Casablanca, Morocco: LYDEC delegated service contract
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1. Water and electricity distribution sector in Morocco
Sector organization and breakdown by type of operators (in % of population served)

Electricity
- ONEE 47%
- Regies 25%
- Delegated services 28%

Water
- ONEE 30%
- Regies 33%
- Delegated services 37%

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 »
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
5 m inhabitants

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

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

4 Services
- Drinking water distribution
- Electricity distribution
- Waste & storm water collection and treatment
- Street lighting (May 2009)
Contract Governance

Delegating Authority (DA)
President (Mayor of Casablanca)

Steering committee
9 DA representatives, 2 ministry representatives & 9 Lydec representatives

« DRSC »
The regies and delegated services Department (Ministry of interior),

Delegated service contract

LYDEC
Board of Directors
Executive management

“Service Permanent de Contrôle”
Local controlling service

Ain Harrouda
Casablanca
Mohammedia

12 municipalities

12 municipalities
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

Delegating Authority → delegated services contract → Lydec

Electricity and drinking water producer

Drinking water producer
Type of Private Sector Involvement

- Contractor’s risk
- Contractor’s Revenue
- Benefit to customer & client
- Private Sector Involvement

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

- Lease Contract (affermage)
- Concession
- Joint Venture Public / Private

- Fully Privately Owned

Private Sector Participation Contracts: 3, 5, 10, 20, 30, For ever

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

- Electricity & lighting
- Potable water
- Waste & stormwater

- Lydec: 49%
- AD: 28%
- Third Party: 23%
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)
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
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.