

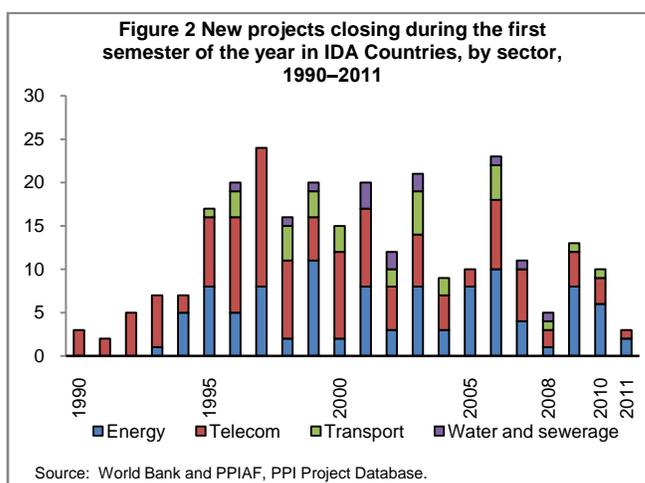
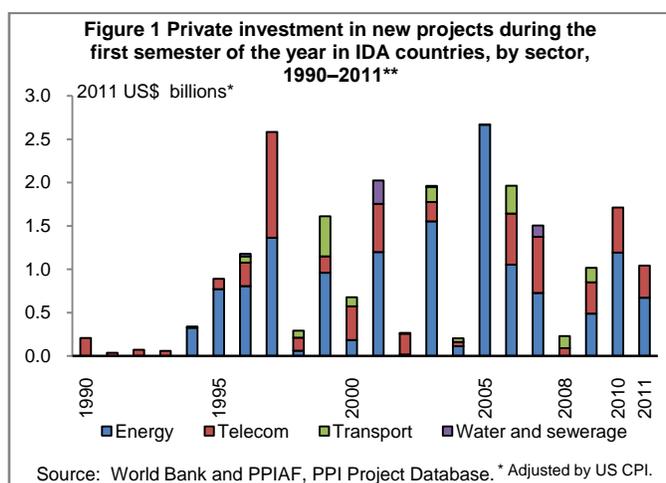
PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

PPI data update note 73

March 2012

Private Investment in IDA countries in the first half of 2011 was concentrated in a few, large projects

In the first semester of 2011, three new projects reached financial closure in the IDA countries of Lao PDR, Malawi and Zambia, representing investment commitments of US\$1.042 billion.¹ Investment in the first semester of 2011 decreased by 39% compared with the first semester of 2010, but was roughly on par with investment in the first semester of 2009. In the past five years, Investment in the first semester has generally been over US\$1 billion, with the exception of the financial crisis of 2008 (Figure 1).² By number of projects, activity in 2011 decreased by 70% compared with the first semester of 2010 indicating fewer, larger projects (Figure 2). The three projects reaching financial closure were unique in that they were relatively large projects for IDA countries and are described in greater detail below.



In **Energy**, a 70/30 joint venture between Vietnam's Viet-Lao Power and the state-owned utility Electricité du Laos began construction of the US\$422 million Xekaman 1 Hydropower Project in Lao PDR on a 30-year, BOT basis. As of 2011, the project was the largest investment by any Vietnamese company or consortium into Laos. Initial capacity was to be 322 MW, comprising of two plants; the 290 MW Xekaman 1 and 32 MW Xekaman Sanxay. Of the electricity produced, 80% will be exported to Vietnam through a 500kV transmission line and sold to the state-owned Electricity of Vietnam (EVN). Vietnam's Ministry of Industry and Trade has negotiated a Power purchase agreement between the Song Da Group and EVN. The remaining 20% of generated power will be distributed through the state-owned grid for consumption in Laos.

The Zambian government granted a 25-year power purchase agreement to Itezhi-Tezhi Power Corporation (ITPC), a joint venture established by state owned Zambia Electric Supply Corporation (ZESCO) and Tata Africa Holdings Limited, a subsidiary of TATA Enterprises, India. ITPC was to build and operate a 120MW facility at the Itezhi-Tezhi dam with operation scheduled for 2014. Financing included a US\$50 million loan from Exim Bank of India, and US\$180 million facility led by African Development Bank, Proparco, FMO and the Development Bank of South Africa (DBSA).

In **Telecom**, the Malawi Communications Regulatory Authority (MACRA) granted Celcom (South Africa) a 15-year license to operate a nationwide telecommunications network in the entire Republic of Malawi from 2011 onwards. The license required Celcom Ltd. to provide fixed-line and mobile services and pay MACRA a license fee based on net operating revenue.

This note was written by Alexander Nicholas Jett, Infrastructure Finance Analyst, Finance, Economics, and Urban Development Department, Sustainable Development Network, World Bank.

¹ Includes IDA only countries; countries with blend status, such as India, are omitted

² 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. Investment is for new projects only; therefore investment in existing telecom projects is excluded.