

### Private activity in water shows mixed results in 2005

The number of water sector projects involving the private sector grew in 2005, but investment flows to these projects fell considerably, according to just-released data from the Private Participation in Infrastructure Database.

In 2005, 41 projects worth US\$1.5 billion reached financial closure in 10 low- and middle-income countries.<sup>1</sup> Annual private activity, measured by number of projects, grew 10%, reaching the second highest level since 1990. Investment flows declined 30% but managed to stay within the US\$1-2 billion range of the last four years.

New private activity was highly concentrated. China accounted for 56% of investment flows and 60% of projects. Algeria followed with one-third of investment flows and 10% of projects.

In East Asia, private activity was seen only in China, except for a small treatment plant in Thailand. In China, 25 projects were granted, involving investment of almost US\$840 million. Eighteen were contracts for water and sewerage treatment plants (bulk facilities). The remaining seven brought private activity into water utilities through concession or lease contracts.

In Europe and Central Asia, private activity was reported in Armenia, Czech Republic, and Russia. In Armenia, a management contract for the city of Yerevan was granted after the previous management contract expired. In Czech Republic, a lease contract for Hradec Kralove region was granted. In Russia, three lease contracts were granted for water utilities, and a management contract for a water treatment plant.

In Latin America, private activity was limited to two concessions for water utilities (San Andres' island in Colombia and Tumbes in Peru) and two treatment plants (Chile and Colombia). The level of activity was the lowest in the region since the early 1990s.

In the Middle East and North Africa, private activity took place just in Algeria, with a management contract for a water utility in Algiers and three greenfield projects for water treatment plants. Investment commitments for these projects totaled US\$510 million.

In Sub-Saharan Africa, private activity was limited to one project: the management contract for Ghana Water Company Limited. There was no private activity in South Asia.

In summary, 25 of the 41 water contracts were for treatment plants and 16 for water utilities. By type, there were 13 concessions, 17 greenfield projects, seven lease contracts, three management contracts, and one divestiture.

In 2005, the share of canceled and distressed private water activity rose by a few percentage points to 11% of projects and 38% of investment committed in 1990-2005. Six projects were canceled in 2005: the partial divestiture of Belize Water Services, Aguas del Illimani concession in Bolivia, Taizhou bulk water contract in China, Maynilad concession in Philippines, the lease contract for Dar es Salaam in Tanzania, and Uragua concession in Uruguay. In addition, two utility concessions went under distress: the Uruguayan government formally requested the cancellation of Aguas de la Costa concession while Energie du Mali's concession for electricity and water services went to international arbitration.

A forthcoming note will analyze private activity in the water sector in more depth. See list of projects by region.

<sup>1</sup> Data on private activity in water include primarily medium and large projects. Small-scale private service providers, which also play an important role in the water sector, are not generally included due to the lack of public information.

## List of water projects in 2005

Note: "." denotes **Missing data**, "n.a." stands for **Not Applicable**.

### East Asia and Pacific

Country	Financial Closure Year	Project Name	Project Status	Sub-sector	Type of PPI	Subtype of PPI	Total investment (US\$ millions)
China	2005	Aqualia Bengbu Wastewater	Operational	Sewerage	Concession	Rehabilitate, operate, and transfer	60.6
China	2005	Changzhou Tap Water group	Operational	Potable Water	Management and lease contract	Lease contract	55.6
China	2005	Chenggong Salcon Water Company	Operational	Potable Water and Sewerage	Concession	Build, rehabilitate, operate, and transfer	36.3
China	2005	Handan East Wastewater Treatment Plant Expansion Project	Construction	Sewerage	Concession	Rehabilitate, operate, and transfer	36.6
China	2005	Hebei Hangdan Wastewater	Operational	Sewerage	Greenfield project	Build, own, and transfer	0
China	2005	Hedong Chuangwei Water Co. Ltd.	Operational	Sewerage	Concession	Build, rehabilitate, operate, and transfer	44.7
China	2005	Henan Wastewater Plants	Operational	Sewerage	Concession	Rehabilitate, operate, and transfer	7.7
China	2005	Huaiyuan Tapwater Plant	Operational	Potable Water	Divestiture	Full	0.7
China	2005	Jiangdu Water Treatment Plant	Construction	Potable Water	Greenfield project	Build, own, and transfer	21.6
China	2005	Kunming Water Supply Company	Operational	Potable Water	Management and lease contract	Lease contract	124
China	2005	Lianyungang Wastewater Concession	Construction	Sewerage	Concession	Rehabilitate, operate, and transfer	16.9
China	2005	Lianyungang Wastewater Plant	Construction	Sewerage	Greenfield project	Build, own, and transfer	12.7
China	2005	Linyi City Salcon Water Concession	Operational	Potable Water and Sewerage	Concession	Rehabilitate, operate, and transfer	4.4
China	2005	Linyi Salcon Water Co. Ltd.	Operational	Sewerage	Concession	Rehabilitate, operate, and transfer	5
China	2005	Nanchang Water	Operational	Potable Water	Greenfield project	Build, own, and transfer	21.7

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China	2005	Nanjing Wastewater Plant	Construction	Sewerage	Greenfield project	Build, own, and transfer	10
China	2005	Pizhou City Water Supply Project	Construction	Potable Water	Greenfield project	Build, own, and transfer	9.9
China	2005	Rugao Water Treatment Plant	Construction	Potable Water	Greenfield project	Build, own, and transfer	48.1
China	2005	Suqian Water and Wastewater Plants	Construction	Sewerage	Greenfield project	Build, own, and transfer	21.5
China	2005	Tie Ling City Water and Wastewater	Operational	Potable Water and Sewerage	Concession	Rehabilitate, operate, and transfer	15.1
China	2005	Wuhan Hanxi Municipal Wastewater Treatment Project	Construction	Sewerage	Greenfield project	Build, own, and transfer	56
China	2005	Wuhu Hong Kong and China Water Company Limited	Operational	Potable Water and Sewerage	Concession	Rehabilitate, operate, and transfer	84.6
China	2005	Wujiang Hong Kong and China Water Company Limited	Operational	Potable Water and Sewerage	Concession	Rehabilitate, operate, and transfer	117
China	2005	Xintai City Wastewater	Construction	Sewerage	Greenfield project	Build, own, and transfer	12.9
China	2005	Zhuozhou Sewage Treatment Plants	Construction	Sewerage	Greenfield project	Build, own, and transfer	15.1
Thailand	2005	Thailand Water Treatment and Reclamation Plant project	Construction	Sewerage	Greenfield project	Build, own, and transfer	5.6

## Europe and Central Asia

Country	Financial Closure Year	Project Name	Project Status	Sub-sector	Type of PPI	Subtype of PPI	Total (US\$ millions)
Armenia	2005	Yerevan Water and Sewerage Company II	Operational	Potable Water and Sewerage	Management and lease contract	Management contract	0
Czech Republic	2005	VAK Hradec Kralove	Operational	Potable Water and Sewerage	Management and lease contract	Lease contract	10
Russian Federation	2005	Berezniki Water Utility	Operational	Potable Water and Sewerage	Management and lease contract	Lease contract	0
Russian Federation	2005	Petrozavodsk Water Utility	Operational	Potable Water and Sewerage	Management and lease contract	Lease contract	0

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Russian Federation	2005	Rostov-on-Don Water Utility	Operational	Potable Water and Sewerage	Management and lease contract	Lease contract	0
Russian Federation	2005	Southern Water Plant Treatment	Operational	Potable Water	Management and lease contract	Management contract	0

## Latin America and the Caribbean

Country	Financial Closure Year	Project Name	Project Status	Sub-sector	Type of PPI	Subtype of PPI	Total (US\$ millions)
Chile	2005	Antofagasta Desalination Plant	Operational	Potable Water	Greenfield project	Build, own, and operate	54
Colombia	2005	Aguas de San Andres	Operational	Potable Water and Sewerage	Concession	Build, rehabilitate, operate, and transfer	9.3
Colombia	2005	Barranquilla Sewerage Treatment Plant	Construction	Sewerage	Greenfield project	Build, own, and operate	3.4
Peru	2005	EMFAPA Tumbes	Operational	Potable Water and Sewerage	Concession	Build, rehabilitate, operate, and transfer	72

## Middle East and North Africa

Country	Financial Closure Year	Project Name	Project Status	Sub-sector	Type of PPI	Subtype of PPI	Total (US\$ millions)
Algeria	2005	Aguas de Skikda SpA	Construction	Potable Water	Greenfield project	Build, own, and operate	110
Algeria	2005	Beni Saf Water Company SpA	Construction	Potable Water	Greenfield project	Build, own, and operate	160
Algeria	2005	Hamma Water Desalination SpA	Construction	Potable Water	Greenfield project	Build, own, and operate	240
Algeria	2005	Societe des Eaux d'Assainissement d'Alger (SEAL)	Operational	Potable Water and Sewerage	Management and lease contract	Management contract	0

## Sub-Saharan Africa

Country	Financial Closure Year	Project Name	Project Status	Sub-sector	Type of PPI	Subtype of PPI	Total (US\$ millions)
Ghana	2005	Ghana Water Company Limited	Operational	Potable Water and Sewerage	Management and lease contract	Management contract	0