



2015 Middle East and North Africa (MNA) PPI¹ Update

- Total investment² in infrastructure³ with private participation in emerging economies in MNA decreased by 25 percent, from US\$2.9 billion in 2014 to US\$2.3 billion in 2015.
- While Jordan and Morocco still drove PPI in MNA, decline in these countries and the region is similar, as ongoing instability blocked new investment in other ECA countries.
- The energy sector remained the primary target for PPI in MNA, taking in 95 percent of the total regional investment, all of which is in solar power.

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 Ghady Njeim and edited by Jenny Chao.

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OVERVIEW

PPI fell in Morocco and Jordan, as PPI moved at a slower pace. Overall PPI investment in MNA fell from US\$2.9 billion in 2014 to US\$2.3 billion in 2015, representing a 25 percent year-over-year decline. Jordan and Morocco, two of the few stable countries in the region, remained the sole markets for PPI investments, thanks to their on-going persistence to develop clean energy sources (Figures 1 and 2). However, their clean energy investments dropped by 24 percent in 2015, reflecting the regional decline. Other emerging market developing countries including Iraq, Lebanon, Libya, Palestine, Syria, and Yemen have seen no PPI investments in recent years. Egypt closed one deal, a management and lease contract for a water project with zero investment in 2015. The country is planning several projects; however, sponsors and lenders are still awaiting more support from the Egyptian government to provide financing.

The number of projects more than doubled to 12 in 2015, up from five in 2014. However, the average investment per project fell from US\$586 million in 2014 to US\$213 million in 2015, excluding the management and lease contract project in Egypt with zero investment.

Support from multilateral development banks (MDB). MDBs were very active in the region, supporting nine of the 11 projects that were financed in MNA in 2015. MDB financing only targeted solar energy projects. In Jordan, projects worth US\$428 million received US\$84 million in support; whereas, in Morocco, projects valued at US\$1.9 billion received around US\$1 billion.

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

² "Investment" refers to investment commitments at the time of financial closure.

³ "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.

FIGURE 1: DISTRIBUTION OF TOTAL INVESTMENT OF US\$2.3 BILLION IN 2015

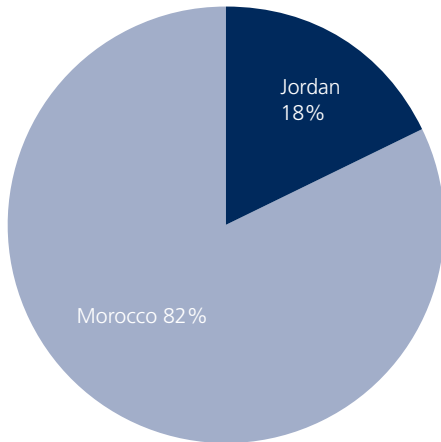
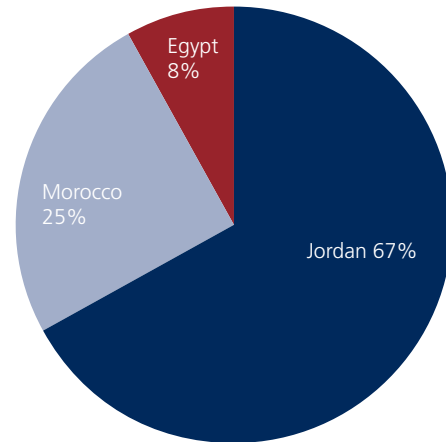


FIGURE 2: DISTRIBUTION OF 12 PROJECTS IN 2015

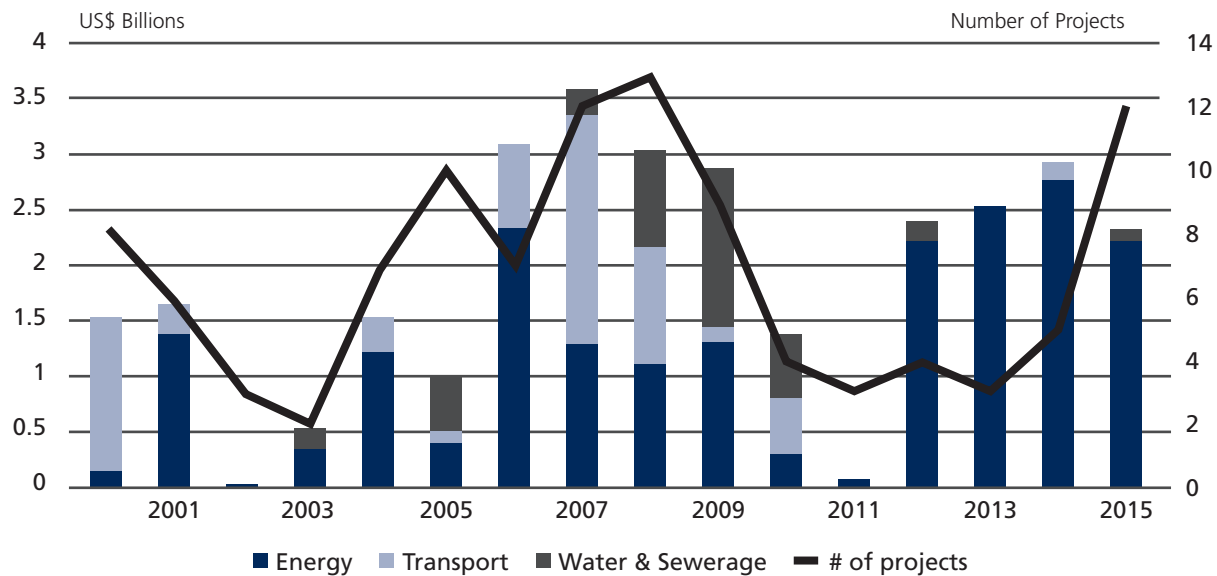


Source: World Bank, Project PPI Database

2 SECTOR OVERVIEW

Most projects were in **energy** (10), followed by **water and sewerage** (2). The energy sector had the greatest investment, capturing US\$2.2 billion, or 95 percent of regional investment. Of the two water and sewerage projects, one was a management and lease contract project with zero investment. The second received US\$114 million (Figure 3 and Table 1), representing the remaining 5 percent of the region's total investment.

FIGURE 3: TOTAL INVESTMENT 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	0	\$0	\$0	0%	-100%
Energy	10	\$213	\$2.2	95%	+41%
Water & Sewerage	2	\$114	\$0.1	5%	-25%
Total	12	\$275	\$2.3	100%	+25%

Source: World Bank, PPI Project Database.

Energy commitments of US\$2.2 billion were made entirely for solar energy generation projects. The 10 energy projects came from Morocco (2) and Jordan (8). The two Moroccan projects, NOORo II parabolic CSP and NOORo III tower CSP, were the largest investments in 2015, achieving 81 percent of total energy investments. Together they were part of the second phase of the NOOR Ouarzazate solar complex, initiated by the Moroccan government to attain 42 percent of total installed capacity from solar by 2020. Of the eight projects in Jordan, seven were bundled financially and entitled the “Seven Sisters.” Despite a decline in annual investment, 2015 recorded 25 percent more commitments than the five-year average for the region.

No financial closings was recorded in the **transport** sector in 2015. This is consistent with a trend of low regional investments in transport in which only one project reached closure (2014) over the past four years.

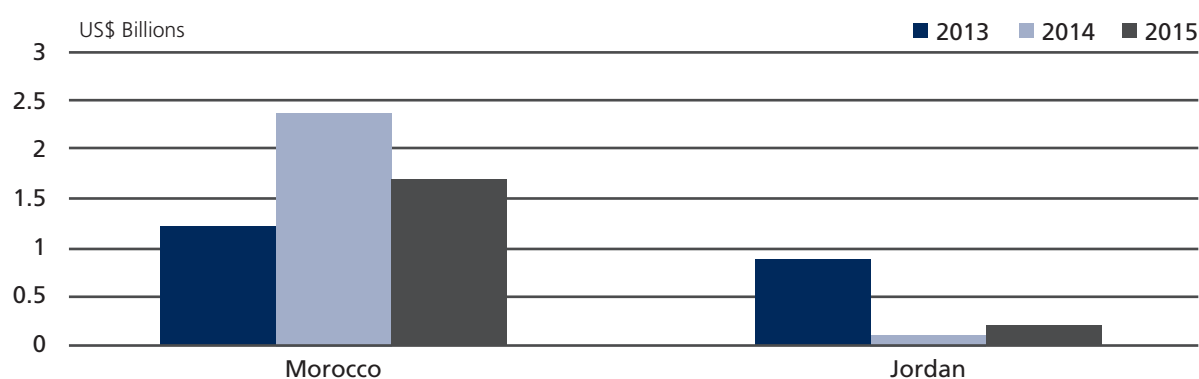
Two projects were recorded in the **water** sector in 2015. One was a management and lease contract in Egypt with zero investment. The second, a US\$114 million desalination plant in Agadir, Morocco, was the first recorded financial closing in the sector since 2012.

The number of projects, the highest since 2012, was driven primarily by the bundled financial closing of the “Seven Sisters” projects in Jordan.

3 TOP COUNTRIES

Two countries in MNA, Morocco and Jordan, closed all 24 deals, totaling US\$10.3 billion, in the past five years. Investment in these two countries over the last three years is shown in Figure 4.

FIGURE 4: TOTAL INVESTMENT DISTRIBUTION IN MOROCCO AND JORDAN IN THE LAST 3 YEARS



Source: World Bank, PPI Project Database.

The top market for PPI investment in 2015 was **Morocco**, with 82 percent of total regional investments: US\$1.9 billion. Of Morocco’s three projects for the year, two were in solar energy generation, reaching

94 percent of Morocco's total investments in 2015. The third was a US\$114 million desalination plant in Agadir.

TABLE 2: TOTAL INVESTMENT IN MOROCCO AND JORDAN IN THE MNA REGION BY COUNTRY IN 2015

	Number of Projects	Average Investment (US\$ millions)	Total Investment (US\$ millions)	% of Total Regional Investment
Morocco	3	\$638	\$1,914	82%
Jordan	8	\$53.5	\$428	18%
Total	11	\$213	\$2,342	100%

Source: World Bank, PPI Project Database.

4 TOP DEALS IN THE MNA REGION

In 2015, the top five projects made up 92 percent of regional investment (US\$2.15 billion of US\$2.34 billion).

Featured projects: NOORo II parabolic CSP and NOORo III tower CSP: In January 2015, a consortium formed by Saudi Arabia's ACWA Power and Spain's SENER won a US\$1.8 billion bid to develop the second phase of the NOOR Ouarzazate project. ACWA had also won the first phase of the NOORo I CSP project in 2014. The second phase includes two CSP plants, NOORo II and III, with a combined capacity of 350 megawatts. A parabolic CSP, NOORo II will have a capacity of 200 megawatts and seven hours of storage. NOORo III, a tower CSP, will have a capacity of 150 megawatts and seven to eight hours of storage. The bid criterion was based on the lowest tariff; the ACWA consortium won with a tariff of USD 0.14 kilowatt hours for NOORo II and USD 0.15 kilowatt hours for NOORo III. The plants are expected to be operational in 2017. In addition to the ACWA consortium, two other consortiums took part in the bidding process, led by ENGIE Group (formerly GDF) and Abengoa.

Financial closure was reached in May 2015; the sponsors secured a US\$1.44 billion debt, US\$1 billion of which was sourced from MDBs. Table 3 shows the top five PPI projects reaching financial closure in MNA in 2015.

TABLE 3: TOP 5 DEALS IN THE MNA REGION IN 2015

Country	Project	Total Amount (US\$ million)	Sponsors (% Ownership/Sponsor Country)
Morocco	NOORo II Parabolic CSP	\$1,00	ACWA Power (70%/Saudi Arabia)
Morocco	NOORo III Tower CSP	\$800	ACWA Power (70%/Saudi Arabia)
Jordan	Shams Ma'an PV Solar Power Plant	\$168	Mitsubishi (35%/Japan); Qatar Electricity & Water Company (35%/Qatar)
Morocco	Agadir Desalination Plant	\$114	Abengoa (100%/Spain)
Jordan	Jordan Solar One PV Power Plant	\$70	AMP Solar Group (67%/Canada); Evolution Solar Group (17%/United States); RAI Energy International (13%/United States)

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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