



2015 South Asia (SAR) PPI¹ Update

- Total investment² in infrastructure³ in South Asia (SAR) decreased by 9 percent, from US\$6.2 billion in 2014 to US\$5.6 billion in 2015.
- PPI investment in India fell for the fifth consecutive year, hitting a 10-year low.
- Multilateral development banks supported nine projects, totaling US\$1.6 billion.
- Of the region's 31 power generation projects, 29 were for renewable sources.

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

Falling PPI investment. Overall PPI investment in SAR fell from US\$6.2 billion in 2014 to US\$5.6 billion in 2015, a 9 percent decline, yet the fifth consecutive year of less investment. Peaking in 2010 with commitments of US\$57.9 million, investment in India has steadily declined each year. Given India's regional dominance in PPI (see Figures 1 and 2), this means the overall regional investment in the region has been falling.

Support from multilateral development banks (MDB). MDBs provided support for nine out of 43 projects in SAR in 2015. Most of the assistance comprised direct loans; projects worth a total of US\$1.6 billion received US\$916 million (17 loans)—mostly for renewable energy projects. Interestingly, MDBs provided the majority of financing for four of the nine projects: Kabeli-A Hydro Electric Project (US\$85 million out of US\$108 million); the 170-megawatt Ratlam Windfarm (US\$150 million out of US\$200 million); Bibiyana Power Project (US\$215 million out of US\$300 million); and Gulpur Hydropower Project (US\$277 million out of US\$367 million).

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 US\$5.6 BILLION PPI INVESTMENT IN 2015

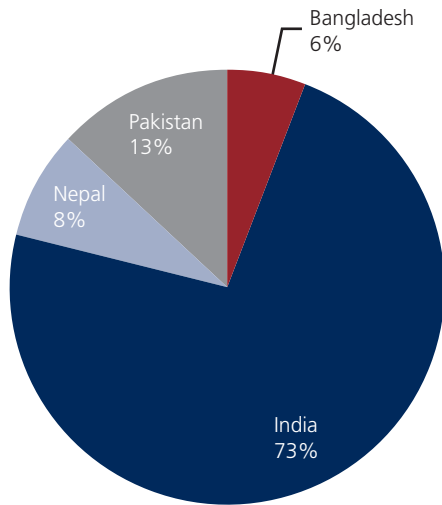
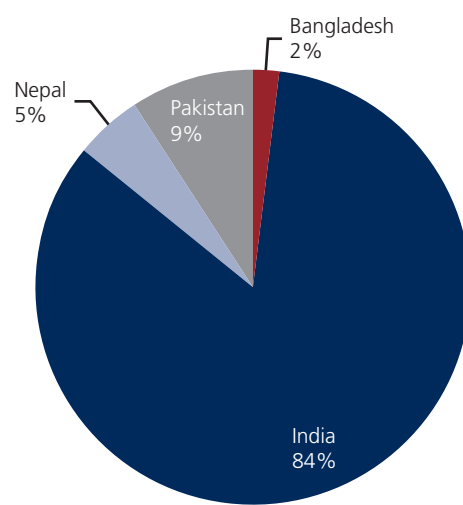


FIGURE 2: DISTRIBUTION OF 43 PPI PROJECTS IN 2015

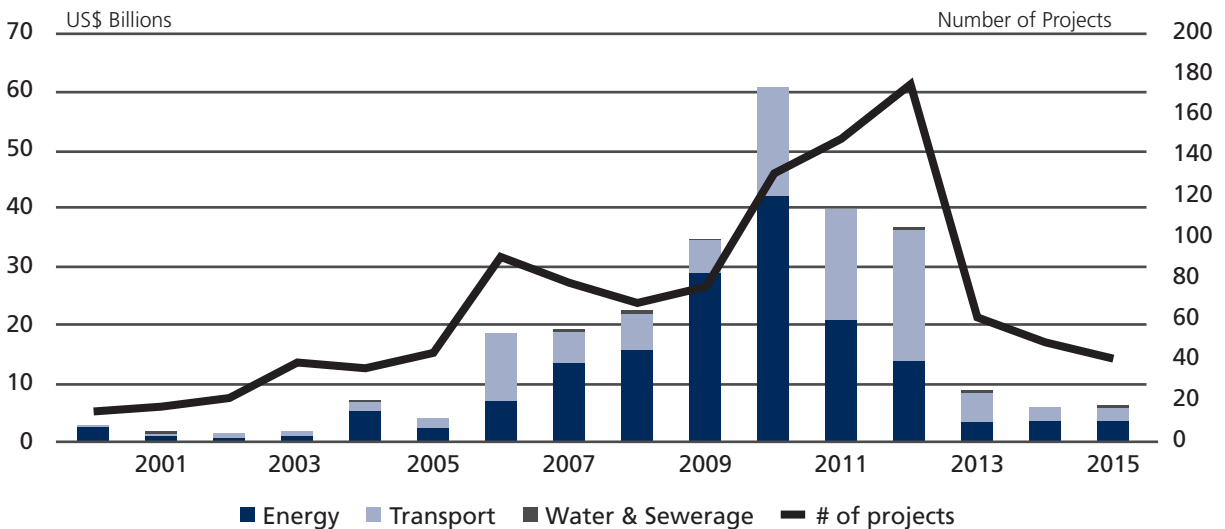


Source: World Bank, Project PPI Database

2 SECTOR OVERVIEW

Most projects were in energy (33), followed by transport (8), and water and sewerage (2). With 77 percent of all projects, the energy sector captured 57 percent of the total investment; transport, with 43 percent; and water and sewerage, with less than 1 percent (Figure 3 and Table 1).

FIGURE 3: TOTAL PPI INVESTMENT IN ENERGY, TRANSPORT, AND WATER & SEWERAGE



Source: World Bank, PPI Project Database.

* Adjusted by 2014 US CPI

Energy investment of US\$3.2 billion was absorbed entirely by electricity generation. The 33 power generation projects were spread across four countries: India (27), Pakistan (4), Bangladesh (1), and Nepal (1).

TABLE 1: TOTAL INVESTMENT COMMITTED BY SECTOR IN 2015

	Number of Transactions	Average Investment Commitment (US\$ millions)	Total Investment (US\$ millions)	% of Total	% Change from 5-year average
Energy	33	\$98	\$3,221	57%	-81%
Transport	8	\$300	\$2,397	43%	-83%
Water & Sewerage	2	\$9	\$19	<1%	-78%
Total	43	\$131	\$5,637	100%	-82%

Source: World Bank, PPI Project Database.

Although the number of generation projects are down compared with the last few years, the projects comprising renewable energy sources—wind, solar, and hydro—represent a three-year high (31).

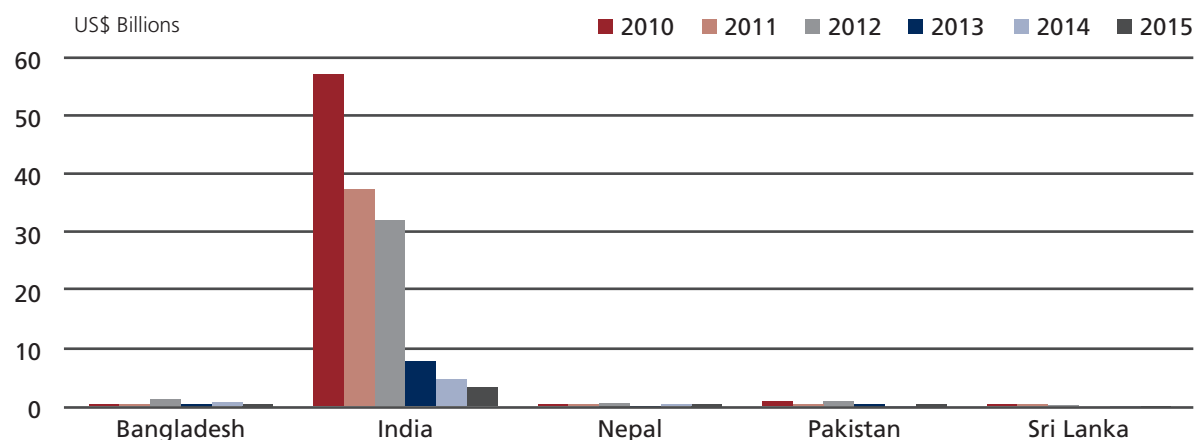
Two **transport** deals totaling US\$2.4 billion closed in SAR in 2015. Because only eight projects reached financial closure in the sector, the average deal was a hefty US\$300 million. Seven of the eight deals were in the road subsector, and one was a port. Consistent with overall totals, most deals and investment were made in India. Notably, the US\$350 million Kathmandu-Kulekhani-Hetauda Tunnel Highway was the first PPI road project ever recorded in Nepal.

Two **water** projects closed in 2015—both treatment plants in India (one potable water and one sewerage). Although higher investment was noted in each of the past two years, the SAR region has averaged less than one deal per year from 2009 to 2014.

3 TOP COUNTRIES

South Asia closed 43 deals in 2015, totaling US\$5.6 billion. Figure 4 below presents investment in the top five countries over the last six years.

FIGURE 4: TOTAL INVESTMENT IN TOP 5 COUNTRIES IN THE SAR REGION (2010–2015)



Source: World Bank, PPI Project Database.

* Adjusted by 2014 US CPI

The top market for PPI investment in 2015 was **India** (Table 2). The 36 projects totaling US\$4.1 billion were spread across all three sectors: energy (27), transport (7), and water (2). Although only making up 19 percent of India's projects, the transport sector accounted for half of all investment.

TABLE 2: TOTAL INVESTMENT IN TOP 5 COUNTRIES IN SAR, 2015

	Number of Projects	Average Investment (US\$ millions)	Total Investment (US\$ millions)	% of Total Regional Investment
India	36	\$115	\$4,129	73%
Pakistan	4	\$187	\$750	13%
Nepal	2	\$229	\$458	8%
Bangladesh	1	\$300	\$300	6%
Total	43	\$131	\$5,637	100%

Source: World Bank, PPI Project Database.

4 TOP DEALS IN THE SAR REGION

The top 10 projects in 2015 were nearly two-thirds of SAR investment (US\$3.4 billion out of US\$5.6 billion).

Featured project: Gulpur Hydropower Project: In 2015, Pakistan closed on the US\$367 million 100-megawatt Gulpur Hydro Power Plant. Structured as a 30-year build-own-operate-transfer project, Gulper is located five kilometers south of the town of Kotli on the Poonch River in the Kotli district of Azad Jammu and Kashmir, Pakistan. The plant is expect to produce 465 gigawatt hours of electricity annually.

The plant will be operated by Mira Power Limited—a special purpose vehicle owned by Korea Southeast Power Company Limited (76 percent), Daelim (18 percent), and Lotte (6 percent). In September 2015, Mira signed a PPA with Central Power Purchase Agency Guarantee Limited, a non-profit independent company under the auspices of Pakistan’s Ministry of Water & Power.

Of the US\$367.4 million project cost, US\$91.84 million is being financed through equity and US\$274.56 million through debt. The equity portion is being provided by the sponsors: Korea Southeast Power Company (US\$69.8 million), Daelim (US\$16.53 million), and Lotte (US\$5.51 million). Debt financing is being provided by the International Finance Corporation (US\$104.65 million), Asian Development Bank (US\$65 million), Export-Import Bank of Korea (US\$88.75 million), and Commonwealth Development Corporation (US\$17.15 million). The transaction reached financial closure in May 2015; Gulpur is expected to be operational in 2018.

Table 3 provides a list of the top 10 projects with private participation closing financially in 2015 in SAR:

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

Country	Project	Total Amount (US\$ million)	Sponsors (% Ownership/Sponsor Country)
India	Yedeshi Aurangabad Tollway	\$505	IRB Infrastructure Developers Ltd (100%/India)
India	Delhi Agra Toll Road	\$493	Reliance ADA Group (100%/India)
India	L&T Deccan Tollways Ltd.	\$448	Larsen & Toubro Limited (100%/India)
Pakistan	Gulpur Hydropower Project	\$367	Lotte (6%/Korea, Rep.); Daelim (18%/Korea, Rep.); Korea Electric Power Corporation (76%/Korea, Rep.)
India	Kaithal-Rajasthan border NH-152/65 toll road	\$360	IRB Infrastructure Developers Ltd (100%/India)
Nepal	Kathmandu-Kulekhani-Hetauda Tunnel Highway	\$350	Nepal Purwadhar Bikash Company Limited (100%/Nepal)
Bangladesh	Bibiyana Power Project	\$300	Summit Industrial and Mercantile Corp. (80%/Bangladesh); General Electric (20%/United States)
India	Green Infra Wind Portfolio (218.4 MW)	\$220	Green Infra Wind Energy Limited (100%/India)
India	Ratlam Windfarm Development (170 MW)	\$200	Continuum Wind Energy (100%/Singapore)
Pakistan	Gul Ahmed Wind Power Plant	\$135	Gul Ahmed Group (41%/Pakistan); InfraCo Asia (39%/Singapore); International Finance Corporation (20%/NA)

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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