



Growing Inclusive Markets
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CASE STUDY: MOROCCO

LYDEC: Bringing basic utilities to Casablanca's poorest

In 1998, Morocco's government granted Lyonnaise de Eaux de Casablanca (LYDEC), a subsidiary of the giant French water and waste company Suez Environment, a thirty year concession and a mandate to improve the city's basic services.

Eleven years ago, the water slowly escaping from pipes and the electricity being illegally diverted through Casablanca's slums weren't only hurting the bottom line of the private company that managed them. As revenues from water and electricity declined, the company operating those systems, which also ran the city's sanitation network, gradually scaled back on investments that would have improved the lives of millions of the city's urban poor. As a result, about 30 percent of Casablanca's 4.5 million residents remained mired in sub-standard living conditions.

These days, the situation has changed markedly. Illegal leaks rarely occur. Utilities have become cheap and reliable. Basic services have been extended to several hundred thousand more residents. These gains are also spurring many residents to launch their own businesses, lifting even more people out of poverty.

'[We were] prompted to bring electrical power to shanty towns and informal settlements, which previously had no regular service,' said Jean-Pierre Ermenault, Managing Director of LYDEC. The challenge was to simultaneously pursue two courses: reduce waste and increase access to basic services to more households.

One of LYDEC's innovations was to hire hundreds of so-called street representatives, local residents who would become de-facto agents of LYDEC. It was thought that if these street representatives were given technical and management training, they would be able to improve local services by overseeing neighborhood operations and collecting payments from twenty households each.

Challenges came from municipal authorities and local industries, whose priorities differed with those of LYDEC, but engagement led to compromise. 'Authorities wanted to relocate people residing in informal settlements, and LYDEC had to negotiate with authorities to supply these services,' said Mr. Ermenault.

At the same time, crucial support came from the King of Morocco, who in 2005 launched a national program to tackle poverty through urban planning. Called the National Initiative for Human Development, the plan pushed for shanty towns to be connected with public utilities.

Altogether LYDEC has invested about 220 million Euros on water, sanitation and electricity projects. There's also far less theft of water; the firm estimates its efforts are saving 25 million cubic meters of water each year. Moreover, LYDEC's improvements have created conditions in which micro-businesses are launching and flourishing.



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The daily lives of the poor have improved with 30,000 new households now connected to Casablanca's electricity system. With more households receiving electricity, children are able to study in the evening. Finally, LYDEC has also indirectly put more money into the pockets of Casablanca's poorest—household budgets for energy among shanty-town dwellers in Casablanca has gone from \$17 a month to \$6 a month.