



## CONVERSATIONS ON AFRICA COP27

# Morocco – great progress, but more to do in energy transition

Morocco's ambitions to be a global leader in fighting climate change have made significant progress. But, as Antoine Haddad explains, recent challenges mean it still has more to do to meet its targets and the world's expectations.

The last time a UN Climate Change Conference (COP) was held in Africa was in 2016, with COP22 hosted by Morocco and staged in the city of Marrakech.

It was a year after the historic Paris Agreement had been signed with its aim of limiting global warming to 2°C above pre-industrial levels at most, and preferably to 1.5°C.

But by then Morocco had already long stated its ambition to be a lead player in fighting climate change and in making the transition to clean energy. It had already made significant progress against a national renewable energy strategy laid out as early as 2009.

That progress continued in the immediate years that followed. Indeed, in 2019, Morocco climbed to second place behind Sweden as best performing country in the Climate Change Performance Index.

Morocco was praised for its progress on decarbonisation (where it is targeting a 45.5% reduction in emissions by 2030) and on building its renewable energy resources. Here the country had the aim of generating 42% of its electricity from wind, solar, hydro and biomass by 2020, rising to 52% by 2030.

Perhaps the most powerful evidence of its commitment to transitioning to clean energy came with the:

- liberalisation of the production and commercialisation of renewable energy (law 13-09);
- opening of the giant, multi-phase Noor Ouarzazate complex developed by Moroccan Agency for Sustainable Energy (MASEN); and
- 1000MW wind generation plan launched by Office National d'Electricité et de l'Eau Potable (ONEE).

Morocco's ambitious renewable energy targets are still in place and their implementation will be accelerated through the latest push for the use of renewables in energy intensive sectors such as rail transport, water desalination, mining and fertilisers.

### External and internal market challenges

In reality, however, we believe there is still some way for Morocco to go and immense potential to be tapped. Market conditions and world events in the last few years – not least the Covid-19 crisis, the current extreme volatility in energy and financial markets and the wider impacts of the war in Ukraine – have undoubtedly led to delays.

Disruptions to supply chains and mounting energy prices have, in recent months, also made some original equipment manufacturers reluctant to commit to long-term pricing. As a result, prices proposed by some suppliers and contractors are changing on a monthly (and, sometimes, weekly) basis.



Amid these pressures, it is becoming more and more difficult for developers to be certain about the economics of projects, what tariffs to commit to and the capital expenditure needed to bring projects to fruition.

Now, given the net-zero targets set by several key companies and commitments made by multiple jurisdictions as part of the COP process, we believe Morocco, in common with many other jurisdictions, is probably lagging slightly behind where it needs to be, especially when it comes to the process of cutting emissions.

This is a significant challenge for Morocco given that it still relies heavily on thermal power plants. Much will depend on deploying energy efficiency systems and smart grids. There have been some tentative private public partnerships set up in certain Moroccan cities to develop such solutions, but few have reached financial close.

## Green hydrogen – the next new dawn?

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It is widely accepted that green hydrogen – hydrogen produced using renewable power – will play a critical role in reducing global CO2 emissions and Morocco, alongside other neighbouring countries, is leading the way among African nations in exploring how it can become a big player in this exciting new field.

There are challenges to be overcome here, too.

To produce green hydrogen at scale will require massive investment, much of which will have to come from foreign investors looking to produce green fuels for export to Europe and beyond.

Since most of the green fuel produced will be exported, it can be difficult for African governments to see what is in it for them. During the construction phase there would be significant job creation opportunities. But in the operating phase job numbers would decrease rapidly, so some governments are, rightfully, focusing on the planning and the implementation of local green hydrogen ecosystems that would benefit the local economies in the long run.

We're confident that green hydrogen will turn out to be a significant opportunity and that Morocco will be an important player, alongside a number of other countries across the continent. But to make that happen, an equilibrium needs to be found so that some of the advantages enjoyed by international developers and importers are passed on to African countries.



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