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Eng. Abdulrahman bin Abdulmohsen Al Fadhili

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"Sustainable Water.. for Sustainable Development"

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Ministry of Environment Water & Agriculture
Kingdom of Saudi Arabia المملكة العربية السعودية



رؤية
2030
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KINGDOM OF SAUDI ARABIA

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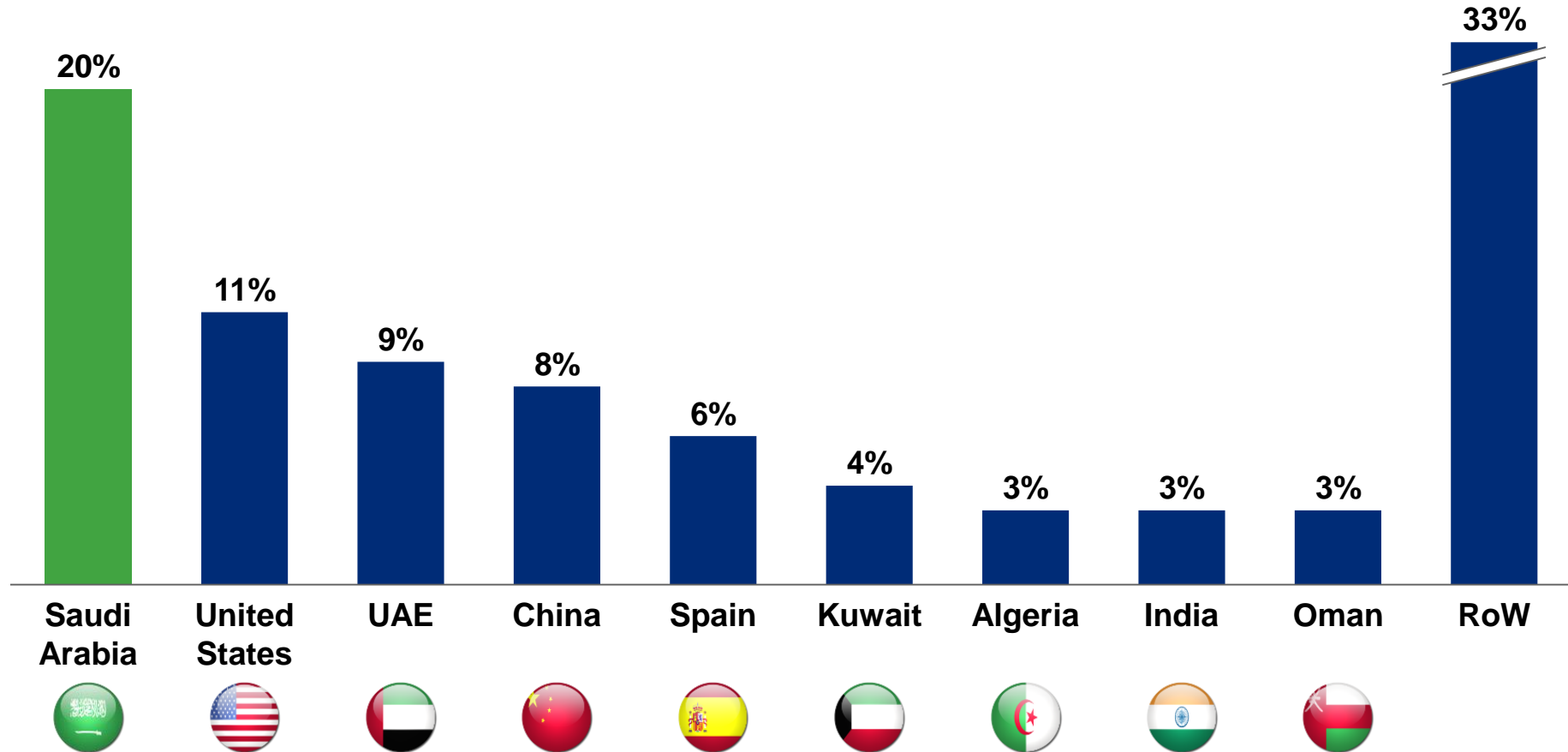
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Investment opportunities for private sector participation in the water sector

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Water desalination is a vital sector for KSA, with the largest installed capacity globally

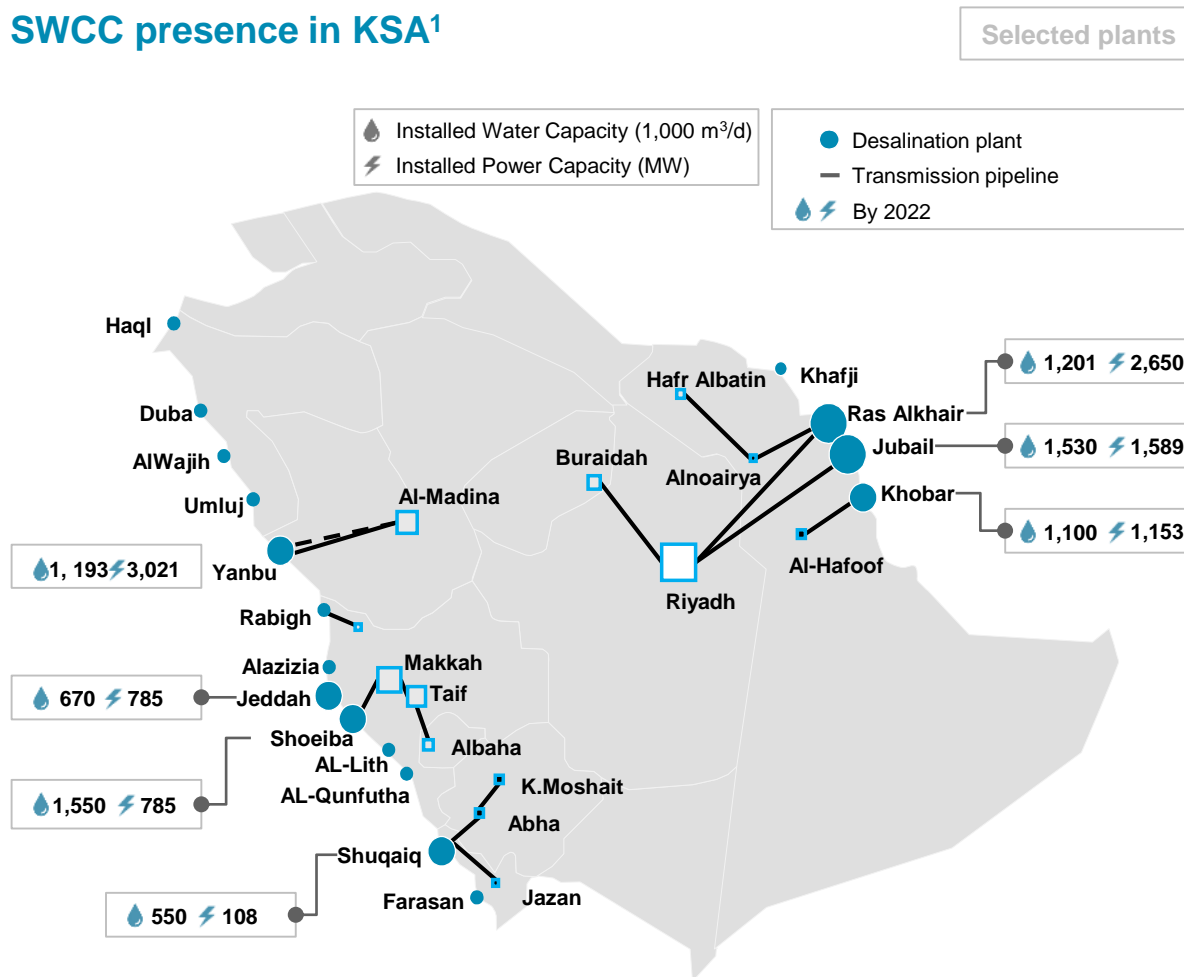
Desalination installed capacity¹, %



1. Sea water desalination
Source: GWI DESAL (Global Water Intelligence Desalination database)

SWCC is the global largest desalination producer with 5.6 MM m³/d capacity in 2018, producing ~70% of KSA's desalinated water

SWCC presence in KSA¹



1. Includes capacities planned up to 2022
 2. 2022 production

SWCC overview in numbers



#1 global desal producer



~70% of desalinated water in KSA



33 desalination plants



~5.6 M m³ daily water production with potential to increase to ~8.4 M m³ in 2022



~6,800 km of transmission lines currently and ~3,144 km under constructions

SWCC privatization strategy aligned with the National Water Strategy 2030

NWS 2030 Framework

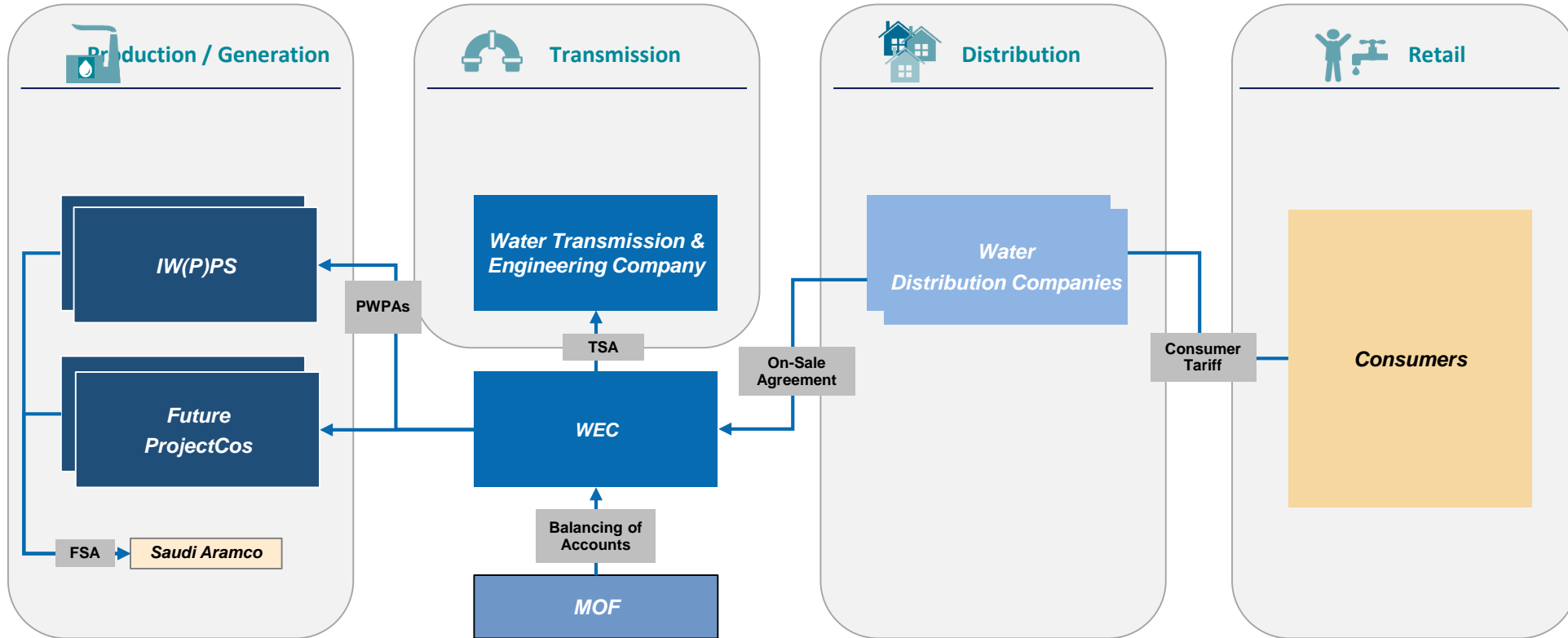
Objective Dimensions	Availability	Quality	Environmental Sustainability	Economic Sustainability	Affordability
	Access	Water Quality	Preservation of Resources	Economic Contribution	Price Affordability
	Quantity	Service Quality	Environmental Footprint	Contribution to PSP Growth	Cost Effectiveness
	Resilience to Emergencies			Localization	

Levers	Demand (Agriculture, Urban, Industrial, Environment)	Supply (Surface, Ground, Desalination, TSE, Alternative Sources)	Supply Chain
	Agriculture Water Demand and Efficiency	Supply Mix	Storage
	Urban and Industrial Water Demand and DSM	Water Harvesting and Aquifer Recharge	Transmission and Interconnections
		Production Cost and Energy Efficiency	Distribution and NRW
			Collection and Treatment
			Customer Service

Regional level, consolidated at the national level

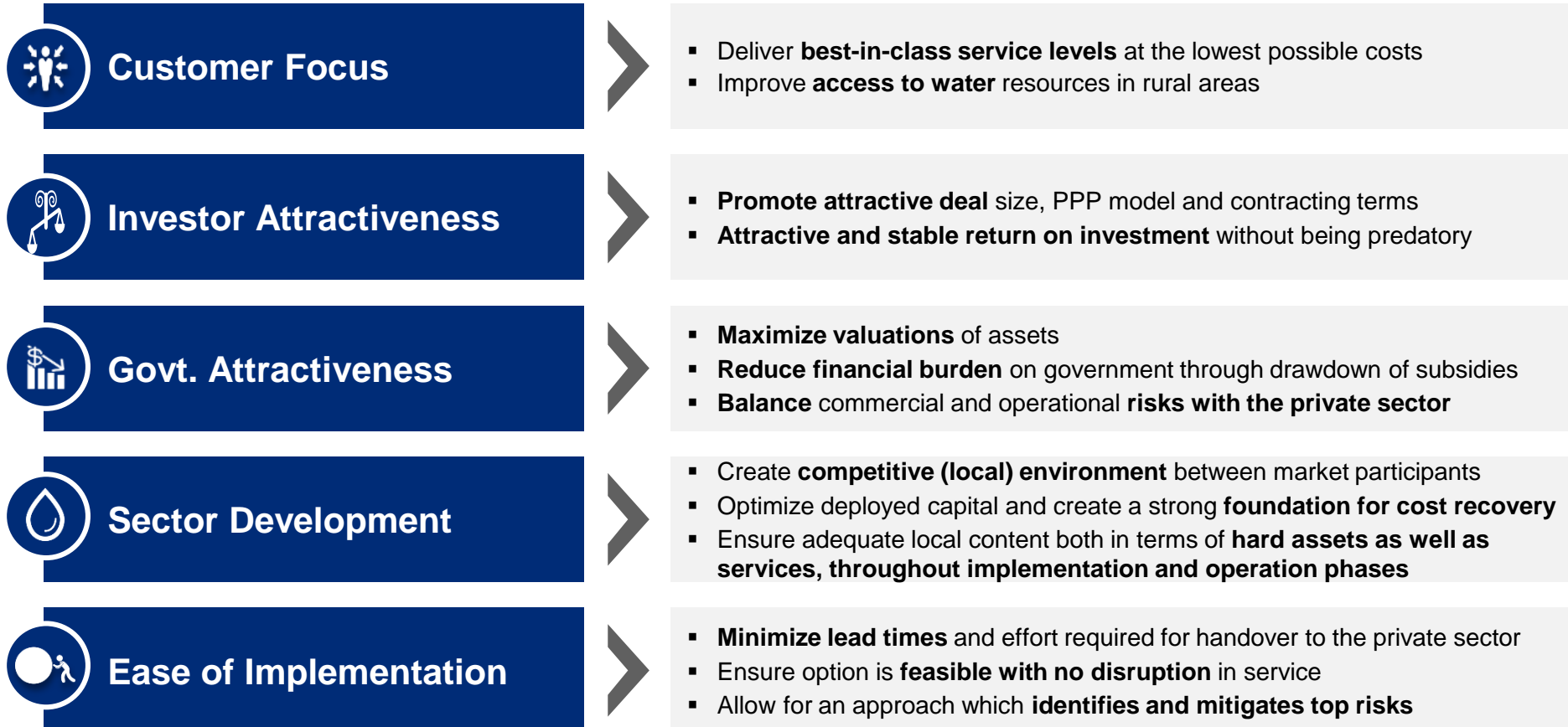
Enablers	A Institutional Setting	B Policies, Laws & Regulations	C Capabilities	D Economic Requirements	E Performance Management
	<ul style="list-style-type: none"> Sector Structure Mandate by Entity Private Sector Participation 	<ul style="list-style-type: none"> Demand, IWRM and Supply Chain Policies Laws and Decrees Technical and Economic Regulations (costing, pricing and subsidy) Licensing (facilities, utilities & base resources) 	<ul style="list-style-type: none"> Organization & Human Capital Integrated Planning Processes Technology & Systems R&D and Innovation 	<ul style="list-style-type: none"> Financial Requirements Financing Models Commercialization Localization 	<ul style="list-style-type: none"> Monitoring & Control Outreach & Engagement

Aimed Sector Commercial Setup



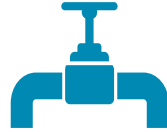
Five core objectives were identified for SWCC privatization

SWCC Privatization Objectives

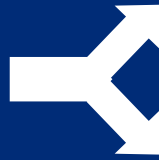


In the preferred model, SWCC transmission and production assets will follow different strategies

- Transmission assets



Commercialization



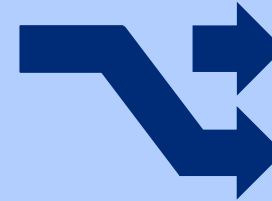
Carve out of transmission and service assets

- Set up of Government owned, commercially independent transmission and services company
- Continued safe, secure and economical transmission and dispatch of water

- Production assets



Privatization



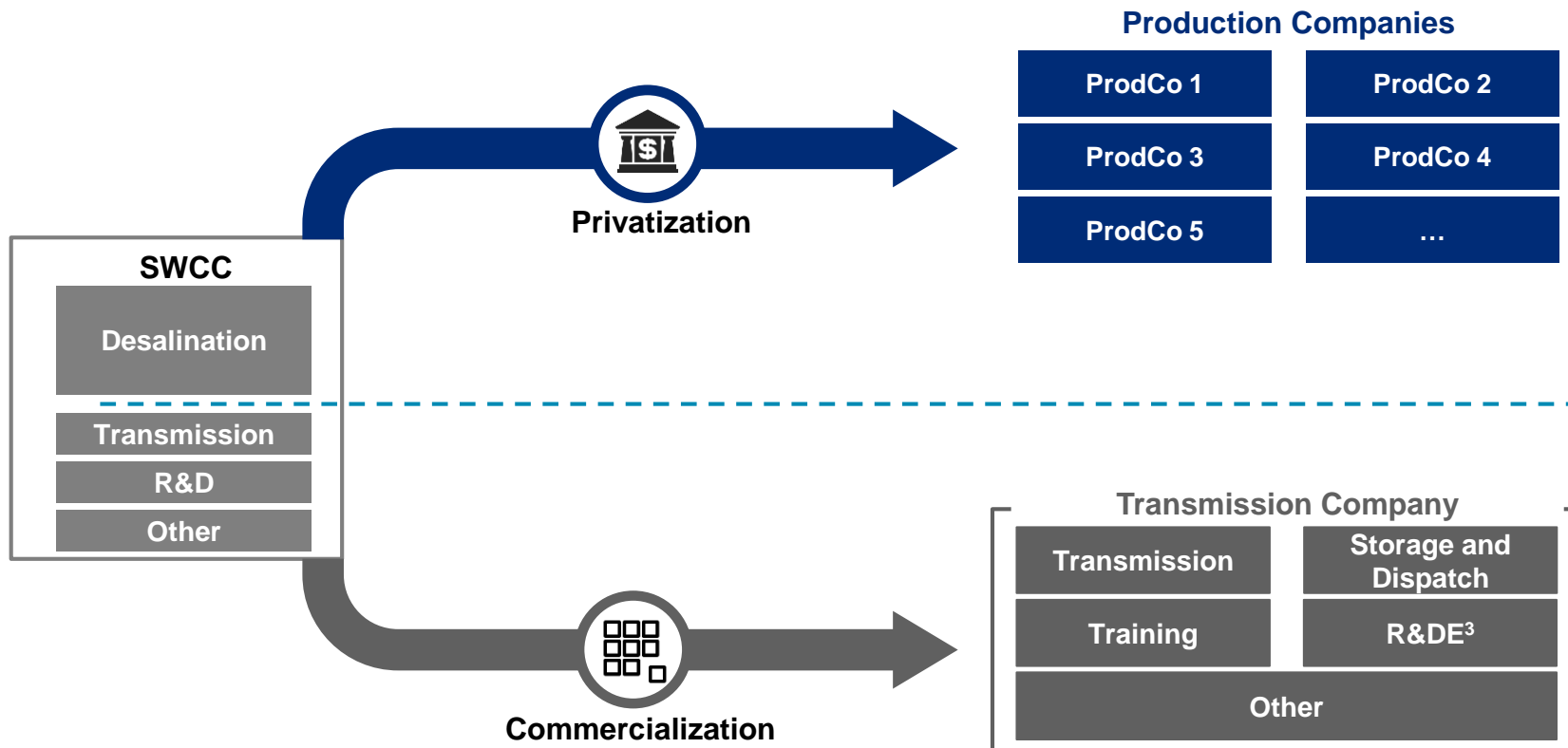
Prepare production assets for privatization

- Assets will be ring-fenced and commercialized in preparation for privatization
- Private sector will be responsible for participation in production assets



The program will carve out transmission assets into a commercial entity; production assets will be prepared for eventual privatization

Key steps for SWCC privatization and commercialization



Note: Not to chronological scale

Preparation of assets for privatization is underway with eight workstreams; five are fully mobilised and actively working on the program

- 1  program management
- 2  Technical (incl. financial valuation)
- 3  Accounting
- 4  Human capital
- 5  Legal
- 6  Transaction
- 7  IT and processes
- 8  Change management



WHITE & CASE

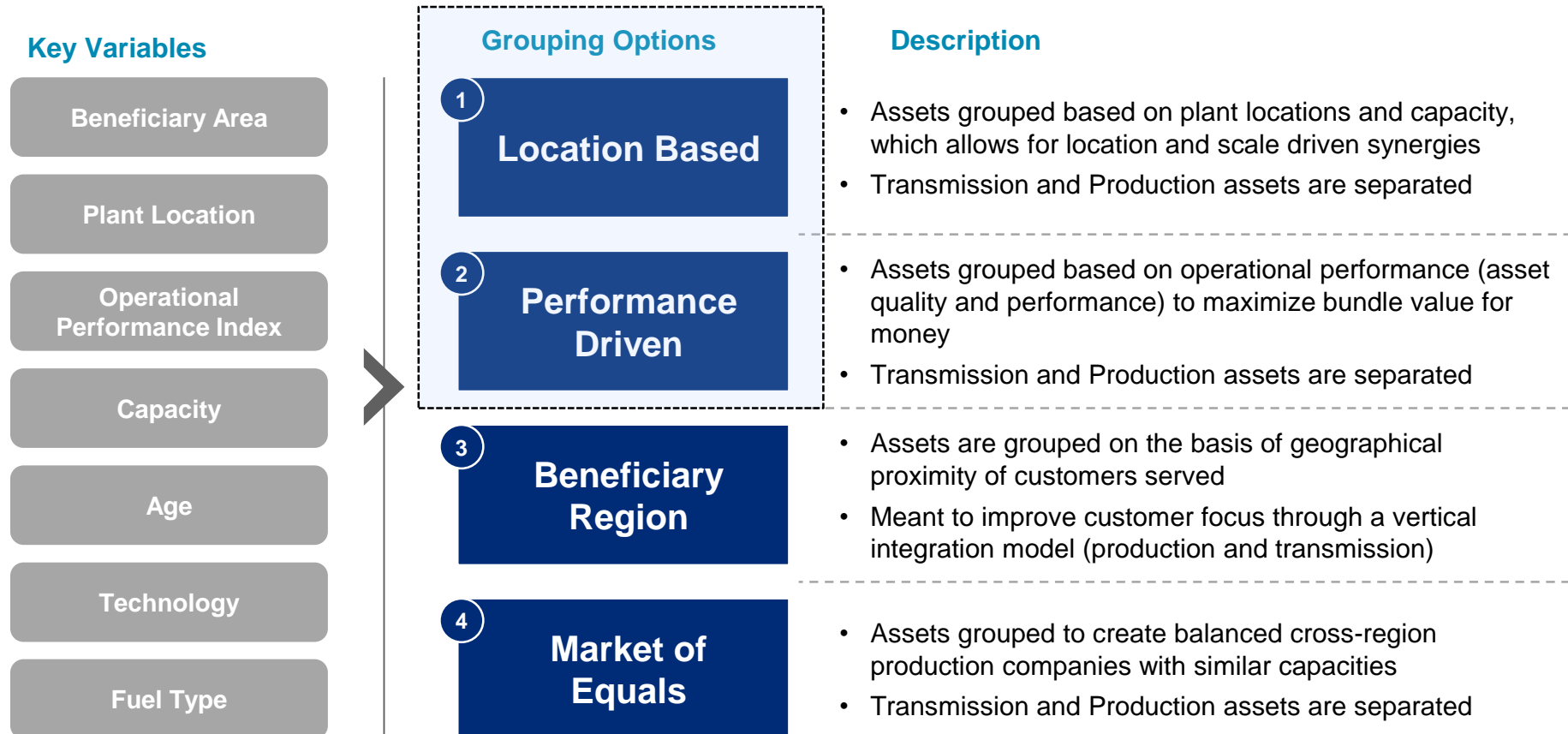
Advisor to be selected

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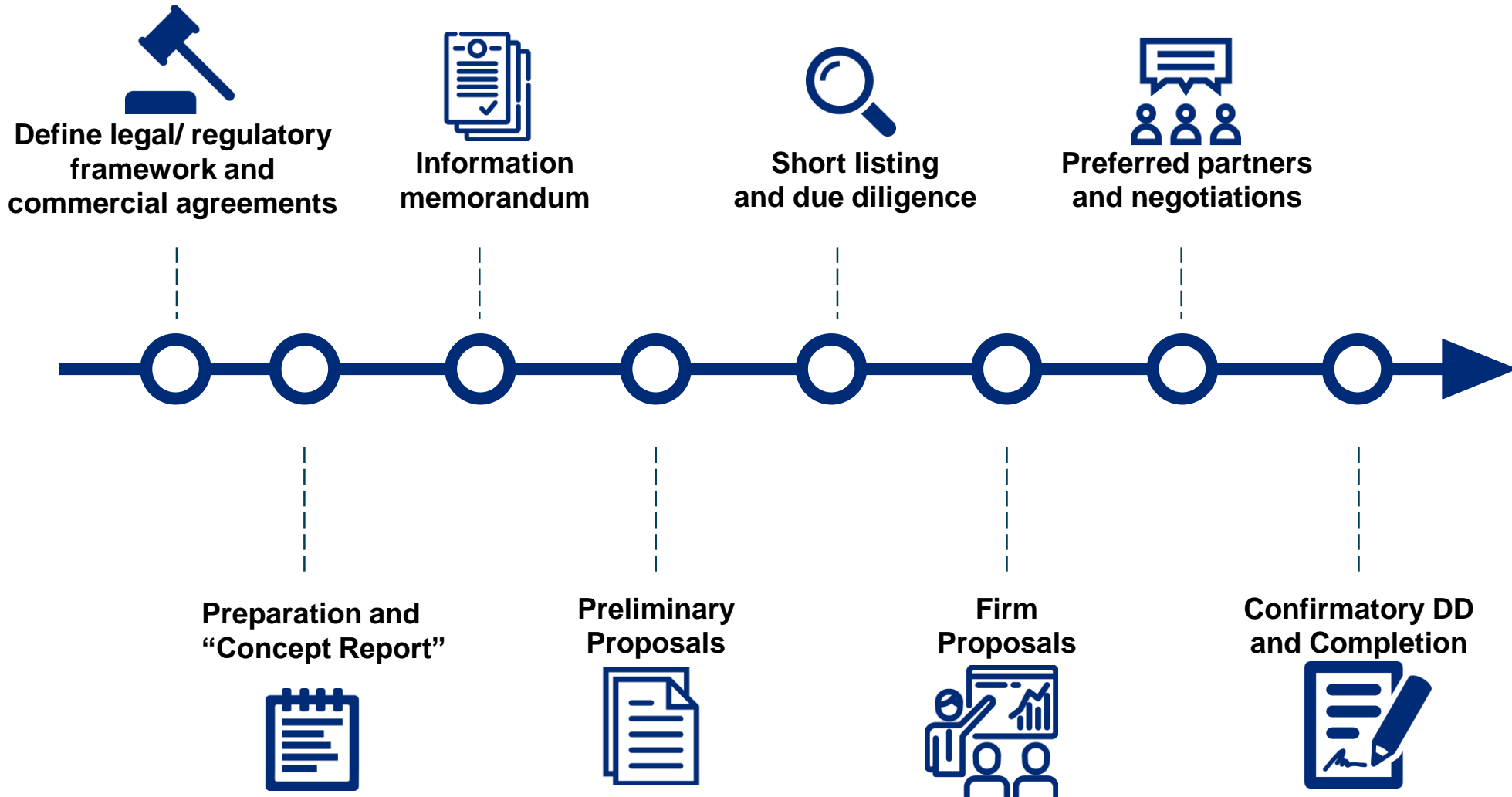
Key attributes to be considered for bundle structure were identified, and grouping options designed...

- Asset grouping variables and options



Note: Operational Performance Index is a composite index that measures plant-specific “value for money”

Key transaction milestones once market and production assets are ready for privatization



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