

COMPLAINTS MECHANISM

SG/E/2021/08

ZENATA URBAN DEVELOPMENT PROJECT (MOROCCO)

INITIAL ASSESSMENT REPORT

25 JULY 2022





SG/E/2021/08

ZENATA URBAN DEVELOPMENT PROJECT

Initial Assessment Report

Complaint confidential: Yes

External distribution

Complainant

Internal distribution

Inspector General
Relevant EIB project team

Disclaimers

This report is a redacted version of the Initial Assessment Report of confidential case SG/E/2021/08 previously distributed on 25 July 2022 to the complainant only.

The complainant later confirmed in a meeting and by email that the case can be made public to the condition all personal data or other information that may make the complainant identifiable has been erased from the report. The complainant eventually confirmed this redacted version can be published.

This report is based on the information available to the EIB Group Complaints Mechanism up to 25 July 2022.

In case of discrepancies between language versions, the English version prevails.

The EIB Group Complaints Mechanism

The EIB Group Complaints Mechanism is a tool enabling the resolution of disputes if any member of the public feels that the European Investment Bank (EIB) might have done something wrong, i.e. if it has committed an act of maladministration. The Complaints Mechanism is not a legal enforcement mechanism and will not substitute the judgement of competent judicial authorities.

Maladministration means poor or failed administration. It occurs when the EIB fails to act in accordance with a rule or principle that is binding upon it, including its own policies, standards and procedures. The concept of maladministration includes failure by the EIB to comply with human rights, applicable law, or the principles of good administration. Maladministration may relate to the EIB Group's decisions, actions or omissions and may include the environmental or social impact of the EIB's projects and operations.

One of the main objectives of the EIB Group Complaints Mechanism is to ensure the right to be heard and the right to complain. For more information on the EIB Group Complaints Mechanism, please visit: <https://www.eib.org/en/about/accountability/complaints/index.htm>.

The initial assessment report

The initial assessment generally aims to¹:

- Clarify the concerns raised by the complainants and gain a better understanding of the complainants' position as well as the views of other stakeholders (e.g. project promoter, national authorities).
- Understand the validity of the concerns raised.
- Assess whether and how the stakeholders (e.g. the complainants, the relevant EIB Group services and the project promoter) could seek resolution of the issues raised by the complainants.
- Determine if further work by the Complaints Mechanism is necessary and/or possible (investigation, compliance review or mediation between the parties) to address the allegation or resolve the issues raised by the complainants.

¹ As outlined in § 2.2.1 of the EIB Group Complaints Mechanism procedures, available at: [EIB Group Complaints Mechanism procedures](#).

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GLOSSARY

AFD	Agence Française de Développement
COP	Corporate Operational Plan
EIB	European Investment Bank
EIB-CM	EIB Group Complaints Mechanism Division
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
EUR	Euro
PAP	Project Affected People
Project	Zenata Urban Development
Promoter	Société D'aménagement Zenata (SAZ)
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SEP	Stakeholder Engagement Plan

EXECUTIVE SUMMARY

The Zenata Urban Development Project (the project) is the first phase (2013-2018) of the Zenata eco-city project. It comprises investments in the infrastructure services and site preparation works in an area of 1660 ha in the Commune of Ain Harrouda, between Casablanca and Mohammedia in Morocco.

The Board of Directors approved the financing of the project in September 2014 for EUR 150m. The borrower is the Société D'aménagement Zenata. The project is co-financed by the Agence Française de Développement and the promoter's own funds.

On March 2021, the EIB Group Complaints Mechanism (hereinafter: EIB-CM) received a complaint from an individual regarding social and economic issues arising in the context of the resettlement process that takes place as part of the project. The EIB-CM considers that the concerns brought by the complainant can be grouped into the five following allegations:

1. Alleged issues relating to the implementation of the resettlement process;
2. Alleged inadequacy of the entitlements and livelihood restoration measures;
3. Alleged failure to adequately address the needs of vulnerable PAPs;
4. Alleged lack of adequate stakeholder engagement;
5. Alleged issues relating to the adequacy of the relocation site (lack of basic infrastructure and access to basic services).

Following the initial assessment and considering the request of the complainant to treat the complaint in a confidential manner, the EIB-CM decided to perform an investigation/compliance review.

1 THE PROJECT

- 1.1 The Zenata Urban Development Project (hereafter the “project”) is the first phase (2013-2018) of an ambitious urban development project planning to become the first eco-city in Africa. It comprises investments in the infrastructure services and site preparation works in an area of 1660 ha in the Commune of Ain Harrouda, between Casablanca and Mohammedia in Morocco.
- 1.2 The project is designed with a focus on sustainable urban development and will comprise mixed use development (residential, commercial, industrial, public services). It will also incorporate 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 for an eventual population of 300,000 inhabitants. The infrastructure and municipal services to be developed under the project are expected to influence significant private sector investment in housing, commercial development, tourism, industry, and services, much of which will involve local small and medium enterprises (SMEs). The project is also expected to contribute to employment both during the phase of construction of infrastructure and related facilities, as well as during its implementation as it aims to stimulate industrial and commercial activities, which then are expected to create one new job for every three new inhabitants.
- 1.3 The project area is approximately 5.5 km long and 3 km deep and it is located between the Atlantic Ocean in the northwest, the city of Mohammedia in the northeast, the highway Casablanca Rabat in the southwest and the area of Sidi Bernoussi in the southwest. See image 1 for reference.

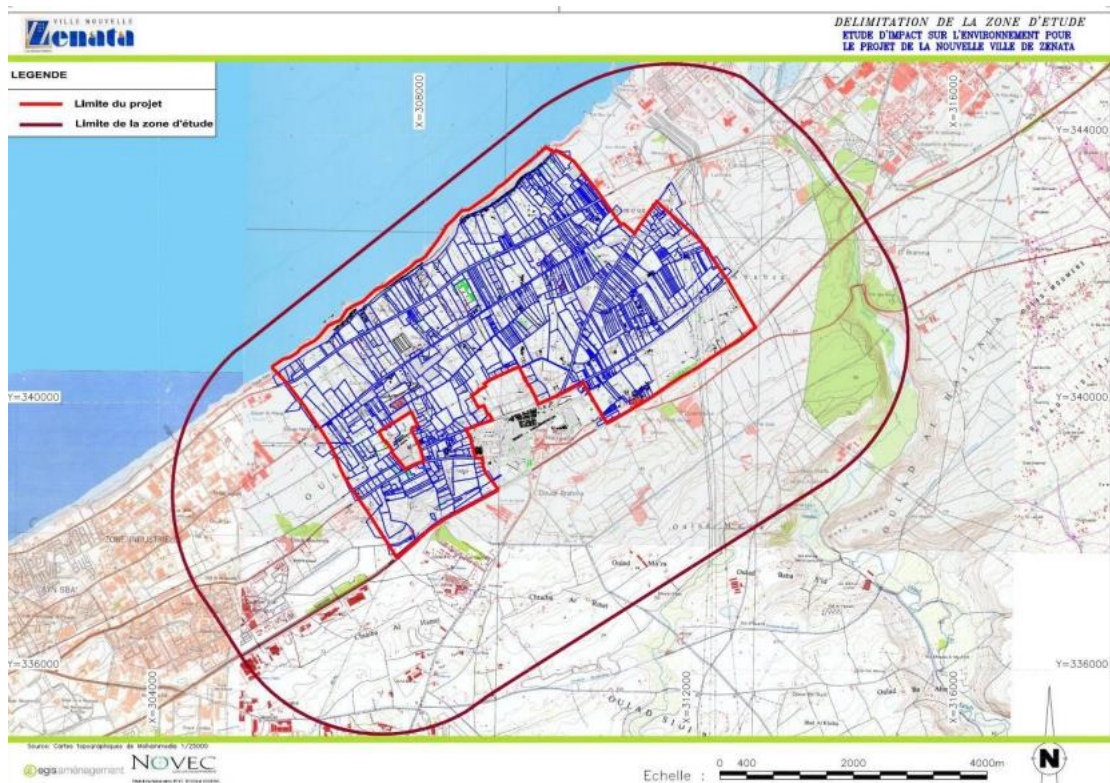


Image 1: Delimitation of the project, in SAZ, *Etude d'impact sur l'environnement naturel, humain et socioéconomique*, August 2014

- 1.4 The Board of Directors approved the financing of the Project on 16 September 2014 for EUR 150m². The borrower is the Société D'aménagement Zenata (SAZ). SAZ was created in 2006 and it is a 100% subsidiary of the holding company Caisse de Dépôt et de Gestion

² Public information on the project is available here: [ZENATA URBAN DEVELOPMENT PROJECT \(eib.org\)](http://ZENATA.URBAN.DEVELOPMENT.PROJECT(eib.org))

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- Développement (CDG Développement), in turn 100% owned by Caisse de Dépôts et de Gestion du Maroc. CDG is the financial arm of the State's strategy in terms of territorial development. SAZ is responsible for the overall consistency of the project as well as its development and implementation.
- 1.5 The finance contract with the EIB was signed on 13 November 2014. It includes a series of conditions precedent to disbursements. The EIB made a first disbursement of EUR 50m in June 2016 and a second disbursement of 30m in December 2019. The Project is co-financed by the Agence Française de Développement (AFD) (EUR 150m - fully disbursed, Lead Financier) and the promoter's own funds (EUR 100m).
 - 1.6 At the time of appraisal by the EIB, as stated in the ESDS, the social risks were considered to be the main adverse impacts of the project. Due to its scale and complexity, the involuntary resettlement component was considered to carry the most significant social risk as the project required the involuntary resettlement of 10,183 households (equalling approximately to 42,000 people), 238 registered businesses, other informal economic activities, livelihood strategies (including subsistence) and community infrastructures. Of the affected households, about 80% (8,200, equalling to 30,534 people) are located across 17 informal settlements and are low-income slum-dweller households lacking land titles. In addition, some of the affected households such as the owners of cabanons along the coastline launched legal proceedings against the expropriation process delaying the completion of the land acquisition process³.
 - 1.7 Other risks and impacts - besides the vulnerability of the project affected population (the vast majority being landless, low-income households) - are linked to labour standards, occupational and public health, safety and security, and stakeholder engagement at the level of the project. The implementation of the Resettlement Policy Framework (RPF)⁴, Resettlement Action Plan (RAP), Project's Environmental and Social Management Plan (ESMP) and Stakeholder Engagement Plan (SEP) is aiming at mitigating these risks and impacts. EIB appraisal considered that the Promoter's in-house capacity in social risk management was weak and has been 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's ESMP was planned to be developed. As stated in the ESDS, it was expected that the project would require close and sustained monitoring of these aspects during implementation to ensure that environmental and social risks and impacts were adequately mitigated.
 - 1.8 The project completion has been experiencing delays, including due to the COVID-19 situation. Completion of the first phase of the project is now pushed to the end of 2024.

2 THE COMPLAINT

- 2.1 On 23 March 2021, the EIB Group Complaints Mechanism Division (EIB-CM) received a complaint from an individual⁵ regarding social and economic issues arising in the context of the resettlement process that takes place as part of the Zenata Urban Development Project.
- 2.2 Subsequently, the complainant provided additional communication [REDACTED] denouncing similar allegations to those submitted in the original complaint. The following issues were raised in the original complaint and additional materials shared:

³ Available at: <https://www.eib.org/attachments/registers/54670741.pdf>

⁴ [ZENATA URBAN DEVELOPMENT PROJECT - Resettlement Policy Framework \(eib.org\)](https://www.eib.org/attachments/registers/54670741.pdf)

- i. **Issues with the compensation:** lack of financial compensation for the inconvenience (including loss of income) caused by the involuntary resettlement process, lack of food assistance;
- ii. **Issues with the resettlement process:** no help provided to some very poor families to rent an accommodation (while their shacks were demolished and they were yet to be relocated), lack of social support for the families living in slums, delays in the resettlement process including delays in the handling of the PAPs' files and with the allocation of housing units, delays in construction of the new units;
- iii. **Issues regarding the relocation site⁶:** lack of access to drinking water within reasonable walking distance, long commutes for those relocated PAPs to basic services such as educational facilities⁷, lack of proper infrastructure and access (no proper road access).
- iv. **Issues of corruption** in the allocation of units⁸.

2.3 After many attempts in 2021, the EIB-CM was able to get in touch with the complainant and further discuss the allegations in January 2022. During the call, the complainant confirmed the issues as outlined above and added the following issues:

- i. Loss of income and livelihoods by a group of project affected women who used to earn an income from selling fish due to the relocation site being far from the sea.
- ii. Lack of adequate stakeholder engagement including lack of transparency and information from the promoter to the PAPs.
- iii. Environmental issues (waste from the relocation site ending in the sea) due to an inadequate waste management system.

3 WORK PERFORMED

3.1 In April 2021, the EIB-CM acknowledged receipt and confirmed the admissibility of the complaint. During several months, the EIB-CM tried to contact the complainant. However, communication was only possible in January 2022. Paragraph 4.2.1 of the EIB Group Complaints Mechanism Policy (the Policy)⁹ and paragraph 2.1.3 of the EIB Group Complaints Mechanism Procedures (the Procedures)¹⁰ require the EIB-CM to carry out the initial assessment of the complaint¹¹. The objective of the initial assessment is to clarify the concerns raised by the complainant, understand the complainant's position and the validity of the concerns raised as well as to determine if further work by the EIB-CM is necessary and/or possible in order to address the allegation or resolve the issues raised by the complainant¹². The further work may include compliance review or collaborative resolutions process (e.g. mediation). This report contains the results of the EIB-CM's initial assessment.

3.2 Despite the fact of being unable to travel to the project area due to COVID-19 restrictions, the EIB-CM was able to meet key stakeholders online. During the initial assessment, the EIB-CM had an initial meeting with the EIB services in April 2021 in order to obtain further information

⁶ [REDACTED]

⁷ [REDACTED]

⁸ This allegation of corruption was transferred to the appropriate services in June 2021. The EIB CM will not investigate this allegation.

⁹ Available at: [EIB GROUP COMPLAINTS MECHANISM POLICY](#).

¹⁰ Available at: [EIB GROUP COMPLAINTS MECHANISM PROCEDURES](#).

¹¹ Please note that this complaint concerns environmental and social impacts of an EIB-financed project. As noted in § 2.1.2 of the Procedures, complaints related to environmental and social impacts of financed projects usually raise complex issues. For this reason, and because of the sensitivity of the relations involving the project promoter, national authorities, civil society organisations and project affected people, particular attention needs to be paid to the specific processes regarding these types of complaints. In line with § 2.1.2 of the Procedures, for these types of complaint, the normal process is formally structured in two phases: an initial assessment phase and a compliance review or collaborative resolution process phase.

¹² § 2.2.1 of the Procedures.

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related to the project, the allegations and the situation for the communities in the project. The services engaged with the promoter following the notification of the complaint by the EIB-CM. The EIB-CM also had a meeting with the promoter in June 2021 during which the EIB-CM received useful information about the status of the project implementation with regard to the various aspects raised in the original complaint. The promoter responded to the allegations a second time in March 2022 by email and provided updates about the status of the project with regard to the allegations raised. This information and any other relevant information will be taken into account moving forward.

- 3.3 The EIB-CM also liaised with the office in charge of complaints at AFD, at the Direction de la Stratégie, des Partenariats et de la Communication, with the objective of sharing information and assessing possible cooperation in the complaint handling process. The EIB-CM exchanged several emails with AFD.
- 3.4 Finally, the EIB-CM reviewed key project documents including the RAP (2015) and project monitoring reports.

4 REGULATORY FRAMEWORK

EIB Group Complaints Mechanism

- 4.1 The EIB Group Complaints Mechanism Policy and the Procedures apply to all allegations of maladministration lodged against the EIB. Article 3 of the Policy states that maladministration means poor or failed administration. It occurs when the EIB fails to act in accordance with a rule of principle that is binding upon it, including its own policies, standards and procedures.
- 4.2 When discharging its functions and pursuant to Article 5.3.2 of its Policy, among other things, the EIB-CM assesses concerns of maladministration raised by complainants; evaluates and reports on compliance with the EIB's relevant regulatory framework; provides advice and recommendations to the EIB's management and follows up and reports on efforts to take corrective actions, whenever applicable. Furthermore, the EIB-CM enables alternative and pre-emptive resolution of disputes. The dispute resolution team attempts to resolve problems raised by complainants through a consensual process in cooperation with the relevant internal and external stakeholders.

EIB Group Environmental and Social Standards

- 4.3 Compliance of a project with international, EU, national or local standards is the responsibility of the project promoter and local authorities. However, the EIB has a duty to verify compliance with its applicable policies, procedures or standards. The EIB's role in the appraisal and monitoring of projects includes: i) assessing the operation against the applicable legal framework; ii) assessing the operation with regards to the EIB Environmental and Social Principles and Standards; iii) advising and, where applicable, assisting the promoter in devising measures to manage the impact of the environment and social risks of the operation in line with EIB standards; iv) assessing the institutional environmental and social capacity of the promoter and the competent national authorities and agencies and providing technical assistance if necessary; and v) monitoring the operations performance in line with EIB environmental and social standards throughout the term of the loan.¹³
- 4.4 According to the finance contract, the applicable environmental and social standards include, beyond national regulations, the EIB Statement of Environment and Social Principles and Standards (the Statement)¹⁴ and the EIB's Environmental and Social Handbook (the

¹³ [Environmental and Social Handbook \(eib.org\)](#). Volume II, paragraph 8.

¹⁴ Available at: [The proposed Environment and Social Principles and Standards Statement builds on past and recent experience on environment and \(eib.org\)](#)

Handbook)¹⁵. Section 2 of the Statement notes that promoters are responsible of preparing, implementing, and operating projects financed by the EIB and that they are responsible for the fulfilment of the EIB requirements. Section 8 of the Statement states that the EIB monitors the environmental and social performance of a project that the EIB is financing.

- 4.5 **Standard 6 of the Handbook** states that resettlement is a process to assist those displaced to replace their housing, assets, livelihoods, land, access to resources and services and to improve or at least restore their socioeconomic and cultural conditions to those levels existing prior to the project (paragraph 3). Additionally, Standard 6 mentions that people are entitled to enjoy the right to an adequate standard of living without discrimination (...) and this entails the requirement to give special consideration to the position of groups at risk of vulnerability or marginalisation (paragraph 25).
- 4.6 Additionally, Standard 6 requires the promoter to carry out a census and a socio-economic baseline survey to establish the number of people to be displaced, livelihoods affected, and property to be compensated. In the case that a long time elapses between the census undertaking and the implementation of the RAP, the census may be revisited. Any person negatively affected by the project is eligible for compensation, livelihood restoration and/or other resettlement assistance. (paragraphs 30 to 33)
- 4.7 Standard 6 further identifies the minimum criteria for relocation sites which include: (i) security of tenure; (ii) services, materials, facilities and infrastructure such as potable water, energy for cooking, heating and lighting, sanitation and washing facilities, means of food storage, refuse disposal, site drainage and emergency services, and to natural and common resources, where appropriate; (iii) affordable housing; (iv) habitable housing providing inhabitants with adequate space, protection from cold, damp, heat, rain, wind or other threats to health, structural hazards and disease vectors, and ensuring the physical safety of occupants; (v) accessibility for disadvantaged groups; (vi) access to employment options, health-care services, schools, childcare centres and other social facilities, whether in urban or rural areas; and (vii) culturally appropriate housing (paragraph 37).
- 4.8 Finally, Standard 6 adds that that all affected persons will be paid fair compensation in good time for expropriated assets and that forced evictions shall not take place. The promoter will also ensure that affected persons or groups identified in the census, especially those who are unable to provide for themselves, have, during and after resettlement, safe and secure access to: (a) essential food, potable water and sanitation; (b) basic shelter and housing; (c) appropriate clothing; (d) essential medical services; (e) livelihood and subsistence sources; (f) fodder for livestock and access to common property resources previously depended upon; and (g) education for children and childcare facilities (paragraph 48).
- 4.9 **Standard 7 of the Handbook** defines vulnerable individuals and groups as those who: (1) are usually exposed to several risks and adverse impacts at once; (2) are more sensitive to those risks and impacts, having been subject to pre-existing discrimination, financial, socio-economic, cultural and/or gender inequalities, of their geographical location, their dependence on the environment and/or limited or no access to justice and decision-making; and (3) have a weaker adaptive capacity for coping with those risks and recovering from those impacts, due to limited access to necessary assets and/or resources. As a result, they risk being disproportionately affected by project-related risks and adverse impacts (paragraph 3). According to the Handbook, the promoter will take the necessary measures to appropriately manage the risks and adverse impacts of the EIB operation on vulnerable individuals and groups (paragraph 17).
- 4.10 Standard 7 also mandates that where the screening process determines that (i) potential adverse impacts on vulnerable groups are present or (ii) relevant additional information is

¹⁵ Version 9.0 of 2 December 2013, [Environmental and Social Handbook \(eib.org\)](http://Environmental and Social Handbook (eib.org))

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required, a more in-depth social assessment should be undertaken by the promoter. (paragraph 20)

- 4.11 Regarding stakeholder engagement, the Statement in its section 63, states that the promoter should conduct a meaningful, transparent, and culturally appropriate public consultation of affected communities and provide for a timely disclosure of appropriate information in a suitable form, there should be evidence that the views expressed have been considered. Furthermore, **Standard 10 on stakeholder engagement** states that stakeholder engagement will be planned for and carried out by the promoter without discrimination, taking into account differences in risk exposure and the increased sensitivity and reduced resilience of vulnerable groups in line with Standard 7 (paragraph 16). In the event that broad community support is not attained, the promoter is expected to dedicate all necessary resources and time to additional community engagement and public consultation initiatives, as is required (paragraph 17). Standard 10 also mandates to pay special attention to the identification of vulnerable individuals and groups in the given project context and their meaningful engagement in consultation processes (paragraph 23).

5 WAY FORWARD

- 5.1 Following the initial assessment and considering the request of the complainant to treat the complaint in a confidential manner (due to alleged risks of reprisals), the EIB-CM decided that the most appropriate way forward was to perform an investigation.
- 5.2 The EIB-CM considers that the concerns brought by the complainant (described in Section 2) can be grouped into the five following allegations:
- i. Alleged issues relating to the implementation of the resettlement process;
 - ii. Alleged inadequacy of the entitlements and livelihood restoration measures;
 - iii. Alleged failure to adequately address the needs of vulnerable PAPs;
 - iv. Alleged lack of adequate stakeholder engagement;
 - v. Alleged issues relating to the adequacy of the relocation site (lack of basic infrastructure and access to basic services).
- 5.3 The investigation and compliance review will assess the complainant's allegations against the EIB's good administration requirements, including compliance with the applicable regulatory framework and EIB policies, procedures and standards (Section 4). The investigation will assess the project documentation and due diligence process as well as the EIB's monitoring of the project in the areas related to the complainant's allegations.
- 5.4 The outcome of the of the investigation and compliance review will be communicated to the complainant in the EIB-CM Conclusions Report in accordance with Article 2.4.6 of the Procedures¹⁶.



Complaints Mechanism



Complaints Mechanism

¹⁶ Available at : https://www.eib.org/attachments/strategies/complaints_mechanism_procedures_en.pdf