

Current Status of PPPs in the Water and Sanitation Sector

Edouard Perard

Water Coordinator

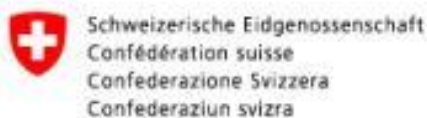
Public-Private Infrastructure Advisory Facility



Accelerating access to water and sanitation:
scaling up private-sector participation

Dakar, Senegal
June 6, 2012

Preamble: What is PPIAF?



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Technical assistance to governments to structure PPPs

Enabling Environment Reform

- Policy development
- Legal and regulatory reforms
- PPP options
- Tariff regimes

Project Cycle Related Assistance

- Business plan development
- Pre-feasibility studies
- Preparation of concessions and PPAs
- Negotiations of contracts

Dissemination and Capacity Building

- Awareness building
- Training
- Rapid diagnosis for PPPs

Sub-National Technical Assistance

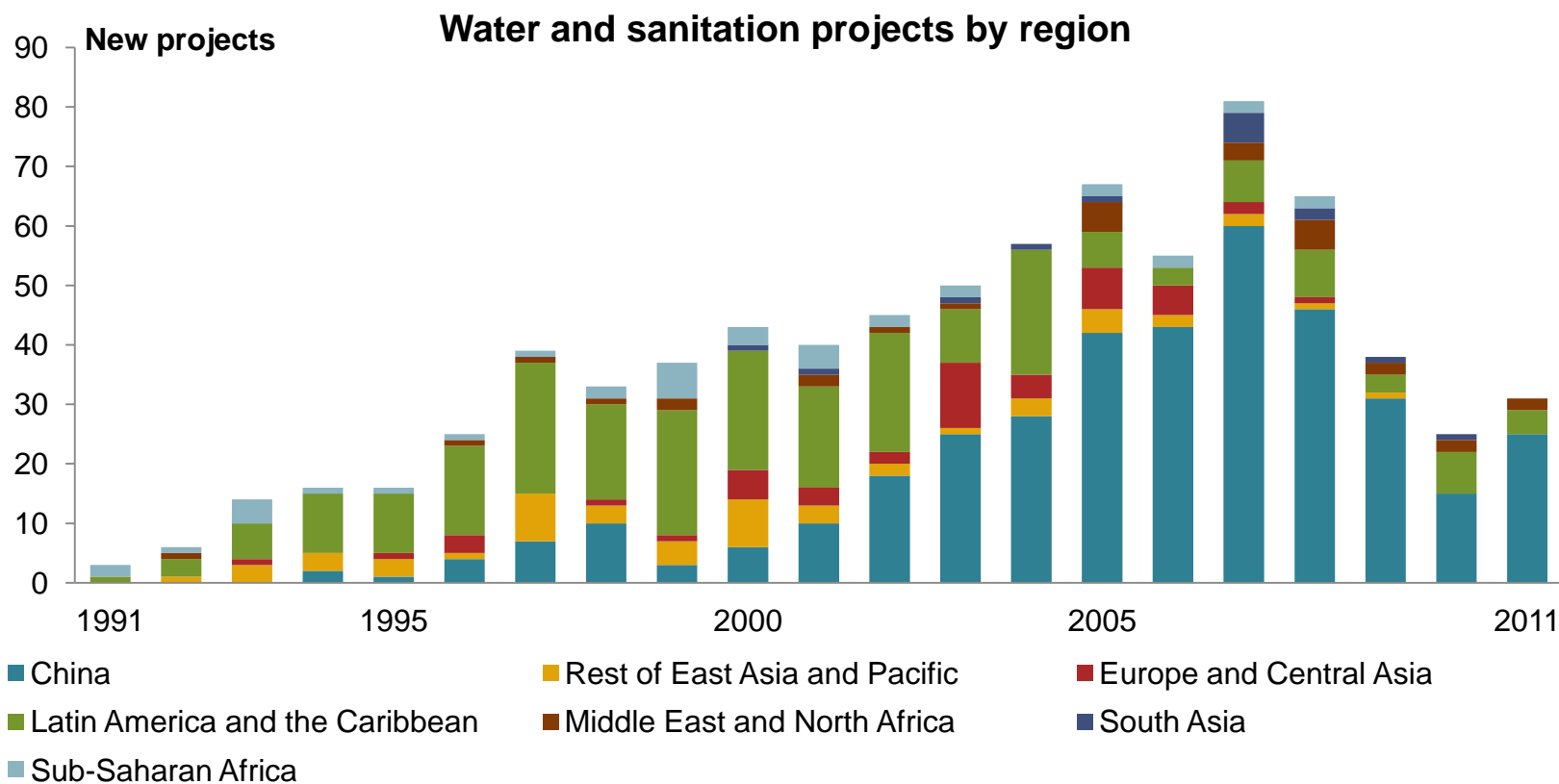
Capacity creation in local utilities and municipalities to help them access financing on commercial terms

Outline

- 1. Where are water PPPs implemented?
- 2. What types of business segment?
- 3. What forms of private participation?
- 4. Cancelled projects
- 5. Who are the main private sponsors?

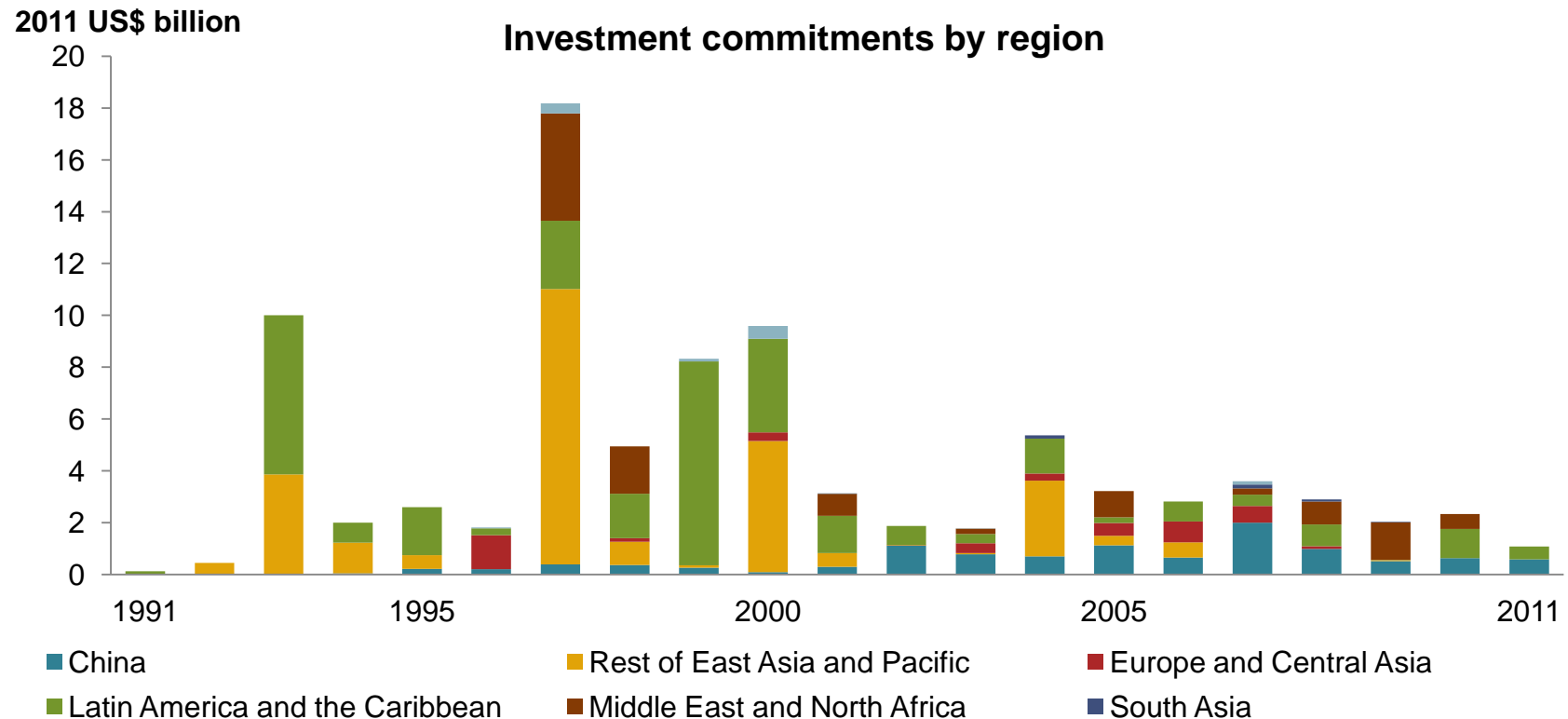
1. Where are water PPPs implemented?(1)

- Private activity in water infrastructure has more than doubled over the last decade (544 new projects since 2001 vs. 232 in 1991-2000).
- However, since the beginning of the financial crisis, the number of new projects has strongly decreased.
- Most new water and sanitation PPPs are implemented in China and Latin America.
- In Sub-Saharan Africa, 38 water and sanitation PPPs have reached financial close since 1991.



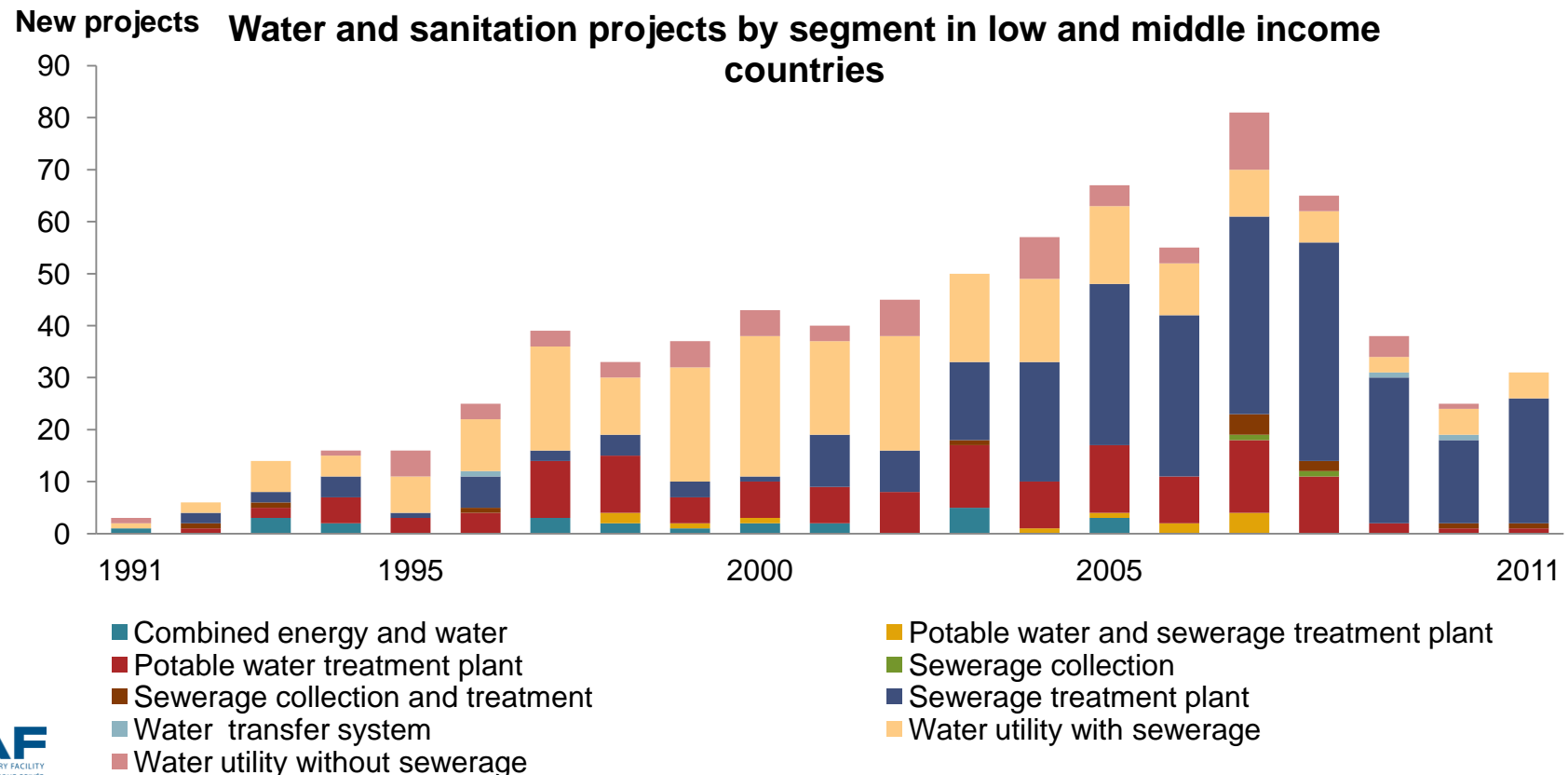
1. Where are water PPPs implemented? (2)

- Despite the surge in activity by number of projects, investment in water PPPs remained generally low with US\$29 billion invested since 2001.
- Since 2001, average annual investment commitment ranges between \$1.5-3 billion.
- In Sub-Saharan Africa, total investment has remained overall extremely low with only US\$141 million since 2001.



2. What types of business segment? (1)

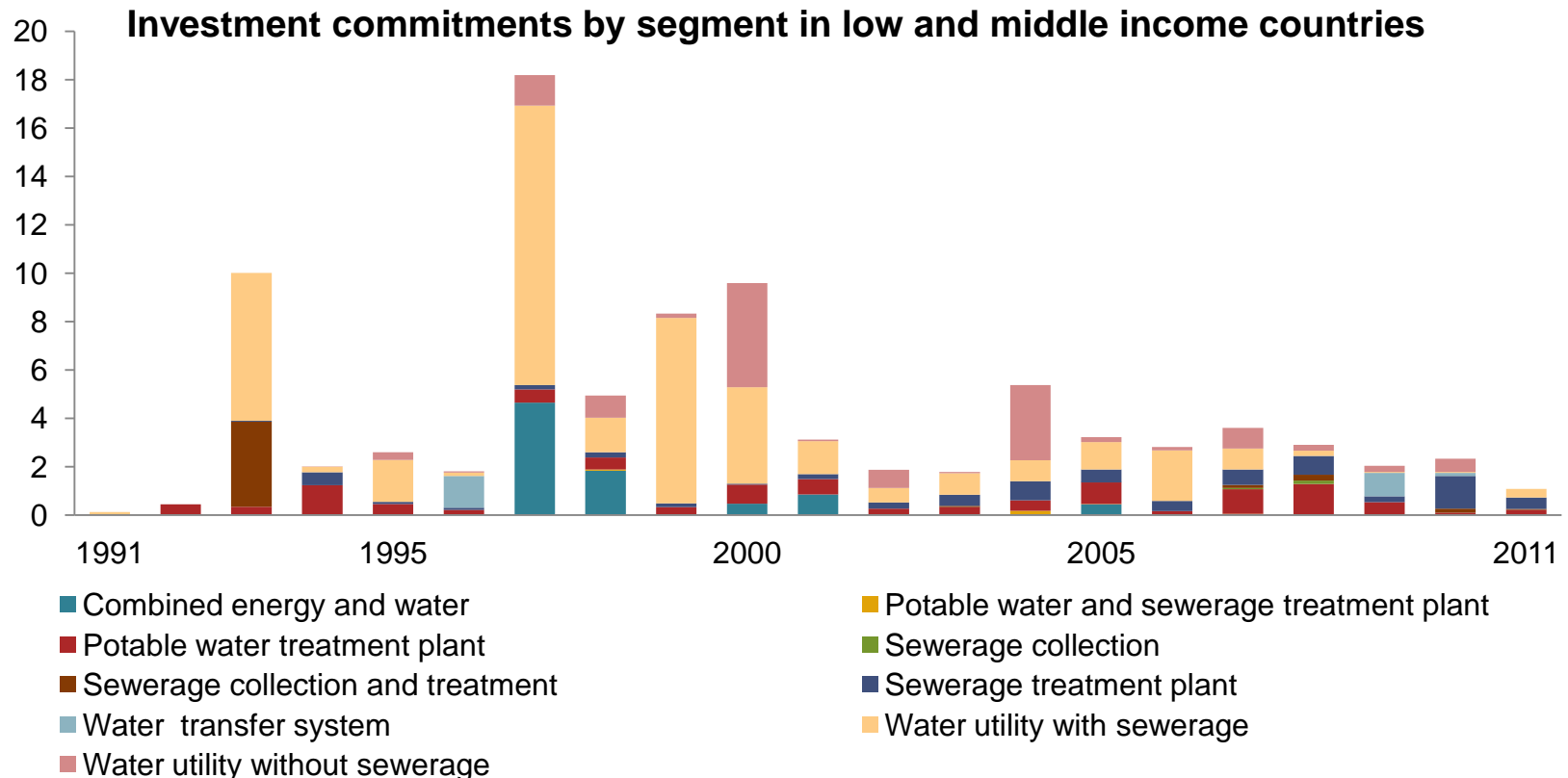
- While the 1990s were mostly about water and sanitation utilities (74% of new projects in 1991-2000), in the last decade most new water projects were sewerage treatment plants (267 or 46% of new water projects in 2001-2011) .
- However, the water and sanitation utility segment remained strong with 182 new projects since 2001 (33% of new projects).



2. What types of business segment? (2)

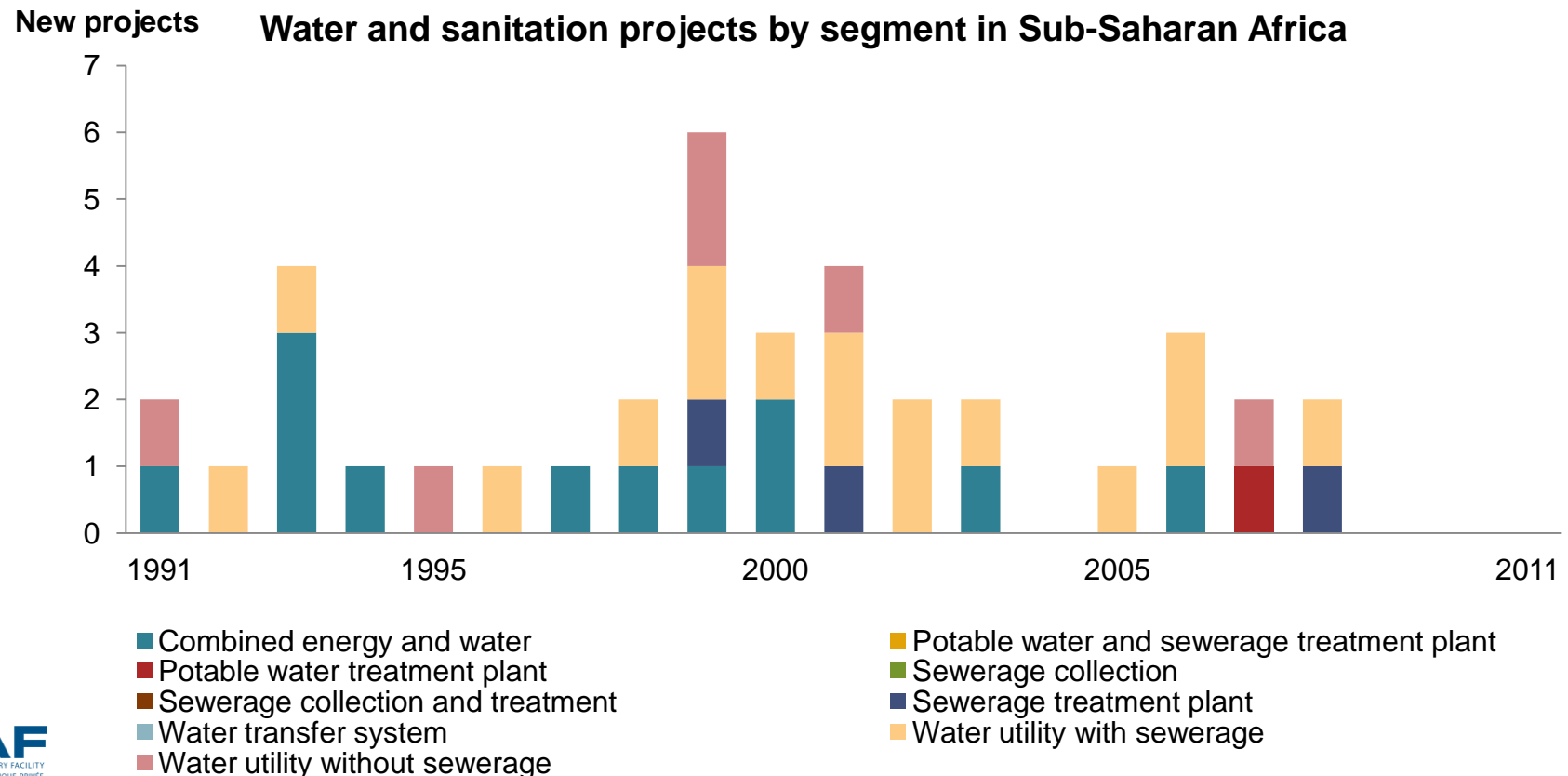
- Investment in sewerage treatment plants over the last decade represented US\$5.6 billion or 19% of investment in the sector.
- The same amount was invested in potable water treatment.
- These numbers even combined are still far behind the US\$15.6 billion invested in water and sanitation utilities over the same period (54% of investment in the sector).

2011 US\$ billion



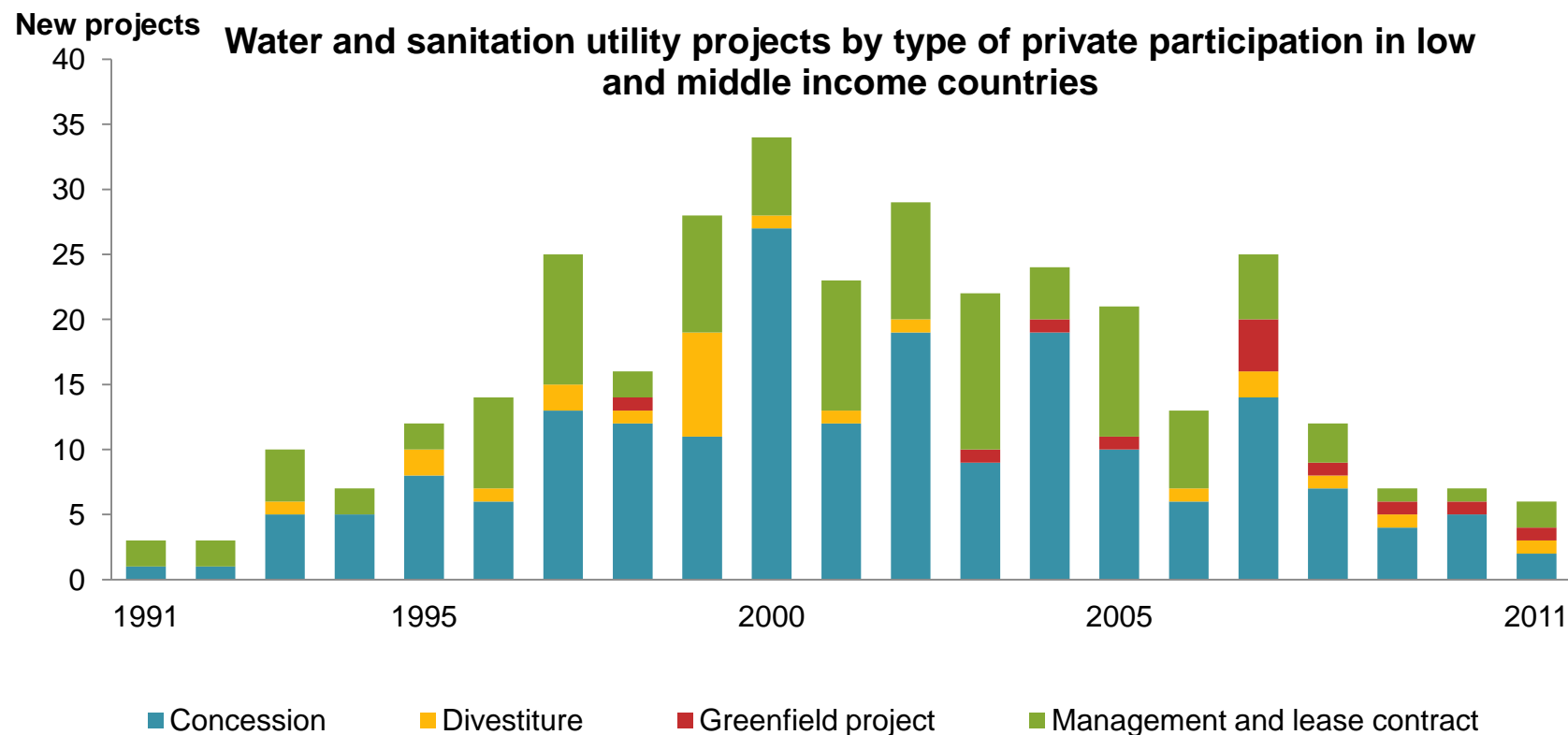
2. What types of business segment? (3)

- In Sub-Saharan Africa, 16 projects have reached financial close since 2001.
- Most of them were water utility projects: 9 water utilities with sewerage, 2 water utilities without sewerage and 2 combined energy and water utilities.
- No new projects have been implemented since 2009.
- Total investment has remained overall extremely low with only US\$141 million since 2001.



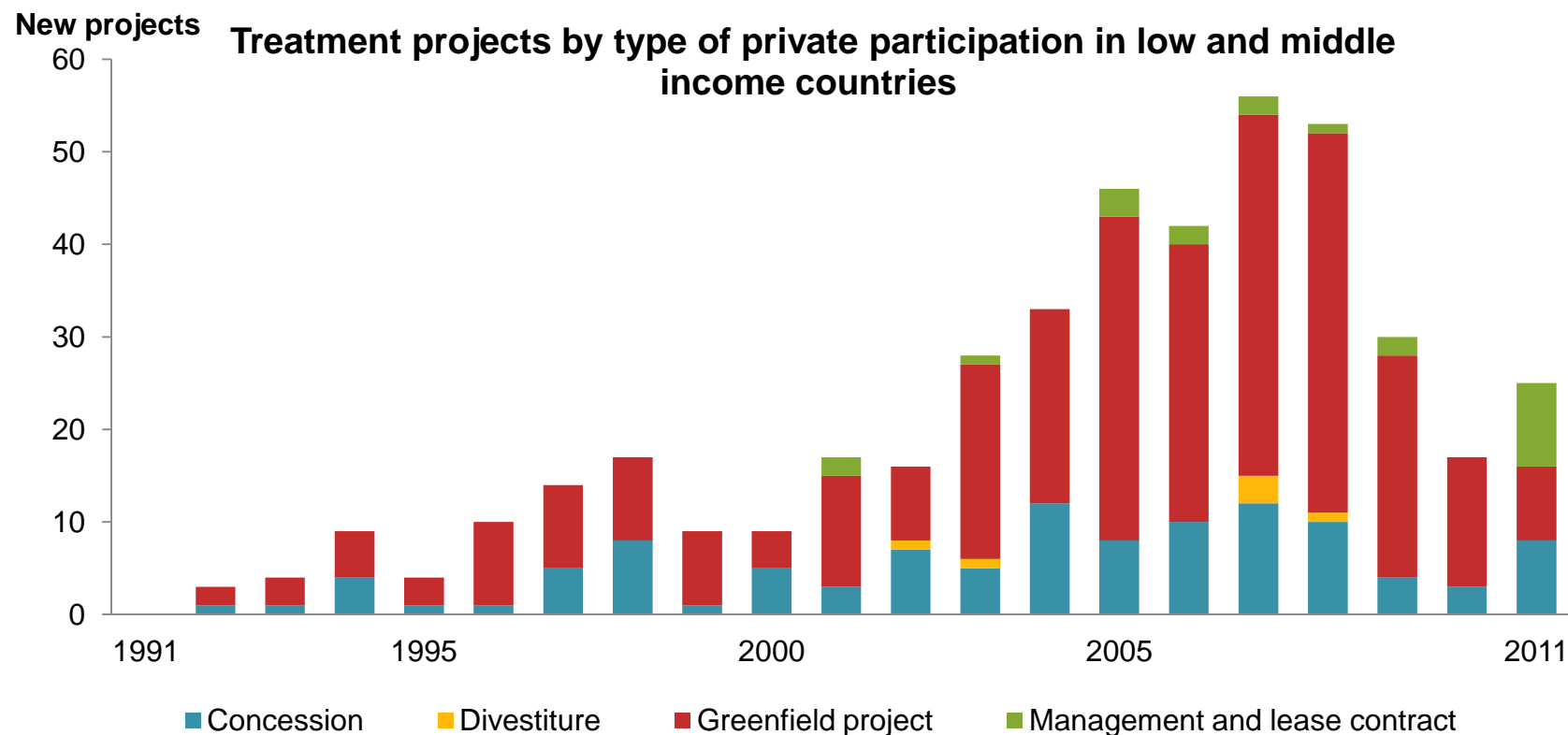
3. What forms of private participation? (1)

- Most water and sanitation utility projects are implemented under concession contracts (107 since 2001), followed by management and lease contracts (63).
- In Sub-Saharan Africa, all water and sanitation utility projects were implemented under management and lease contracts.



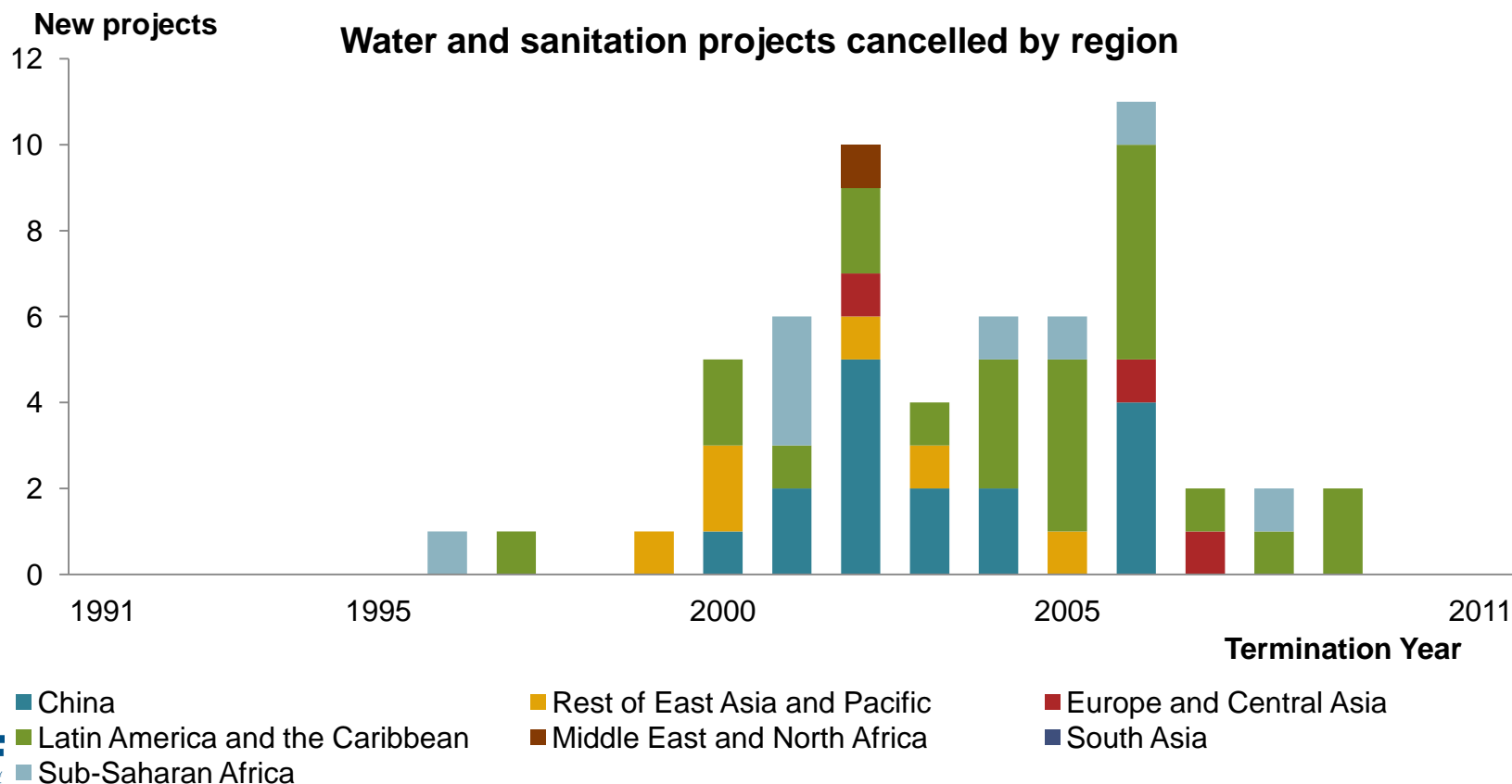
3. What forms of private participation? (2)

- Most treatment plant projects implemented since 2001 were Greenfield projects (253), followed by concession contracts (82).
- In Sub-Saharan Africa, all but one project for water treatment in Sudan in 2007 were management and lease contracts.



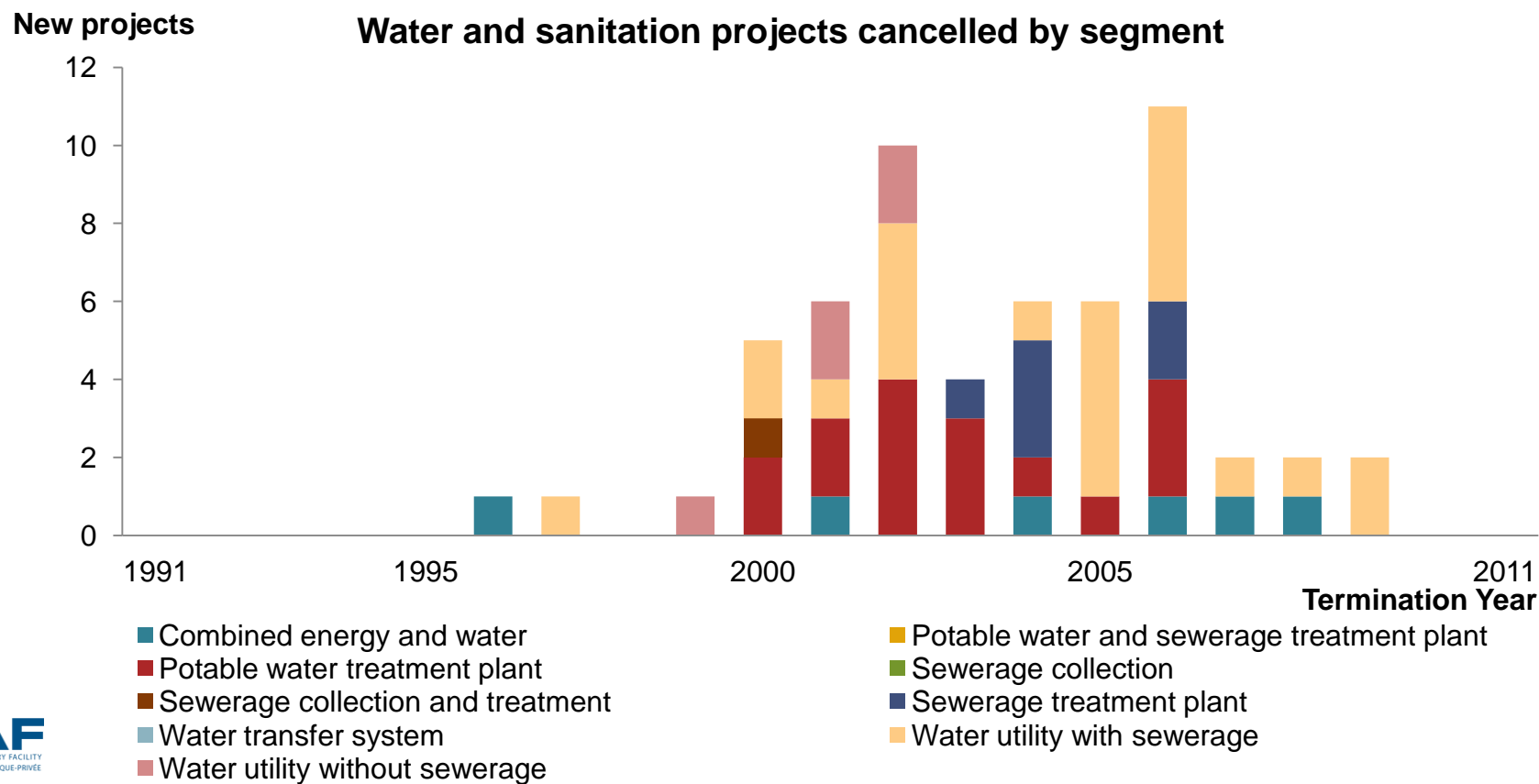
4. Cancelled projects (1)

- Over the last 20 years, 57 water projects were cancelled in low- and middle-income countries (on more than 750 water projects implemented)
- 85% of cancellations happened between 2000 and 2006.
- Over the last five years, only six projects were cancelled.
- Most cancelled projects were in Latin America (23), China (16) and Sub-Saharan Africa (8).



4. Cancelled projects (2)

- The water utility sub-sector had the highest number of cancellations: 23 water utility with sewerage projects were cancelled, 6 combined energy and water projects and 5 water utility without sewerage projects.
- The potable water treatment segment counted 16 cancelled projects.
- In Sub-Saharan Africa, 5 of the 8 cancelled projects were combined energy and water projects.



5. Who are the main private sponsors?

- Since 2001, the global water market has been very atomized with more than 275 sponsors for 544 water and sanitation projects.
- The top 20 sponsors below have been involved in 46% of projects.
- Veolia and Suez have implemented most projects.
- Globally, the market is however dominated by Asian sponsors, primary Chinese firms investing domestically.

Sponsor	Nationality	Number of projects in 2001-2011
Veolia Environnement	France	27
SUEZ	France	23
Beijing Sound Environment Industry Group	China	21
Anhui Guozhen Environmental Protection Science & Technology Co. Ltd.	China	16
Golden State Environment	China	14
Chongqing Kangda Environmental Protection Co. Ltd.	China	13
Beijing Herocan Environmental Engineering Tech Co. Ltd	China	12
Bio-Treat Technology Ltd.	China	11
Asia Environment Holdings Ltd	China	10
Cab Ambiental	Brazil	10

Sponsor	Nationality	Number of projects in 2001-2011
China Water Affairs Group Ltd	China	10
Dalian Dongda Environmental Engineering Co. Ltd.	China	10
NWS Holdings Limited	Hong Kong, China	10
Berlinwasser International AG	Germany	9
Asia Water Technology	Singapore	8
Hyflux	Singapore	8
Salcon Bhd	Malaysia	8
China Water Group Inc.	China	7
Hans Technologies	United States	7
Sinomem Technology Ltd.	Singapore	8

Thank you



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