



PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

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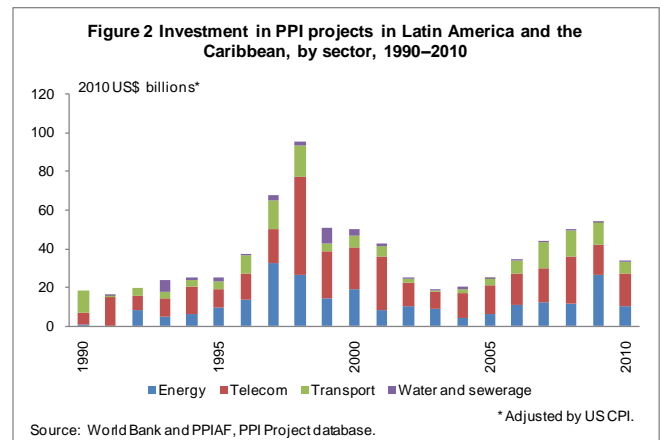
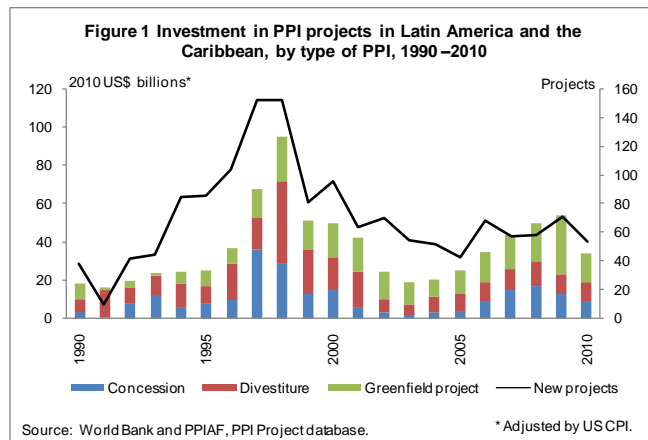
Private activity in Latin America declined sharply but became more dispersed in 2010

In 2010, 54 infrastructure projects with private participation reached financial or contractual closure in 11 low and middle-income countries in Latin America and the Caribbean, involving investment commitments (hereafter, investment) of US\$12.3 billion (table 1).¹ Infrastructure projects implemented in the 1990–2009 period attracted new investment of US\$21.9 billion, bringing total investment in infrastructure to US\$34.2 billion in 2010.²

Such level of activity represents a 37% drop by investment and a 24% decline by the number of projects from 2009 (figure 1). The decline in regional activity was driven by the slowdown in new projects which saw their investment drop by 62% from 2009. Most of the decline in new projects occurred among large projects (US\$500 million or more) which saw their investment fall by 76% in 2010 compared with 2009. By contrast, additional investment in projects implemented in 1990–2009 remained stable compared with 2009.

Regional investment was less concentrated on Brazil and more widespread across other countries than in the previous year. Brazil saw its share in regional investment decrease from 81% in 2009 to 53% in 2010 due to a 59% decline in investment in the country. Certainly, Brazil accounted for the decline in regional investment. If Brazil were excluded, investment in the region would have grown by 50% in 2010 compared with 2009. The 11 countries with new projects in 2010 represented a larger geographic scope for new activity than in 2009 and 2008 when only eight countries implemented new projects each year. In 2010 Brazil had 18 new projects, Argentina and Mexico followed with eight and seven new projects, respectively. Chile, Colombia and Peru each had five new projects. Nicaragua had two projects while Guatemala, Honduras, Jamaica, and Panama each implemented one new project.

Most of the private activity was concentrated on greenfield projects (BOT, BOO, and merchant), which attracted 44% of investment and 28 new projects. Concessions accounted for 26% of investment and 18 new projects. Divestitures attracted 30% of the regional investment; all of which was directed expansions in companies divested in 1990–2009. There were also eight new management contracts in 2010.



Energy had 24 projects in ten countries and investment of US\$10.4 billion. This investment represents a 60% decline from 2009. The absence of mega power plants—such as the US\$7 billion, 3.15 GW San Antonio Hydro power plant and US\$5.5 billion, 3.3 GW Jirau Hydro power plant which reached financial closure in Brazil in 2009—explained the sharp drop in investment in 2010. Energy comprised 30% of regional investment.

- Electricity generation accounted for the majority of activity, with 18 projects with US\$3.5 billion in investment and 1.4 GW of new generation capacity.

This note was written by Alexander Nicholas Jett, research analyst, Finance, Economics, and Urban Development Department, Sustainable Development Network, World Bank.

¹ The PPI Project Database currently uses the World Bank's definition of low and middle-income countries released in July 2010. Investment data are in 2010 US dollar, using the US CPI to adjust to 2010 values.

² Data on infrastructure 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/>.



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- Four electricity transmission projects reached financial closure, representing US\$1.5 billion in investment and involving a total length of 1,984 kilometers.
- Brazil had ten greenfield projects and attracted 59% of regional investment in energy. Of these projects, seven were for renewable power plants and three were for transmission lines.
- Mexico saw two greenfield windfarm projects (La Venta III and Oaxaca I) and a greenfield natural gas pipeline (Guadalajara—Manzanillo) reached financial closure.
- Peru implemented three greenfield BOO/BOT contracts: the 168MW Cheves run-of-river hydropower plant, Chilca La Planicie - Zapallal Transmission Line, and the Maple Energy Ethanol Co-generation Facility.
- Nicaragua closed financing on two greenfield power projects, the Eolico Amayo Wind Farm (Phase II) and the Polaris Geothermal Power Plant (Phases I and II).
- Chile, Guatemala, Honduras, Jamaica, and Panama each implemented one greenfield power plant, while Colombia signed a 20-year concession for Sopesa, the integrated electric utility serving San Andres and Providencia islands. This contract was the second Sopesa's concession. The first contract was a 14 year concession which was granted in 1996 and expired in May 2010.

Telecom did not have any new projects, but previously implemented projects attracted investment of US\$16.7 billion. This investment represents a 7% increase from the level in 2009. Telecom accounted for 49% of regional investment.

- Brazil accounted for just 53% of regional investment in the sector.
- Investment went mainly to mobile operators (45%) and multi-service providers (30%).

Transport had 23 projects in six countries and investment of US\$5.9 billion. This investment represents a 53% drop from the level in 2009 and the lowest level since 2006. Compared with previous years, the lack of large projects in Brazil accounted for almost all the investment decline in the sector. Transport comprised 17% of regional investment.

- Road was the most active subsector with 18 projects and US\$4.5 billion in investment in 2010. These projects included 9,866 km of roads, nearly double the total length of road projects with private participation that reached closure in 2009. Of the road projects, nine were concessions, eight were management contracts and one was a greenfield BOT contract.
- Three port projects (two greenfield projects and one concession) and two airport concessions reached financial or contractual closure in 2010.
- Argentina signed six-year management contracts for eight national road corridors. These contracts replaced the five-year management contracts granted in 2003 for the same corridors that expired in 2009.
- Brazil implemented three projects which involved investment of US\$1.3 billion. Most of this investment was for US\$740 million, greenfield Porto Sudeste LLX. The other two projects were the BA-093 highway system concession in Bahia state and a seaport concession.
- Chile implemented three road concessions and one airport concession (Carlos Ibanez Airport).
- Colombia led regional investment with four projects that attracted total investment of US\$2.4 billion. Of that amount, two projects (Ruta del Sol Sections II and III) accounted for approximately US\$1.9 billion. Colombia also signed an airport concession and a greenfield container terminal in Buenaventura.
- Mexico signed two new concessions for federal roads and implemented a greenfield BOT project for the first phase of an urban toll road (Rio de los Remedios-Ecatepec).
- Peru began implementing the concession to rehabilitate and operate IIRSA Centro section two.

Water and sewerage had seven projects in three countries and investments of US\$1.1 billion. This represents the highest investment in the sector since 2004. Water and sewerage accounted for 3% of regional investment.

- Investment, however, was largely driven by a single greenfield project in Mexico: the US\$739 million, Atotonilco Waste Water Treatment Plant. At the time of project closure, Atotonilco was reported to be the largest wastewater treatment plant in the world with a nominal capacity of 1.99 million cubic meters per day.
- In Brazil municipalities implemented five concessions which represented a total investment of US\$215.6 million. The five projects serve a total population of 387,000 inhabitants. Four of the projects were for operating small water and sewerage utilities and the remaining project was for expanding and operating a sewerage collection and treatment system.
- Peru implemented Huascacocha Water Transfer Project, a 20-year greenfield BOT designed to increase the raw water supply of Sepadal, the state-owned water utility of Lima and neighboring port city of Callao, by a range between 147,000 and 173,000 cubic meters per day. The project was expected to benefit 2.4 million inhabitants.



PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

Table 1 Projects with private participation reaching financial or contractual closure in Latin America and the Caribbean in 2010

| Energy | | | | | |
|-----------|--|--------------------------|--|-------------------|---|
| Country | Project Name | PPI Type (subtype) | Segment | Total Investment* | Sponsor |
| Brazil | Brilhante Transmissora Transmission Line Project | Greenfield project (BOT) | Electricity transmission | 226 | Cobra Group (/ Spain), Elecnor (Spain) |
| Brazil | Ibitiua Bioenergetica Biomass TPP | Greenfield project (BOO) | Electricity generation | 68 | SUEZ (76% / France) |
| Brazil | LT Tucuruí - Jurupari and LT Oriximana - Jurupari | Greenfield project (BOT) | Electricity transmission | 1,109 | Isolux Corsan (100% / Spain) |
| Brazil | Luzboa Small Hydro Power Plants BRA-Minas Gerais I (Phase I) | Greenfield project (BOT) | Electricity generation | 13 | Luzboa SA (100% / Brazil) |
| Brazil | MPX Taua Energia Solar | Greenfield project (BOT) | Electricity generation | 6 | EBX Capital Partners (100% / Brazil) |
| Brazil | Narandiba Substation | Greenfield project (BOT) | Electricity transmission | 29 | Iberdrola SA (39% / Spain), Previ (49% / Brazil) |
| Brazil | Passo Ferraz Small Hydropower Plant | Greenfield project (BOT) | Electricity generation | 6 | Eletrisa (100% / Brazil) |
| Brazil | Piraua and Gravata Windfarms | Greenfield project (BOO) | Electricity generation | 83 | Gestamp Renewables (50% / Spain), Eolica Tecnologia Ltda (50% / Brazil) |
| Brazil | Rio do Braco Run of the River Hydropower Plant | Greenfield project (BOT) | Electricity generation | 35 | PCH Rio do Braco S.A. (Brazil), Carbon do Brasil Consultoria Empresarial Ltda (Brazil) |
| Brazil | Santa Clara Wind Farm Complex | Greenfield project (BOT) | Electricity generation | 456 | CPFL Energia (100% / Brazil) |
| Chile | San Andres and El Paso Hydroelectric Plants | Greenfield project (BOT) | Electricity generation | 256 | HydroChile (100% / Chile) |
| Colombia | Sociedad Productora de Energia de San Andres y Providencia (Sopesa II) | Concession (BROT) | Electricity distribution, generation, and transmission | Not Available | Inversiones y Representaciones Vasquez (30% / ..), Electricas de Medellin (22% / Colombia), Transpetrol (21% / ..), Distribuciones Electricas de Sabanas (20% / Colombia) |
| Guatemala | Jaguar Energy Guatemala | Greenfield project (BOO) | Electricity generation | 758 | Ashmore Energy International (AEI) (100% / United States) |
| Honduras | Cerro de Hula Wind Farm | Greenfield project (BOO) | Electricity generation | 25 | Globeleq (70% / United Kingdom) |



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|-----------|---|-------------------------------|--------------------------|-----|---|
| Jamaica | West Kingston Power Project (JEP111) | Greenfield project (BOO) | Electricity generation | 132 | Conduit Capital Partners LLC (100% / United States) |
| Mexico | Guadalajara Manzanillo Gas Pipeline | Greenfield project (BOT) | Natural gas transmission | 360 | TransCanada Pipelines Ltd. (100% / Canada) |
| Mexico | La Venta III | Greenfield project (BOT) | Electricity generation | 225 | Iberdrola SA (100% / Spain) |
| Mexico | Oaxaca I Wind Farm | Greenfield project (BOT) | Electricity generation | 215 | ACS Group (Actividades de Construccion y Servicios) (Spain), Energias Ambientales de Guadalajara S.L (Spain) |
| Nicaragua | Eolico Amayo Wind Farm (Phase II) | Greenfield project (BOO) | Electricity generation | 45 | Ashmore Energy International (AEI) (62% / United States) |
| Nicaragua | Polaris Geothermal Power Plant Phases I and II | Greenfield project (BOT) | Electricity generation | 370 | Ram Power Corp. (100% / United States) |
| Panama | Pando and Monte Lirio Hydropower Project | Greenfield project (BOT) | Electricity generation | 300 | Inveravante Inversiones Universales, S.L (51% / Spain), Fundacion Fernando Eleta Almaran (Grupo Eleta) (49% / Panama) |
| Peru | Cheves Hydropower Project | Greenfield project (BOT) | Electricity generation | 253 | SN Power (99% / Norway) |
| Peru | Chilca La Planicie - Zapallal Transmission Line | Greenfield project (BOT) | Electricity transmission | 130 | Interconexion Electrica SA (ISA) (60% / Colombia), Empresa de Energia de Bogota S.A. ESP (40% / Colombia) |
| Peru | Maple Energy Ethanol Co-generation Facility | Greenfield project (Merchant) | Electricity generation | 74 | Maple Energy Plc (100% / United Kingdom) |

| Transport | | | | | |
|-----------|-------------------|---|---------|-------------------|--|
| Country | Project Name | PPI Type (subtype) | Segment | Total Investment* | Sponsor |
| Argentina | Corredor Vial N 1 | Management and lease contract (Management contract) | Highway | Not Applicable | Benito Roggio e Hijos S.A. (Argentina), CPC SA (Argentina) |
| Argentina | Corredor Vial N 2 | Management and lease contract (Management contract) | Highway | Not Applicable | Esuco SA (Argentina), Contreras Hermanos SA (Argentina) |
| Argentina | Corredor Vial N 3 | Management and lease contract (Management contract) | Highway | Not Applicable | Jose Cartellone Construcciones Civiles SA (Argentina), Rovella Carranza SA (Argentina) |



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|-----------|---|---|---------------------|----------------|--|
| Argentina | Corredor Vial N 4 | Management and lease contract (Management contract) | Highway | Not Applicable | Isolux Corsan (Spain), CCI Construcciones SA (Argentina) |
| Argentina | Corredor Vial N 5 | Management and lease contract (Management contract) | Highway | Not Applicable | IECSA SA (Argentina) |
| Argentina | Corredor Vial N 6 | Management and lease contract (Management contract) | Highway | Not Applicable | Corporacion America (CASA) (Argentina), Helpport S.A. (Argentina) |
| Argentina | Corredor Vial N 7 | Management and lease contract (Management contract) | Highway | Not Applicable | Vialco S.A. (Argentina), JCR SA (Argentina), Electroingenieria SA (Argentina) |
| Argentina | Corredor Vial N 8 | Management and lease contract (Management contract) | Highway | Not Applicable | Supercemento S.A. (Argentina), Luciano S.A. (.), Ferrovial Group (Spain), Grupo Petersen (Argentina) |
| Brazil | BA-093 (Bahia) Highway System | Concession (BROT) | Highway | 447 | Odebrecht SA (50% / Brazil), Invepar (50% / Brazil) |
| Brazil | Porto Sudeste LLX | Greenfield project (BOO) | Terminal | 740 | EBX Capital Partners (68% / Brazil) |
| Brazil | Santos Port Bulk Solids Terminal (Tegran) | Concession (ROT) | Terminal | 171 | Louis Dreyfus SAS (40% / France), Cargill, Inc. (60% / United States) |
| Chile | Autopistas de Antofagasta | Concession (BROT) | Highway | 320 | Skanska (100% / Sweden) |
| Chile | Carlos Ibanez Airport II | Concession (BROT) | Runway and terminal | 13 | Agunsa (89% / Chile) |
| Chile | Route 66, Camino de la Fruta | Concession (BROT) | Highway | 322 | Besalco (38% / Chile), Icafal (25% / Chile), Empresa Constructora Belfi (38% / Chile) |
| Chile | Ruta 5 Puerto Montt Pargua | Concession (BROT) | Bridge and highway | 168 | ACS Group (Actividades de Construccion y Servicios) (100% / Spain) |
| Colombia | Buenaventura Container Terminal | Greenfield project (BOT) | Terminal | 224 | Grupo Maritim TCB (30% / Spain) |
| Colombia | Nor-Oriente Airport Concession Package | Concession (BROT) | Runway and terminal | 150 | Incoequipos S.A. (Colombia), Nexus Banca de Inversion (Colombia) |
| Colombia | Ruta del Sol (Section 2) | Concession (BROT) | Bridge and highway | 1,085 | Odebrecht SA (62% / Brazil) |
| Colombia | Ruta del Sol (Section 3) | Concession (BROT) | Highway | 900 | Impregilo SpA (Italy) |
| Mexico | Libramiento de Celaya Toll Road | Concession (BROT) | Highway | 122 | Construcciones Rubau S.A. (50% / Spain), Constructora y Pavimentadora VISE SA de CV (50% / Mexico) |



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|--------|--|--------------------------|--------------------|-----|--|
| Mexico | Mitla-Tehuantepec Highway | Concession (BROT) | Highway | 740 | ICA SA de CV (100% / Mexico) |
| Mexico | Rio de los Remedios-Ecatepec urban toll road (Phase I) | Greenfield project (BOT) | Bridge and highway | 237 | ICA SA de CV (50% / Mexico) |
| Peru | IIRSA Centro Second Stretch | Concession (BROT) | Highway | 127 | Concay SA (Colombia), Incoequipos S.A. (Colombia), Nexus Banca de Inversion (Colombia), Constructora Colpatria SA (Colombia) |

Water and Sewerage

| Country | Project Name | PPI Type (subtype) | Segment | Total Investment* | Sponsor |
|---------|---|--------------------------|-----------------------------------|-------------------|---|
| Brazil | Andradina Water and Sewerage System | Concession (ROT) | Water utility with sewerage | 16 | Cab Ambiental (70% / Brazil) |
| Brazil | Blumenau Sewerage System | Concession (BROT) | Sewerage collection and treatment | 175 | Odebrecht SA (100% / Brazil) |
| Brazil | Castilho Water and Sewerage System | Concession (BROT) | Water utility with sewerage | 4 | Cab Ambiental (70% / Brazil) |
| Brazil | Piquete Water and Sewerage System | Concession (BROT) | Water utility with sewerage | 3 | Cab Ambiental (100% / Brazil) |
| Brazil | Santa Gertrudes Water and Sewerage System | Concession (BROT) | Water utility with sewerage | 17 | Odebrecht SA (100% / Brazil) |
| Mexico | Atotonilco Waste Water Treatment Plant | Greenfield project (BOT) | Sewerage treatment plant | 793 | Acciona (25% / Spain), Impulsora Del Desarrollo Y El Empleo En América Latina SA de CV (IDEAL) (41% / Mexico), Mitsui (25% / Japan) |
| Peru | Huascacocha Water Transfer Project | Greenfield project (BOT) | Dam and water pipelines | 120 | Construtora OAS (100% / Brazil) |

Note: BOT= Greenfield (BOT); BOO = Greenfield (BOO); Concession (BROT) = Concession (BROT); Concession (RLT) = Rehabilitate, lease or rent, and transfer

*in current US\$ millions

Source: World Bank and PPIAF, PPI Database.