

Environmental and Social Data Sheet

Overview

Project Name:	Zenata Urban Development Project
Project Number:	2012-0617
Country:	Morocco
Project Description:	Site preparation and urban infrastructure works in connection with the first (2013-2018) phase of development of a new urban area on a site of 1,660 ha adjacent to Casablanca. Zenata is designed with a focus on sustainable urban development, and will comprise mixed use development (residential, commercial, industrial, public services) for an eventual population of 300,000, including 100,000 work places.
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	no

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The EIB operation contributes to the first phase of an ambitious urban development project which places a strong emphasis on “eco-city” development, designed on a sustainable development concept and incorporating positive environmental features such as extensive green zones, water retention basins for water management, dedicated rights of way for public transport, cycle lanes, energy-efficient lighting, and planning-led mixed use development.

Projects of this nature, which provide the site preparation and basic infrastructure as a basis for future residential, industrial and commercial urban development, typically require a Strategic Environmental Assessment within the EU. In this case, given that Morocco does not require SEA, an EIA has been carried out incorporating elements required by EIB and AFD to bring it into line with typical requirements of an SEA. The EIA indicates that negative environmental impacts on air quality, soils, groundwater, surface water, vegetation and the coastal zone are modest or negligible, and primarily concentrated during the construction phase. Environmental impacts will be mitigated through measures incorporated into an Environmental and Social Management Plan (ESMP). The Project is expected to generate significant positive environmental benefits, for example through the provision of sewerage and the elimination of wastewater discharges from informal settlements.

By contrast, the Project has significant adverse social impacts. Due to its scale and complexity, the involuntary resettlement component carries the most significant social risk: as a result of the acquisition of 1,600 ha of land, the Project will require the involuntary resettlement of 10,183 households (equalling approx. 42,000 persons), 238 registered businesses, other informal economic activities, livelihood strategies (including subsistence) and community infrastructure. 8,200 of the affected households (equalling 30,534 persons) are located across 17 informal settlements and are low-income slum-dweller households lacking land titles. In addition, some of the affected households (i.e. owners of cabanons along the coastline) have launched legal proceedings against the expropriation process, delaying as such the completion of the land acquisition process.

In line with EIB E&S Standards, the Promoter will seek to mitigate the risk associated with involuntary resettlement with the elaboration of a Resettlement Policy Framework (RPF) and

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

Resettlement Action Plan (RAP) as well as by meaningful consultations with project-affected persons (PAPs). Particularly for slum dwellers, who constitute the vast majority of PAPs in this instance, such mitigation measures are expected to result in the improvement of their overall living conditions and their land tenure rights, whilst remaining in the vicinity of their current settlements. In the same regard, a reduced impact on their existing livelihoods may be anticipated. .

Other social risks and impacts are linked to the vulnerability of the affected population (the vast majority being landless, low-income households), labour standards, occupational and public health, safety and security, and stakeholder engagement at the level of the Project. The implementation of the Project's ESMP and Stakeholder Engagement Plan (SEP) will aim to mitigate these.

The Promoter's in-house capacity in social risk management is weak and, to date, reinforced primarily through a series of external technical assistance contracts. Along with EIB requests made to the Promoter towards enhancing in-house capacity on the long term, an Environmental and Social Management System (ESMS) to guide the implementation of the Project ESMP will be developed. The Project will require close and sustained monitoring of these aspects during implementation to ensure that E&S risks and impacts are adequately mitigated. The following main conditions relating to E&S have been set:

Prior to signature

- Validation by the Bank, and publication on the SAZ web site, of the full ESIA documentation (note – main components already validated and published prior to Board submission)
- Validation by the Bank of the final version of the RPF
- Consultation with persons affected by the project, in the presence of the local authorities, on the final validated version of the RPF and the initial version of the RAP
- Submission of the RAP, SEP and ESMS for validation by the EIB

Prior to first disbursement:

- Validation by the Bank of the SEP, RAP and ESMS and their entry into operation. Issue of the environmental permit for the project
- Provision of a report on the conclusions of the public enquiry carried out on the ESIA by the national committee on environmental impact.
- Receipt by the Bank of the final version of the ESIA, on which basis was issued the environmental permit

Taking into account the progress made to date, the sustainability aspects of the urban design, the environmental safeguards contained in the regulations accompanying the urban land use plan, and the environmental, and social conditions ahead of loan signature and disbursement, the Project is considered acceptable from an E&S perspective.

Environmental and Social Assessment

Environmental Assessment

The EIB operation comprises site preparation and basic public infrastructure for the first development zone of the planned new urban development of Zenata. Zenata is situated to the north of Casablanca, in the rural commune of Ain Harrouda, between Casablanca and Mohammedia, and between the Casablanca-Rabat motorway and the Atlantic Ocean. The industrial zone of Mohammedia, which includes a coal-fired power plant and petrochemical plant, lies to the east. Construction of housing, commercial centres, and industrial units as well as a planned university and health centre are outside the scope of the operation, and will be carried out primarily by private developers within strict planning guidelines.

In the context of a continually evolving Moroccan EIA regulatory framework which presently does not require SEA and has limited requirements for considerations of social impacts and stakeholder engagement, the EIB and AFD have intervened during the project preparation process to set requirements to bring the environmental, social, and stakeholder engagement aspects of the Project up to acceptable standards. Significant improvements in these areas

have already taken place, and three public consultations have been realised to kick-start, albeit belatedly, the process of transparent stakeholder engagement.

Within the EU, the environmental assessment approach for such urban development would comprise a Strategic Environmental Assessment (SEA) of the relevant planning documents, and potentially separate Environmental Impact Assessments (EIAs) for individual investments case by case, according to their screening under the EIA directives. Although GIZ is supporting the Moroccan government in moving towards an SEA approach, Moroccan environmental legislation presently does not provide for SEA of plans and programmes. Nevertheless, urban development of the scale envisaged at Zenata is subject to the requirement of an EIA, and individual future investments may also be subject to investment-specific EIAs depending on their size and nature. Moroccan legislation on coastal zone management, which would apply also to the Zenata Project, has also been under development, with a law issued in May 2013.

In this context, and also taking into account that there is limited experience within the country of EIAs for urban development, the Promoter engaged a team of international and local consultants to carry out an EIA in four stages: (1) baseline assessment; (2) assessment of impacts (including cumulative impact assessment considering other on-going or planned projects in the vicinity); (3) preparation of an Environmental and Social Management Plan; and (4) consolidation and reporting to the National Committee for Environmental Protection.

The EIB and AFD have reviewed successive drafts of the EIA reports prepared according to the above steps, in particular considering the extent to which the reports addressed the requirements for a Strategic EIA under the SEA Directive. A significant number of gaps were identified, and the EIA reports are being revised to take into account EIB and AFD comments. Social aspects have been of particular concern, and have been addressed through engagement of a separate consultant by AFD and additional steps (see next section). A near-final draft of the Non-Technical Summary has been put on the web-site of the Promoter in May 2014, and the dossier of draft EIA reports has been submitted to the Moroccan authorities to enable the launch of the review process by regional and national EIA committees as well as through a public enquiry. At the request of the EIB and AFD, the draft EIA reports were also presented to the public during three public consultations organised in the period 14-16 May 2014 (see further under Public Consultation and Stakeholder Engagement section below). The EIA reports will be finalised taking into account the final comments of EIB and AFD as well as the findings of the public enquiry and review by the national and regional EIA Committees.

In its environmental due diligence, the EIB has also reviewed the draft land use management plan and associated draft planning regulation, as well as the architect's urban design for the first development zone, and the mobility study. All three documents embody a sustainable development concept in the design of Zenata.

With regard to the EIB operation, the main environmental impacts arise during the construction phase, including the clearance of existing residential, commercial and industrial buildings and the construction of roads and utility network infrastructure. Large scale infrastructure (motorway Casablanca-Rabat, regional roads, high speed rail link, electric grid) are already present. The works funded under the EIB operation, comprising secondary and tertiary urban streets and utility networks and site preparation for future development, would typically fall under Annex 2 of the EIA Directive if the project were located in an EU member state, and would be unlikely to trigger specific EIAs under national legislation.

With regard to the wider plan for development of Zenata, the urban development concept emphasises sustainability, and the design incorporates several innovative features in this regard, including a focus on mixed residential, commercial and industrial development (reducing transport impacts as journey to work within Zenata should be short); the inclusion of a dedicated right of way for bus or tram public transport, cycle lanes on primary and secondary roads, water retention basins to moderate summer temperatures, improve resilience to flood events, and enable storm water re-use; an extensive green buffer zone and abundant green space planted with indigenous species to promote biodiversity; building orientation to take account of natural ventilation using wind currents and aspect to enable natural lighting. The Promoter will also adopt an Eco-city Charter, presently under development, embodying the principles of sustainable city development.

Air quality impacts of urban functioning are difficult to forecast at this stage, but are mitigated by the focus on sustainable mobility and low target for automobile modal share in local traffic (25%) as well as focus on non-polluting industries for the planned industrial zone; however, potential human health impacts associated with forecast ambient air quality linked to industrial activity bordering Zenata have not been considered in detail in the EIA. Zenata will have separate collection of stormwater and wastewater through a new collector network; in comparison to the present situation of direct discharge of untreated wastewater from informal settlements into the sea, the project should improve marine water quality through wastewater collection, pre-treatment and discharge to sea via a sewage outfall pipe of 2.2km length;. Stormwater will be discharged to water retention basins within Zenata permitting re-use.

Solid waste from Zenata is planned to be disposed of at a new regional landfill located in the commune of Benyekhlef, outside Zenata, which is dimensioned to accommodate the full waste stream of Zenata and other communities until 2046; the facility is outside the scope of the Zenata project, but the findings of the separate EIA of the facility were incorporated into the EIA for Zenata. The impact of conversion of agricultural land (arable cultivation, livestock grazing) to urban use, has not been directly analysed in the EIA, although the impact of associated land expropriation and involuntary resettlement are considered under the social impact assessment (see below). As stated in the EIA, it is understood there are no protected areas within the territory of the planned Zenata development, and the development of Zenata is unlikely to impact protected areas beyond Zenata. Protection of the coastal zone is written into the draft planning regulation for the Zenata land use plan; impact of construction and operation on coastal geomorphology and sedimentation are considered to be limited.

The EIA has addressed climate change aspects only in a general way, indicating that several features of the urban design should mitigate climate change impact (building orientation to make use of natural lighting and natural ventilation from wind; energy-efficient lighting and building construction; water retention basins to moderate local climate; biodiversity measures in the green spaces and green buffer zone; sustainable mobility emphasis; stormwater re-use). Resilience to climate change, and climate adaptation, have not been addressed specifically, although several measures in the urban design have this in mind, notably incorporating the foundations of the of the rampart-like coastal line of “cabanon” housing to form a flood defence; orientation of urban development to take account of natural geomorphology; use of extensive water retention areas which provide a reserve for storm-water drainage in extreme weather events.

Social Assessment, where applicable

The Project’s social risks and impacts have been identified and addressed in the EIA and the provisional ESMP; the specific risks and impacts related to the involuntary resettlement component were initially assessed through the work of a separate consultant engaged by AFD.

The Project intends to have long-term positive social impacts in terms of employment and economic activity, social cohesion and inclusion, and to contribute to a higher standard of living in Greater Casablanca. The main social risks and adverse impacts arise during the pre-construction and construction phases, as a result of land acquisition and the clearance of existing residential, commercial and industrial structures.

Overall, due to its scale and complexity, the involuntary resettlement component carries the most significant social risk. Other risks and adverse impacts are linked to the socio-economic vulnerability of the affected population (the vast majority being landless, low-income households), labour standards, occupational and public health, safety and security, and stakeholder engagement. Those are summarised hereunder.

Land Acquisition and Involuntary Resettlement

The Project will result in the involuntary resettlement of 10,183 households, and of a range of economic activities, livelihood strategies and community infrastructure. Specifically, the 10,183 project-affected households consist of (all will be impacted by physical displacement, with part also affected by economic displacement):

- 8,200 slum-dweller households – amounting to 30,534 project-affected persons, currently spread across 17 informal settlements throughout the territory of Zenata and deemed vulnerable from a socio-economic point of view, owing principally to their lack of titled assets, low-income status and financial illiteracy;
- 671 landowner households, out of which 500 households are permanently residing on the territory of Zenata;
- 500 zinataires households;
- 653 cabanons, out of which 103 households are permanent residents;
- 80 households residing on the private domain of the State; and
- 79 tenant households.

The land acquisition process has almost been completed, save for the coastal strip where cabanons are located. In addition to the legal proceedings that they have launched against the expropriation process, cabanons owners have also lodged a complaint with AFD, which is presently under review. Very low levels of information disclosure and engagement of affected persons by the Promoter were noted during appraisal.

With the purpose of mitigating the risks and adverse impacts of the involuntary resettlement, the development and implementation of a Resettlement Policy Framework (RPF), followed by a Resettlement Action Plan (RAP), will be required in line with EIB and AFD standards and will require the EIB's non-objection. Particularly for slum dwellers, who constitute the vast majority of PAPs in this instance, such mitigation measures are expected to result in the improvement of their overall living conditions and their land tenure rights, whilst offering them the possibility to remain in the vicinity of their current settlements. The latter has already been confirmed as a resettlement option to be offered by both the Governor of Mohammadia province and the Promoter during the "portes ouvertes" held at EIB's request in May 2014 on the findings of the Environmental and Social Impact Assessment, an affirmative step by the Promoter in building ownership of the proposed mitigation measures and facilitating the involuntary resettlement process through consultation with project-affected persons. The RPF/RAP is expected to follow such an example and be developed in consultation with all PAPs.

The existing census and socio-economic baseline is being verified and updated within the context of the elaboration of the RPF/RAP. Varying degrees of vulnerability exist amongst the population impacted by the involuntary resettlement. Seeking to ensure that vulnerable groups are not disproportionately impacted, a comprehensive vulnerability assessment encompassing all PAPs will be required within the context of the RPF/RAP and specific mitigation measures will be introduced for the identified groups. Notably the relocation of slum-dwellers in subsidised social housing is inscribed within Morocco's Villes-sans-Bidonvilles (VSB) programme, which aims at the eradication of slums in the country and the improvement of former slum dwellers' living conditions. In line with the remedies offered under the VSB programme, under the RPF/RAP slum dwellers will be offered the possibility to purchase at subsidised rates onsite social housing units (rehousing option); alternatively, they may opt for a plot for self-construction in a designated area on the territory of Zenata (on-site relocation option). In both cases this category of PAPs will be able to remain in the vicinity of their current settlements and, as such, a reduced impact on their livelihoods may be anticipated. Slum dwellers, many of whom have poor or non-existent water, sanitation and solid waste services, and whose dwellings are subject to flooding, are expected to benefit from Zenata's new drainage, water supply, sewerage and solid waste infrastructure and services, as well as from new opportunities for employment associated with Zenata's economic development.

All livelihood restoration measures will be detailed by the RAP, such as compensation for the temporary interruption of business activities for business affected by construction activities and their employees, as well as arrangements for the relocation of enterprises and economic activities to be displaced. Challenging in this regard will be, in particular, the restoration of livelihood strategies that, at present, are largely informal; of those, commerce-based informal strategies will, to an extent, be catered for by the creation of a dedicated handicraft zone to be created within the relocation site in Zenata and related provisions for ground floor commercial space being foreseen in the said relocation scheme of those,

Labour Standards

Morocco has ratified seven of the eight ILO Core Labour Conventions, not having ratified Convention 87 on the Freedom of Association and Protection of the Right to Organise. In order to ensure that the core principles and standards of Convention 87 are nevertheless upheld throughout the Project, the Promoter will be expected to include, in its human resources policy, provisions to develop and sustain a sound and effective social dialogue with the workforce. Similar provisions will be required in the tender documents for works relating to the Project, which would apply to the main contractor and first-tier sub-contractors. Due attention will be directed to the enforcement of relevant national labour legislative provisions along the supply chain.

Occupational and Public Health, Safety and Security

The Promoter has contracted another subsidiary of the CDG Group for supervising the works and monitoring the implementation of adequate Environmental, Health and Safety standards by its sub-contractors. Measures to address noise, dust, waste and traffic safety risks, as well as risks associated with the presence of security personnel on site, and emergency response preparedness and response will be subject to the elaboration of separate plans/measures, to be spelled out in the ESMP. EIB health, safety and security standards are expected to apply to the Promoter and contractors alike, throughout the duration of the Project.

Public Consultation and Stakeholder Engagement

In the case of the EIA for Zenata, although the project has a high public profile, there has been no public consultation carried out during the EIA scoping phase, as this was not required under Moroccan environmental legislation. Equally, disclosure of information by SAZ to the affected persons, surrounding communities and the wider public until very recently had been very poor. Per Moroccan environmental legislation, a 30-day public enquiry has been carried out based on the NTS of the draft EIA report which was submitted to the national and regional Committee for Environmental Impact Assessment in June 2014 and made available on the website of the Promoter. At the request of the EIB and AFD, the draft EIA report findings were further presented to the public during three public consultations organised in the period of 14-16 May 2014. These consultations were well-attended, in particular by persons affected by the project, and enabled open discussions on issues considered important to the public, especially on the project's social impacts and the issue of involuntary resettlement. Separate consultations with affected persons, including discussion of options for relocation, are foreseen within the context of the RPF and required as a condition of signature.

The EIB has stipulated the following requirements regarding stakeholder engagement: (1) a satisfactory Stakeholder Engagement Plan, including a grievance mechanism, will be submitted to the EIB and duly implemented; its implementation is foreseen throughout the project duration, (2) the non-technical summary of the EIA report, together with the key EIA reports, to be posted on the EIB's website at least 30 days before approval of the Project by EIB's Board of Directors (realised); (3) the Promoter will undertake consultations on the Resettlement Policy Framework. Documentation of all instances of stakeholder consultation and the management of grievances lodged with the Promoter will be required.

Stakeholder engagement is expected to be interactive, iterative, consultative and culturally appropriate (given the significant rates of illiteracy amongst the population), and go beyond the purely written administrative procedure linked to the EIA under Moroccan law, which is not sufficient for a project of this scale. Access to grievance and recourse will be sought through a dedicated grievance mechanism at the level and throughout the duration of the project.

Other Environmental and Social Aspects

Promoter capacity and institutional arrangements

The Promoter's in-house capacity in social risk management remains weak and non-commensurate to the complexity and nature of the social risks identified. For now, there is an in-house team of two people dedicated to the environmental and social aspects, with one dedicated exclusively to the involuntary resettlement component, and a series of external technical assistance contracts. Along with requests made by both EIB and AFD towards

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enhancing in-house capacity on the long term, an Environmental and Social Management System (ESMS) to guide the implementation of the Project ESMP will be required prior to signature. This will seek to ensure that adequate and relevant resources and capacity (in-house and external) are dedicated and efficiently coordinated, especially for managing stakeholder engagement and the implementation, monitoring and follow-up of the involuntary resettlement component, which will be a long and resource-intensive process, with many actors being involved.

The Project will further be subject to reporting requirements on E&S standards.