Innovative Expansion of Water and Sanitation Services in Morocco

Piloting an output-based aid (OBA) approach to extend water and sanitation services to the poor in peri-urban areas of Casablanca, Meknes and Tangiers

Overview

Peri-urban illegal settlements, which often constitute a substantial portion of major cities, face a shortage of safe drinking water and sanitation. The Government of Morocco requested a grant from the Global Partnership on Output-Based Aid (GPOBA) to pilot the introduction of performance-based subsidies to encourage service expansion. Between 2007–2011, the pilot has provided subsidized access to water and sanitation, benefitting more than 52,500 people to date.

Challenge

Morocco is a middle-income country with good water infrastructure that provides access to safe drinking water and sanitation to most of the urban population. However, infrastructure was lagging in peri-urban illegal settlements, which often constituted a substantial portion of major cities; amounting to 1.2 million people in Casablanca, or 30 percent of the population. Inhabitants of urban and peri-urban areas relied on contaminated water from shallow wells, water providers who charge high unit prices, or standpipes which required mostly women or children to queue for hours. Most households used cesspits or poorly designed septic tanks, risking further groundwater contamination, while the poorest people often had no form of sanitation at all. These deficiencies had serious and direct impacts on people’s health, their ability to engage in economic activities, and children’s school attendance. These problems also harmed the finances of water utilities, which generally attain very low cost recovery from public standpipes.

Approach

In 2005, the Government of Morocco and water utility operators in three cities requested a grant from the GPOBA to pilot the introduction of performance-based subsidies to
encourage service expansion using an innovative output-based aid (OBA) approach.

The outputs for which subsidies were disbursed were simultaneous network connections to water supply and sewerage services for individual households, or in the case of Meknes, connection to either service. The subsidy was operator- and service-specific (see Table 1 below) and paid in local currency in two steps: 60 percent upon certification by an Independent Technical Reviewer (ITR) of a working water and sewerage connection to an eligible household; and 40 percent upon verification by the ITR of at least six months of sustained service.

The OBA approach helped refocus attention on household demand, which led to increased accountability, strengthened partnerships between local authorities and operators, and made monitoring of service delivery a priority.

Results

The pilot provided subsidized access to water supply to 10,504 households and sanitation services to 9,036 households, hence benefitting more than 52,500 people. The program contributed to improve women and children's living conditions as they were/are the major water provider/manager in the family.

Households that were simultaneously connected to water supply and sanitation services through the pilot totaled:

- 5,593 in Casablanca.
- 2,909 in Tangiers.
- In Meknes, 2,002 households acquired access to water supply services and 534 to sanitation service.

Table 1: Subsidy Levels per Connection (Click to Enlarge)

<table>
<thead>
<tr>
<th>City</th>
<th>Operator</th>
<th>Subsidy levels per connection (MAD/US$ eq.)</th>
<th>Minimum house-hold monthly installment for connection fee*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casablanca</td>
<td>LYDEC</td>
<td>M3,456 (US$170) M3,609 (US$321)</td>
<td>M60 (US$7)</td>
</tr>
<tr>
<td>Tangiers</td>
<td>Amenida</td>
<td>M3,467 (US$171) M4,138 (US$488)</td>
<td>M100 (US$11.7)</td>
</tr>
<tr>
<td>Meknes urban areas</td>
<td>RADEM</td>
<td>M1,421 (US$66) M7,921 (US$913)</td>
<td>M110 (US$12.8)</td>
</tr>
<tr>
<td>Meknes rural areas</td>
<td>RADEM</td>
<td>M5,319 (US$421) Ineligible to OBA funding</td>
<td>M55 (US$6.4)</td>
</tr>
</tbody>
</table>

MAD-Moroccan dirhams (U.S. dollar equivalent in parentheses), exchange rate of as March 2009.

Voices

“I moved to Lamkensa. There was no water, no sanitation. I had to take my jerrycans and wait in line to get water from the well. For three years we lived like that.”

— Fatima Louada lives in Lamkensa, an informal area at
Bank Contribution

The pilot program was funded through a US$7 million grant from the GPOBA – a multi-donor trust fund administered by the World Bank. The total project cost was assessed at about US$24 million during preparation.

The built-in incentives of the OBA approach were specifically designed to overcome traditional obstacles to expanding services in informal neighborhoods, namely: inability to afford connection costs; complex technical and administrative obstacles to infrastructure development in poor unzoned areas; and reluctance of national and local governments to fund subsidy programs with no accountability or guarantee of results.

Partners

The pilot, a first in the Bank’s Middle East and North Africa Region, was implemented between 2007–2011 by private operators Lyonnaise de Eaux de Casablanca (LYDEC) in Casablanca, Amendis in Tangiers, and public utility Régie Autonome de Distribution d’Eau et d’Électricité de Meknès (RADEM) in Meknes. Operators were proactive and dynamic in their efforts to integrate new customers. The operators developed approaches such as sending “mobile agencies vans” with dedicated teams to the marketplaces of targeted neighborhoods, where they could record demand from potential beneficiaries who might not easily travel to one of the operator’s agencies.

Moving Foward

All parties agree that the OBA approach has proven an efficient and powerful tool to extend services to poor peri-urban areas in a cost-efficient and sustainable manner. Beyond the pilot, the need for additional connections remains great. At the request of the government, the World Bank helped plan a nationwide scale-up program to address the ongoing needs of large municipalities. The program would also aim to strengthen coordination between institutions in charge of the different aspects of peri-urban utility services, and reform tariff and connection fee structures, to prevent any further expansion of peri-urban neighborhoods without water and sanitation.

---

“Before, without water, it was difficult to plan or do things. I felt doors were closed, but they are now finally open. Everything became possible.”

— Hassana Jaatouti lives in the outskirts of Meknes. Before the project was implemented, she relied on scarce and contaminated well water.