

## PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

PPI data update note 49

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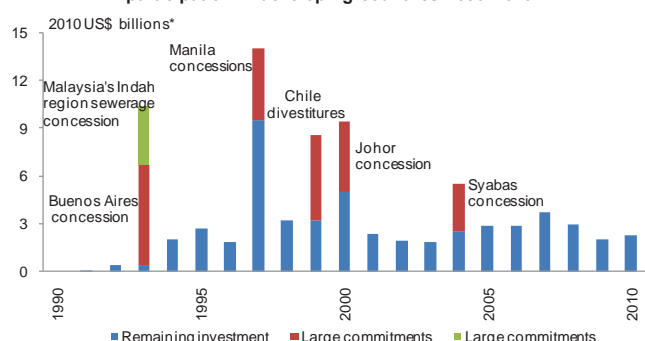
### Private activity in water and sewerage remains subdued

In 2010, 25 water and sewerage projects with private participation reached financial or contractual closure in 7 low- and middle-income countries, involving investment commitments of US\$1.8 billion<sup>1</sup>. In addition, a second partial divestiture of a water utility in China raised US\$516 million, bringing total investment commitments for 2010 to US\$2.3 billion.

That investment remained in the US\$2 billion to US\$3 billion range of the last six years (figure 1). However, by number of projects, private activity in 2010 declined by 34% compared with 2009, reaching the lowest level in the last 15 years (figure 2). The lower activity in China accounted for most of this decline.

Overall, investment was highly concentrated in a few projects. The three largest projects (one water treatment plant in Mexico, a wastewater treatment plant in Egypt, and a partial divestiture of a water utility in China) accounted for 76% of investments.

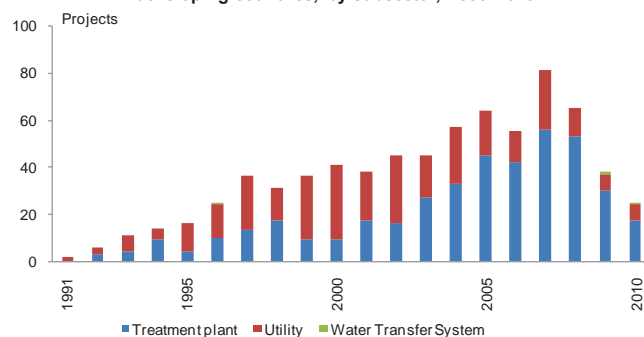
**Figure 1 Investment in water projects with private participation in developing countries 1990–2010**



Source: World Bank and PPIAF, PPI Project database.

\* Adjusted by US CPI.

**Figure 2 Water projects with private participation in developing countries, by subsector, 1990–2010**



Source: World Bank and PPIAF, PPI Project database.

The activity by number of projects was also concentrated on a few countries and on wastewater treatment. Brazil and China accounted for 20 of the 25 new projects and 36% of investments. Wastewater treatment accounted for 16 of new projects and 57% of investments. In addition, water utility accounted for six new projects and 24% investments; water transfer system for one new project and 5% of investments; potable water treatment for one new project and 4% of investments; and wastewater utility for one new project and 1% of investments.

In **East Asia and the Pacific**, China implemented 15 new projects representing US\$119 million investments (table 1). Fourteen of these projects were small and medium size wastewater treatment plants of a total capacity of 615,000 cubic meters per day. These plants were located in Chongqing Municipality and in the Provinces of Anhui, Guangxi, Hebei, Hunan, Jiangsu, Liaoning, Sichuan and Shandong. The other new project was a BOT contract for a water supply project in Liaoyang Municipality. In addition to new projects, Chongqing Water Affairs Company, which serves more than 84 million customers, proceeded to a second partial divestiture and sold 6% of its capital through an IPO on the Shanghai Stock Exchange for US\$513 million.

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<sup>1</sup> Data on water 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/>. Latvia and Poland became high-income economies according to the World Bank country classification released in July 2010 and are therefore excluded from the 2010 update of the PPI Project Database.

In **Latin America and the Caribbean**, three countries (Brazil, Mexico and Peru) implemented seven new projects representing US\$1.1 billion investments. Five of these projects were located in Brazil and represented US\$215 million investments: four water utility concessions in the cities of Santa Gertrudes, Piquete, Castilho and Andradina and one wastewater collection and treatment concession in the city of Blumenau. In Mexico, the Atotonilco wastewater treatment plant project representing US\$ 793 million in investments reached financial closure under a BOT agreement. Peru implemented one BOT water transfer project representing US\$120 million in investments to connect Lake Huascacocha to Rimac River to provide water to Sedapal, the capital city's water utility, and Edegel, an electricity generator.

In the **Middle East and North Africa**, two countries (Egypt and Tunisia) implemented two new projects representing US\$570 million investments. In Egypt, the US\$475 million New Cairo wastewater treatment plant project reached financial closure under a BOT agreement. Tunisia implemented a BOT desalination treatment plant project near Djerba representing US\$95 million investments.

In **South Asia**, only one project was implemented in Nepal: a 4-year management contract for the Kathmandu water utility covering a population of 160,000.

No new project was reported in Europe and Central Asia or in Sub-Saharan Africa.

**Table 1: Water projects reaching financial or contractual closure in 2010**

Note: .. denotes missing data; n.a. means not applicable.

East Asia and Pacific									
	Country	Project name	Project status	Segment	Type/subtype of private participation	Investment commitment (US\$ millions)	Capacity type	Capacity	Sponsor
1	China	Hunan Yongshun County Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	13.5	Cubic meters per day (thousands)	20	Kaiyuan Enrionemtnal Protection Equipment Co Ltd (100% / China)
2	China	Liaoyang City River East New City Water Affairs Project	Construction	Water utility without sewerage	Greenfield project (BOT)	36.03	Cubic meters per day (thousands)	198	United Envirotech (100% / Singapore)
3	China	Nantong Pingchao Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	1.48	Cubic meters per day (thousands)	5	Suzhou Zhongsheng Environmental Engineering Co., Ltd (100% / China)
4	China	Nantong Shigang Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	1.48	Cubic meters per day (thousands)	5	Suzhou Zhongsheng Environmental Engineering Co., Ltd (100% / China)
5	China	Ningguo Gangkouzhen Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	..	Cubic meters per day (thousands)	10	Zhejiang Shangda EP Co. Ltd. (China), Ningguo Huanneng Construction Co. Ltd. (China)
6	China	Panjin City No. 2 Wastewater Treatment Plant	Operational	Sewerage treatment plant	Concession (ROT)	0	Cubic meters per day (thousands)	100	BerlinWasser (100% / Germany)
7	China	Qinzhou Economic Development Zone Wastewater Treatment Plant	Operational	Sewerage treatment plant	Greenfield project (BOO)	9.4	Cubic meters per day (thousands)	15	SembCorp Industries (80% / Singapore)
8	China	Shaoyang Hongqiqu Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	..	Cubic meters per day (thousands)	40	Hunan Capital Investment Co. Ltd (100% / China)
9	China	Shenze County City South Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	5.18	Cubic meters per day (thousands)	25	Changye Group (100% / China)
10	China	Tongliang County City East Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	3.82	Cubic meters per day (thousands)	10	Chongqing Taixing Environmental Protection Engineering Co., Ltd (100% / China)

11	China	Yibin City Yangwan Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	8.82	Cubic meters per day (thousands)	40	Sichuan Huajian uanbo Investment Co., Ltd (China), Ziyang Haitian Water Affairs Co., Ltd. (China)
12	China	Zaozhuang City Yicheng District Wastewater Treatment Plant	Operational	Sewerage treatment plant	Concession (ROT)	..	Cubic meters per day (thousands)	40	Lianheruntong (100% / China)
13	China	Zengcheng Xintang Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	..	Cubic meters per day (thousands)	200	Shenzhen Zhujiang EP Investment (China), Citic Pacific (Hong Kong, China)
14	China	Zhangjiakou Xuanhua District Yangfang Wastewater Treatment Plant	Operational	Sewerage treatment plant	Concession (ROT)	38.97	Cubic meters per day (thousands)	80	Kaldan Water Affairs Co Ltd (100% / Israel)
15	China	Zhuozhou Songlindian Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	..	Cubic meters per day (thousands)	25	Hubel Keliang Bio-Tech Co (100% / China)

#### Latin America and the Caribbean

	Country	Project name	Project status	Segment	Type/subtype of private participation	Investment commitment (US\$ millions)	Capacity type	Capacity	Sponsor
1	Brazil	Andradina Water and Sewerage System	Operational	Water utility with sewerage	Concession (ROT)	16	Population (thousands)	55	Cab Ambiental (70% / Brazil)
2	Brazil	Blumenau Sewerage System	Operational	Sewerage collection and treatment	Concession (BROT)	174.9	Population (thousands)	300	Odebrecht SA (100% / Brazil)
3	Brazil	Castilho Water and Sewerage System	Operational	Water utility with sewerage	Concession (BROT)	4.4	Population (thousands)	18	Cab Ambiental (70% / Brazil)
4	Brazil	Piquete Water and Sewerage System	Operational	Water utility with sewerage	Concession (BROT)	3.3	Population (thousands)	14	Cab Ambiental (100% / Brazil)
5	Brazil	Santa Gertrudes Water and Sewerage System	Operational	Water utility with sewerage	Concession (BROT)	17	..	..	Odebrecht SA (100% / Brazil)

6	Mexico	Atotonilco Waste Water Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	793	Cubic meters per day (thousands)	1990	Acciona (25% / Spain), Impulsora Del Desarrollo Y El Empleo En América Latina SA de CV (IDEAL) (41% / Mexico), Mitsui (25% / Japan)
7	Peru	Huascacocha Water Transfer Project	Construction	Water Transfer System	Greenfield project (BOT)	119.8	..	..	Construtora OAS (100% / Brazil)

#### Middle East and North Africa

	Country	Project name	Project status	Segment	Type/subtype of private participation	Investment commitment (US\$ millions)	Capacity type	Capacity	Sponsor
1	Egypt, Arab Rep.	New Cairo Wastewater Treatment Plant	Construction	Sewerage treatment plant	Greenfield project (BOT)	475	Cubic meters per day (thousands)	250	Orascom (50% / Egypt, Arab Rep.), Fomento de Construcciones y Contratas SA (FCC) (50% / Spain)
2	Tunisia	Djerba desalination plant	Construction	Potable water treatment plant	Greenfield project (BOT)	95	Cubic meters per day (thousands)	50	Abengoa (51% / Spain), Princesse Holding (49% / Tunisia)

#### South Asia

	Country	Project name	Project status	Subsector	Type/subtype of private participation	Investment commitment (US\$ millions)	Capacity type	Capacity	Sponsor
1	Nepal	Kathmandu Upatyaka Khanepani Limited (KUKL)	Operational	Water utility with sewerage	Management and lease contract (Management contract)	n.a.	Number of connections (thousands)	160	BerlinWasser (100% / Germany)

Note: BOT= Build, Operate, and Transfer; BOO = Build, Own, and Operate; Concession (ROT) = Rehabilitate, Operate, and Transfer; Concession (BROT) = Build, Rehabilitate, Operate, and Transfer.

\* in current US\$ millions

Source: World Bank and PPIAF, PPI Database.