



2015 Transport Sector Global PPI¹ Update

- Total investment in transport projects with private participation in emerging markets was US\$69.9 billion, 53 percent above the five-year average of US\$45.6 billion.
- Europe and Central Asia gained the largest share of transport investment, capturing 64 percent of the total with the largest single investment commitment ever recorded in the PPI Database: Turkey's US\$35.6 billion IGA Airport (New International Airport).
- Other than Europe and Central Asia, all other regions recorded investment below the five-year average.

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 Junsuk Park and edited by Jenny Chao

1 SECTOR OVERVIEW

Total investment² in transport projects with private participation in emerging countries in 2015 was US\$69.9 billion, 53 percent above the five-year average of US\$45.6 billion. The upsurge in transport investment is mainly the result of a huge increase in commitments in Europe and Central Asia (ECA), with US\$44.9 billion of the US\$69.9 billion, or 64 percent of the total. Following ECA was Latin America and Central Asia (LAC) with 31 percent; South Asia (SAR), 3 percent; East Asia and Pacific (EAP), 1 percent; Africa (AFR), 1 percent; and the Middle East and North Africa (MNA) with zero (Figure 1).

The number of new projects was 56, the fewest since 1993 when 39 projects were closed; however, the US\$69.9 billion in commitments was the highest transport PPI ever recorded. This trend of fewer but larger deals continued in 2015, especially because of a single megadeal in Turkey.

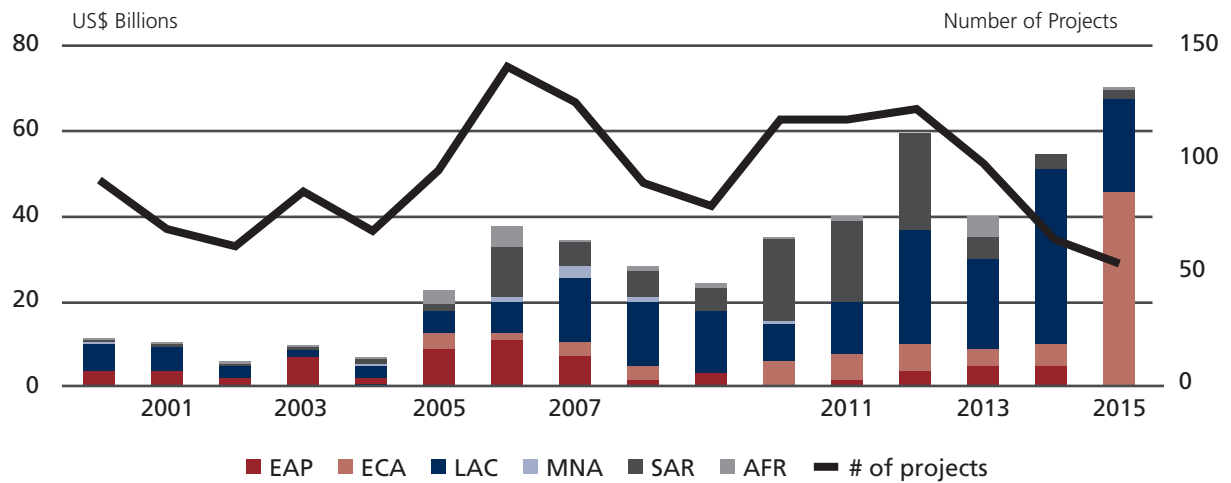
2 SUBSECTOR OVERVIEW

Airports. Airports gained the highest investment totals, with US\$38.3 billion committed. This unprecedented investment was mostly absorbed by Turkey's IGA Airport, worth US\$35.6 billion, including a government concession fee of US\$29.1 billion. Along with the IGA Airport, Turkey had three more airport projects. The LAC and EAP regions each had two airport investments in 2015, while the remaining three regions, MNA, SAR, and AFR, had no new investments in airports (Figure 3).

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 or in the case of brownfield concessions, at contract signing.

FIGURE 1: TOTAL INVESTMENT IN TRANSPORT BY REGION



Source: World Bank, PPI Project Database.

* Adjusted by 2014 US CPI

Roads. Roads were the second largest investment market, with US\$23.5 billion for 33 new projects. The largest commitments were in LAC, capturing US\$12.9 billion out of the US\$23.5 billion total. This was largely driven by Colombia, which had the biggest total road investments with 13 projects totaling US\$11.7 billion. Similar to the airport subsector, one big project in Turkey, the 421-kilometer Gebze-Orhangazi-Izmir Motorway, also boosted road investment. Still the number of projects and total investment for roads declined, compared to that in 2014.

FIGURE 2: TOTAL INVESTMENT IN TRANSPORT BY SUBSECTOR (US\$ BILLIONS)

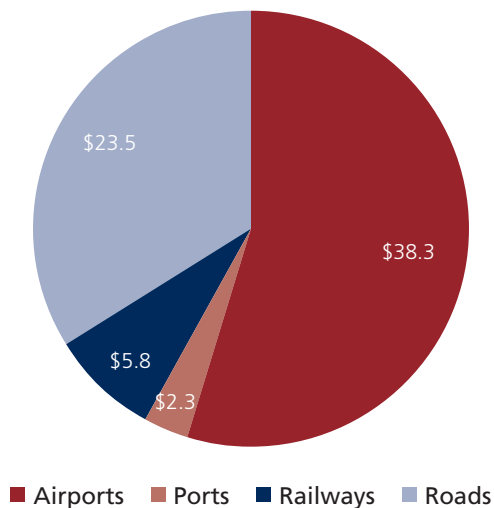
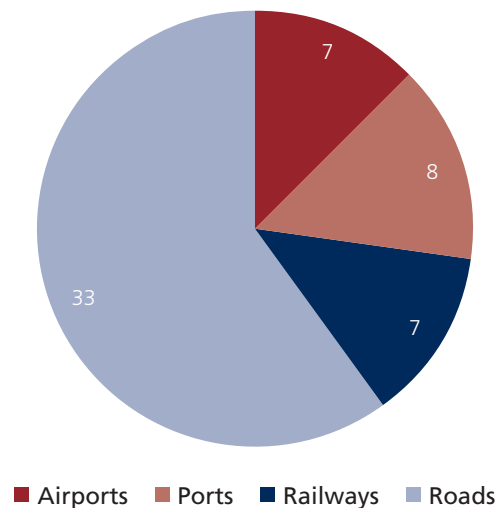


FIGURE 3: NUMBER OF NEW PROJECTS BY SUBSECTOR



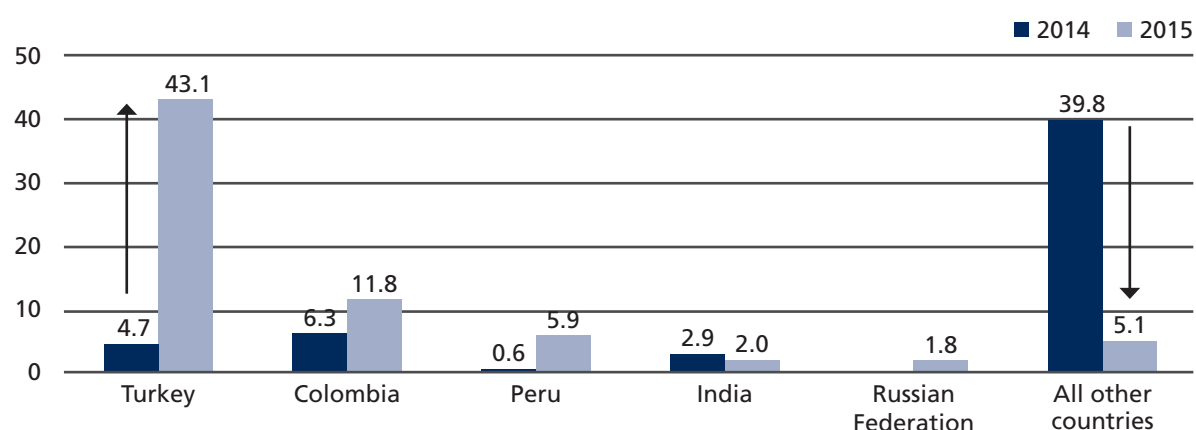
Rail. All seven rail projects were in LAC, including one large build-operate-transfer rail project in Peru, the Lima Metro Line 2, which comprised US\$5.4 billion of the US\$5.8 billion invested in rail. The other six projects were in Brazil. Although the US\$5.8 billion in rail investment nearly equals the US\$5.7 billion invested in 2014, the investment is 33 percent below the five-year average of US\$8.6 billion.

Seaports. Investment in seaports continued to show a downward trend, receiving only US\$2.3 billion in commitments in 2015, approximately 55 percent below the five-year average of US\$5.1 billion. Of the eight new projects, Costa Rica’s Moin Container Terminal (Phase I) was the largest at US\$663 million, followed by Jamaica’s US\$437 million Kingston Freeport Terminal Limited. Both projects entailed concession agreements for more than 30 years, with subsidies from their respective governments. EAP and ECA had no investment in seaports in 2015.

3 TOP COUNTRIES

The top five countries with the highest investment in transport PPI in 2015, respectively, were Turkey, Colombia, Peru, India, and the Russian Federation. These five countries together attained US\$64.7 billion in commitments, or 93 percent of the investment in the transport sector in the developing world (Figure 4).

FIGURE 4: TOTAL INVESTMENT IN TOP 5 COUNTRIES IN 2015



Turkey sustained the largest market, ranking first for transport PPI in 2015, because of two exceptional deals: Istanbul’s US\$35.6 billion IGA Airport and the US\$6.4 billion Gebze-Orhangazi-Izmir Motorway.

With 18 projects totaling US\$11.8 billion, **Colombia** took second place in 2015. The largest deal was the US\$1.2 billion brownfield build-rehabilitate-operate-transfer (BROT) road project, including operating and improving the entire 85.6-kilometer road between Bogota and Villavicencio, and constructing a 24.6-kilometer second lane between Chirajara and the entrance to Villavicencio (El Tablon), seven tunnels, and 20 bridges and viaducts. All the projects in Colombia were brownfield road projects except for one BROT airport valued at US\$139 million.

Two deals made Peru the third largest market for transport PPI in 2015. Most of the US\$5.9 billion total was driven by a single project: the US\$5.4 billion Lima Metro Line 2. The 35-year build-own-transfer metro line will stretch 35 kilometers and eventually connect Lima with Callao, including the international airport. Construction started in September 2015, and operations are expected to commence in 2020. The other deal was the highway development project of Longitudinal de La Sierra Tramo 2, worth US\$552 million.

With seven projects totaling US\$2.0 billion, **India** was among the top four countries in 2015. Out of the seven projects, six were BROT road projects and one a BROT seaport project. The largest deal, the US\$500 million Yedeshi Aurangabad Tollway, extends the NH-211 motorway by 190 kilometers (100 to 290 kilometers) and converts the two-lane road to a divided four-lane toll road as part of the National Highway Development Program.

With three new projects, **Russia** was the fifth largest PPI market in 2015, with 3 percent of the total transport investment. All three projects were greenfield build-operate-transfer projects. The year was significant

for Russia because the country had not committed any transport investment since 2012. The largest of the three deals was the Kutuzovsky Northern Bypass toll road, awarded a 40-year concession agreement by the government.

TABLE 1: INVESTMENT IN TRANSPORT IN TOP 5 COUNTRIES

	Average Investment (US\$ millions)	Total Investment (US\$ millions)	% of Total Investment
Turkey	\$10,776	\$43,103	62%
Colombia	\$658	\$11,849	17%
Peru	\$2,963	\$5,925	8%
India	\$292	\$2,047	3%
Russian Federation	\$608	\$1,824	3%
All other countries	\$244	\$5,133	7%
Total	\$1,271	\$69,882	100%

4 REGIONAL OVERVIEW

Europe and Central Asia was the top region by volume and investment totals in 2015 (Table 2). The driving factor was Turkey's huge single investment.

TABLE 2: INVESTMENT IN TRANSPORT BY REGION IN 2015

	Number of Projects	Total Investment (US\$ millions)	% of Total	% Change from 5-Year Average
ECA	7	\$44,928	64%	+781%
LAC	37	\$21,662	31%	-2%
SAR	8	\$2,397	3%	-83%
EAP	2	\$761	1%	-77%
AFR	1	\$135	<1%	-89%
MNA	0	\$0	0%	-100%
Total	55	\$69,882	100%	+53%

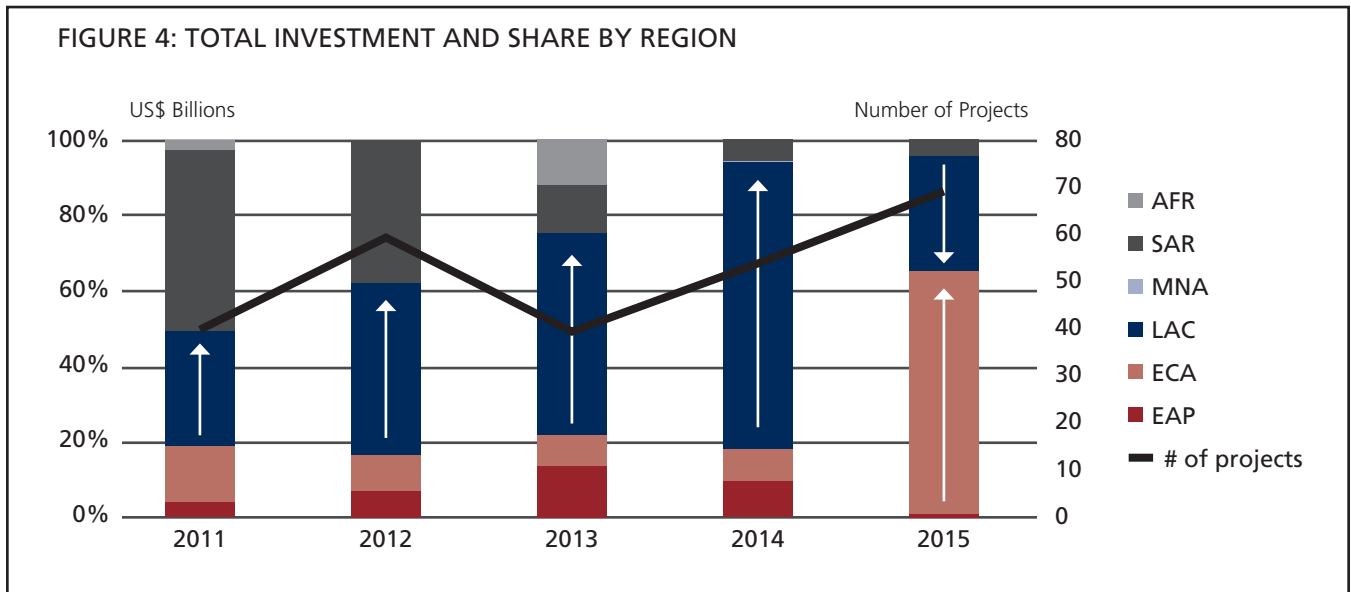
Europe and Central Asia. ECA had seven projects totaling US\$44.9 billion, or 64 percent of the total, four of which were in Turkey, with the remaining three in Russia. This is the first time ECA has attracted the biggest portion of the investment since the inception of the PPI database. Remarkably, ECA had almost nine times more investment in 2015 than the five-year average project size of US\$5.1 billion (2010-2014). Of the seven projects, three were airports and the remaining four were roads. Out of three airport projects, two were greenfield build-operate-transfer projects, including Turkey's IGA Airport deal; one was a brown-field build-operate-transfer project. While ECA investment dramatically rose, from US\$4.7 billion in 2014 to US\$44.9 billion in 2015, investment in LAC, spiraled downward, from US\$41.4 billion in 2014 to US\$21.7 billion in 2015, causing ECA's total share to go up.

TABLE 3: TOP 5 DEALS IN THE ECA REGION IN 2015

Country	Project	Total Amount (US\$ million)	Sponsors (% Ownership/Sponsor Country)
Turkey	IGA Airport	\$35,587	Limak Holding (20%/Turkey); Cengiz Holding (20%/Turkey); Kolin Group (20%/Turkey); MNG Holding (20%/Turkey); Kalyon Group (20%/Turkey)
Turkey	Gebze-Orhangazi-Izmir Motorway	\$6,356	Astaldi S.p.A. (19%/Italy); Gokay Group (19%/Turkey); Makyol (19%/Turkey); Nurol Holding (19%/Turkey); Ozaltin (19%/Turkey); Yuksel Insaat A.S. (9%/Turkey)
Turkey	Dalaman Airport Domestic Terminal	\$1,086	YDA Group (100%/Turkey)
Russian Federation	Kutuzovsky Northern Bypass Toll Road	\$775	OJSC Transstroy Corporation (Russian Federation)
Russian Federation	M11 Toll Road Moscow-St Petersburg	\$529	Vinci (50%/France); VTB Group (50%/Russia)

Latin America and the Caribbean. LAC attracted investments of US\$21.7 billion, comprising 31 percent of the global investment total (Figure 3). LAC had shown a strong upward trend until 2014, having attained over an 80 percent share. Conversely, the region's share went down in 2015 mainly because of lower investment in Brazil, with commitments plummeting to US\$862 million, or by 97 percent, compared to US\$33.7 billion in 2014.

FIGURE 4: TOTAL INVESTMENT AND SHARE BY REGION



LAC realized 37 new projects: 21 roads, seven railways, seven seaports, and two airports. Nearly 55 percent of new investment was made in Colombia with 18 new projects, followed by Peru with two, or 27 percent of the new commitments. The remaining 18 percent, respectively, was in Brazil, with 4 percent; Mexico, 4 percent; Chile, 3 percent; Costa Rica, 3 percent; Jamaica, 2 percent; Panama, 2 percent; and Honduras, less than 1 percent.

TABLE 4: TOP 5 DEALS IN THE LAC REGION IN 2015

Country	Project	Amount (US\$ millions)	Sponsors: % Ownership/Sponsor Country
Peru	Lima Metro Line 2	\$5,373	ACS Group (25%/Spain); Ferrovial Group (19%/Spain); Impregilo S.p.A. (19%/Italy); Cosapi (10%/Peru); Leonardo-Finmeccanica (29%/Italy)
Colombia	Autopista Chirajara-Villavicencio	\$1,164	Corficolombia (100%/Colombia)
Colombia	Autopista Santana-Mocoa-Neiva	\$1,080	Carlos Alberto Solarte S.A. (20%/Colombia); Latinco S.A. (10%/Colombia); ICA SA de CV (35%/Mexico); Cass Constructores y Cia (20%/Colombia); Alca Ingenieria S.A.S. (5%/Colombia); Estyma S.A. (10%/Colombia)
Colombia	Autopista Villavicencio-Yopal	\$1,069	Corficolombia (100%/Colombia)
Colombia	Autopista Bucaramanga-Barrancabermeja-Yondo	\$979	Cintra (40%/Spain); RM Holdings SAS (30%/Colombia); MC Victorias Tempranas SAS (30%/Colombia)

South Asia. In SAR, eight new projects in 2015 totaling US\$2.4 billion—seven roads and one seaport—reached financial closure. Except for one deal in Nepal, all projects were in India. The eight projects only represent 3 percent of the total transport investment of US\$2.4 billion in 2015, which is in line with the previous year's US\$2.9 billion. However, SAR's 2015 investment is about 83 percent below the five-year average of US\$13.7 billion. The number of projects also continued to decrease, having peaked in 2012 with 72, compared to eight in 2015.

TABLE 5: TOP 5 DEALS IN THE SAR REGION IN 2015

Country	Project	Amount (US\$ millions)	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 Limited	\$448	Larsen & Toubro Limited (100%/India)
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)

East Asia and Pacific. EAP was the fourth largest market for transport PPIs, bringing in US\$761 million for two airport projects, one each in China and the Philippines. However, the total investment is 77 percent below the five-year average of US\$3.3 billion. EAP's share of global investment in 2015 was only 1 percent, the lowest ever recorded in the PPI database. The sharp decline was mainly driven by transport investment in China, falling from US\$5.0 billion in 2014 to US\$11 million in 2015, or 99 percent below China's 5-year average of US\$2.5 billion.

TABLE 6: TOP DEALS IN THE EAP REGION IN 2015

Country	Project	Amount (US\$ millions)	Sponsors: % Ownership/Sponsor Country
Philippines	Mactan-Cebu International Airport	\$750	GMR Group (40%/India); Megawide Construction Corporation (60%/Philippines)
China	Xinhe County General Aviation Airport	\$11	Beijing Tianxia General Aviation Company (100%/China)

Africa. AFR moved to fifth place in 2015, a step up from the previous year, because of a toll road extension project in Senegal. AFR's climb was also a result of no investment in MNA in 2015. In fact, AFR's investment dropped by 89 percent, compared to the five-year average of US\$1.2 billion. The single build-own-transfer project is a 17-kilometer extension of the Dakar-Diamniadio Toll Road in Senegal.

TABLE 7: TOP DEAL IN THE AFR REGION IN 2015

Country	Project	Amount (US\$ millions)	Sponsors: % Ownership/Sponsor Country
Senegal	Dakar-Diamniadio Toll Road Extension	\$135	Eiffage Group (100%/France)

Middle East and North Africa. MNA took a step down to sixth place, with no new transport projects in 2015. After peaking in 2007 with investment of US\$3.2 billion, the region has continued to lose its share of the total investment. In the last five years, MNA has attracted only two projects for US\$710 million in transport in Iraq and Jordan—one deal in each country.

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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