

# Local & International Private Sector - Success Stories in Developing Water Projects

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# My first hand experience of privatization of desalinated water and other multi-utility services in the Kingdom of Saudi Arabia...

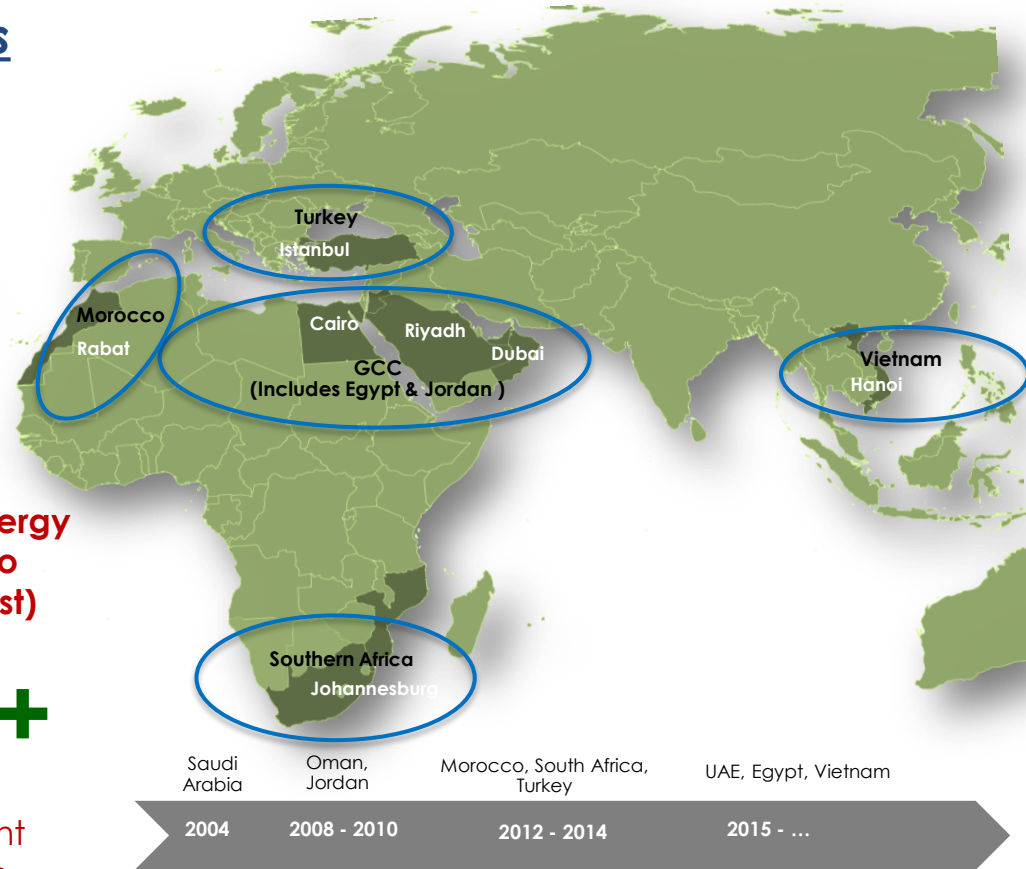
- While serving as President & CEO of Saudi Arabia's 1st private multi-utility company, **MARAFIQ**, providing plug-n-play services to the high-end sophisticated processes, responsible to meet growing demand of the industries and associated townships in the twin cities of Jubail and Yanbu.
- Currently as Managing Director of **ACWA POWER**; a fast growing internationally acclaimed developer, investor, co-owner and operator of independent water and power projects.



**ACWA Power** – a developer, investor, co-owner and operator founded in the Kingdom of Saudi Arabia with a proven track record.

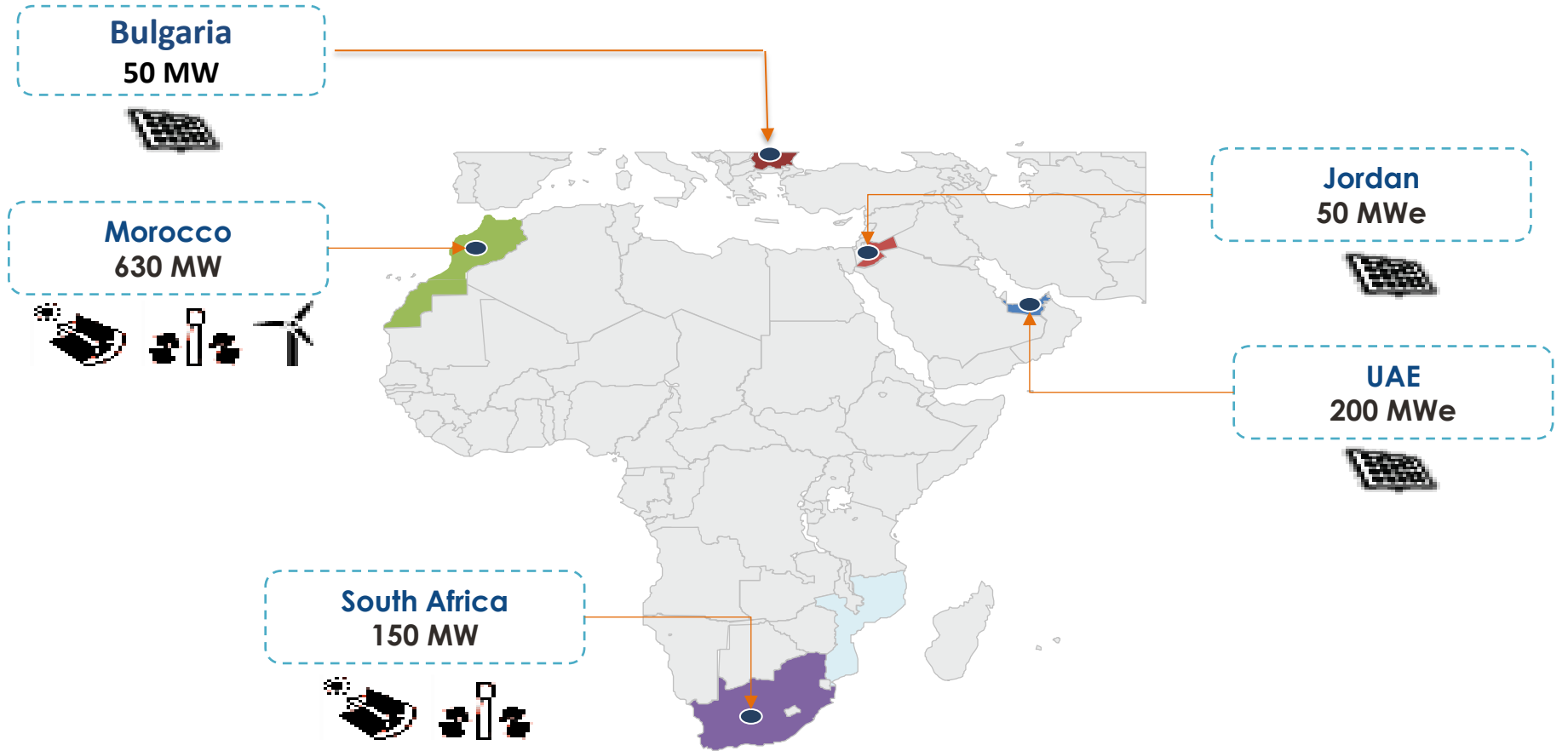
**Our Accomplishments In 10+ Years**

<b>23+</b> GW Power	<b>2.5</b> Mm <sup>3</sup> / day Desalinated Water	<b>36</b> Assets
<b>11</b> Countries	<b>33bn</b> USD of Assets (by Project Cost)	<b>15%</b> Renewable Energy in Total Portfolio (by Project Cost)
<b>3000+</b> Employees	<b>30+</b> Nationalities	<b>90%+</b> Local Employment in projects



# Diversified Renewables Asset Base

(Gross MW)



## ... the good news is that privatization has met with success in Saudi Arabia, as it has in most other parts of the world

- ✓ Over the past decade c.100 BSAR of public finances were directly replaced with private money;
- ✓ For-the-market competition in generation sector helped promoting innovation, fuel efficiency, besides ensuring commercial availability and lifecycle performance of plants; environmental regulations were enforced more aggressively;
- ✓ New breed of managers has been developed; performance incentives, transparency and risk allocation has helped to transform power generation sector into a competitive / growing industry, getting ready for in-the-market competition;
- ✓ Saudi entrepreneurs proved their mettle, both domestically and abroad; localization and increased involvement of domestic banks/financial institutions provided new promise for the market reforms;
- ✓ With right policies and coordinated implementation of reforms, Saudi Arabia is all set to meet with the objectives of its Vision-2030; an economy that is vibrant, efficient, self-propelling, and internationally competitive!



## Key takeaways - Privatization Experience, Lessons Learnt, Dos and Don'ts (1 of 2)

<p><b>A Clear, Forward Looking Policy Framework is a MUST...</b></p>	<ul style="list-style-type: none"> <li>• Private investors act on clarity and credibility of the policy framework (essential to position themselves in a market and allocate resources);</li> <li>• Because it is the Investors' confidence, readiness, and appetite that determines extent of competition which is essential to get the best out of the market.</li> </ul>
<p><b>Try Not to Reinvent the Wheel...</b></p>	<ul style="list-style-type: none"> <li>• Follow the best; use others experiences, pick a model that suits your policy imperatives;</li> <li>• Remember that misunderstood distortions will only add to uncertainties...risks and costs!</li> <li>• Selling a risk for which market doesn't exist, will prove counter-productive.</li> </ul>
<p><b>Give them Confidence, Treat them Fairly... No Discrimination</b></p>	<ul style="list-style-type: none"> <li>• Don't compromise on regulatory capacity and independence;</li> <li>• Manage uncertainties with regulatory certainty and consistency of the policies;</li> <li>• Should always have a clear road-map (showing the market and stakeholders what will change, when, and how!)</li> </ul>

## Key takeaways - Privatization Experience, Lessons Learnt, Dos and Don'ts (2 of 2)

<b>Proactive Management of Change...</b>	<ul style="list-style-type: none"> <li>• Understand resistance to change...communicate properly (answer the popular question, what's in it for me?);</li> <li>• Try to help them 'change' - those who may resist the change;</li> <li>• Create a program office; work on both hard and soft side of the change.</li> </ul>
<b>Political Commitment</b>	<ul style="list-style-type: none"> <li>• Purity will not come overnight;</li> <li>• Handle subsidies carefully - work on the subsidy design and mechanisms, make them output based and explicit;</li> <li>• Don't forget the vulnerable/lifeline consumers - provide mechanisms for universal service obligation.</li> </ul>
<b>Always Create a Win-Win Scenario</b>	<ul style="list-style-type: none"> <li>• Treat private investors as a partner (not the adversary);</li> <li>• Create win-win scenarios;</li> <li>• Learn and move forward consistently – don't stop – and also don't speed-up unnecessarily;</li> <li>• Provide alternate dispute resolution (ADR) mechanisms;</li> <li>• Listen, consult, listen, consult, listen, consult; all the way!</li> </ul>



# Thank you



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