

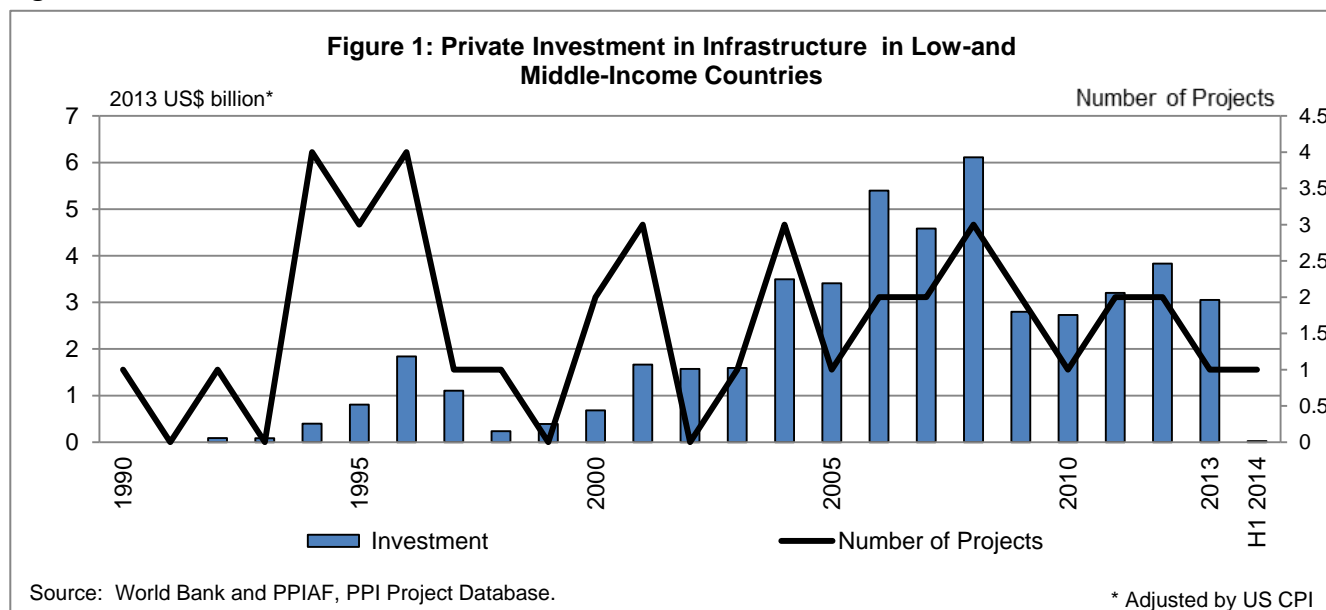
Snapshot: Norwegian-sponsored Private Participation in Infrastructure (PPI)¹

March 2015

PPI Update Note

Introduction

Norwegian-based companies sponsored 41 new infrastructure projects² with investment commitments of US\$49.1 billion³ from 1990 to the first half year of 2014. These projects were implemented in 23 countries in the telecom, transport and energy sectors. Roughly 71% of investment commitments were made after 2005 (Figure 1). Investment commitments peaked in 2008 when Norwegian companies sponsored three new infrastructure projects totaling US\$6.1 billion. Overall, the most active sponsors were Telenor with 12 projects and SN Power with 8 projects. Projects sponsored by these two entities comprised over 80% of total investment commitments from 1990 to H1 2014. The majority of investment by Norwegian sponsors was concentrated in 23 projects in upper-middle income countries; 12 were sponsored in lower-middle income countries and six were in low-income countries.⁴ Norwegian companies also participated in ten projects in seven IDA countries:⁵ Bangladesh, Ghana, Lao PDR, Nepal, Sri Lanka, Rwanda and Uganda. IDA countries accounted for 9% of total investment commitments.



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 Norwegian sponsors held an equity stake as of 2013. Cancelled projects, projects under development and projects where Norwegian sponsors sold their equity participation before 2013 are not included.

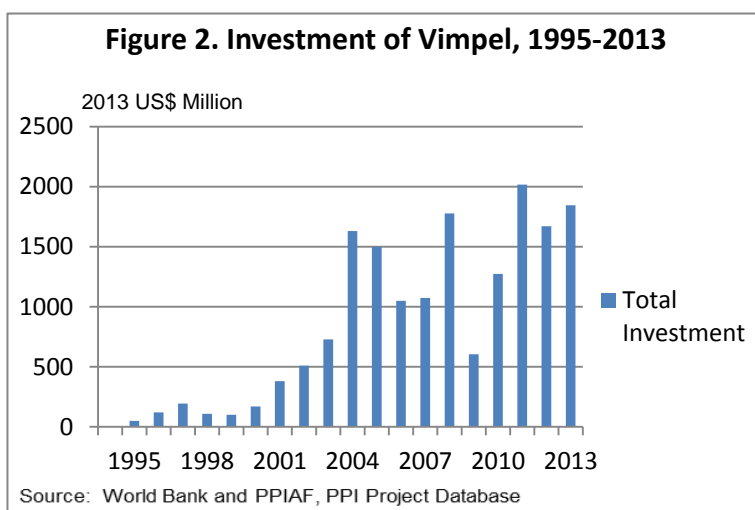
³ Total investment amounts have been adjusted using 2013 US CPI values throughout the text.

⁴ This analysis uses the World Bank's country classification (July 2013), which groups developing countries in the following income categories (in US\$): 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).

⁵ IDA countries include those that can borrow from the International Development Association (IDA) on concessional terms given their relative poverty (2013 GNI per capita below US\$1,195) or lack of creditworthiness to borrow on market terms.

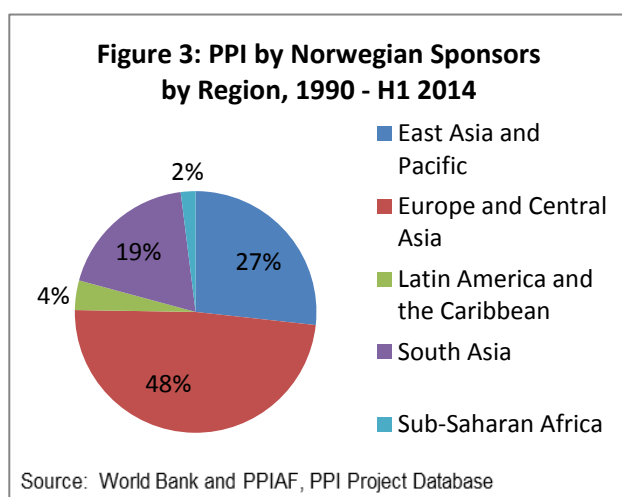
Sector Overview

Of total investment commitments, sponsor activity was greatest in the **telecom** sector, representing 86% of PPI. Despite capturing nearly 9 out of every 10 investment dollars, the sector received only 12 projects. The largest telecom project was Vimpel Communications, a brownfield expansion in Russia. Beginning in 1995, Vimpel Communications began building out a mobile network with an initial investment of US\$50 million. In each subsequent year until 2013, expansion



continued and annual brownfield commitments were made culminating in US\$18.9 billion (Figure 2). The project was a joint venture between Norwegian-based Telenor (40%) and Russian-based Alfa Group (40%). Vimpel Communications also received US\$600 million equity from EBRD through multilateral funding. **Energy** was the second most attractive sector for Norwegian-based sponsors, capturing 14% of total investment. With 26 of the 41 projects in energy, the average investment commitment of each project was much smaller than that of telecom. The largest project was the Theun Hinboun Hydro Power Plant in Laos PDR, valued at US\$1.2 billion. The project's main shareholder was SN Power—a joint venture between Statkraft and Norfund, both owned by the Government of Norway. **Transport** attracted limited investment (0.3% of total investment) in three seaports projects—one each in China, Turkey and Vietnam.

Regional Overview



The top region for projects sponsored by Norwegian companies was Europe and Central Asia (48%); East Asia and Pacific (27%); South Asia (19%); Latin America and the Caribbean (4%); and Sub-Saharan Africa (2%) (Figure 3). Within Europe and Central Asia, approximately 80% of investment was in Russia, driven by a single telecom project. Within East Asia and Pacific, three countries—Pakistan, Bangladesh and India—comprised 98% of investment totals. Within South Asia, Thailand was the greatest recipient with two projects comprising 51% of regional investment.

Malaysia also had 30% in one project. Latin America and the Caribbean attracted only 4% of total investment in three countries—Peru, Brazil and Chile. Norwegian-based sponsors made limited investments in Sub-Saharan Africa, which attracted only 2% of PPI. Nonetheless, there were six projects in four countries—South Africa (2), Uganda (2) and Ghana (1) and Rwanda (1).