

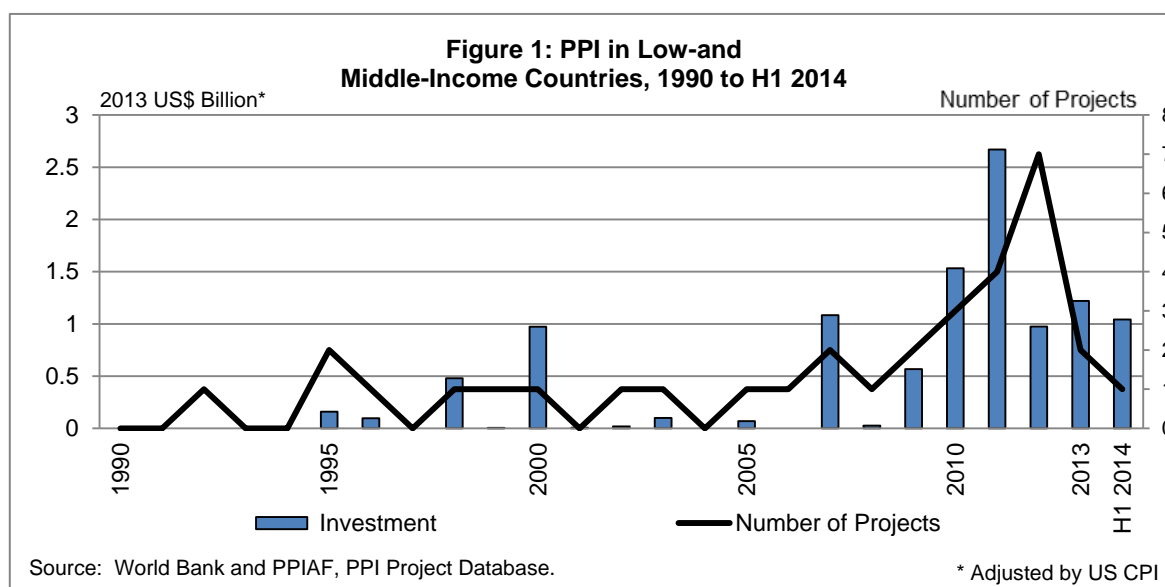
Snapshot: Korean-sponsored Private Participation in Infrastructure (PPI)¹

March 2015

PPI Update Note

Introduction

Korean-based companies sponsored 33 new infrastructure projects² with investment commitments of US\$11 billion³ from 1990 to the first half year of 2014. These projects were implemented in 21 low-and middle-income countries in energy, water, telecom and transport sectors. Of these totals, over 73% of investment commitments were made after the year 2009 (Figure 1). Private investment commitments peaked in 2011 when Korean companies sponsored five new infrastructure projects totaling US\$2.7 billion. Overall, 18 of the 33 projects sponsored by Korean companies were in lower-middle income countries, fourteen were in upper-middle income countries and only one was in a low-income country (Haiti).⁴



Of the 33 projects, 21 Korean companies sponsored infrastructure deals—often as part of a larger consortium with other Korean companies. The most active sponsors include the following: Korea Electric Power Company (12), Korea Telecom Corporation (2) and SK Telecom (2).

This note is a product of the Public Private Partnership Group of the World Bank, and the Private Participation in Infrastructure Database (PPI Database), written by Yanhuan Wang and edited by Henry Kasper and Alexander N. Jett.

¹ Private Participation in Infrastructure (PPI) is defined by the World Bank's Private Participation in Infrastructure Database. Its methodology is available at http://ppi.worldbank.org/resources/ppi_methodology.aspx.

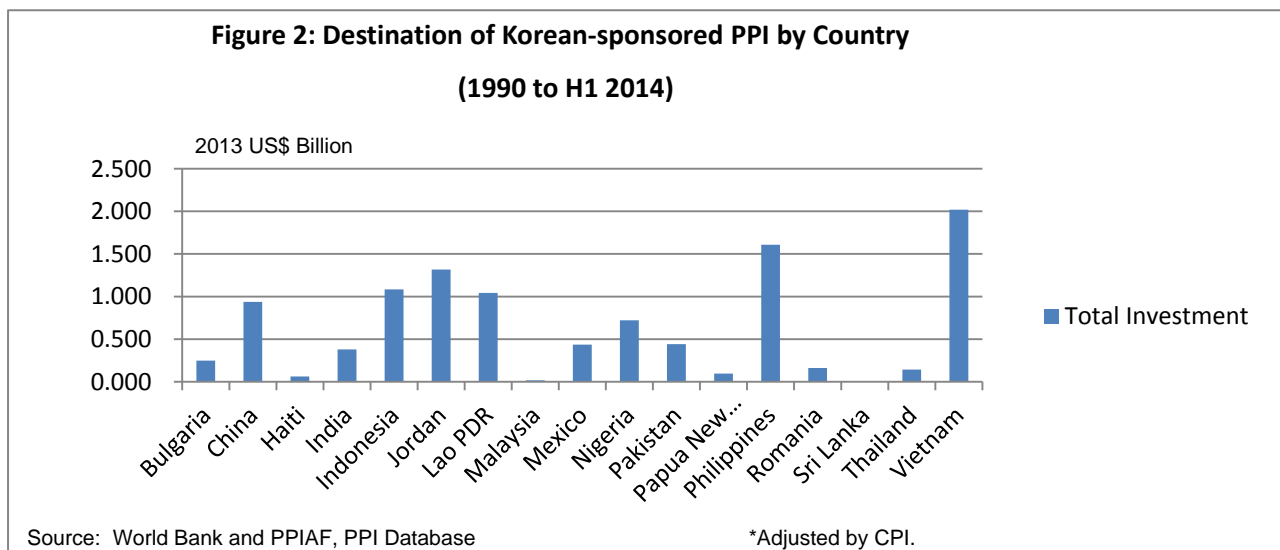
² The analysis includes projects in which Korean sponsors held an equity stake as of 2013. Cancelled projects, projects under development and projects where Korean sponsors sold their equity participation before 2013 are not included.

³ Total investment amounts have been adjusted using 2013 US CPI values throughout the text.

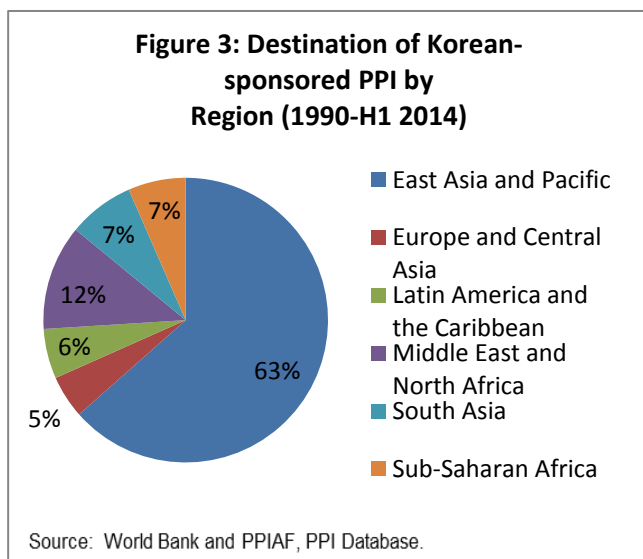
⁴ This analysis uses the World Bank's country classification (July 2013), which groups developing countries in the following income categories: low-income countries (2013 GNI per capita of \$1,035 or less), lower-middle income countries (2013 GNI per capita of \$1,036 - \$4,085) and upper-middle income countries (2013 GNI per capita of \$4,086 - \$12,615).

Sector Overview

Of the 33 infrastructure projects, 26 were in the energy sector, representing 97% of total investment commitments (US\$10.7 billion). These investments lacked a single country focus, as much of the total was mostly spread among 17 countries from 1990 to H1 2014 (Figure 2). The water sector attracted US\$150 million (1.3% of total investment) in two projects, including a pair of wastewater treatment plants—one each in China and Brazil. The telecom sector attracted US\$130 million (1.2% of total investment) in four projects—three in Mongolia and one in Russia. In the transport sector, a single rail project in Uzbekistan was sponsored by a Korean company in 2008 totaling US\$25 million (0.2% of total investment).



Regional Overview



Although Koreans sponsored projects in every region, investment was heavily concentrated in East Asia and Pacific (EAP), receiving 63% of PPI (Figure 3). Within EAP, no single country dominated investment totals; however, nearly one-third of commitments was made in Vietnam’s Mong Duong II Thermal Power Generation Project (US\$2 billion). The project’s main Korean shareholder was Posco with a 31% stake. Middle East and North Africa was the second most attractive region with US\$1.3 billion in PPI, driven by two energy projects in Jordan—the Al-Manakher Tri-Fuel Power Plant (US\$812 million) and the Al-Qatrana Power Project (US\$465 million).