

CLIMATE INVESTMENT FUNDS

CTF INVESTMENT PLAN

Morocco

The Government of Morocco has given high priority to increasing the use of domestic renewable resources and improving energy efficiency in industry and transport. This is driven by the country's heavy dependence on fossil fuel imports and the need to reduce exposure to international commodity prices. In line with this



effort, the Moroccan CTF Investment Plan opens the way for the country to establish the Fond de Développement de l'Énergie (FDE – Energy Development Fund), a financing institution that serves as a central pillar of the government's strategy to enhance energy security and pursue low-carbon growth.

With CTF support of \$150 million, the FDE is expected to mobilize financing in the range of \$1.5–2 billion to meet the country's energy goals. Funds from the Hassan II Fund, Kingdom of Saudi Arabia, United Arab Emirates, African Development Bank, and World Bank Group have already been pledged.

The FDE will be a government owned but independently managed institution with a professional investment committee that will make recommendations to FDE management based on national objectives and clear pre-set criteria for use of funds. Depending on the project, the FDE may offer commercial, concessional or highly concessional financing packages. Such packages, in combination with financing available in the market, is expected to lead to financial closure for a number of private and/or publicly financed low carbon projects that would otherwise struggle to be financed. By working with other sources of financing, the FDE is expected to crowd in significant private sector finance.

The FDE builds on the National Plan of Priority Actions (PNAP), the primary national strategy to pursue low-carbon opportunities to achieve national economic and social objectives.

Combining CTF with FDE under such a fund structure is expected to have transformational impact by channeling FDE funds toward renewable energy and energy

ELEMENTS of the MOROCCO INVESTMENT PLAN

Supports the Fond de Développement de l'Énergie in order to increase penetration of renewable energy into Morocco's power generation portfolio, with an emphasis on developing the country's exceptional wind potential, as well as energy conservation measures, particularly in industry and urban transport.

MOROCCO CTF INVESTMENT PLAN

CTF financing: **\$150 million**

Co-financing: **\$1.5–1.8 billion**

efficiency projects, increasing investor confidence and providing long term debt financing to the sector, and permitting a programmatic approach to meeting PNAP targets. The impacts are expected to significantly outlast funds provided by CTF.

Priority Sectors for CTF Support



Electricity Generation. Morocco has world-class renewable resources, notably in wind and solar, with some opportunities for increased hydropower:

The Government recognizes that increased penetration of renewable energy into Morocco's electricity generating portfolio represents a good opportunity to pursue the country's energy objectives, reduce emissions and contribute to economic development.

Energy Conservation. The Investment Plan will fund energy conservation in two end-use sectors:

■ **Industrial energy efficiency.** Industry accounts for 30% of end-use CO₂ emissions in Morocco. Industrial energy demands—and emissions—are concentrated in three sectors: cement, phosphates and sugar. Their energy use is expected to rise substantially in

the coming decades, from approximately 1,600 Mtoe in 2005 to 5,200 Mtoe in 2030. If realized, this level of energy use in these three sectors would account for 69% of total industrial energy use. Energy conservation investments are mostly undertaken by the private sector and CTF concessional financing will buy down risk in order to increase investors' confidence.

■ **Urban transport.** The transport sector is a major energy consumer and emitter of CO₂ in Morocco. In 2006, it consumed about 2.15 million tons of oil equivalent, about 22 percent of final energy consumption. Energy consumption in the transport sector has grown rapidly at about 5 percent per annum in recent years. Road transport is by far the main mode of transport, accounting for about 95 percent of all internal passenger transport volume, 70 percent of freight transport and 98 percent of the sector's energy use. CTF funding through the FDE would be provided to local governments to close the gap between economic and financial viability of urban public transport projects.

What is the CTF?

The Clean Technology Fund (CTF) is a multi-donor trust fund created in 2008 as part of the Climate Investment Funds (CIF) to provide scaled-up financing for the demonstration, deployment and transfer of low carbon technologies that have a significant potential for long-term greenhouse gas (GHG) emissions savings. CTF resources amount to approximately \$4.5 billion (based on exchange rates on the initial CIF pledging date of September 25, 2008) pledged by contributors (Australia, France, Germany, Japan, Spain, Sweden, United Kingdom, United States). The CTF supports a selected series of investment plans that meet the criteria of significant GHG emissions savings, demonstration potential at scale, development impact and implementation readiness.

