Sayı: 70430465-TİM.OAİB.GSK.İDARİ.2024/816-3941 Ankara, 25/03/2024
Konu: Fasın, Yeşil Hidrojen Yatırımlarına İlişkin Düzenlemesi

Sayın Üyemiz,

Türkiye İhracatçılar Meclisi (TİM)'den alınan bir yazıda, Ticaret Bakanlığından alınan bir yazıya atfen, Fas Başbakanının "yeşil hidrojen" sektörünün geliştirilmesine yönelik, operasyonel ve teşvik niteliğinde olan ve tüm değer zincirini kapsayan **"Morocco Offer - Fas Teklifi"nin uygulanmasına ilişkin 11 Mart 2024 tarih ve 03/2024 sayılı** Genelgeyi yayımlamış olduğu, söz konusu genelgede, özetle, tekrarlanan kriz dönemleriyle daha da kötüleşen günümüzün çevresel, ekonomik ve politik zorluklarıyla karşı karşıya kalan enerji paradigmasında ulusal düzeyde bir değişim gerektiği, enerji geçişinde yeşil hidrojenin çok önemli bir enerji taşıyıcısı ve enerji geçişinin ve sürdürülebilir büyümenin temel sağlayıcılarından biri olmasının beklendiği, Fas Kralının talimatı üzerine Hükümetin operasyonel ve teşvik edici bir "Fas Teklifi" geliştirdiği, bu Teklifin, yeşil hidrojen sektörünün tüm değer zincirini kapsadığı ve Krallığı bu yüksek potansiyelli gelişen sektörde rekabetçi bir oyuncu olarak konumlandırmak amacıyla yatırımcıların ihtiyaçlarına göre uyarlandığı hususlarına yer verildiği belirtilmektedir.

Bahse konu olan Genelge ve Rabat Ticaret Müşavirliği tarafından konuya ilişkin hazırlanan özet bilgi notu ekte iletilmiştir.

Bilgilerine sunulur.

S.Tansel KÜNBİ
Genel Sekreter A.
Şube Müdürü

Ek:
1.Fas'ın, Yeşil Hidrojen Yatırımlarına İlişkin Düzenlemesi
2.Yeşil Hidrojen - Bilgi Notu

S. Tansel Künbi tarafından 5070 sayılı kanun gereğince güvenli elektronik imza ile imzalanmıştır.

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بسم الله الرحمن الرحيم

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03/2024

المملكة المغربية
رئيس الحكومة

11 Mars 2024

Kingdom of Morocco
Head of Government

**Ladies and Gentlemen Ministers, Ministers Delegate,
Managers of Public Establishment and State-Owned Enterprises**

Subject: Implementation of the Morocco Offer for the development of the green hydrogen sector(s)

The enlightened Vision of His Majesty the King, may God assist Him, has enabled Morocco to occupy a prominent position, on a continental and global scale, **in terms of the development of renewable energies and having the ambition** to move forward in this field.

Faced with today's environmental, economic, and political challenges, exacerbated by recurring episodes of crises, the New Development Model advocates a shift **in the energy paradigm** at the national level.

With its pioneering positioning in renewable energy, its natural resources, its strategic geographical position, its world-class infrastructure and its qualified human capital, the Kingdom is called upon to play a **key role in the global energy transition** and in the resulting reconfiguration of flows.

In this transition, **green hydrogen** is expected to be a crucial energy carrier **and one of the main enablers** of the **energy transition** and **sustainable growth.**

Faced with the economic, social, environmental, and technological challenges it implies, this emerging sector could be a **turning point for the Moroccan economy**.

The **keen interest** already expressed by nearly a hundred of national and international investors, to produce green hydrogen in Morocco, confirms this potential for the Kingdom.

Thus, in accordance with the High Instructions of His Majesty the King, may God assist Him, during the working meeting of November 22nd, 2022, the Government developed an operational and incentive **"Morocco Offer"**. This Offer covers the entire value chain of the green hydrogen sector and is adapted to the needs of investors, in order to position the Kingdom as a **competitive player** on this high-potential emerging sector and to maximize the **positive spin-offs** for Morocco.

The Morocco Offer consists of the implementation of a **holistic, transparent, and pragmatic approach** giving all the necessary visibility to investors. It consists of six parts:

- The scope of application of the Morocco Offer;
- The land mobilized for the implementation of the Morocco Offer;
- The necessary infrastructure for the development of the green hydrogen sector;
- The incentive measures of the Morocco Offer;
- The process of selecting the investors and contracting with the State;
- Governance of the green hydrogen sector.

Part I: The scope of application of the Morocco Offer

The Morocco Offer is aimed at investors or consortiums wishing to produce green hydrogen and its derivatives, in the Kingdom, on an industrial scale, and to address the domestic market, export or both at the same time.

It applies to integrated projects upstream from the generation of electricity from renewable energies and electrolysis to the downstream transformation of green hydrogen into ammonia, methanol, synthetic fuel etc. as well as the associated logistics.

Investors positioning themselves only in one or some parts in the upstream of the value chain of the green hydrogen sector and possibly in the downstream of this chain, or only in the downstream of this chain, are eligible for the national programs set up by the State to develop the economy and attract investment to Morocco. This applies in particular for the new investment charter, subject to compliance with the legal and regulatory conditions put in place for this purpose. These investors will be able to address directly the Regional Investment Centers of the Region concerned by their project or the Moroccan Agency for the Development of Investments and Exports if they have not identified the Region in which they intend to invest.

Part II: The land mobilized for the implementation of the Morocco Offer

Land is a key component for the development of the green hydrogen sector.

In this regard, the State has identified a significant public land of approximately 1 million hectares, dedicated, accessible and with high potential in terms of green hydrogen production. It is being specified that the land is already covered by the decrees in force of the government authority in charge of Energy and defining the areas on which will be established sites for the development of projects of electric energy production from solar and wind energy sources.

A first phase (Phase I) will involve the provision of 300,000 hectares to be divided into plots of 10,000 to 30,000 hectares.

Since green hydrogen is still an emerging sector, the State has indeed decided to adopt a phased approach to maintain the flexibility required to be able to adapt to changes in the sector; particularly, technological, legislative, regulatory changes and market developments.

However, for selected investors who have expressed an interest in a larger area, justified by the size of their project, a minimum land base of approximately 30,000 hectares will be made available to them in a first phase. In addition, these investors will get visibility on the total land base that may be allocated to them later on, with a gradual release and subject to conditions, in accordance with the terms of the Morocco Offer.

The process for **allocating** this land is described in Part V: Process of Selection of the Investors.

The government authority in charge of the Interior as well as the one in charge of Economy and Finance oversee the mobilization of the land for the Morocco Offer.

Part III: The necessary infrastructure for the development of the green hydrogen sector

The green hydrogen integrated projects by nature and scale require an additional infrastructure. Therefore, the Morocco Offer is also structured around a competitive infrastructure to be planned, mutualized, developed, and maintained in compliance with the best international standards and in accordance with the needs and the development of the green hydrogen industry, and that, within the framework of public-private partnerships with the national and foreign investors (cf. Appendix 1).

Thus, the government authority in charge of Equipment and the National Ports Agency, in coordination with the government authority in charge of the Budget, are responsible for carrying out studies relating to the port infrastructure necessary to meet the needs of the green hydrogen sector, with cost assessment and financing schemes.

In addition to that, the government authority in charge of Energy and the National Office of Hydrocarbons and Mines, in coordination with the government authority in charge of the Budget, are responsible for carrying out studies relating to a national network of hydrogen pipelines and transformed gas pipelines intended to be connected to the European green hydrogen network, with cost assessment and financing schemes.

Similarly, the government authority in charge of Water, as well as the National Office of Electricity and Water (ONEE), in coordination with the government authority in charge of the Budget, are responsible for mapping the patterns of complementarity between the desalinated water needs of green hydrogen projects within the framework of the Morocco Offer and existing and future desalination plants, with cost assessment and financing schemes.

Moreover, the government authorities in charge of Equipment, Water and Energy as well as the National Office of Hydrocarbons and Mines, in coordination with the government authority in charge of the Budget, are responsible for carrying out studies relating to the identified salt caverns for the storage of green hydrogen, with cost assessment and financing schemes.

Furthermore, ONEE is responsible for accelerating the implementation of its equipment plan and opening the opportunity for the private sector to invest in the national electricity grid, to further strengthen the transmission links of electrical energy produced from renewable energy sources between the Southern Provinces of the Kingdom and the rest of the country.

Finally, the government authority in charge of Industry and Trade is responsible for assessing the potential for local industrial integration in Morocco around the green hydrogen sector (identification of segments that can be integrated in Morocco, prospects, assessment of Human Resources and energy needs, etc.) and, consequently, for the identification of the necessary industrial zones (sizing, location, necessary services, business model, employment pools, etc.).

In order to improve the competitiveness of the sector, the State encourage the massification and the mutualization of the infrastructures (hydrogen pipelines, ports, desalination plants, etc.). The Moroccan Agency for Sustainable Energy (MASEN), which role as focal point is detailed in part VI - I) consolidate the needs of the investors, assist the government authorities in translating the needs into studies to be carried out (coherent sizing of the infrastructures, planning and availability deadlines, institutional set-up, and legal and financial structuring, etc.) and contribute to the integrated planning of studies.

Part IV: The incentive measures of the Morocco Offer

IV-1 Investment incentives

The Kingdom of Morocco has already adopted a clear incentive framework for investment through the new investment charter, and more specifically through its investment support schemes.

This new investment charter is a considerable asset for the successful implementation of the Morocco Offer.

Therefore, the green hydrogen integrated projects that fall within the scope of the Morocco Offer could qualify for the provided incentives of the new investment charter as defined by the conditions of the legislation and regulation in force.

In addition, investment projects carried out with a view to local industrial integration of the green hydrogen sector in Morocco, whether it is a horizontal integration (equipment required for the hydrogen value chain) or a vertical integration (industries consuming hydrogen and/or its derivatives in Morocco), will also be eligible, in accordance with the conditions defined by current legislation and regulations , for the incentives set out by the new investment charter.

IV-2 Tax and customs incentives

Under the terms of the Morocco Offer and in accordance with the conditions defined by the legislation in force, investors can also benefit from tax and customs incentives, particularly in terms of:

- Import duty exemption;
- Value-added tax exemption on goods purchased domestically and imported goods.

Moreover, one or many industrial acceleration zones could be developed for the industrial ecosystem around green hydrogen. Thus, investment projects carried out with a view to the local industrial integration of the green hydrogen sector in Morocco, whether it is a horizontal integration (equipment required for the hydrogen value chain) or a vertical integration (industries consuming hydrogen and/or its derivatives in Morocco), could also benefit from tax and custom's advantages relating to the status.

Part V: The process of selecting the investors and contracting with the State (cf. diagram in Appendix 2)

The investors or consortiums wishing to develop green hydrogen integrated projects on the territory of the Kingdom, as part of the Morocco Offer, are invited to communicate their offer to MASEN in its capacity as focal point of the Morocco Offer *(cf.* Part VI on the governance of the green hydrogen sector) by integrating data relating to the assessment criteria defined below.

For investors who are already committed on projects previously submitted to the competent government authorities or having obtained for some projects authorizations to carry out in situ studies, MASEN will contact them, in consultation with the government authority in charge of Investment, in order to integrate and support them in the process described in this circular.

It is concurred that under no circumstances will MASEN be able to be a parallel developer of its own green hydrogen projects on an industrial scale.

The **assessment** of the offers will be based on a set of criteria relating, particularly and not limited to, the financial strength of the investors (including consortiums), their experience throughout the different segment of the value chain of the green hydrogen and energy sector, as well as to the vision of their projects in Morocco and the positive externalities for the Kingdom, notably in terms of vertical and horizontal industrial integration. **Interviews** may be requested in order to discuss certain points in greater depth.

The State will then begin **initial negotiations** with the selected investors regarding, namely, the preliminary allocation of land. It should be noted that the decision to allocate the plots to investors will be the responsibility of the wali of the region concerned or the governor concerned.

If both parties agree on all terms, the **initial negotiations** will result in the conclusion of a **preliminary contract of land reservation**.

The preliminary contracts of land reservation are to be concluded between the investor and the State represented by the government authority in charge of the Interior, the government authority in charge of Finance, the government authority in charge of Energy and the government authority in charge of Investment.

The State will do its utmost to ensure that the first **preliminary contracts of land reservation** are signed by the third quarter of 2024 at the latest.

The **preliminary contract of land reservation** will stipulate the commitments of each party, including but not limited to:

- For the State, the exclusive reservation of a land, by decision of the wali of the region concerned or the governor concerned, which coordinates will be determined for the investor, for a period of up to six months, extendable by mutual agreement;
- For the investor, a study program (costs, timeline, content, expected results, etc.) that qualifies as **« Preliminary Front-End Engineering and Design » (Pre-FEED)**, as well as land tenure terms such as length of tenure or rent. Investors should also indicate their expectations, as well as the expected positive spin-offs and externalities of their investment project for the Kingdom (particularly in terms of industrial integration).

Clauses for meetings with the State will be stipulated in the preliminary contracts of land reservation in order to assess on a regular basis the progress of the study program and its results.

In that respect, **the preliminary contract of land reservation** must provide visibility to the investors to enable them carry out all the necessary studies (technical, environmental, financial, etc.) until the **Pre-FEED** is finalized while securing the interests of the State.

At the end of **the preliminary contracts of land reservation**, and if the parties have fulfilled their commitments, the investor and the State will enter **final negotiations** to conclude **an advanced study agreement**.

The State will then evaluate the projects of shortlisted investors, particularly and not limited to, on a technical, financial, and environmental basis, and according to the three externalities it is pursuing through the development of the green hydrogen sector in Morocco, namely:

- The horizontal local industrial integration (equipment required for the hydrogen value chain) or vertical (industries consuming hydrogen and/or its derivatives in Morocco) in order to create employment along the value chain of green hydrogen;
- The local development of regions hosting green hydrogen projects;
- The financial returns for the State (royalties, rent, profit sharing, capital sharing, etc.).

This **advanced study agreement** will specify the commitments of each party for the advanced study phase, including but not limited to:

- For the State:
  - The exclusive allocation of land, by decision of the wali of the concerned region or the governor concerned, the coordinates of which will be specified for the investor for the entire duration of the in-depth studies « **Front End Engineering and Design** » until the « **Final Investment Decision** » (FID);
  - The conditions to be met by the investor in order to receive the final allocation of land in the event of a positive « **Final Investment Decision** », for the entire duration of the development, construction, and operation of the project.
- For the investor:
  - An advanced study program « **Front End Engineering and Design** » (costs, timeline, content, expected results, employment, industrial integration, financial returns for the State, financial closing, etc.), for a maximum of 18 months, extendable by agreement of both parties, leading to a « **Final Investment Decision** »;
  - Land occupancy terms, such as length of occupancy or rent;
  - The positive externalities induced by the investment project, creating employment, and added value for the Kingdom.

These **advanced study agreements** will also set out all the **terms** and **conditions to be met by the investor, and agreed between the investor and the State before a framework investment agreement can be concluded.**

Clauses for meetings with the State will be stipulated in the aforementioned **advanced study agreements** in order to assess on a regular basis the progress of the advanced study program.

The advanced study agreements are to be concluded between the investor and the State represented by the government authority in charge of the Interior, the government authority in charge of Finance, the government authority in charge of Energy and the government authority in charge of Investment.

At the end of these **advanced study agreements**:

- If the FID is positive and the investor complies with all the conditions set out in the aforementioned **advanced study agreements**, the investor and the State will automatically enter into an investment framework agreement on the terms agreed in the **advanced study agreement.**

- If the FID is positive but the investor does not comply with all the conditions set out in the aforementioned **advanced study agreement**, the investor and the State will enter negotiations with a view to possibly concluding an investment framework agreement.

This **investment framework agreement** will stipulate the commitments of each party for the phase of development of the investment project in the green hydrogen sector, including but not limited to:

- For the State, the exclusive allocation of land the coordinates of which will be determined for the investor for the entire duration of the implementation and operation of the investment project;
- For the investor, an investment program (costs, timeline, employment, industrial integration, financial returns for the State, etc.) as well as terms and conditions of land provision.

Clauses for meetings with the State will be stipulated in the aforementioned **investment framework agreements** in order to assess on a regular basis the progress of the investment program.

The investment framework agreements are to be concluded between the investor and the State represented by the government authority in charge of the Interior, the government authority in charge of Finance, the government authority in charge of Energy and the government authority in charge of Investment.

It should be noted that the relationship between the State and the investor will take place within a transparent framework with strict observance of confidentiality rules.

Part VI: Governance of the sector of green hydrogen

VI-1 MASEN: focal point for the potential investors

The success of the Morocco Offer is intrinsically linked to the establishment of a simplified process for investors in order to provide them with a clear approach as well as visibility for the implementation of their projects.

For this reason, MASEN is assigned the role of focal point and preliminary and privileged contact for investors.

In this regard, MASEN is invited to set up, in coordination with its governing bodies, a specialized unit comprising a multidisciplinary cross-functional team (financial structuring, legal, engineering, construction, development, cooperation, etc.) dedicated to supporting green hydrogen project developers.

MASEN will therefore be responsible for the following tasks in particular:

- Communicate the Morocco Offer to the investors;
- Receive, inform, and orient companies wishing to invest in green hydrogen;
- Put investors in contact with the relevant ministerial departments, public establishments, and State-owned enterprises;
- Coordinate with the concerned walis or governors for the allocation of land plots;
- Propose duly argued scenarios for the allocation of the plots to the Green Hydrogen Investment Committee (defined in part VI - 2). The Investment Committee's recommendations will then be submitted to the Steering Committee for approval.
- Assist investors in the completion of the procedures and administrative proceedings required for the realization of their projects, in consultation with the relevant ministerial departments, public establishments and State-owned enterprises, namely the regional investment centers by virtue of the powers entrusted to them under the provisions of Law No. 47-18 *on the reform of regional investment centers and the creation of unified regional investment commissions*.
- For structuring infrastructures (hydrogen pipelines, ports, desalination plants, etc.), MASEN will consolidate the needs of the investors, assist government authorities in translating needs into studies to be carried out, and contribute to integrated study planning.
- Work with investors and the government authority in charge of Energy as well as ONEE, to ensure that their projects are in line with the grid's capacity and, where necessary, the grid's development;
- Forward investor's files to the Green Hydrogen Investment Committee established by part VI of the present circular;
- Propose to the Green Hydrogen Investment Committee a preselection of investment projects based on sound arguments. This preselection should be made based on the application submitted and the various initial clarification/discussions held by MASEN with the investors;
- Carry out competitive and technological monitoring to support the technical competitiveness of projects;
- Be proactive on regulatory issues, thanks to its close contact with investors, international markets and institutions and the regulatory monitoring to be carried out.

In order to enable an efficient deployment of the Morocco Offer, decision-making representatives of the government authorities in direct interface with the MASEN will be appointed.

VI-2 Coordination and follow-up of the Morocco Offer by the Steering Committee in charge of green hydrogen

Notwithstanding any specific provision of this circular, the State's monitoring of the implementation of the Morocco Offer is ensured by a Steering Committee in charge of green hydrogen. This committee is assisted by a Green Hydrogen Investment Committee.

The Green Hydrogen Steering Committee is responsible for steering and monitoring the implementation of the measures set out in this circular.

The Steering Committee is chaired by the Head of Government and includes the following members:

- The Government Authority in charge of the Interior;
- The Government Authority in charge of Finance;
- The Government Authority in charge of Equipment;
- The Government Authority in charge of Water;
- The Government Authority in charge of Industry;
- The Government Authority in charge of Energy;
- The Government Authority in charge of Investment;
- The Government Authority in charge of the Budget;
- The representative of MASEN.

The Steering Committee's missions are to

- Preselect the investors who will benefit from the scheme implemented as part of the Morocco Offer;
- Approve the preliminary contracts of land reservation and the advanced study agreements prior to their conclusion;
- Ensure overall coordination between the various stakeholders in the implementation of the Morocco Offer;
- Set priorities and transmit its directives for a rapid, efficient, and transparent launch of the Morocco Offer;
- Take strategic decisions relating to the deployment of the Morocco Offer;
- Arbitrate any bottlenecks regarding the implementation of the Morocco Offer;
- Decide on the proposals for the revision of the Morocco Offer, considering the rapid evolution of the green hydrogen market and the need to adapt this Morocco Offer to international advances and developments so that it remains attractive and competitive;
- Communicate about the progress of the various projects;
- In general, the Steering Committee will examine all the provisions within the framework of the government policy aimed at promoting and developing the green hydrogen sector in Morocco.

In accordance with Articles 17 and 34 of Framework Law No. 03-22 *forming the Investment Charter*, the National Investment Commission grants strategic status and approves **framework investment agreements**. All the members of the steering committee are members of the National Investments Commission except for MASEN. In accordance with the terms and conditions set out in Decree No. 2-23-1 referred to above, the National Investment Commission will join the company MASEN every time it undertakes a green hydrogen project as part of the Morocco Offer.

The Steering Committee must be convened by its chairperson at least twice a year, and whenever an exceptional event justifies its consultation.

The secretariat of the Steering Committee is entrusted to the government authority in charge of Energy.

The Steering Committee may call on representatives from any ministerial department and public or private bodies whose assistance is deemed necessary for its work.

VI-3 Green Hydrogen Investment Committee

The Green Hydrogen Investment Committee, chaired by the government authority in charge of Investment, is composed of the following members:

- A representative of the Head of Government;
- A representative of the Government Authority in charge of the Interior;
- A representative of the Government Authority in charge of Finance;
- A representative of the Government Authority in charge of Equipment;
- A representative of the Government Authority in charge of Water;
- A representative of the Government Authority in charge of Industry;
- A representative of the Government Authority in charge of Energy;
- A representative of the Government Authority in charge of the Budget;
- A representative of MASEN.

The Green Hydrogen Investment Committee shall, according to the items on the agenda of its meetings, be joined by representatives:

- Of the local authority concerned;
- Of the Regional Investment Center concerned;
- Any organization, institution, company, or any person whose assistance is deemed necessary for its work.

The Secretariat of the Green Hydrogen Investment Committee is provided by MASEN.

The Green Hydrogen Investment Committee's missions are to:

- Make any recommendations in relation to the Morocco Offer to the attention of the Steering Committee;
- Propose to the Steering Committee a preselection of investors who could benefit from the mechanism implemented within the framework of the Morocco Offer;
- Monitor the progress of the various projects relating to the deployment of the Morocco Offer;
- Ensure operational coordination with the various administrations and stakeholders for the purpose of deploying in an efficient, rapid, and transparent way the Morocco Offer;
- Ensure the follow-up of the various sub-projects relating to the deployment of the Morocco Offer;
- Lead discussions with investors;
- Propose any recommendations and measures likely to allow a readjustment of the Morocco Offer.

This Committee may carry out any mission entrusted to it by the Steering Committee. It shall meet when convened by its Chairperson, at least once a quarter and whenever necessary.

The Green Hydrogen Investment Committee may create sub-committees within it in charge of delving into certain themes related to the Morocco Offer.

When it comes to preparing and signing the investment framework agreement between the State and the Investor, it is the governance relating to the investment charter (Framework Law No. 03-22) that will take over from the governance relating to the Morocco Offer.

It is concurred that the recommendations of the Green Hydrogen Investment Committee are also binding on the members present in the technical committees provided for in the framework of the Investment Charter.

In view of the above, I request you to ensure that this circular is disseminated to your central, decentralized services and to call on them to take all necessary measures to ensure the optimal application of its contents, while ensuring the coordination of the actions of the agencies concerned.

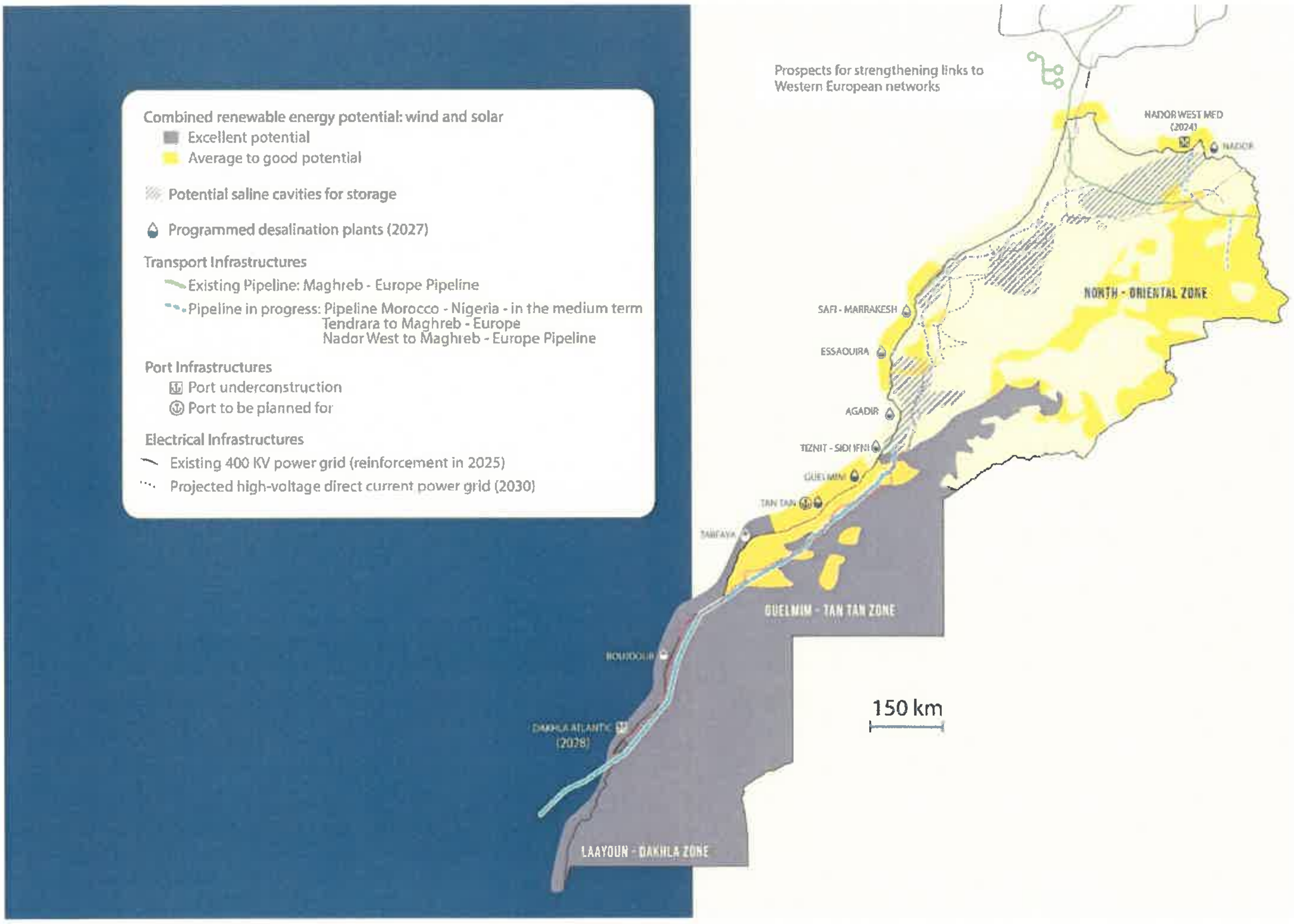
Furthermore, I invite the Minister of the Interior to disseminate this circular to the walis or governors concerned.

I also invite you to disseminate the contents of this circular more widely in order to reach domestic and foreign companies and investors.

This circular comes into effect as of ...1 1 Mars 2024

Aziz Akhannouch

Appendix 1: Map of renewable energy potential (combined solar and wind) and planned infrastructure (non-exhaustive)



Appendix 2: Diagram of the Process of Selecting the Investors and Contracting with the State