

**Morocco – Ouarzazate Solar**  
**African Development Bank**  
**May 16, 2012**  
**U.S. Position**

There is an urgent need to develop renewable energy products and the United States applauds the Government of Morocco and Bank staff for this effort to establish a renewable energy sector in Morocco. It plays to the country's comparative geographic advantage, consistent with AfDB's country partnership strategy.

While there are risks associated with the project, it represents an important step forward in promoting renewable energy and taking a clean technology to scale while reducing future transaction costs. The United States accepts that innovation is inherently risky and appreciates the controls and mitigation measures built into the project's design, with technical assistance to the Moroccan Agency for Solar Energy being especially important.

The United States also welcomes the Government's decision to use a public-private partnership for this project. The United States recognizes that the need to secure concessional financing to facilitate private sector participation requires a framework approach to environmental and social safeguards necessitating the sequencing of environmental assessments. The United States believes the framework Environmental and Social Impact Assessment (ESIA)'s description of the project location and discussion of the anticipated impacts of the project is a necessary and adequate analysis on the potential environmental impacts in this context. Along with staff's clarifications that a full project-specific ESIA will be done later after the selection of the private partner, including provision of the ESIA for public comment, the United States sees this as adequate analysis of potential environmental impacts. The United States asks that the final analysis be posted to the Bank's website during the comment period. In addition, the United States asks that greater attention to water use be given in the detailed project specific ESIA's and management plans in light of general water scarcity in the project area.

The United States supports the use of World Bank procurement rules by all project donors and welcomes AfDB's agreement to adopt this approach.

That said, and while the United States supports the aims and approach of the proposed project, the United States is concerned about the inclusion of a 'voluntary local content' provision. After careful consideration, the United States does not see a distinction between voluntary and required local content and thus finds this provision to be counter to open international competition and inconsistent with the general principles of the World Bank's procurement guidelines.

The United States also does not believe that local content requirements, which can increase project costs and reduce sustainability, are necessary to develop the local renewable energy sector.

Therefore, while the United States agrees with the overall aims and approach of the project and commends the Government of Morocco for advancing a bold initiative, in keeping with United States' votes on other projects that have raised local content concerns, the United States would like to be recorded as abstaining on this project.