

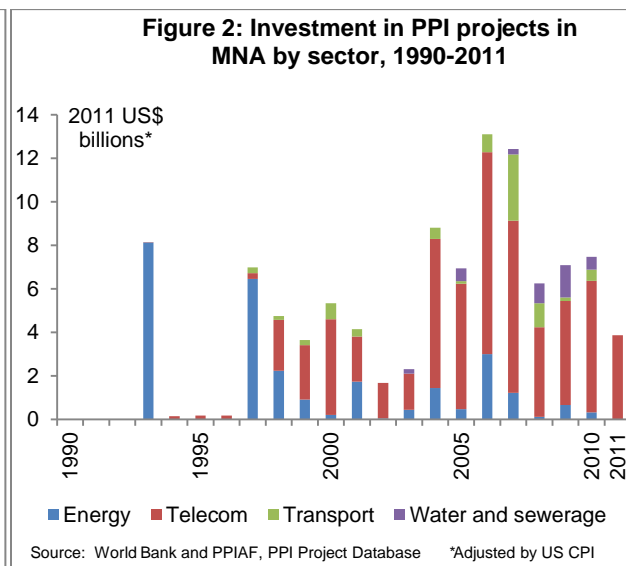
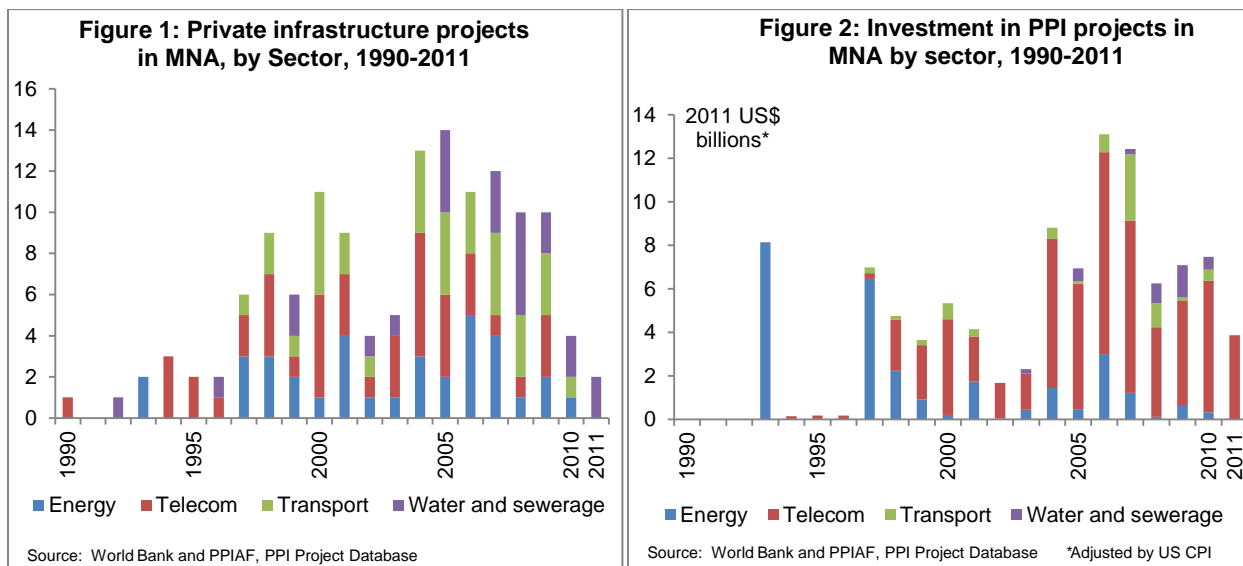
PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

PPI data update note 83

September 2012

Private activity in infrastructure in the Middle East and North Africa drops to 15-year low

In the Middle East and North Africa (MNA), 2011 was a particularly slow year for infrastructure projects. Only two new infrastructure projects reached financial or contractual closure in low and middle income countries.¹ Both projects were management contracts for water utilities in Algeria and Jordan. There was a high correlation between the Arab Spring of 2011 and the lack of new private activity. The number of projects was the lowest in more than 15 years.² The trend of investments in MENA is comparable to other regions: downward after a peak in the mid-2000s (Figure 2).



Total investment commitments (hereafter, *investment*) in all infrastructure projects in the MENA-region reached US\$3.870 billion, which was entirely attributable to new investments in existing telecom projects (projects that had already reached financial or contractual closure before 2011). Investments in new projects were effectively recorded as zero. (See also Note 74 on the global PPI activity in the telecommunications sector in 2011.) This was a decrease of 36% in real terms (2011 US dollars) compared to 2010, and the lowest amount in three years.

This note was written by Robbert van Eerd, consultant, and Alexander Jett, PPI Database task team leader, Finance Economics and Urban Development Department, Sustainable Development Network, World Bank Group.

¹ The PPI Project Database currently uses the World Bank's definition of low- and middle-income countries released in July 2010. High-income countries in the region such as Qatar, Oman, and Saudi Arabia are not included in the analysis. Investment data are in 2011 US dollars, using the US CPI to adjust to 2011 values.

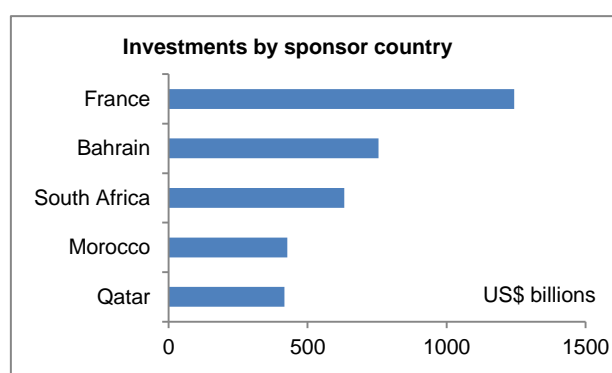
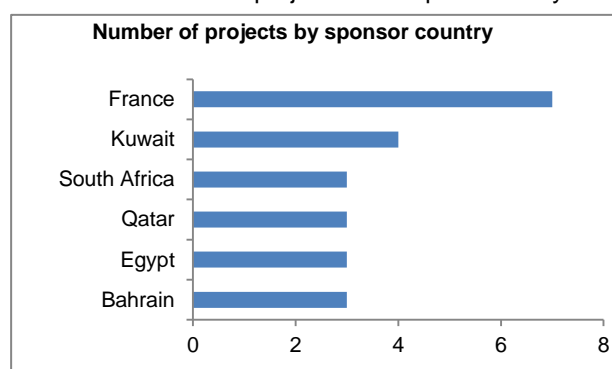
² Data on transport projects with private participation include primarily medium-size and large projects in low and middle income countries as reported by the media and other public sources. Small-scale projects are generally not included because of lack of public information. More information is available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

Sponsor focus

In 2011, sponsors invested in 35 different projects (including projects previously closed). Data shows that about one fifth of projects were sponsored by French companies. Another 11% of projects were sponsored by Kuwait. South Africa, Qatar, Egypt and Bahrain.

The amounts invested showed a similar trend: French companies were putting up most of the capital, or about 24% of all investments. This equated to US\$1.2 billion. Bahrain and South Africa came in second and third, investing US\$755 million and US\$632 million, respectively. Arab countries Morocco and Qatar concluded the top-5. Interestingly, the United Kingdom failed to make it into the top-5..

By investment, the top French sponsor was France Telecom. United Gulf Bank of Bahrain and Bahrain Telecommunications Company followed for Bahrain. In South Africa, MTN Group was the leading sponsor focusing on telecom. For Morocco, FinanceCom, Omnium Nord-Africain group and Nareva Holdings were most active, followed by Qatar Telecom.



Featured project: Société des Eaux d'Assainissement d'Alger (SEAAL), second management contract

In October 2011, the government of Algeria renewed Suez's management contract to manage Algiers' water and wastewater utility *Société des Eaux d'Assainissement d'Alger* (SEAAL) for another five years, for the modernization of water supply and sanitation services in the city of Algiers, Algeria. SEAAL had been created in 2006 by AdE (*Algérienne des Eaux*, the Algerian Water Authority) and ONA (*Office National de l'Assainissement*, the National Wastewater Authority) to take over the provision of potable water and wastewater services to Algiers' 3.5 million population. By 2011, SEAL had 525,000 water connections.

The renewal came following Suez's achievements over the course of its first contract (2006-2011) which saw access to 24-hour waste supply jump from 8% to 100% of the population.

The new contract, worth US\$146 (€105 million) in sales, aimed to consolidate service improvements and knowledge transfer at SEAAL, and expand to incorporate the management of water and wastewater networks in the district of Tipaza, 70km west of Algiers. The objective, similar to the one in Algiers, is to provide water access 24-hours a day to the 600,000 inhabitants of Tipaza.

Table 1 - Projects with private participation reaching financial or contractual closure in the Middle East and North Africa region in 2011

Water and sanitation					
Country	Project Name	PPI Type and Subtype	Segment	Total Investment*	Sponsors
Algeria	Société des Eaux d'Assainissement d'Alger (SEAAL) second management contract	Management and lease contracts (Management contract)	Water utility with sewerage	N/A	Suez (100%)
Jordan	Yarmouk Water Company Management Contract	Management and lease contracts (Management contract)	Water utility with sewerage	N/A	Veolia Environnement (100%)

*in 2011 US\$ millions

Source: World Bank and PPIAF, PPI Database 2011.