



Conference on Water and Sanitation PPPs in Europe and MENA region Geneva, October 21 and 22, 2014



Casablanca, Morocco: LYDEC delegated service contract

Pierre-Alexandre Lacarelle, Contract Manager



Toutes nos énergies pour vous

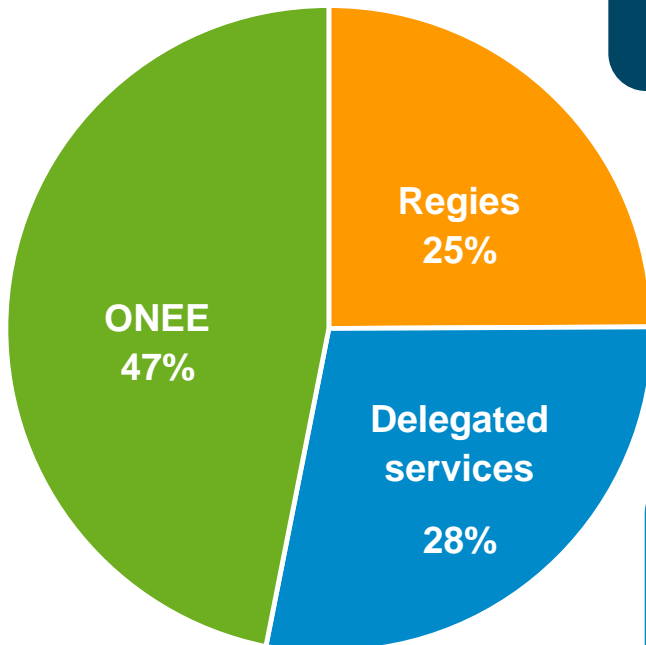
Contents

1. Water and electricity sector in Morocco
2. Lydec contract presentation
3. Focus on 2 contractual specificities

1. Water and electricity distribution sector in Morocco

Sector organization and breakdown by type of operators (in % of population served)

Electricity

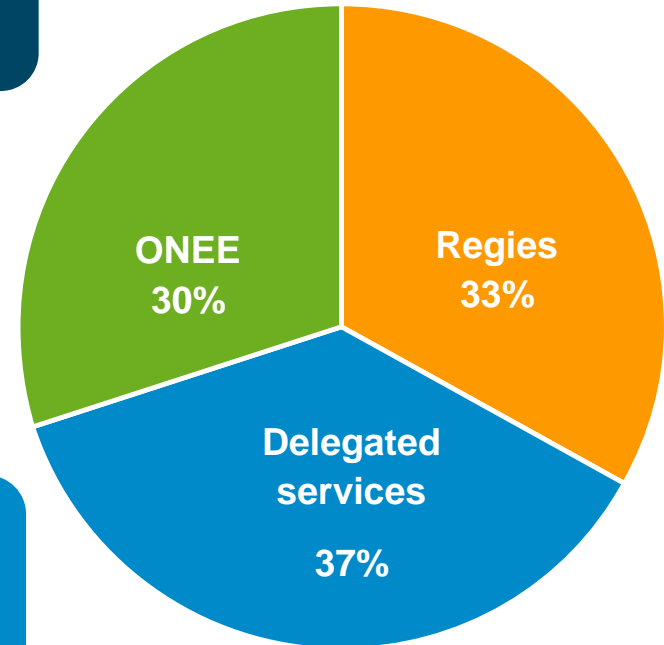


National Supervisory body :
« Direction des Régies et des Services Concédés » under the Ministry of Interior

Delegated services:
Greater Casablanca: Lydec
Rabat: Redal
Tanger-Tetuan: Amendis

For each Delegated service:
A local controlling service:
« Service Permanent de Contrôle »

Water



2. Lydec contract presentation

Local context

Situation before 1997

- Malfunctioning services: water and electricity supply failures
- Poor quality of customer services
- Poor network efficiency (64% in 1997)
- Poor investment management
- Abnormally high running costs
- Supply system obsolescence
- The 1996 floods (with damages and casualties)
- Highly indebted public operator (RAD):
 - Operation/investment: 120 M€
 - Social debt (retirement pension): 220 M€

August 1st, 1997 : execution of the 30-year delegated services contract

Greater Casablanca now:

- **Largest city** in Morocco with 5 million inhabitants
- **Leading industrial center** with 55% of the country's production units and almost 60% of the industrial labour force
- 16% of the national electricity consumption
- 45% of Morocco's foreign trade goes through its port
- **A constructed area multiplied by 150 in less than a century**

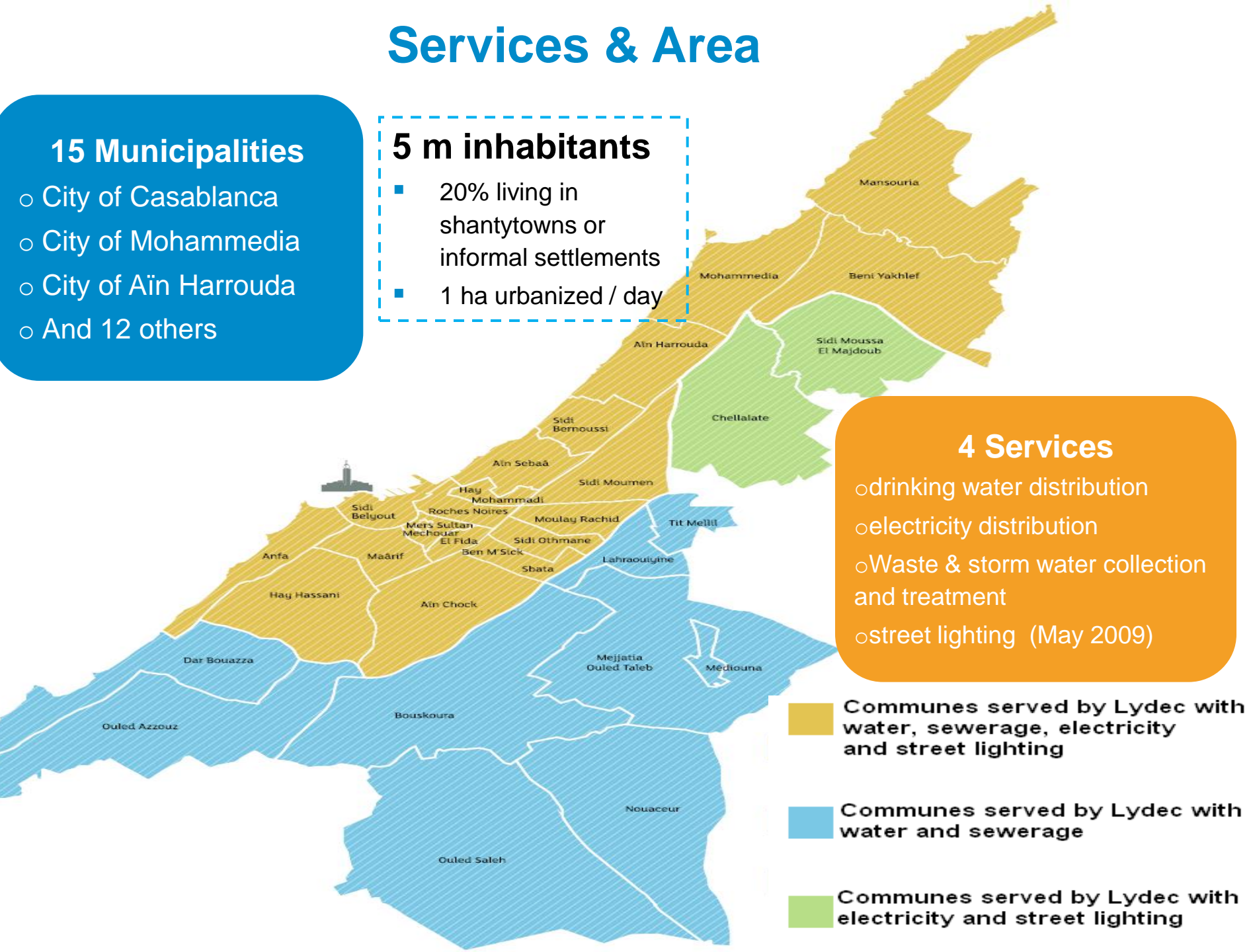
Services & Area

15 Municipalities

- City of Casablanca
- City of Mohammedia
- City of Aïn Harrouda
- And 12 others

5 m inhabitants

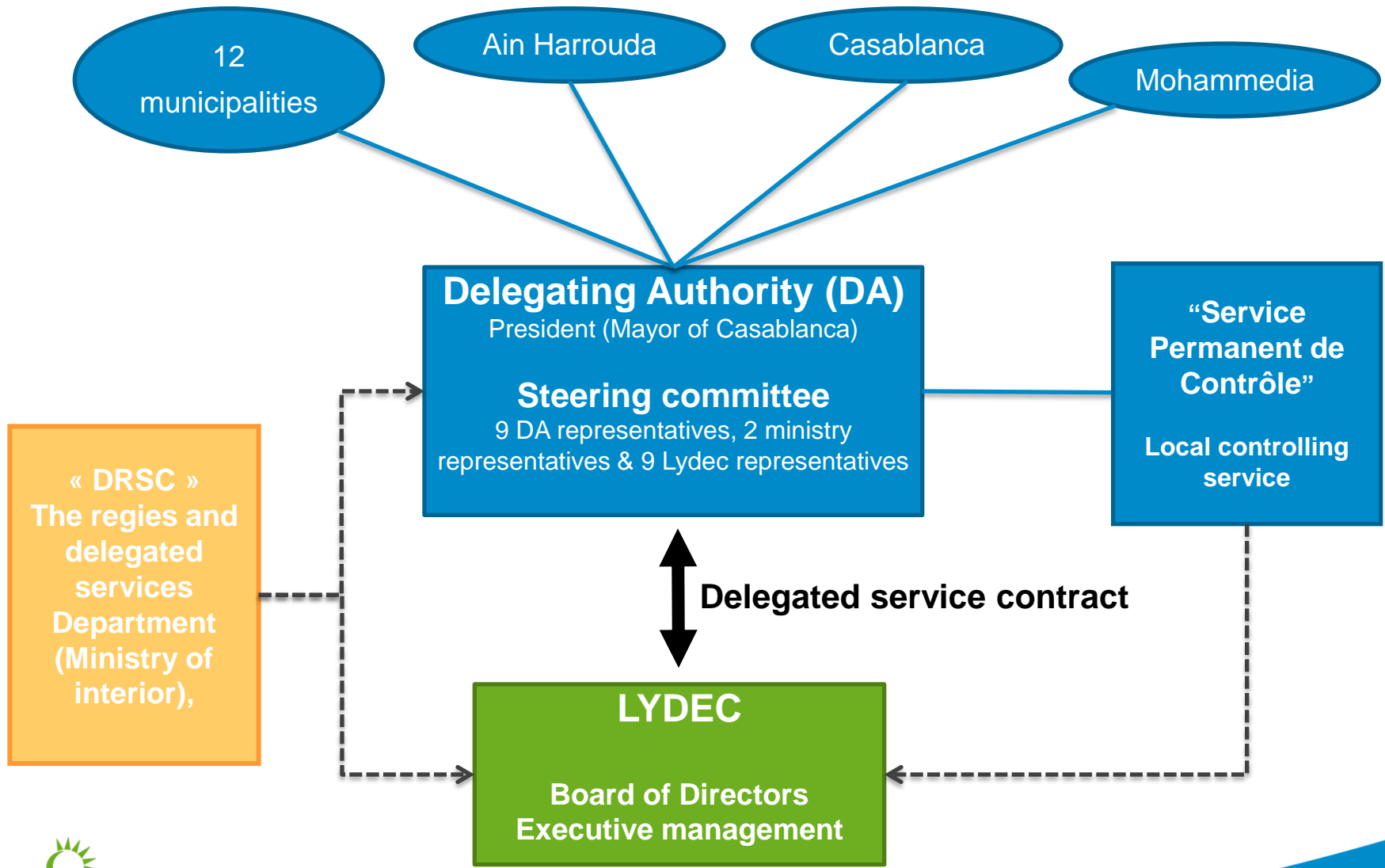
- 20% living in shantytowns or informal settlements
- 1 ha urbanized / day



4 Services

- drinking water distribution
- electricity distribution
- Waste & storm water collection and treatment
- street lighting (May 2009)

Contract Governance



Lydec key figures

2013

- **Workforce** 3 600 employees
- **Electricity customers** over 910 000
- **Water customers** over 1 million

- **Turnover** bnMAD 6.4 (~780 MUSD)

- **Investments** bnMAD 2,2 (~270 MUSD)
 - **Water:** mMAD 342
 - **Electricity** mMAD 510
 - **Sanitation** BnMAD 1.3
 - **Others** mMAD 0.3

Lydec shareholding structure



15%



51%



20%



14%

Delegating Authority

delegated services contract



المكتب الوطني للكهرباء و الماء الصالح للشرب
Office National de l'Electricité et de l'Eau Potable

Electricity and drinking water producer

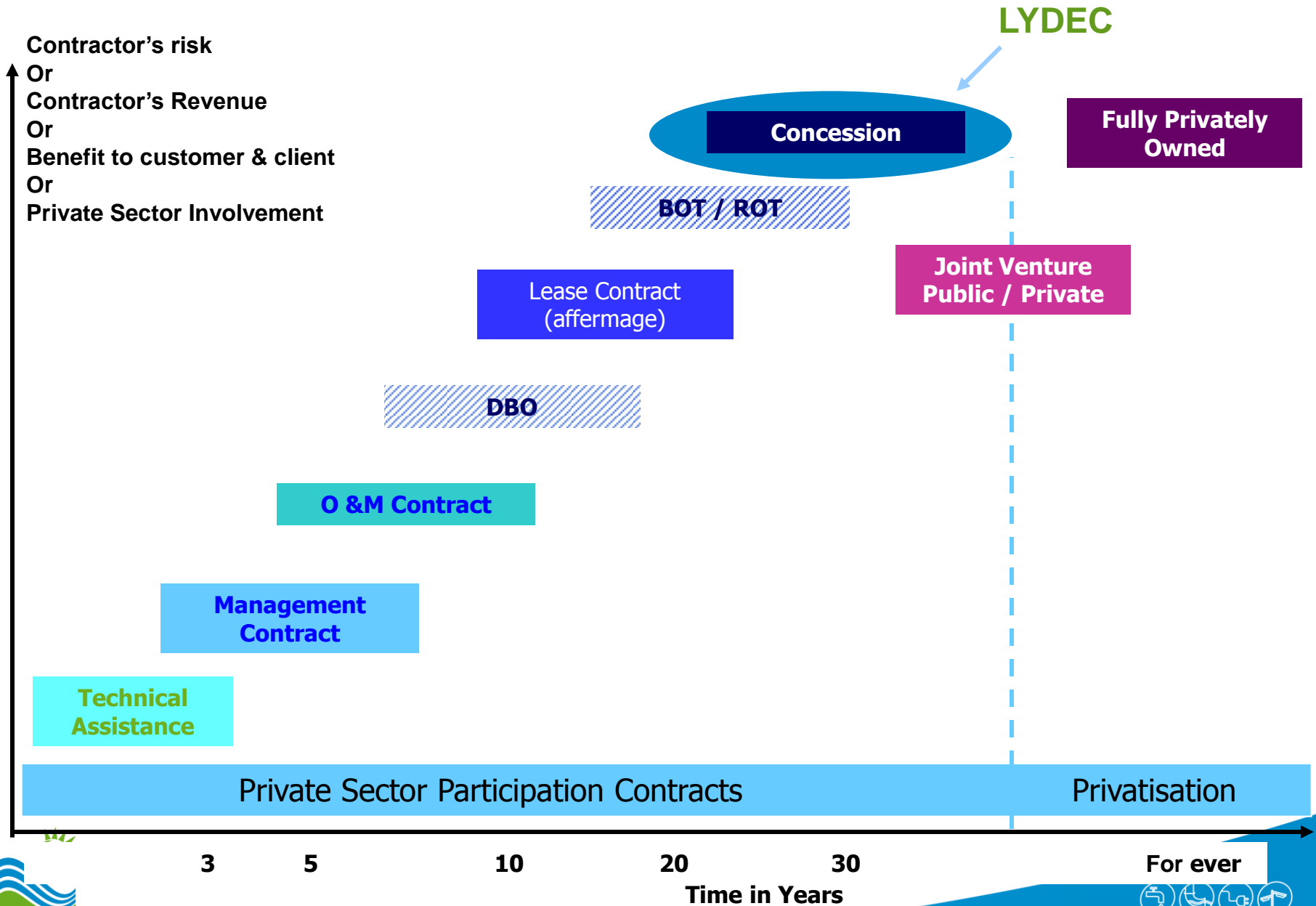


Drinking water producer



Toutes nos énergies pour vous

Type of Private Sector Involvement



DBO : Design Build & Operate / BOT : Build Operate & Transfer / ROT : Rehabilitate Own & Transfer



Toutes nos énergies pour vous

3. Focus on 2 contractual specificities

3.1 - Investment funding

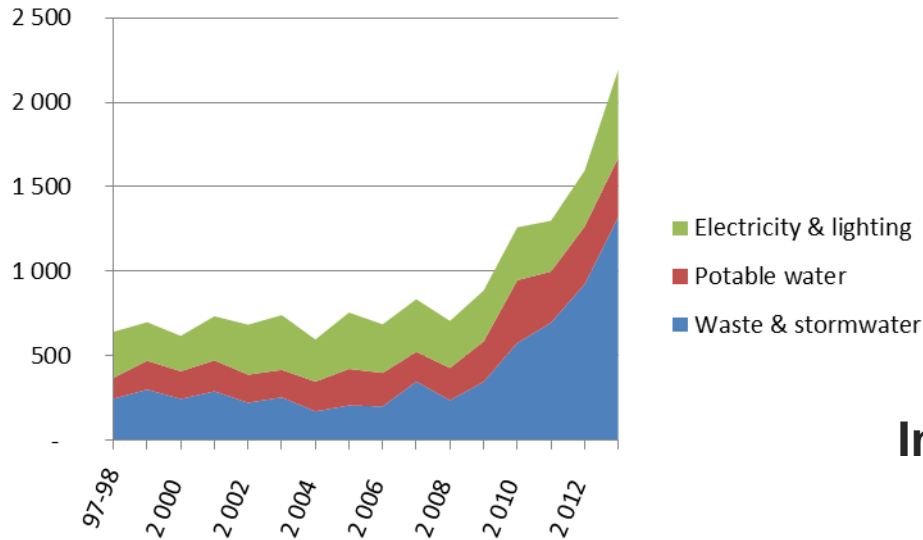
Resources to cover investments come from:

- **Lydec** through bills
- **DA** through third party contributions (real estate promoters) to large infrastructures, collected by Lydec and transferred to a special *works account*

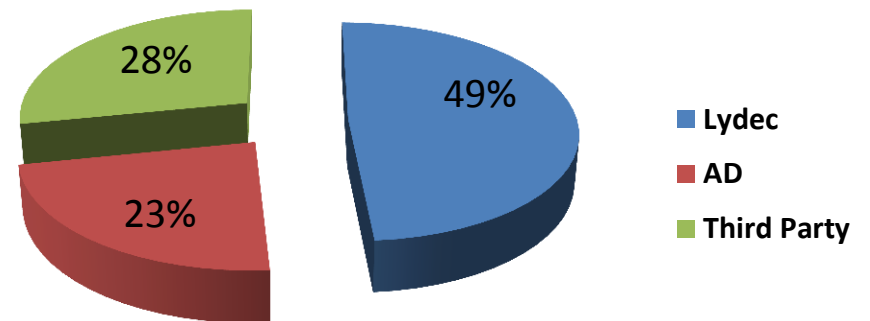
The Works account is managed by Lydec under the control of the Delegating Authority
- **Third party** through direct payment of works (connections and tertiary distribution network)

3.1 - Investment funding

Investments 1997-2013 per activity



Investments 97-2013 (bnMAD 15) per sources of funding



3.2 - Socially responsible approaches

- A national initiative launched by HM the King on May 18, 2005

National Initiative for Human Development (**INDH**) aiming to give access to basic and social services, promote income-generating activities, and support the most vulnerable population

- A local response coordinated by Lydec

INDH-INMAE Department created within Lydec dedicated to manage and monitor technical, institutional and client processes of the project, aiming to individually connect **85,000 households** (~ 500,000 inhabitants) to water and wastewater services

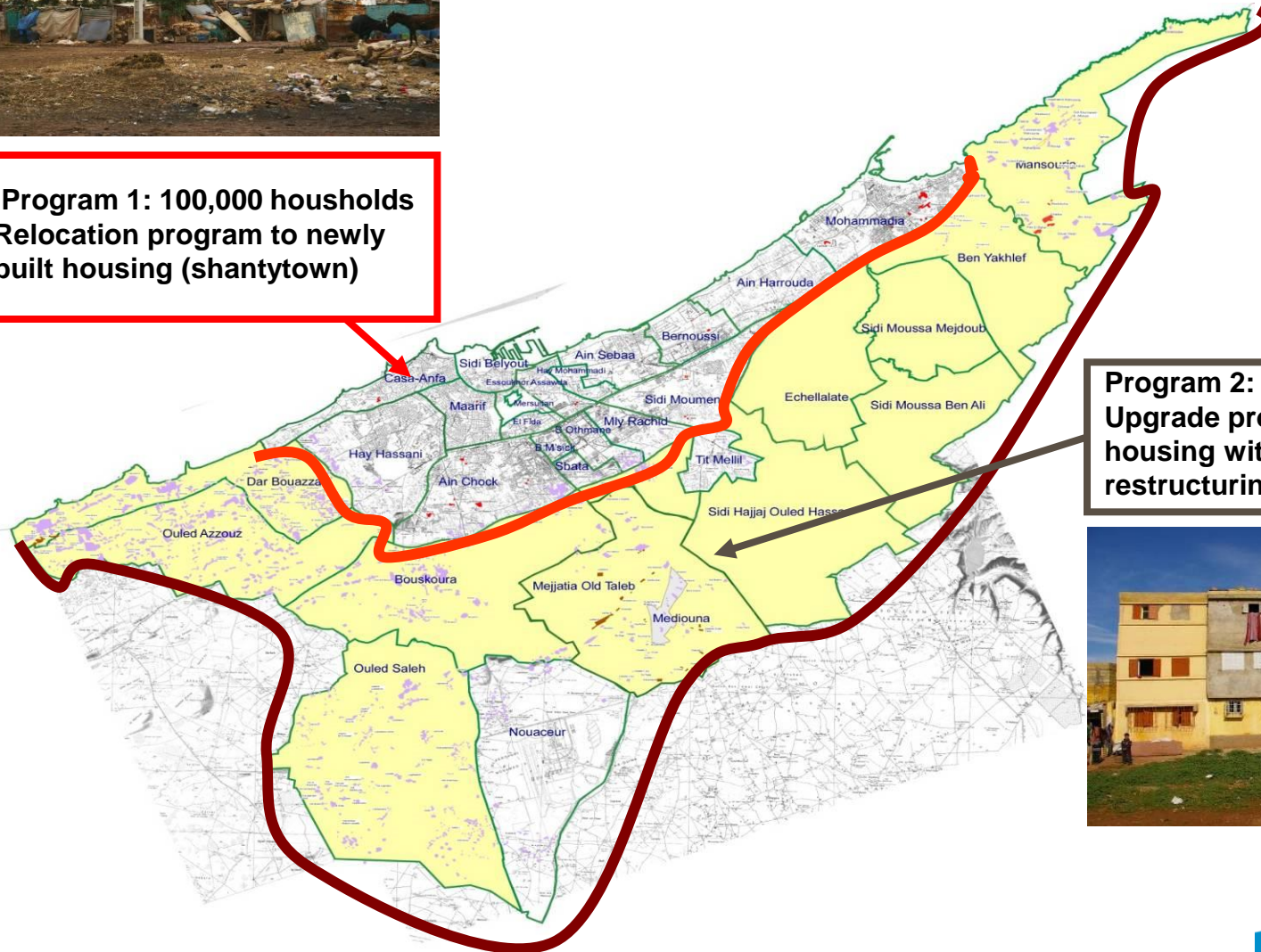


Two national urban policies

185,000 households



Program 1: 100,000 households
Relocation program to newly built housing (shantytown)



Program 2: 85,000 households
Upgrade program of existing housing with access to services and restructuring (informal settlements)



Toutes nos énergies pour vous

INDH-INMAE Project structure & financing

Project management:

Lydec INDH-INMAE team (60 staff)

Project financing (1.8 Bn DH):

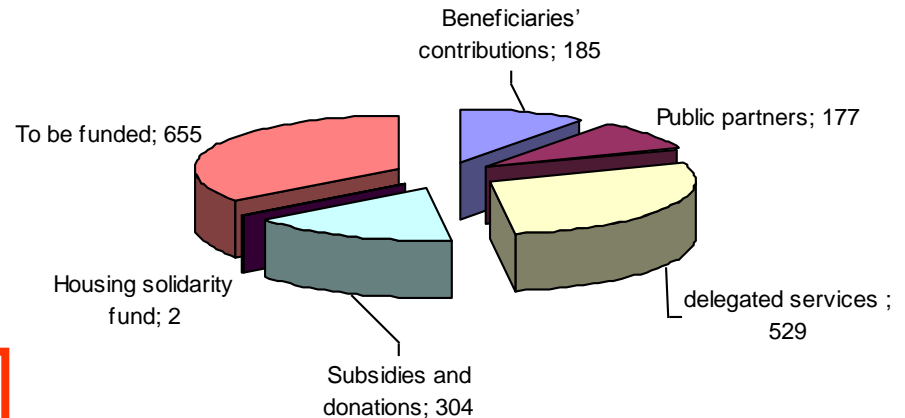
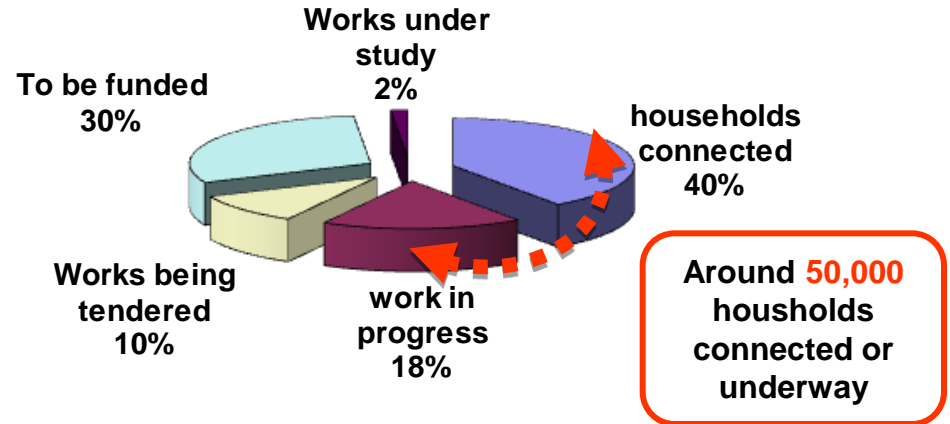
- Beneficiaries
- Delegating Authority
- Lydec for project management costs

Subsidies from

- ✓ Ministries
- ✓ Local authorities
- ✓ World Bank (GPOBA project)
- ✓ AIMF
- ✓ Other public partners (ONEE, ...)

654 mMAD still to be funded

project results to 30 June 2013



A successful partnership with the World Bank: the GPOBA experience

The GPOBA pilot project allowed for

- A good understanding of the issues (progressive land tenure and ownership regularization, recognition of the population in illegal settlements, financing needs, etc.)
- A clarification of the role of each parties and allocation of responsibilities on how to solve these problems
- The strengthening of the partnership between the parties, for and beyond the pilots, based on shared development objectives
- An adaptation of LYDEC's organization to meet INMAE objective (60 staff dedicated to the project)

Development of a Social framework

Creation of a « dedicated customer department » providing support to inhabitants by:

- Establishing a trust tie which comes from the proximity and great transparency of actions with the population targeted by the project
- Getting the acknowledgement by authorities of the lists of inhabitants eligible to the program
- Obtaining the commitment and “ownership” of the new services by the population.