

Luxembourg, 30.04.25

## Environmental and Social Data Sheet

### Overview

Project Name:	ONEE - TRANSMISSION ENERGIE RENOUVELABLE
Project Number:	2023-0866
Country:	MOROCCO
Project Description:	<i>The Project is a multi-component investment programme 2024-2029 aimed at reinforcing and extending the electricity infrastructure (transmission lines and substations) of Morocco and at integrating the additional renewable energy production. The programme consists of several electricity transmission schemes, from 60 kV to 400 kV, geographically dispersed throughout the country<sup>1</sup>.</i>
EIA required:	yes - the sub-projects under this Framework Loan operation will require an ESIA both under the relevant national legislation and as determined by the EIB
Project included in Carbon Footprint Exercise <sup>2</sup> :	no

### Environmental and Social Assessment

Due to the nature of this Framework Loan operation, the final allocations and their environmental and social (E&S) impacts are not fully determined at this stage. All allocations will require ex-ante approval by the Bank prior to authorising the use of its funds. The Project will be co-financed by KfW<sup>3</sup> and the EIB. Both lender requirements with regards to eligibility, including environmental and social criteria, will be incorporated into the finance contract.

The Project is aligned with the EIB Energy Lending Policy, which includes EIB support for the long-term development of energy networks with priority to projects that enable the integration of renewables. The Project will meet Paris alignment criteria, and will contribute to Climate Action (mitigation). The financing of the Project is supported by the Global Europe / NDICI, contributing to the achievement of the Bank's objectives in terms of Climate Action finance outside the EU. The Project fulfils multiple objectives of the EU's New Agenda for the Mediterranean, including in the areas of resilience, prosperity and ecological transition. In addition, it will contribute to the EU-Morocco Green Partnership Team Europe Initiative.

Additionally, in the context of the Nationally Determined Contributions (NDCs) agreed in the COP21, Morocco submitted its updated NDC to the UNFCCC in June 2021, setting more

<sup>1</sup> The identified Project schemes are expected to be located in the regions of Rabat-Salé-Kénitra, Casablanca – Settat, Marrakech-Safi, Beni Mellal-Khénifra, Souss-Massa and Tanger-Tétouan-Al Hoceïma.

<sup>2</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

<sup>3</sup> Kreditanstalt fuer Wiederaufbau.



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ambitious objectives of reducing greenhouse gas emissions <sup>4</sup> and reflecting a commitment to carbon neutrality, to which the operation will contribute.

## Environmental Assessment

As the exact location and routing of the underlying schemes are not yet known, an *Environmental and Social Management Framework* (ESMF), a *Resettlement Policy Framework* (RPF) and a *Stakeholder Engagement Framework* (SEF) are being prepared with the support of a technical assistance (TA). These documents will set out the principles, rules, guidance, steps, responsibility and procedures for assessing and addressing environmental and social risks and impacts as part of the process of preparation of the sub-projects. The RPF will also outline the main principles for managing any potential involuntary resettlement, which would be mainly economic due to temporary disruption of economic activities during construction, loss of agricultural land needed for the transmission lines and substations. The ESMF and RPF will constitute a common framework for the compliance of the project with the Environmental and Social Sustainability Framework (ESSF, 2022) of the EIB.

In accordance with Law 12-03 (May 12, 2003) of the Kingdom of Morocco on Environmental Impact Assessments (EIA), an Environmental Impact Assessment and a public / administrative inquiry must be conducted for high and extra-high voltage power transmission lines and substations. The Law 12-03 describes the content and procedure for carrying out EIAs.

The environmental authority in Morocco is the Sustainable Development Department of the Ministry of Energy Transition and Sustainable Development. The regions have their own decentralized environmental authorities, which are located within the Unified Public Regional Investment Commissions (URICs), managed by the Regional Investment Centres. The role of the URICs is to decide on the environmental acceptability of investment projects based on the EIA. In the context of the present Framework Loan, the URIC is in charge of issuing the environmental decisions, certificates, permits or licenses relevant for the implementation of the sub-projects. For sub-projects requiring an ESIA, their implementation will not start until the Promoter has received all necessary approvals from the relevant authority.

All sub-projects for allocation will be subject to due diligence. Due to their technical characteristics, it is expected that all the sub-projects will fall within the scope of national legislation related to environmental impact assessment.

The main potential environmental risks typical for this type of infrastructure can include impact to biodiversity areas, electrocution and collision of flying fauna (birds, bats), damage to cultural and archaeological artefacts, loss of vegetation cover, as well as construction-related nuisances (noise, pollution, waste, traffic).

At allocation stage, prior to the Bank's approval of the sub-project, the Bank will review the environmental and social documentation related to the underlying investments (ESIAs<sup>5</sup>, as well as other relevant documentation such as Environmental and Social Management Plans (ESMP), Stakeholder Engagement Plan (SEP), Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP), Biodiversity Action Plan (BAP) etc.) prepared by the Promoter as per the Project ESMF and RPF.

In line with the requirements of the EIB Standard 4 on Biodiversity and Ecosystems, the Promoter will be required to ensure that none of the sub-projects has a significant adverse residual impact on any site of nature conservation importance, nor on critical habitats.

<sup>4</sup> Emissions in the energy sector will be reduced by at least 45.5% by 2030, as compared to the business-as-usual scenario. This pledge is anchored in the national Energy Transition Agenda. In terms of capacity from renewable energy sources (approx. 41% of total at present), the objective is to reach a 52% share by 2030.

<sup>5</sup> Currently, no sub-projects have the updated ESIA report finalised.



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In addition, the Promoter will be required to integrate in the ESIA study of each individual subproject a Climate Risk and Vulnerability Assessment (CRVA)<sup>6</sup>, in line with the EIB Environmental and Social Standards.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

The counterparty ONEE is in scope of the PATH framework, because it is considered high emitting and of high vulnerability. Furthermore, ONEE is not engaged in incompatible activities with the Paris Agreement.

The counterparty has agreed to develop its decarbonisation, and resilience plans and publicly disclose the new alignment plans within 2 years.

### **Social Assessment**

The Project is expected to improve security of supply and to accommodate increasing electricity demand and additional production from renewable energy, therefore it will contribute to the creation of a more sustainable and efficient power system in Morocco. However, the Project also has the potential for some adverse social impacts as described below.

The main potential social risks typical for this type of infrastructure can include economic displacement primarily linked to loss of land, crops and economic trees on the substations and overhead line pylon sites, potential damage to cultural and archaeological artefacts, potential influx of labour force during construction as well as risks to the health and safety of workers and the general population.

The Promoter will be required to ensure that the identified social impacts and risks for each sub-project are assessed, and to define and implement the necessary mitigation measures in compliance with national law, with ILO Core Labour Standards, and with the requirements of the 2022 ESSF of the EIB. The main mitigation, compensation and monitoring measures to address these risks and impacts will be considered in the respective sub-project ESMP, SEP and in the respective RAP/LRP, where applicable.

Sub-projects will require rights-of-ways as well as the acquisition, lease or easements of land for the installation of their components. In Morocco, land acquisition for electrical substations, overhead line rights-of-way, and compensation for landowners, as well as the declaration of public utility for projects and land expropriation, are governed by Law No. 7-81 on expropriation for public utility and temporary occupation, and its implementing decree No. 2-82-382.

The Promoter will seek to avoid, starting from the project design phase, physical displacement of people. The land required for all sub-projects' assets will be secured as much as possible through voluntary agreements. It is expected that the implementation of the operation will not lead to involuntary physical displacement. Sub-projects with any risks of forced evictions and/or impact on indigenous people will be excluded from the project scope to be financed by the EIB.

A Resettlement Policy Framework (RPF) for the Project will be prepared with the support of a technical assistance. The TA shall provide guidance for managing the involuntary resettlement risks and impacts of the investment programme, including all sub-projects and activities, in compliance with national legal requirements and EIB ESSF (2022). It will include guidelines on resettlement and compensation, the institutional arrangements and resources to be put in place for activities that require the acquisition of land resulting in any physical displacement of people, and/or loss of sources of income, and/or loss of or restrictions on access to economic

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<sup>6</sup> The CRVA shall (i) assess how climate change may affect the project and the system in which the project takes place, including the natural environment and the people potentially affected, and (ii) identify commensurate adaptation measures to reduce the risks posed by climate change to the project and the system in which it takes place.



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resources. In addition, the RPF will clearly indicate that all compensation will be effective prior to the commencement of works.

Morocco has ratified seven of the eight ILO core labour conventions, and as an ILO member state, it has to observe the spirit of all eight core conventions. The main procurement contracts will have to require that (sub)contractors operate in compliance with all ILO core labour standards and that they observe international standards and best practice with regard to labour rights, worker grievance mechanism, worker accommodation, and working conditions including occupational health and safety and gender-based violence and harassment. Additionally, minimum functional specifications for tenders will have to include explicit requirements to follow business best practices and standards, including OHSAS 18001 or its ISO equivalent. Finally, Occupational and Community Health, Safety and Security Plans, including influx management of non-local workers, will have to be developed within each sub-project ESMP.

## **Public Consultation and Stakeholder Engagement**

The finalization of the Project ESMF and the RPF will require stakeholder consultations involving affected communities, and comments will be integrated in the final versions of the ESMF and RPF documents and will be taken into account by the Promoter in the final design of the underlying sub-projects.

A Stakeholder Engagement Framework (SEF) will be prepared with the support of a technical assistance, in line with the EIB standards and in compliance with national legal requirements. It will include guidance on preparation of subproject specific stakeholder engagement plans taking into account stakeholder comments and concerns identified during engagements related to all sub-projects and activities. Finally, the SEF will present the requirements of the Project grievance mechanism – in terms of structure and implementation – to be put in place by the Promoter during the permitting, development and implementation phase of each the sub-project life cycle to ensure effective access to remedy for affected stakeholders.

The process of public inquiries in Morocco is governed by Decree No. 2-04-564 (November 4, 2008) establishing the terms of organization and conduct of the public inquiry relating to projects subject to environmental impact studies. Together with sub-project ESIA, the Promoter will also draft specific sub-project SEP to the satisfaction of the Bank. The Promoter will be expected to engage proactively with stakeholders throughout the life of the project, with a particular focus on affected communities, vulnerable groups and ethnic minority groups potentially impacted by the land acquisitions or claiming rights over lands or natural resources within the sub-project's area of influence. In developing the SEPs the Promoter should include where relevant multi-channel/visual and Berber-dialect communications, include a representative from the ethnic communities within the management committees for grievances, include a clear roll-out program for the community Grievance Redress Mechanisms (GRM).

The Bank will verify that disclosure of information and meaningful public consultation are carried out at sub-project level in the context of the ESIA and the RAP/LRP processes, as well as prior to and during the construction phase, and – if applicable – throughout the lifetime of the sub-projects. The Promoter will ensure that comprehensive grievance mechanisms, both for communities and for the workforce (including EPC contractor and sub-contractors), are in place during both implementation and the entire operation period of the sub-projects.

## **Other Environmental and Social Aspects**

ONEE has in its organization an Environment Division, within the Safety, Environment, and Quality Department, which reports directly to the General Management. The Environment Division comprises two departments: the Environmental Studies Department and the Environmental Actions Department.



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The existing ONEE's Environmental and Social management system would require further improvements to align with international standards. There is likelihood that it may not fully capture the entire range of E&S impacts or provide the necessary detail and frequency of monitoring required to ensure compliance with international standards and commitments.

The gap in E&S assessment and monitoring capabilities requires the implementation of supplementary measures to enhance the E&S performance, ensuring alignment with international criteria and responsible project execution. Therefore, as mentioned above, the Bank is providing technical assistance to support ONEE in the development of a ESMF (Environmental and Social Management Framework), RPF (Resettlement Policy Framework) and SEF (Stakeholder Engagement Framework) for the pipeline of investments. The findings of these assessment shall inform an Environmental and Social Commitment Plan (ESCP) which will be prepared and agreed with the Bank. This could also include requirements to strengthen the environmental and social capacity, resources and organisation of the project management unit of each component to implement the ESMF, RPF and SEF, to the Bank's satisfaction. In addition, the promoter will procure qualified consultants to prepare the Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Plans (ESMPs), Resettlement Action Plans (RAPs) or Livelihood Restoration Plans (LRPs), and any other environmental and social studies identified in the ESMF and RPF in compliance with the 2022 ESSF of the EIB.

The ESCP will be enforced as specific Project undertaking under the loan agreement.

With the above-mentioned support measures in place, the Promoter is expected to have the capacity required to implement this operation in compliance with the EIB's Environmental and Social Standards.

## Conclusions and Recommendations

The following conditions and undertakings will be included in the legal documentation of the operation. Other/additional contractual conditions and undertakings may be decided at sub-project level for individual allocations and will be published in the respective ESDS.

The following disbursement conditions will apply:

- Prior to first disbursement, following the approval of this framework loan operation, the Promoter shall finalize to the Bank's satisfaction:
  - the ESMF (Environmental and Social Management Framework), RPF (Resettlement Policy Framework) and SEF (Stakeholder Engagement Framework) for the pipeline of sub-projects included in the scope of the Project,
  - the reports of the public consultations of the ESMF and RPF,
  - the Environmental and Social Commitment Plan (ESCP) based on the results of the approved ESMF, RPF and SEF,
 and commit to timely implement the ESCP, including all measures relevant to the preparation, implementation, monitoring and operation of the Project.
- Prior to any disbursement relevant to individual allocations, the allocations will be appraised ex-ante by the Bank. For each sub-project and for its associated infrastructure (as required and unless already included in the related sub-project documentation), the Bank will receive a copy of the following documents, reviewed to its satisfaction:
  - ESIA report(s), including non-technical summary, the reports on public consultation and in accordance with the Project ESMF
  - SEPs, including GRM procedure, in accordance with the Project SEF
  - In case of involuntary resettlement, a final version of the RAP(s) or LRP(s) including reports on the Public Consultations and in accordance with the Project RPF
  - Any additional environmental and social study as identified in the Project ESMF, RPF and SEF and sub-project ESIAs





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- The final version of the ESMP(s)
- The permits issued by the relevant competent authorities, when applicable
- If a scheme has the potential to affect a nature conservation site, the Promoter shall obtain written confirmation from the competent authority, or an equivalent environmental assessment satisfactory to the Bank that the scheme does not have a significant negative impact on any site of nature conservation
- Land titling agreements proving Promoter's ownership or right-of-way, for the plots either acquired or expropriated
- Specific waste management, decommissioning and EHS plans (unless already included in the final EPC and O&M contracts).
- Additional conditions for disbursement might be established for individual allocations as a result of the review of the aforementioned documents.

In addition, the following undertakings will apply:

- The Promoter shall ensure that the project is developed in accordance with the ESMF, the RPF and the SEF, as approved by the Bank, prior to authorising the start of any works, and shall ensure that the Project is implemented in accordance with these documents.
- Sub-projects (i) with significant negative impacts on areas with high biodiversity value or, (ii) with significant, negative environmental and/or social residual impacts or, (iii) with the risk of forced evictions or (iv) with impact on indigenous people, shall not be eligible for financing.
- the Promoter undertakes to implement / to provide to the satisfaction of the bank:
  - for each site and before construction start, a site-specific training program, for the Environmental and Social Management Unit staff, around environmental and social issues (ESMP, SEP, GRM, RAP/LRP);
  - for each site and before construction start, evidence of the delivery and payment of compensation to project affected persons as defined in the RAP as well as in the LRP and in compliance with EIB E&S standards.
  - outcomes of any court proceedings related to the attribution of the compensation payments for the different plots constituting the project sites, as soon as available;
  - maintenance of the Environmental and Social Management System throughout the entire duration of the project.
- The Promoter shall ensure that conditions related to labour rights, worker grievance mechanism, workers' accommodation, working conditions, including health, safety and security arrangements, and the management of risk of gender-based violence and harassment, in line with EIB's ESSF (2022), are integrated in the bidding documents and in the contracts for the implementation of the schemes financed by the Bank, in accordance with the EIB's Guide to Procurement.
- The Promoter shall store and keep updated the E&S documentation that may be relevant to this operation and shall, upon request, promptly deliver such documents to the Bank.
- Additional undertakings might be established for individual allocations as a result of the review of the aforementioned documents.
- The Promoter will undertake to monitor and report to the Bank on the compliance with EIB E&S Standards, with a periodicity and scope yet to be defined for the individual allocations.
- The Promoter will undertake that no EIB funds will be allocated to assets connecting generation with lifecycle GHG emissions above 100 gCO<sub>2</sub>e/kWh.
- The Promoter shall undertake to develop to the reasonable satisfaction of the Bank and disclose (publish on its website) its decarbonization and resilience plans, in line with the requirements of the PATH framework, within 30.06.2027<sup>7</sup>.

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<sup>7</sup> Corresponding to ~2 years from the expected date of signature of the Framework Loan Agreement.



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- The Borrower/Promoter shall undertake ceasing any incompatible activities, in line with the requirements of the PATH Framework, including not to implement any activities relevant to the realization of new coal power plant projects.

In view of the above findings and with appropriate conditions in place, the operation is acceptable for EIB financing in environmental and social terms.