

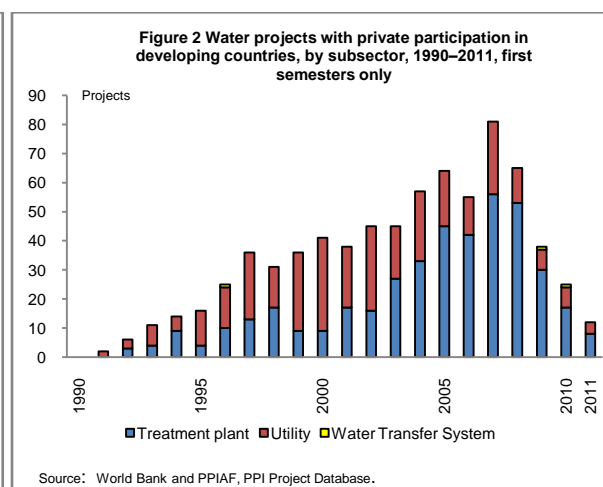
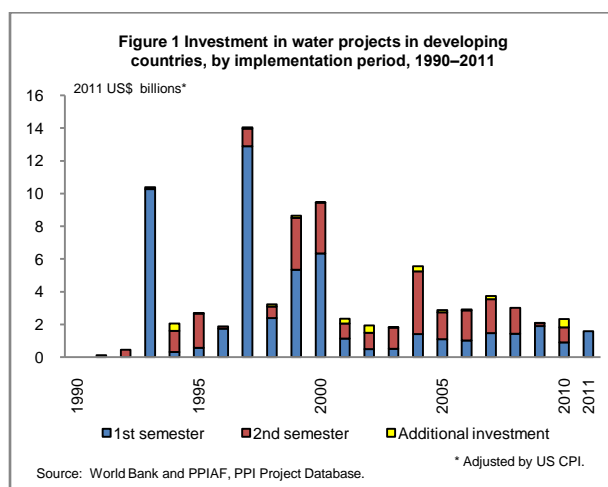
# PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

PPI data update note 70

January 2012

## Private activity in water and sewerage continues to contract in the first semester of 2011

In the first semester of 2011, twelve new water and sewerage projects with private participation reached financial or contractual closure in four lower- and upper-middle income countries.<sup>1</sup> Additionally, a second phase of the divestiture of Aguas Andinas -- Empresa Metropolitana de Obras de Santiago de Chile (EMOS), took place in Chile bringing total investment commitments (hereafter, *investment*) in water and sewerage projects amounted to US\$1.6 billion a 12% increase compared to 2010 first semester levels. The Chilean divestiture, however, accounted for 62% of the total investment in 2011 (figure1) involving investment commitments of US\$986 million.<sup>2</sup> Therefore, for new projects only, investment actually decreased by 33.3% compared to 2010 first semester levels, reaching the lowest level in the last five years. By the number of projects, private activity declined by 25% from first semester 2010 (figure 2), also reaching the lowest level in the last five years.<sup>3</sup>



The activity by number of projects was concentrated in China which accounted for nine out of twelve new projects (75%) and 22% of total investment (58% of the investment for new projects only). Water treatment plants accounted for eight projects (67%) and 14% of total investment (38% of investment in new projects). Water utilities accounted for the remaining four new projects and the second phase Chilean divestiture, and 86% of total investment (62% of the investments in new projects).

In **East Asia and Pacific**, there were nine new projects implemented in China amounting to US\$343.3 million. Out of total number of projects, three were management and lease contracts, three were greenfield BOTs while

This note was written by Andreea Militaru, Consultant, Finance Economics and Urban Development Department, Sustainable Development Network, World Bank

<sup>1</sup> The PPI Project Database currently uses the FY12 World Bank country classification released in July 2011. Investment data are in 2011 US dollar using the US CPI to adjust to 2011 values. Data at <http://ppi.worldbank.org/> are reported in millions of current U.S. dollars unless otherwise indicated.

<sup>2</sup> Data on water projects with private participation include primarily medium-size and large projects in low and middle income countries as reported by the media and other public sources. Small-scale projects are generally not included because of lack of public information. More information is available at <http://ppi.worldbank.org/>.

<sup>3</sup> When compared to first semester activity only.

two were concession ROTs. Seven of these projects were wastewater treatment plants with a combined capacity of 315,000 cubic meters per day. They were located in the provinces of Hebei, Shanxi, Fujian, Guizhou and in the district of Xuanhua. The remaining two water projects consisted of utility facilities with a combined capacity of 964,400 cubic meters per day. One of these projects consists of a portfolio of assets for eighteen towns in Changsa County involving investments of US\$42 million and the operation and maintenance of two existing facilities, Beishan and Jinjin, and the construction and operation of sixteen new wastewater treatment facilities. The remaining project, Jiangsu Jiangan Water Co., Ltd consisted of a partial divestiture and sale of 34.41% of its capital through an IPO on the Shanghai Stock exchange for US\$223.49 million.

In **Latin America and the Caribbean** there were two new projects implemented in Peru and Brazil amounting to US\$154.2 million in investment. The Taboada Wastewater Treatment Plant project in Peru is a 25-year BOT that provides waste water services for Lima and Callao provinces and has a total capacity of 1,210,000 cubic meters per day. The project in Brazil is a utility concession involving the expansion, rehabilitation and operation of water utility facilities of the City of Uruguaiana. This project attracted investments of US\$104.2 million and is serving 140,000 people. Additionally, in Chile, in the second phase of the divestiture of Aguas Andinas, the Chilean government sold 30% of its shares for US\$986 million.

In **Middle East and North Africa** there was only one new project implemented in Jordan - a 5-year management contract for Yarmouk Water Company, a water utility company serving 250,000 people in the governorates of Ajloun, Irbid, Jerash and Mafraq. The agreement is a performance based-contract that involves management, maintenance and operation of the Yarmouk Water Company.

There were no new water and sewerage projects in **Europe and Central Asia, South Asia** or **Sub-Saharan Africa**.

**Table 1: Water projects reaching financial or contractual closure in the first semester of 2011**

Note: .. denotes missing data; n.a. means not applicable.

East Asia and Pacific									
	Country	Project name	Project status	Segment	Type/subtype of private participation	Investment commitment (US\$ millions)	Capacity type	Capacity	Sponsor
1	China	Dihe Wastewater Treatment Plant in Lincheng County	Operational	Sewerage Treatment	Management and lease contract (Management contract)	n. a.	Cubic meters per day (thousands)	20	Shandong Hezheng Environment Protection Engineering Co. Ltd. [China]
2	China	Fenxi County Wastewater Treatment Plant	Operational	Sewerage Treatment	Management and lease contract (Management contract)	n. a.	Cubic meters per day (thousands)	10	Hebei Yongyi Ecological and Environment Engineering Co. Ltd. [China]
3	China	Fujian Anxi Longmen Town Waste Water Treatment Plan	Construction	Sewerage Treatment	Greenfield (BOT)	..	Cubic meters per day (thousands)	12.5	South Water Co. Ltd. [China]
4	China	Guizhou Kaili City Wastewater Treatment Plant	Operational	Sewerage Treatment	Concession (ROT)	18	Cubic meters per day (thousands)	80	Herocan [China, 100%]
5	China	Hebei Zhangjiakou City Xuanhua District Yangfang Wastewater Treatment Plant	Operational	Sewerage Treatment	Concession (ROT)	42	Cubic meters per day (thousands)	120	Kaidan Water International Group, part of TAHAL Group [Israel, 100%]
6	China	Shaanxi Yang County Urban Wastewater Treatment Plant or Hanyuan Water Affairs Co	Construction	Sewerage Treatment	Greenfield (BOT)	18.2	Cubic meters per day (thousands)	40	Sound Group [China]

7	China	Wastewater Treatment Portfolio for 18 towns in Changsha County	Operational	Sewerage Collection	Greenfield (BOT)	42	Cubic meters per day (thousands)	29.4	Sound Group [China]
8	China	Xiong County Wastewater Treatment Plant	Operational	Sewerage Treatment	Management and lease contract (Management contract)	n. a.	Cubic meters per day (thousands)	20	Hebei Delong Environmental Engineering Co. Ltd. [China]
9	China	Jiangsu Jiangnan Water Co., Ltd.	Operational	Water utility with sewerage	Divestiture (Partial)	223.49	Cubic meters per day (thousands)	930	Jiangyin Urban/Suburban Water Supply and Sewerage Co., Ltd [China, 34.9%]; Jiangyin City State Owned Assets Operation Co., Ltd.[China, 23.18%]; the private sector [34.41%]

<b>Latin America and the Caribbean</b>									
	<b>Country</b>	<b>Project name</b>	<b>Project status</b>	<b>Segment</b>	<b>Type/subtype of private participation</b>	<b>Investment commitment (US\$ millions)</b>	<b>Capacity type</b>	<b>Capacity</b>	<b>Sponsor</b>
1	Peru	Taboada Wastewater Treatment Plant	Construction	Sewerage Treatment Plant	Greenfield (BOT)	150	Cubic meters per day (thousands)	140	ACS [Spain, 100%]
2	Brazil	Uruguiana Water and Sewerage Services	Operational	Water utility with sewerage	Concession (BROT)	104.2	Number of connections (thousands)	120	Foz do Brasil, subsidiary of Odebrecht [Brazil]

Middle East and North Africa									
	Country	Project name	Project status	Segment	Type/subtype of private participation	Investment commitment (US\$ millions)	Capacity type	Capacity	Sponsor
1	Jordan	Yarmouk Water Company Management Contract	Operational	Water utility with sewerage	Management and lease contract (Management contract)	n. a.	Number of connections (thousands)	250	Veolia Aqua Jordan [a joint venture of Veolia Water and Aquatreat]

Note: Greenfield BOT= Build, Operate, and Transfer; Greenfield BOO = Build, Own, and Operate; Concession (ROT) = Rehabilitate, Operate, and Transfer; Concession (BROT) = Build, Rehabilitate, Operate, and Transfer.

\*in current US\$ millions

Source: World Bank and PPIAF, PPI Database.