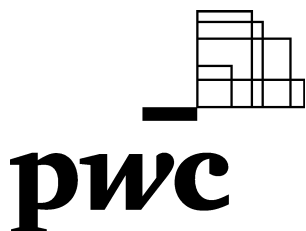


Establishing the Water Transmission and Technologies Company

**A World Class Corporatised Saudi
Government Owned Entity**

November 2020



Corporatisation of WTTCO

A World Class Corporatised Saudi Government Owned Entity

When the Kingdom of Saudi Arabia (“KSA” or “the Kingdom”) published its Vision 2030 plan, it was aimed to encourage and facilitate changes within the vital public and private sectors to enhance the efficiency and competitiveness of the nation. In line with the Vision 2030 objectives, KSA is aiming for a 65% increase in GDP contribution from the private sectors over the next ten years. The water desalination industry in KSA is segmented into production, transmission, and distribution components. It is also worth noting that KSA currently generates 16% of global desalination capacity, making it the largest single desalination market in the world and a key opportunity in terms of privatisation.

The Saline Water Conversion Corporation (SWCC) was established as an independent Government organisation that produces water and manages a bulk-water transmission network. Currently the network consists of six pipeline systems and a multitude of pumping stations, blending stations, and storage tanks strategically located within KSA. In alignment with the Vision 2030 objectives, the Ministry of Environment, Water, and Agriculture (MEWA) created the National Water Strategy, and one of its pillars, the privatisation model that outlined the separation of the water production assets from the transmission assets.

The forecasted outcomes of KSA's privatisation programme encompasses a positive rise in non-oil revenues, public-private partnership investments, and private sector employment. It includes the corporatisation of Saudi ports and the privatisation of the production sector at SWCC. The privatisation programme aims to strengthen competition, raise the quality of services and economic development, improve the business environment, and remove obstacles that prevent the private sector from playing a bigger role in KSA's development. PwC Middle East enabled the corporatisation of the water transmission assets by restructuring the organisation strategically, technologically, and operationally.

1:<https://www.worldatlas.com/articles/countries-who-rely-on-desalination.html>

1:<https://www.guinnessworldrecords.com/world-records/425709-largest-water-desalination-plant>



The Opportunities from Corporatisation

Solution

The process of privatisation consists of the change of ownership or management of companies, projects or public services from the government sector to the private sector using market instruments and competition by applying several methods ranging between management and operational contracts, leasing, financing, total or partial sale of assets to the private sector. Very often one of the first steps in this process is to corporatise state entities. When KSA embarked on its mission of creating value from state assets, reducing pressure on capital spending and transforming the economy away from oil revenue reliance, privatising the water sector was the next natural step.

PwC Middle East was engaged to facilitate the process of corporatising the Water Transmission and Technologies Company transmission company (WTTTCO). The first phase of the WTTTCO privatisation was initiated by defining and designing the digital operational strategy, a corporate governance framework, an agile target digital operating model through its IT function, and the upcoming policies and procedures. Furthermore this phase consisted of designing the technology architecture and developing a three year digital road map that repurposes their current Enterprise Resource Planning solution to ensure minimum separation costs. The second phase of the work was the operating phase, comprising critical technology implementation and assistance in the establishment and operations of the HR, Finance, Supply Chain, IT, and Information Security departments. The hand-over phase was a complete inspection of the infrastructure that would allow the transformation from government aligned processes to a commercially-run organisation that balances efficient processes with the right controls for their establishment life cycle.



Our Impact

Results

WTTCO is aiming to be one of the largest water transmission companies in the world with an 8,000 kilometer pipeline and future expansion projects reaching more than 11,000 kilometers transmitting around 8 million cubic meter of water over the next few years. The pipelines will be equipped with the necessary technologies to enable operations that are fully monitored and controlled. WTTCO has been established based on leading practices and is now considered a role model for the Kingdom's Privatisation Vision Realisation Program, encouraging investment and effective participation of the private sector in the national economy. PwC Middle East supported KSA's Vision 2030 framework by promoting sustainability, efficiency, local content, R&D, technology advancements, and flexibility through the WTTCO transformation. PwC's impact is demonstrated clearly through the following key areas:

Full digitisation of processes with zero usage of paper while applying state of the art collaboration technology solutions enabling paperless working environment

Asset light technology capabilities leveraging scalable and secure cloud infrastructure

Adoption of integrated business applications with 360 degrees

Provide decision makers and WTTCO leadership with real-time dashboards and business intelligence tools on the move to effectively and efficiently manage the organisation

Mobile enabled environment allowing for work to be executed anytime anywhere

Huge strides have been made in government reform in KSA over a very short period. Likewise, the institutional and regulatory architecture to enable private sector investment has also made significant progress. The market has witnessed a steady increase in the number and scale of opportunities coming to the market.



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“Our purpose is to build trust in society and solve important problems.”



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