Combining Funding for the Ouarzazate Solar Power Project in Morocco

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Outline

- EIB contribution to RE financing
- The Mediterranean Solar Plan
- RE project constraints in the region
- Ouarzazate solar power project
- Mutual Reliance Initiative
- Ouarzazate Next
EIB contribution to RE financing

What does the EIB offer?
- Substantial experience in solar and wind projects
- Cooperation with EU Commission and other IFIs
- EIB is able to mobilise substantial long term financing
- Large range of instruments
- Grants for technical assistance: Project preparation

We are currently appraising RE projects in the region
The Mediterranean Solar Plan

- MSP is a Union for the Mediterranean priority project
  - **Main goal:** To install up to 20 GW of new RE capacity
- European Union support to MSP
  - **EIB, AFD and KfW** coordinated actions
    - Mutual reliance agreement to increase due diligence efficiency
    - EUR 5 bn earmarked for RE/EE in the region for the next 5 years
  - **EC and Member States:** Grants through Neighbourhood Investment Facility and FEMIP Trust Fund
- EIB has a leading role in financing the MSP
  - [FEMIP Study on RE Investments](#) → RE roadmap proposal
RE project constraints in the region

- Financial gap
  - Mobilise grant funding and competitive finance (from IFIs)
  - Use Article 9 of the EU RE Directive

- Regulatory frameworks
  - Clear and transparent regulation to attract capital for RE
  - Provision of TA for project and regulatory development

- Access to and availability of electricity grids
  - Reinforcement of national transmission networks
  - Grid codes adaptation
  - In the long term, interconnections in the region and to the EU
Ouarzazate Solar Power Project

- Phasing of the project facilitates implementation
- Focus on different technologies reduces risk
- Largest solar project so far under Med. Solar plan
- Once fully developed: power city eq. 250 000 inhabitants
- Launched in 2009, only 3 years to financial closing
- World wide interest: private and public sector
- Electricity price well below expectations
- EIB coordinated the European contribution (330 M EUR)
- Full commitment from Moroccan Authorities (cf. risk sharing)
- EIB focus on common technical and financial conditions
Mutual Reliance Initiative - Origin

• The MRI finds its roots in the international Aid Effectiveness Agenda (Paris declaration in 2005). During the last decade, the European Union has been working to enhance the effectiveness of development cooperation.

• In this spirit, AFD, EIB and KfW started the MRI in order to enhance their cooperation when co-financing projects and to ensure that promoters and borrowers in partner countries can make better use of European development finance.

• Task sharing, avoiding double work, streamlining of lending approaches and speaking with one voice to project promoters were the practical aims to be achieved.
Mutual Reliance Initiative - Achievements

1) Project selection
2) Project Letter
3) Pre-Appraisal Meeting
4) Project appraisal
5) Board report
6) Negotiation and signing
7) Procurement supervision
8) Disbursement
9) Project monitoring
Ouarzazate Next

- Second phase of up to 300 MW
- Include new technologies
- MASEN advisers are world leaders in their field
- Competitive bidding expected for next phase
- Involvement of same IFIs to facilitate structuring
- Already strong commitment from German Government
- Clean Technology Fund to contribute again
Thank you for your attention!