



Kingdom of Morocco

Ministry of Agriculture and Fisheries



El Guerdane Project

A case of PPP in Irrigation

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A rescue project

- 10,000 hectares of citrus
- 670 farmers, whose farms are dominantly on private land
- Water resource = the Souss groundwater (private tube wells)
- Water table overexploitation :
 - Average draw down of 2.5 m per year
 - Increasing tree cultivation drop-off

How to rescue the Guerdane perimeter

- The 1995 allocation of m³ 45 million coming from Aoulouz and Mokhtar Soussi dams
- This volume corresponds to half the perimeter water needs
- The private infrastructure project : a 90 km pipe and a 300 km distribution network to supply client farmers





Impacts of the project

- Limiting the exploitation of groundwater economy of 76 million m³.
- Reduced pumping costs by 50%.
- Generalization of drip irrigation on 10,000 ha.
- Increased production of citrus by 22%.
- Increased exports of citrus in the scope of 35%.
- Preservation of 11,000 jobs.
- Valuation of farmland



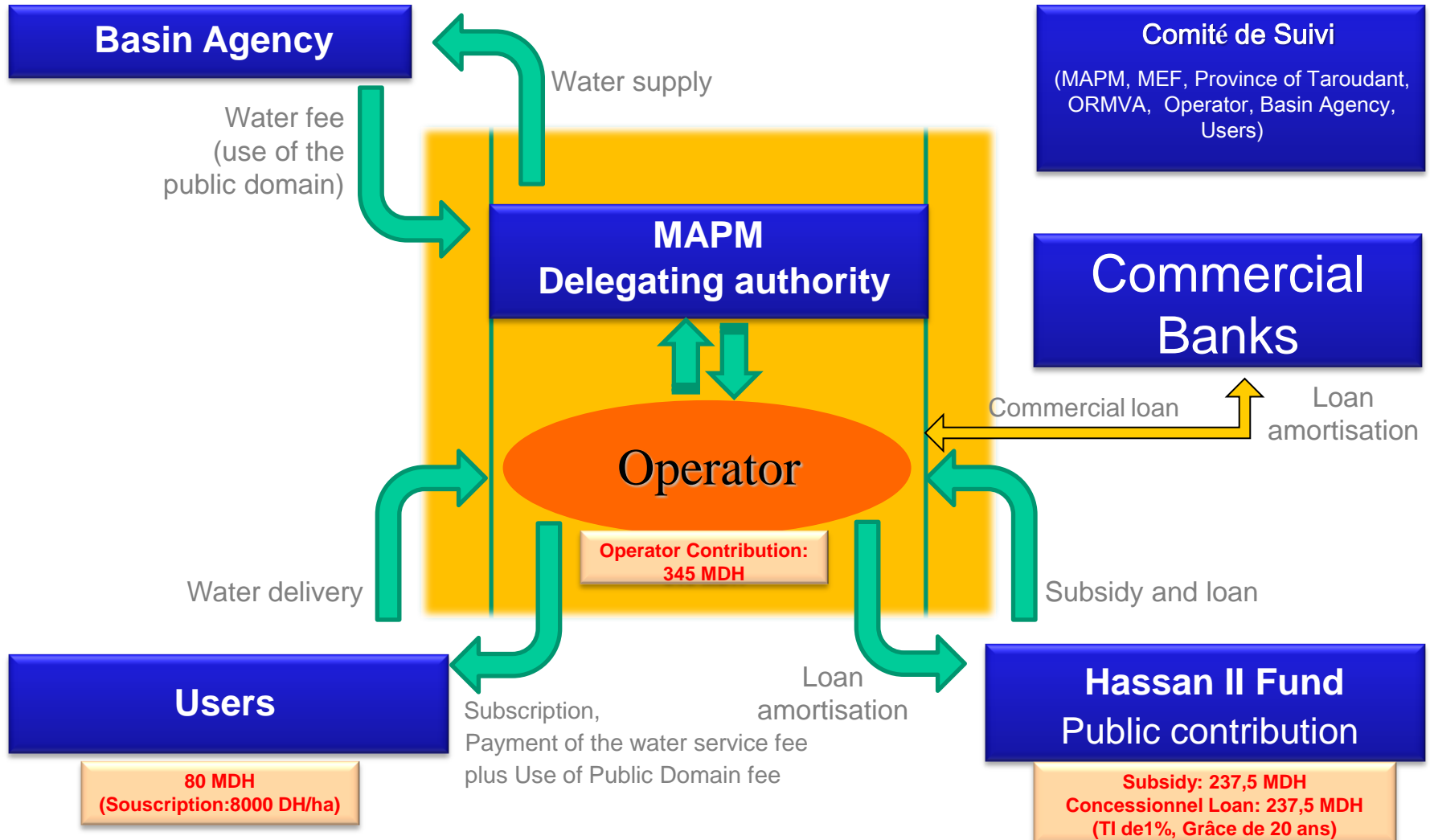


Public-Private Partnership Guerdane project

- Association of private investors for the co-funding, the construction, and the water service operation for 30 years
- Cost of infrastructure : € 80 million
- A 3 parties PPP : Government, users and the private operator;
- Transaction documents designed to minimize the service provider's risks:
 - Supply risk : shared among service provider, users and government
 - Demand risk : a water fee comparable to the present groundwater cost
 - Optimized subscription procedure : 80% of subscription before the project starts
 - Limited risk of users' non payment : a binomial fee will reduce the risk of users' non payment
- Government's objective : to lower the water fee permitted by the amount of subsidies;



Project partners





Tendering phase

- Two bids from two consortiums :
 - OMNIUM NORD AFRICAIN (ONA) (Leader), CAISSE DE DEPOT ET DE GESTION (CDG), COMPAGNIE NATIONALE D'AMENAGEMENT DU BAS-RHONE LANGUEDOC (BRL), InfraMan, with a fee of DH **1,48 m³** before added value tax (7%).
 - HOLDING-YNNA (HY), DIMATIT, Société Nouvelle Travaux Maroc (SNTM), with a fee of DH **1,88 m³** before added value tax (7%).

➡ The first consortium's bid was selected by the commission

➡ The selected consortium created a special firm for the project, called AMENSOUSS, with which the Ministry signed the Public Service Delegation in 2005



CONCLUSIONS

INTERESTS OF THE PPP IN IRRIGATION

- reducing the financial support of the State
- additional revenues from taxes : income taxes, Basin agency royalty; VAT
- transfer of risks to the private partner : construction, technical O&M and commercial risk.

- Summary of the comparison

Institutional Framework	CIA	AUEA	PPP
State Contribution	67%	53%	17%
Users Contribution (DH/ha)	34.000	49.000	8.000
Irrigation Water price DH/m3	1.63 *	1.85 *	1.48 *

* Without VAT

➔ a better quality of the water service.



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