



2015 Latin America and the Caribbean (LAC) PPI¹ Update

- The total investment in infrastructure² PPI deals³ in emerging economies in Latin American and the Caribbean (LAC) dropped by 49 percent, from US\$69.6 billion in 2014 to US\$35.2 billion in 2015.
- Excluding Brazil, total investment spiraled upward by 37 percent in 2015, hitting an all-time high of US\$30.7 billion.
- Road projects amassed US\$12.9 billion in commitments, LAC's second highest ever.

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 Henry Kasper and edited by Jenny Chao.

1 OVERVIEW

PPI investment fell. Overall PPI investment in LAC fell from US\$69.6 billion in 2014 to US\$35.2 billion in 2015, representing a 49 percent year-over-year decline. This is primarily because of fewer PPI deals in Brazil, which dropped by US\$42.7 billion in commitments from the previous year to US\$4.5 billion in 2015. The fall in Brazil was due to the end of an infrastructure boom for the World Cup and Olympics, as well as economic uncertainty in 2015. By excluding Brazil from the totals, PPI among other LAC countries swelled by 37 percent year over year—76 percent above the five-year average (US\$17.4 billion) and 136 percent above the 10-year average (US\$13.0 billion). In absolute terms, commitments amounted to US\$30.7 billion—the highest ever recorded. Countries including Colombia, Peru, Chile, Costa Rica, Jamaica, and Uruguay, respectively, all experienced significantly higher PPI than the previous year (Figure 1).

Conversely, LAC recorded the lowest number of projects since 1996, when only 126 deals closed financially. The 128 projects in 2015 is far below the 10-year average of 176 per year, again because of lower PPI in Brazil.

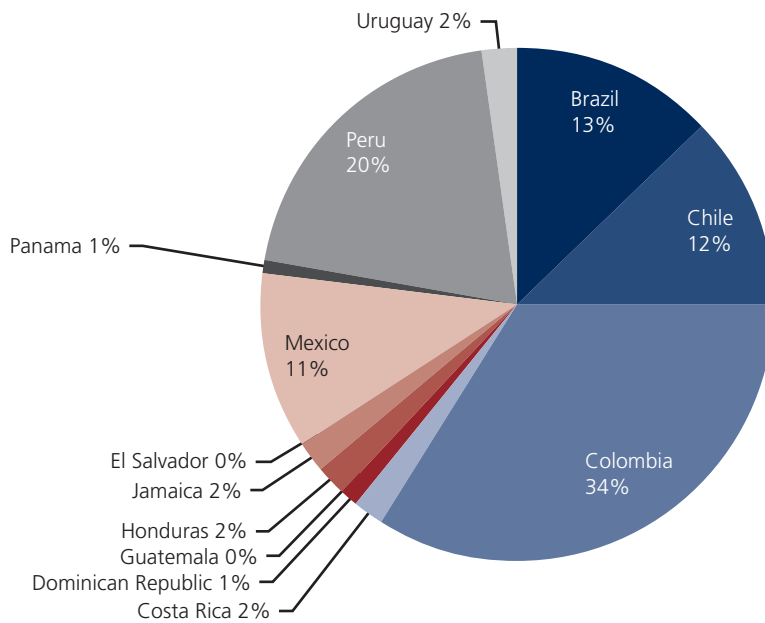
Support from multilateral development banks (MDB). MDB support was present in 11 percent of all deals in LAC in 2015, or 14 out of 128 projects. Most support was concentrated in energy projects (10), followed by transport deals (4). The vast majority of assistance comprised direct loans; projects worth a total of US\$7.4 billion received US\$1.5 billion (14 loans).

¹ Private Participation in Infrastructure (PPI) as defined by the Private Participation in Infrastructure Database <http://ppi.worldbank.org>

² “Infrastructure” refers to energy, transport, and water projects serving the public in low- and middle-income countries, including natural gas transmission and distribution, but excluding oil and gas extraction.

³ “PPI deals” refers to investment commitments by public and private parties at the time of financial closure. However, they may not be realized in practice, and the actual investment may take place over a number of years.

FIGURE 1: DISTRIBUTION OF TOTAL PPI INVESTMENT (US\$35.2 BILLION) IN 2015



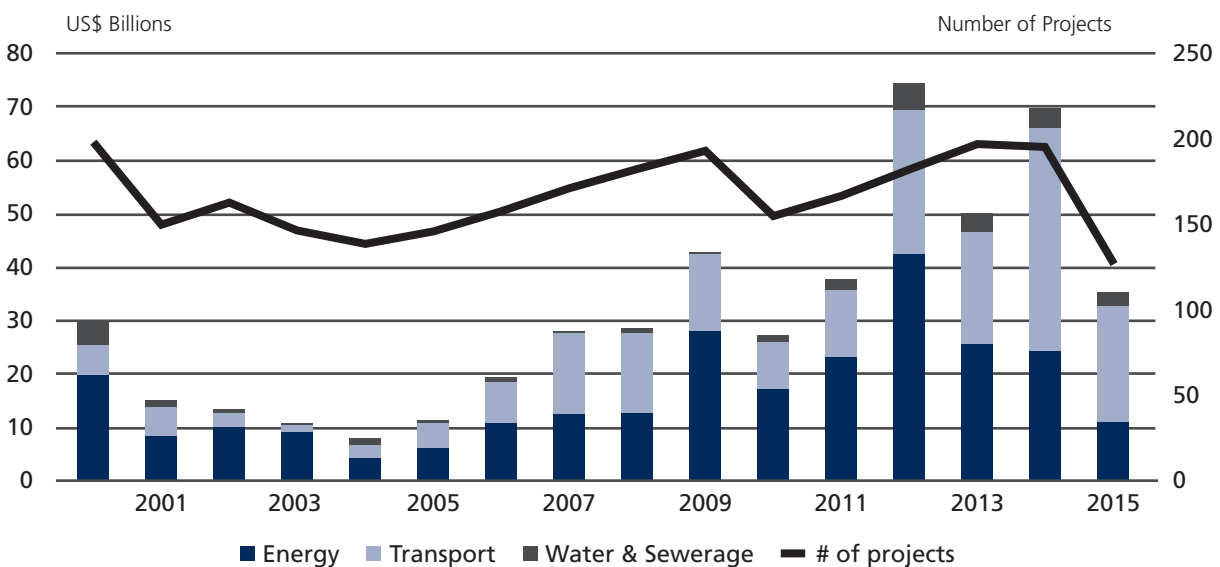
Source: World Bank, Project PPI Database

*Adjusted by 2014 US CPI

2 SECTOR OVERVIEW

Most projects were in **energy** (73), followed by **transport** (37) and **water and sewerage** (18). Despite having less than one-third of all transactions, the transport sector had the greatest investment, taking in US\$21.7 billion, or 61 percent of regional investment. Energy made up 32 percent and water and sewerage accounted for the remaining 7 percent. (Figure 2 and Table 1).

FIGURE 2: TOTAL PPI DEALS IN ENERGY, TRANSPORT, AND WATER & SEWERAGE



Source: World Bank, PPI Project Database.

* Adjusted by 2014 US CPI

TABLE 1: TOTAL INVESTMENT COMMITTED BY SECTOR IN 2015

	Number of Transactions	Average Investment Commitment (US\$ millions)	Total Investment (US\$ billions)	% of Total	% Change from 5-year average
Transport	37	\$585	\$21.7	61%	-2%
Energy	73	\$154	\$11.2	32%	-58%
Water & Sewerage	18	\$132	\$2.4	7%	-22%
Total	128	\$275	\$35.2*	100%	-32%

Source: World Bank, PPI Project Database.

When analyzed by sector, **energy** commitments of US\$11.8 billion represent less than half the previous year's total and 45 percent below the 10-year average. Excluding Brazil, however, the US\$9.1 billion in energy commitments is 43 percent above the 10-year average of US\$6.4 billion. Most investment was in power generation (US\$8.8 billion for 70 projects).

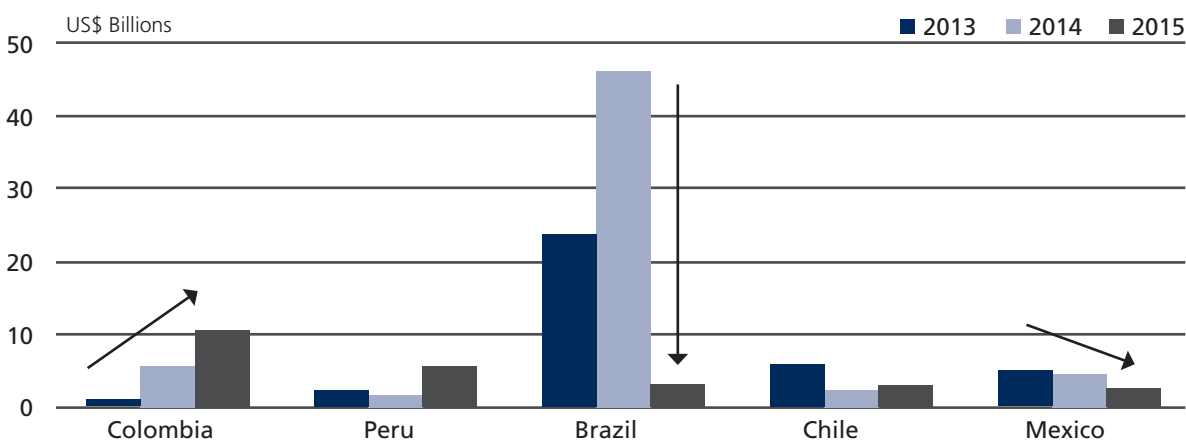
Investment in **transport** paints a very different picture. Commitments of US\$21.7 billion are on par with the five-year average and 30 percent above the 10-year average of US\$16.7 billion. Colombia's record number of mega road projects and Peru's Lima Metro Line 2 helped drive totals.

Commitments of US\$2.4 billion in **water** projects are 31 percent above the 10-year average of US\$1.8 billion. The number of projects is also well above short- and long-term averages, indicating more, but smaller deals. Consistent with historical trends, the vast majority of deals were in the water utility subsector.

3 TOP COUNTRIES

Thirteen countries in LAC closed 128 deals, totaling US\$35.2 billion. Investment in the top five countries over the last three years is shown in Figure 3.

FIGURE 3: TOTAL INVESTMENT IN TOP 5 COUNTRIES IN THE LAST 3 YEARS



Source: World Bank, PPI Project Database.

* Adjusted by 2014 US CPI

The top market for PPI investment in 2015 was **Colombia**, with 18 transport projects totaling US\$11.8 billion to include 17 roads and one airport. Five highway deals, each valued at roughly US\$1 billion, along with other sizeable road deals, propelled investment. The total commitments in road projects is a record high for Colombia. The US\$11.7 billion investment represents approximately one-third of Colombia's total PPI investment over the last 25 years in all sectors combined.

TABLE 2: TOTAL INVESTMENT IN TOP 5 COUNTRIES IN LAC REGION IN 2015

	Number of Projects	Average Investment (US\$ millions)	Total Investment (US\$ millions)	% of Total Regional Investment
Colombia	18	\$658	\$11,849	34%
Peru	11	\$644	\$7,081	20%
Brazil	46	\$98	\$4,524	13%
Chile	18	\$239	\$4,295	12%
Mexico	8	\$496	\$3,970	11%
All Other Countries	27	\$131	\$3,527	10%
Total	128	\$1,304	\$35,246	100%

Source: World Bank, PPI Project Database.

4 TOP DEALS IN THE LAC REGION

In 2015, the top 10 projects made up nearly half of regional investment (US\$14.6 billion out of US\$35.2 billion).

Featured project: Lima Metro Line 2: In March, 2014, a six-member consortium won a competitive bid to build and operate the 35-kilometer Line 2 of the metro system in Lima, Peru. The bidding criteria was the lowest required funding to be received from the government. The winning bid was US\$3.695 billion, 4.4 percent below the ceiling set by the government. Metro de Lima Linea 2 S.A., the newly established consortium, won the tender and set out to lead the project (see Table 3 below for information on sponsors).

The 35-year PPP contract was signed in April 2014 for an estimated US\$5.4 billion. In December 2014, the Inter-American Development Bank approved a US\$750 million loan to finance the deal; in June 2015, the sponsors issued a US\$1.2 billion 19-year 1-month bond. In September 2015, the World Bank approved a US\$300 loan. Then in October the sponsors were granted US\$800 million by Cassa Depositi e Prestiti, KfW IPEX-Bank, Societe Generale, Banco Santander, and Spain's state-owned Instituto de Crédito Oficial. Construction work began in September 2015, with operations set to commence in 2020.

Table 3 presents the top 10 projects with private participation in LAC reaching financial closure in 2015.

TABLE 3: TOP 10 DEALS IN THE LAC REGION IN 2015

Country	Project	Total Amount (US\$ million)	Sponsors (% Ownership/Sponsor Country)
Peru	Lima Metro Line 2	\$5,373	ACS Group (25%/Spain); Ferrovial Group (19%/Spain); Impregilo S.p.A. (19%/Italy); Cosapi (10%/Peru); Leonardo-Finmeccanica (29%/Italy)
Mexico	Los Ramones Gas Pipeline Phase II Norte	\$1,513	Sempre Energy International (25%/United States)
Colombia	Autopista Chirajara-Villavincencio	\$1,164	Corficolombia (100%/Colombia)
Colombia	Autopista-Santana-Mocoa-Neiva	\$1,080	Carlos Alberto Solarte S.A. (20%/Colombia), Latinco S.A. Latinoamericana de Construcciones (10%/Colombia); ICA SA de CV (35%/Mexico); Cass Constructores y Cia (20%/Colombia); Alca Ingenieria S.A.S. (5%/Colombia); Estyma S.A. (10%/Colombia)
Colombia	Autopista Villavincencio-Yopal	\$1,069	Corficolombia (100%/Colombia)
Colombia	Autopista Bucaramanga-Barrancabermeja-Yondo	\$979	Cintra S.A. (40%/Spain); RM Holdings S.A.S. (30%/Colombia); MC Victorias Tempranas S.A.S. (30%/Colombia)
Colombia	Autopista al Mar 2	\$937	China Harbour Engineering Company Ltd (30%/China); Termotecnica Coindustrial (5%/Colombia); SP Ingenieros (30%/Colombia); Pavimentar S.A. (25%/Colombia); Unidad de Infraestructura y Construcciones Asociadas SAS (10%/Colombia)
Colombia	Autopista Rumichaca-Pasto	\$843	Sacyr Vallehermoso S.A. (60%/Spain); Herdoiza Crespo Construcciones S.A. (40%/Ecuador)
Mexico	El Encino - La Laguna Natural Gas Pipeline	\$826	Partners Group (87%/Switzerland); Grupo Diavaz S.A. (13%/Mexico)
Colombia	Autopista al Mar 1	\$817	Strabag Austria (38%/Austria); Sacyr Vallehermoso S.A. (38%/Spain); Conccay S.A. (25%/Colombia)

About the Private Participation in Infrastructure Projects Database:

The Private Participation in Infrastructure Database is a product of the World Bank's Public-Private Partnerships Group. Its purpose is to identify and disseminate information on private participation in infrastructure projects in low- and middle-income countries. The database highlights the contractual arrangements used to attract private investment, the sources and destination of investment flows, and information on the main investors. The site currently provides information on more than 8,000 infrastructure projects dating from 1984 to 2015. It contains over 50 fields per project record, including country, financial closure year, infrastructure services provided, type of private participation, technology, capacity, project location, contract duration, private sponsors, debt providers, and development bank support. This project represents the best efforts of a research team to compile publicly available information on those projects, and should not be seen as a fully comprehensive resource. Some projects—particularly those involving local and small-scale operators—tend to be omitted because they are usually not reported by major news sources, databases, government websites, and other sources used by the PPI Projects database staff. For more information, please visit: <http://ppi.worldbank.org/>.

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The World Bank Group plays a key role in the global effort to end extreme poverty and boost shared prosperity. It consists of five institutions: the World Bank, including the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA); the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Working together in more than 100 countries, these institutions provide financing, advice, and other solutions that enable countries to address the most urgent challenges of development. For more information, please visit: www.worldbank.org, www.miga.org, and ifc.org. For media queries, please contact Nadine Ghannam: nsghannam@worldbankgroup.org, +1-202-473-3011.