the public and private sector to plan for the resilience of critical infrastructure services. This will provide a systematic approach to address gaps and capacity deficits, increasing the leverage beyond the boundaries of the Project.

Whilst the NWM complex is already attracting significant interest from investors, the economic zone will also benefit from positioning itself as a green hub to support its medium- and long-term success. The linked SIP TC assignment will also provide targeted support to develop a roadmap for increasing the use of renewable energy at the zone and incorporate green building standards for private investors. The Project will also promote the adoption of circular economy principles and sustainable water management as it envisages the construction of an on-site desalination plant and the development of an integrated management concept ensuring sustainable operation of wastewater systems in the industrial zone.



The Project structure will include a TC assignment to support digitalisation efforts of NWM through development and adaption of a fully automated One-Stop-Shop (“OSS”) with potential to be replicated in other existing economic zones in Morocco. The Project also includes a capacity building programme for the NWM complex personnel with a particular focus on enhancing access to skills development and empowering women in leadership roles within the industrial/port sector. In summary, the Project supports climate adaptation angles as well as green investments focusing on energy/resource use efficiency and advances in gender equality and empowerment wherever possible to set resilient, inclusive, and sustainable territorial development, which is one of the strategic pathways to achieve the overall growth ambition formulated by Morocco.

The proposed investment is consistent with the Bank’s Strategy for Morocco, the Bank’s Transport Sector Strategy 2019-2024, Strategy for the Promotion of Gender Equality, the Equality of Opportunity Strategy and the Agreement Establishing the Bank. The Project also contributes to a number of United Nations Sustainable Development Goals (“SDGs”), namely SDG 7 on Affordable and Clean Energy, SDG 8 on Decent Work and Economic Growth, SDG 9 on Industry, Innovation and Infrastructure, SDG 10 on Reduced Inequalities, SDG 11 on Sustainable Cities and Communities, SDG 13 on Climate Action and SDG 14 on Life Below Water.

## 1.2 TRANSITION IMPACT

The table below sets out the TI Objectives and details of the project.

### Primary Quality: Integrated

Obj. No.	Objective	Details
1.1	<i>Provision of new infrastructure between or within regions that are currently inadequately integrated.</i>	The proposed transaction will allow the NWM complex to fulfil its role in unlocking the economic potential of the Oriental Region, a lagging region with substantial development challenges. The Economic Zone is expected to attract foreign direct investment into the Region, enhance the competitiveness of its local enterprises, support the development of industrial ecosystems in the port’s hinterland, and further private sector development, as well as open up employment opportunities for the local population, contributing to reducing regional disparities and ensuring a resilient and inclusive territorial development leveraging on the successful example of Tanger Med complex.
1.2	<i>Specific soft measures to improve or expand infrastructure will be introduced and capacity increases will be benchmarked.</i>	In line with the above measures to facilitate development of the Oriental Region as well as the economic advancement of the country as a whole through attracting quality Foreign Direct Investment (“FDI”) and creating local job opportunities in the Region as well as improving operational and management capacity of the country’s port and logistics sectors in line with the international standards, the TC package will include measures to support development of the management and operations of the NWM Economic Zone in line with international best practice and standards and, thereby, support NWM in creating an attractive, dynamic as well as sustainable economic zone. As part of these

		objectives, the Project structure will include a TC assignment to support digitalisation efforts of NWM through development and adaption of a fully automated One-Stop-Shop (“OSS”) to provide an integrated and smooth journey for the future investors to establish their operations in the Economic Zone. The OSS will facilitate efficient and sustainable operations of the Economic Zone and an accompanying training for the staff will ensure effective OSS application.
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### Secondary Quality: Green

Obj. No.	Objective	Details
2.1	<i>The percentage of EBRD use of proceeds that supports a green economy transition and therefore qualifies as GET finance is 15% or higher</i>	The percentage of EBRD use of proceeds that supports a green economy transition and therefore qualifies as GET finance is above 40%. The Project will include the construction of a water desalination plant and two WWTPs to ensure that water supply is sustainable. EBRD use of proceeds will also support the installation of energy-efficient lighting throughout the economic zone.

**Delivery risks:** The risk related to physical implementation of the Project is mitigated by the donor-funded technical expertise provided to support project management and implementation combined with the strategic importance of the Project to the development of the Region’s economy. The transition delivery risk pertaining to the Company’s capacity to implement an adequate OSS is mitigated by the Company’s strong commitment to adopt an efficient framework to improve the efficiency of the zone’s operations.

**Digital Approach:** The Project is aligned to the Adaptation area of intervention outlined in the EBRD Approach to Accelerating the Digital Transition 2021-2025; the digital components of the TC assignment are expected to be in support of the Integrated Transition Quality as outlined above.

### 1.3 ADDITIONALITY

Identified triggers	Description
<b>Subsequent/consecutive transaction with the same client/group in the same destination country (repeat transaction)</b>	The proposed transaction is a follow-on to the Bank’s existing project with Nador West Med S.A., BILZ’s parent company. The proposed transaction will support the delivery objectives of the existing projects with NWM.

Additionality sources	Description
<b>Financing Structure</b> - Public sector: EBRD investment is needed to close the funding gap. At the same time, EBRD does not crowd out other sources, such as from IFIs, government, commercial banks and/or complements them.	The proposed tenor, grace period and sculpted repayment schedule cannot be obtained from other lenders. Therefore, the EBRD loan is needed to close the funding gap and does not crowd out other financing sources.
<b>Standard-setting</b> - Client seeks/makes use of EBRD expertise on higher	The Project encourages BILZ to incorporate climate resilience measures to address the physical impacts of

environmental standards, above 'business as usual' (e.g., adoption of emissions standards, climate-related ISO standards etc.).	climate change in line with international best practice. The associated SIP TC support will help address key barriers to achieving climate resilience within the NWM complex's ecosystem in the long term and ensure sustainability of the Project.
<b>Standard-setting</b> - Gender SMART: Client seeks/makes use of EBRD expertise for the adoption of gender standards and/or equal opportunities action plans.	The Project will support the development of higher inclusion and gender standards as part of the Capacity Building TC. The TC will ensure all trainings are developed and delivered in a gender-responsive manner and include dedicated modules to empower women in leadership positions within the industrial/port sector.
<b>Standard-setting</b> - Client seeks/makes use of EBRD expertise on best international procurement standards	The Borrower will be one of the first in the Moroccan port sector to award contracts based on the FIDIC Red and Yellow Books.
<b>Knowledge, innovation, and capacity building</b> - EBRD provides expertise, innovation, knowledge and/or capabilities that are material to the timely realisation of the project's objectives, including support to strengthen the capacity of the client.	The Borrower is interested to work with the Bank, in seeking expertise with further digitalisation improvements of services provided to investors via an OSS TC assignment to ensure efficiency and sustainability of the zone's operations.

#### 1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
Demand risk	Medium/High	As global competition intensifies, FDI could be below forecast. This could result in lower returns for BILZ and could impact adversely on wider regional development objectives. Mitigation measures include strong enabling regulatory and investment environments in Morocco, several competitive advantages including the strategic position of the NWM complex and access to a cost competitive workforce and greater availability of labour and land than in existing industrial areas in Morocco, the success story of Tanger Med, the strong commitment of the Government of Morocco to the success of the Project and development of the wider region including efforts to address connectivity infrastructure needs.
Sovereign risk	Low/High	Standard & Poor's credit rating for Morocco stands at BB+ with positive outlook. Moody's credit rating for Morocco was last set at Ba1 with stable outlook, while Fitch last reported rating stands at BB+ with stable outlook.
Repayment risk	Low/High	[REDACTED][M]itigated by the SNGFE guarantee. Since the beginning of the NWM complex project, there have been no delays in the mobilization of counterpart funds.
Implementation risk	Low/High	The Project will be the BILZ's first experience using the PPRs for works contracts. Whilst the Bank takes comfort in NWM's experience implementing projects financed by other IFIs namely the AfDB, an international consultant will be appointed to support the Borrower with contract administration and implementation. An individual consultant from the Expert Panel under the Bank's Quality Assurance & Capacity Building Programme was mobilized to assist the Borrower with the development of the tender documents and launch of two tenders using advance procurement. Whilst the port completion encountered delays due to adverse weather conditions and the impact of COVID19 and the war on Ukraine on global supply

		chains, completion delay risk under the Project is considered low due to the nature of works and the early start of procurement process. Further, 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.
Guarantor Risk	<i>Low / High</i>	Tamwilcom is a state-owned limited liability company, which would issue a guarantee (likely to qualify as a surety under Moroccan law) under the new guarantee mechanism in Morocco, rather than the Kingdom of Morocco directly issuing a guarantee to the lenders. Based on an overall risk analysis, the presence of a comfort letter to be provided by the Ministry of Economy and Finance and the counter guarantee legal mechanism from the Kingdom of Morocco, the overall risk profile is considered to be close to sovereign risk.

## 2. MEASURING / MONITORING SUCCESS

### Transition Impact Monitoring Indicators

#### *Primary Quality: Integrated*

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
1.1	Expanded access of infrastructure across regions	Project expands access to major economic zone infrastructure project across lagging regions in Morocco: Oriental and Fes-Meknes region	No	Yes	[REDACTED]
1.2	Operational restructuring completed	A digital One Stop Shop solution is operational	No	Yes	[REDACTED]

#### *Secondary Quality: Green*

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
2.1	Improved energy management standards (including building /goods certifications)	A sustainable energy policy for the Economic Zone is developed	No	Yes	[REDACTED]
2.2	Wastewater treated (m3/year)	WWTPs with the capacity of 13,000 m <sup>3</sup> /day are installed for the purpose of reusing some of the treated wastewater for zone operations such as cleaning, greenspace irrigation (meeting applicable EU and other international standards such as those of the World Health Organisation), firefighting or other purposes to reduce pressure on water resources. The	0	4.8 million	[REDACTED]

		direct discharge from the WWTPs to the receiving environment will be in line with national legal requirements and applicable EU standards and good international industry practices.			
2.3	New or updated GET technology or product leading to pollution prevention control introduced	The project is deploying highly efficient LED lighting and is leading to 232 tCO <sub>2</sub> /year savings from 2029 onwards	No	Yes	[REDACTED]

### Additional Indicators

Indicator type	Monitoring indicator	Details	Baseline	Target	Due date
Advisory & Policy Indicators	Number of women enhancing their skills as a result of training	Number of NWM Complex staff benefiting from training to empower them in leadership positions within the industrial-port sector	0	40	[REDACTED]

## 3. KEY PARTIES

### 3.1 BORROWER

BILZ, a state-owned limited liability company incorporated in the Kingdom of Morocco, was created in 2023 for the management and the development of the industrial, logistics and energy platforms in the Economic Zone adjacent to Nador West Med port in the Oriental Region of the Kingdom of Morocco.

### 3.2 SPONSOR

NWM S.A, a state-owned limited liability company incorporated in the Kingdom of Morocco, in charge of delivering the Nador West Med project as part of a wider development approach aiming to have a significant regional development impact in the less developed Oriental Region of Morocco by attracting foreign investment. NWM S.A is an existing client of the Bank (OpId 47006) with a EUR 300 million loan for the construction of basic port infrastructure at the greenfield Nador West Med Port, currently at an advanced stage of physical completion.

### 3.3 GUARANTOR

SNGFE was established to centralise the management of guarantees issued by the Kingdom of Morocco in favour of SOEs and builds on the 50+ years of experience of the Caisse Centrale de Garantie (SNGFE's predecessor).

## 4. MARKET CONTEXT

Morocco is strategically positioned at the crossroads of Europe, Africa, and the Middle East, making it an ideal location for an industrial & logistics zone. The government's plan is intended to position Morocco's industrial offering within global supply chains. The country's government has been actively encouraging and facilitating foreign investment, particularly in export sectors like manufacturing, through positive macro-economic policies, trade liberalization, investment incentives, and structural reforms. Morocco's industrial transition has been supported by large infrastructure investments, including the Tanger Med port and Africa's first high-speed rail link between Tangier and Casablanca, providing a platform for foreign investors to set up operations in the country.

The new Investment Charter aims to increase the private investment by two-thirds of total investment by 2035, includes additional incentives to attract investment to promising sectors and less developed regions, and provides additional support for the development of strategic industries. Morocco's industrial zones have played a key role in attracting foreign investment to the country and boosting the share of industry in its GDP from 14 percent in 2014 to 27 percent in 2022. This is reflected in the effort to develop special economic zones. Two of the most successful examples of these are detailed below:

- **Tanger Med Zones (TMZ)** hosts more than 1,000 companies from 30+ countries across several sectors including automotive, aeronautics, electronics, logistics, services and textile. TMZ consists of six activity zones spread across Morocco's northernmost Tanger-Tetouan-Al Hoceima Region and has been central to the country's development. While TMZ has attracted investment into Morocco's traditional industries of agribusiness and textiles, the automotive sector has witnessed the highest growth, bolstered by Renault's decision to build Africa's largest car plant within TMZ. The Tanger Med complex has created new jobs three times as fast as Morocco as a whole (employment growth averaged 2.7% and 0.9% per year, respectively) between 2005 and 2012. The Tangier-Tetouan-Al Hoceima Region contribution to the national GDP went from 8.3 to 10.1 between 2007 (when the Tanger Med complex started operating) and 2016 following substantial foreign direct investments (Renault for example) with significant spill-over effects on job creation (c. 65,000).
- **Atlantic Free Zone** spreads over nearly 500 hectares and hosts several industrial sectors, in particular the automotive one which received a boost following the opening of Peugeot-Citroën's USD 630 million automotive manufacturing plant.

Growing focus on the industry's plan, as well as the burgeoning automotive, textile and renewable energy industries, will likely result in increased levels of foreign exports, and consequently in higher revenues, more job opportunities, and a stronger economy overall.



## 5. FINANCIAL / ECONOMIC ANALYSIS

### 5.1 FINANCIAL PROJECTIONS

[REDACTED]

### 5.2 SENSITIVITY ANALYSIS

[REDACTED]

## 6. OTHER KEY CONSIDERATIONS

### 6.1 ENVIRONMENT

Categorised B (ESP 2019). Key impacts associated with the setup of a Free Zone, including the construction of small capacity wastewater treatment plants and desalination plant, are site-specific and readily addressed through mitigation measures and Environmental and Social Action Plan (“ESAP”). The Free Zone is adjacent to the Nador West Med (“NWM”) port, financed by the Bank (Category A, BDS15-128, BDS15-128 (Addendum 1)) and whose construction is being finalised. The Environmental and Social Due Diligence (“ESDD”) built on previous site visits by ESD and consultants, and confirmed Company’s ability to implement EBRD Performance Requirements (“PRs”). The review of existing Environmental and Social Impact Assessment (“ESIA”), client’s Environmental and Social Management System (“ESMS”) and Environmental and Social (“E&S”) capacity planned for the project, and existing ESAP implementation status were carried out as part of the ESDD. The ESAP for the previous exposure, inclusive of items applicable to the current project, has been implemented to Bank’s satisfaction.

NWM has comprehensive E&S procedures in place, including ISO-certified Environmental, Health & Safety and Quality Management systems, and implement adequate labour policy and procedures, including worker grievance mechanism and Code of Conduct for suppliers. These systems will be cascaded to the project as applicable, and construction stage management plans will be developed by the Contractor. Any worker accommodation will be built as necessary and managed according to the IFC-EBRD guidance note. The Borrower will extend the monitoring framework of the contractor’s performance developed for the previous project to the setup of the Free Zone, including relevant trainings, to ensure compliance with PR2 and PR4.

NWM will need to develop an E&S framework to manage the construction and operations of the various industries in the free zone. This will include the preparation of relevant Environmental, Social, Health & Safety Management Plans, in line with E&S objected set up from the area, and adherence with minimal E&S requirements in line with EBRD PRs. Impact on air, soil and water will be assessed and mitigated as appropriate.

The construction of the port and setup to the free zone affects 881 households and leads to 16 households’ physical resettlement. A Livelihood Restoration Plan (“LRP”) has been prepared as requested by the previous ESAP in line with EBRD PR5 and is currently under implementation by NWM. To date, 526 households have been successfully compensated. All compensation amounts are earmarked and kept in escrow account for the project, and adequate monitoring form the Borrower and



grievance mechanism is deployed. The Bank closely monitors the implementation of the LRP, which faces delays due to ongoing court cases and non-responsiveness of a significant number of Project Affected Persons (“PAPs”) living abroad. The implementation of the LRP and associated grievance mechanism will continue to be closely monitored by the Borrower and the Bank.

Initial biodiversity surveys undertaken during the appraisal of the previous project and the development of the ESIA for the free zone demonstrated that no Priority Biodiversity Features or Critical Habitats will be affected by the construction. Additional ecologists’ walkovers are requested from the Contractors before the start of earthwork on a precautionary basis, and impact on marine biodiversity will need to be characterized further as part of the additional studies requested for the desalination plant.

NWM has successfully implemented the Stakeholder Engagement Plan (“SEP”) of the existing project. They will update SEP and extend the external Grievance Mechanism to the project.

An ESAP was prepared for the project and will be agreed with the Borrower prior to Board considerations. The Bank will closely monitor implementation of the Project through E&S reporting from Borrower and monitoring visits to the Project by the Bank and Independent parties.

## 6.2 INTEGRITY

In conjunction with OCCO, integrity due diligence was undertaken on BILZ (the “Borrower”) and NWM S.A. (the “Sponsor”), its shareholders, senior management and other relevant parties. [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 EBRD financing package to the Borrower includes an investment grant of EUR 5 million from the EBRD SSF, an investment grant of USD 3 million from the UK FCDO under HIPCA and an investment grant of USD 2.5 million from the GEF under ENVITECC Programme. The blended financing enables delivery of a high impact, sustainable project.

Considering the high investment needs and the green field nature of the asset, the Project would not be possible under fully commercial terms. The investment grant from GEF supports a non-revenue generating component of the Project, which aims to deliver well-defined and clear water efficiency and climate resilience outcomes through supporting on-site wastewater treatment with the aim of reusing treated wastewater for zone operations such as cleaning, greenspace irrigation (meeting applicable EU and other international standards such as those of the World Health Organisation), firefighting or other purposes.

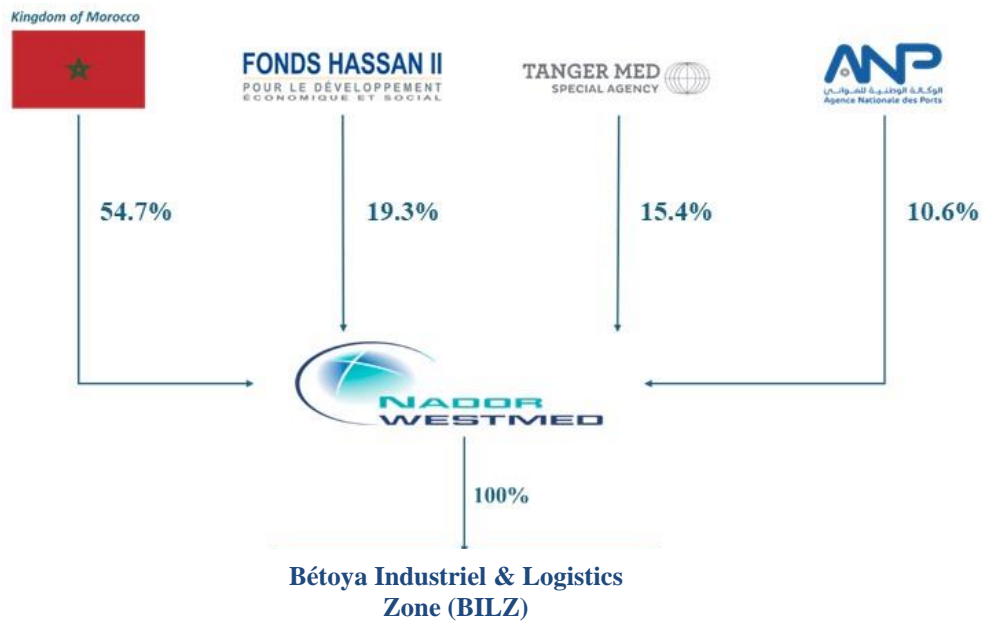


## ANNEXES TO OPERATION REPORT

<b>ANNEX 1</b>	Shareholding Structure
<b>ANNEX 2</b>	Green Assessment Summary
<b>ANNEX 3</b>	Project Implementation
<b>ANNEX 4</b>	Transition Impact Scoring Chart
<b>ANNEX 5</b>	SSF Co-investment grant Fiche
<b>ANNEX 6</b>	SSF Technical cooperation grant Fiche

## ANNEX 1 – SHAREHOLDING STRUCTURE

BIIZ is a wholly owned subsidiary of Société Nador West Med S.A. (“NWM S.A”), an existing client of the Bank under Nador West Med Port (DTM 47006).



## ANNEX 2 – GREEN ASSESSMENT SUMMARY

### SUMMARY

- The EBRD Project is for the financing of land development works associated with industrial, logistics and import/export zones, wastewater treatment plant, desalination plant, electrical substation, and public lighting. Energy zone related works contract is not within the EBRD use of proceeds in line with the Energy Sector Strategy. The boundaries of the assessment for the green assessments are limited to the EBRD use of proceeds, or “the project”, and the project is not dependent upon the energy zone.
- The Project is determined **aligned with both mitigation and adaptation goals of the Paris Agreement**.
- The Project is attributed 42% **GET**.
- [REDACTED].

### PARIS ALIGNMENT ASSESSMENT

#### For Direct finance projects

##### *Alignment with the mitigation goals of Paris Agreement-- General screening*

The project is determined as aligned with the mitigation goals of the Paris Agreement based on the application of the Bank’s Paris alignment approach for direct finance.

- Land development works associated with industrial, logistics and import/export zones, wastewater treatment plant, electrical substation, and public lighting are considered included in the ‘MDBs’ aligned list under the following categories:
  - Port infrastructure
  - Manufacturing, non-energy intensive industry
  - Electricity transmission and distribution
  - Wastewater treatment
  - LED street lighting
- There are no activities included in the 'non-aligned list'.
- Desalination component was subject to a specific assessment

##### *Alignment with the mitigation goals of Paris Agreement – specific assessment of the desalination plant*

- NDC review. NDCs and LTSs and other related policy plans: Investment in water desalination capacity is specifically addressed in the latest update of Morocco’s NDC.
- LCP review. Consistency with LCPs and other credible benchmarks:

Guidance	Project
1. The desalination plant will use high energy performance technology.	High energy performance (max 4 kWh/m <sup>3</sup> ) as confirmed by a review of the advance procurement tender documentation
2. Opportunities for low-carbon energy sources have been explored and, where technically and financially viable, incorporated into the design.	A requirement to achieve <i>at least</i> the current GET performance threshold of 1.9kgCO <sub>2</sub> per m <sup>3</sup> water produced by the desalination plant has been introduced into the loan agreement. This will be achieved through the installation of on-site solar PV, which will be developed with the support of the Bank through post-signing technical assistance.

- Carbon lock-in tests.

Guidance	Project
1. Demand side water efficiency measures (both structural and non-structural), such as leakage reduction and tariff adjustments.	The logistics zone incorporates advanced wastewater treatment and water recycling. Further water efficiency practices will be explored as part of the post-signing technical assistance.
2. Supply side measures, such as increased fresh-water imports and storage.	The zone explored the option of connecting with the municipal supply. As the client doesn't have responsibility for strategy regarding municipal water resources, the relevance of the test is limited. However, to reduce stress on water supply in an increasingly water stressed region, the zone opted for self-supply.
3. Circular water management principles, such as wastewater reuse.	The logistics zone incorporates advanced wastewater treatment and water recycling. Further water efficiency practices will be explored as part of the post-signing technical assistance.

- Economic assessment:

The maximum net scope 2 emissions of the desalination facility is estimated at 9ktCO<sub>2</sub>/year. This is below the threshold for an adapted economic viability test.

#### *Alignment with the adaptation goals of Paris Agreement*

The project is determined as aligned with the adaptation goals of the Paris Agreement as it satisfies all three steps of the assessment. All material physical climate risks have been addressed.

Step 1: The screening performed under Step 1 indicates that the project faces potentially material physical climate risks, including increased water stress, increasing mean temperatures, drought, flood, and heavy rainfall event.

Step 2: During the due diligence phase these risks were further assessed, and the results summarised below.

Hazards	Materiality		Climate resilience measures
	Exposure	Sensitivity	Climate resilience measures
<ul style="list-style-type: none"> <li>- Increased water stress</li> <li>- Increasing mean temperatures</li> <li>- Drought</li> </ul>	The zone location is in an area experiencing increasing water stress, with WRI Aqueduct forecasting 'High' levels of water stress over the life of the project. This is driven by more variable precipitation, increasing mean temperatures and increasing frequency and severity of droughts.	The zone water demand is approximately 14,000 m <sup>3</sup> /day. Assuming a consumption of 100 litres/day, this is approximately equivalent to 140,000 individuals daily water demand. Prolonged drought conditions could lead to water shortages at the facility.	As a result of identifying the high risk of water availability, the client opted for investment into a desalination facility.

<ul style="list-style-type: none"> <li>- Flood</li> <li>- Heavy rainfall event</li> </ul>	<p>The zone is being constructed on a flood plain. With increasing drought conditions (reducing adsorption of soils), combined with increasingly frequent and more intense precipitation events, the 'Oued Kert' could experience more extreme flooding events.</p>	<p>A flood protection / channel is being constructed as part of the land development works. If the flood protection / channel fails, there is a high risk of damage to the zone occupants.</p>	<p>As part of the due diligence, a review of the approach to the flood defensive works was requested. The client provided the analysis of hydrology, and indicated that rather than the minimum required 1 in 50 year flood event, the defensive works have been designed based on the 1 in 100 year event. Further, as part of the post-signing technical assistance, an innovative systems approach will be deployed whereby the zone will engage with upstream stakeholders to explore measures that could be deployed beyond the boundaries of the zone to reduce the risks of extreme flooding, such as nature based solutions that could increase adsorption.</p>
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Step 3: The Project is unlikely to have an impact on the climate resilience of the wider system in which it operates.

### GET ATTRIBUTION

The Project is attributed 42% GET. This share has been calculated as follows

Component	GET eligibility	GET category	Criteria (if applicable)	Green Impact
Land development works of the industrial zone	Not GET eligible	N/A	N/A	N/A
Land development works of the logistics zone				
Land development works of the import/export zone				
Construction works for the Wastewater Treatment Plant	Eligible for GET Environmental  100%	1.6 Sustainable use and protection of marine resources	The direct discharge from the WWTPs to the receiving environment will be in line with national legal requirements and applicable EU standards and good international industry practices. Through integration of advanced wastewater treatment systems, the Project will aim to use some of the treated wastewater for zone operations such as cleaning, greenspace irrigation (meeting applicable EU and other international standards such as those of the World Health Organisation), firefighting or other purposes. Reuse of treated wastewater onsite will reduce the pressure on water resources	13,000 m3/day of wastewater treated with the aim to reuse some for onsite zone needs (such as cleaning, greenspace irrigation, firefighting or other purposes).
Desalination plant	Eligible for GET Adaptation  100%	Enabling Adaptation - Primary Objective	The decision to invest in a desalination plant was driven by the high levels of water scarcity in the oriental region, and was a direct response to the climate hazard screening undertaken by the Bank. The primary objective of this component is climate change adaptation, and thus is considered an enabling adaptation project. In addition, it meets GET handbook criteria outlined in Annex 2, the desalination plant will (1) have an energy intensity below 5 kwh/m3 (max 4 kwh/m3), (2) co2 intensity	14,000 m3/day of additional water availability



			(well) below 1.9 kgco2/m3 as per Loan Agreement (3) is operating in a water scarce context with availability per capita of 790 m3/cap/year, (4) avoids additional water stress by avoiding equivalent of 140,000 people in the local area, (5) does not promote inefficient water use as users within the zone will be charged for water consumption.	
Electrical pole	Not GET eligible	N/A	N/A	N/A
Public Lighting	Eligible for GET Mitigation  100%	9.1. Measures that reduce net energy consumption, resource consumption or CO2e emissions, or increase plant-based carbon sinks in greenfield and brownfield buildings and associated grounds	The project is deploying highly efficient LED lighting.	232 tCO2/year savings

Construction of WWTP contributes 15%, desalination facility contributes 25%, and LED lighting contributions 2%. [REDACTED].

## ANNEX 3 – PROJECT IMPLEMENTATION

### Procurement classification – *Public*

[REDACTED]

The Client is known to the Bank and the PIU team gathers many members of the Nador West Med Bank financed project PIU. Although AfDB Procurement framework applied to joint-financed contract under the ongoing Nador West Med port project, the Client conducted three competitive selections for consultancy services under the PPRs including the use of ECEPP.

*Contracts risk assessment*

*Moderate Low*

-

### Project implementation arrangements:

PPAD conducted a first Procurement Due Diligence by VC with a presentation of the PPRs and the Bank requirements followed by another one when meeting physically the Client and discussing the capacity self-assessment. In addition, PPAD conducted an in-depth procurement capacity assessment of the client delivering a comprehensive workshop on the PPRs and the Bank standard Procurement documents (“PD”) focusing on the structure of the PD and EBRD specific procurement and procedure requirements. [REDACTED]

### Procurement arrangements:

The proceeds of the Bank’s will co-finance alongside AfDB the construction works for the industrial and logistics platforms of the Economic Zone. In parallel, AfDB will finance the land development works of the hinterland and energy zones.

The project is comprised of nine Works contracts:

- Two Works contracts 100% AfDB financed (out of which the energy zone related works contract which EBRD cannot finance in line with the Energy Sector Strategy).
- Two Works contracts jointly co-financed by EBRD and AfDB, AfDB being the Lead Financier (LF). It should be noted that procurement of the contracts to be co-financed with AfDB under the EBRD/AfDB Mutual Reliance Agreement Framework are excluded from application of the PPRs under Article 2.6(a) of the PPRs. Hence, as LF, AfDB will apply its procurement system to the two co-financed contracts, national system being explicitly excluded by both Banks in their Project Implementation Agreement (“PIA”), signed in October 2024. The Banks agreed on international single-stage tender procurement method, the type of contract is still being discussed.
- Five Works contracts financed by EBRD proceeds. All contracts ((1) Land development works of the import/export zone, (2) Construction works for the Wastewater Treatment Plant, (3) Construction works for a desalination plant, (4) Electrical pole and (5) Public Lighting) will be procured using an open tendering procedure. More details are provided below.

The Consultancy services for the supervision of the Works will be financed by Nador West Med.

In addition, the following Consultancy services will be conducted under EBRD’s PPR:

- PIU Support
- Development of an automated One Stop Shop
- Development of a Sustainable Infrastructure Plan

- Capacity building and training programme.

The Lender's Monitor will be selected and contracted by the EBRD under the Corporate Procurement Policies. [REDACTED].

The Works contracts relating to the installation of an electrical pole is currently under advance procurement process using a Single-stage tender procedure with FIDIC Red Book type of contract.

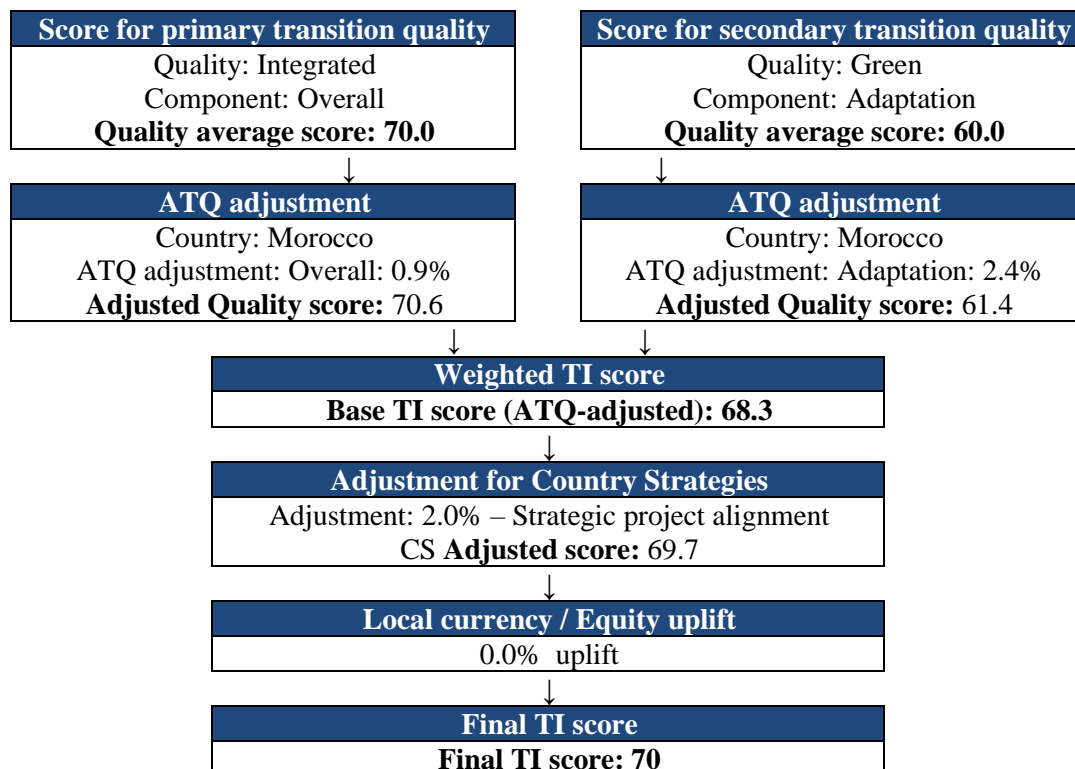
[REDACTED]. All Works procurement procedures are under prior review.

The Consultancy services contracts will be tendered using the single stage competitive selection procedure and will be prior reviewed.

**Additional information:**

The Company has requested to use advance procurement as per Article 3.76 of the PPRs at their own risks for two Works contracts. The Company benefited from the support of an expert from PPAD Panel to conduct such advance procurement. The procedure was conducted under EBRD prior review. [REDACTED].

## ANNEX 4 – TRANSITION IMPACT SCORING CHART



## **ANNEX 5 – SSF CO-INVESTMENT GRANT FICHE**

[REDACTED]

## **ANNEX 6 – SSF TECHNICAL COOPERATION GRANT FICHE**

[REDACTED]