

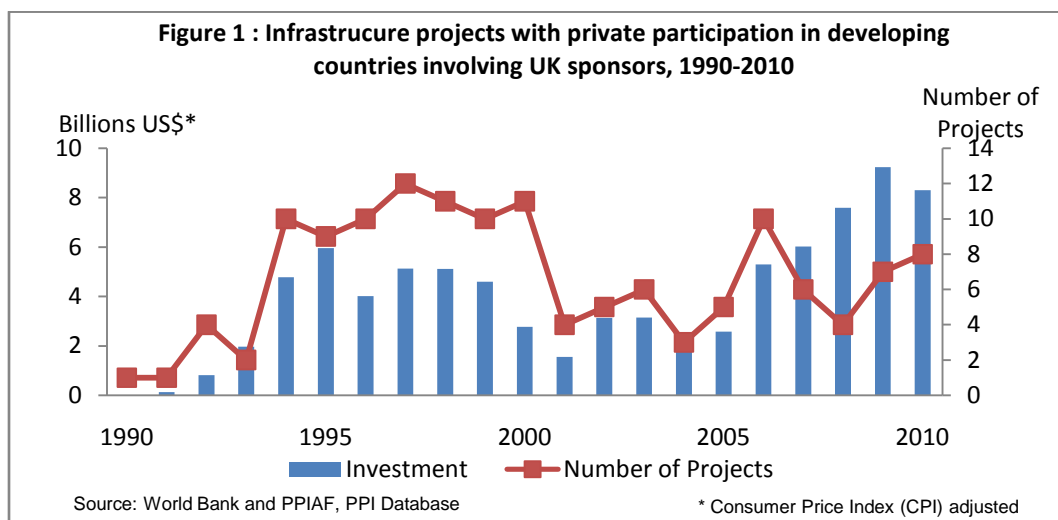
# PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

PPI update data note 67

December 2011

## Snapshot of UK Sponsors' Involvement in Infrastructure Projects with Private Participation in Developing Countries (1990-2010)

Between 1990 and 2010, UK companies were involved in **139 infrastructure projects with private participation (PPI)** in developing countries<sup>1</sup>. These projects attracted total investment commitments (hereafter *investment*) of US\$85 billion<sup>2</sup>. Investments in projects with UK investors peaked between 2006 and 2010, period which accounted for 43% of total investment (figure 1). Over 1990–2010, more than 70 sponsors from the UK invested in developing countries, often with other partners (e.g., Mitsui, Essar). Among the most active investors were Vodafone, International Power, Globeleq, Biwater, and British Gas.



Private activity undertaken by UK investors varied throughout the period. Most of the new projects were implemented between 1995 and 2000, but the highest annual investment took place between 2006 and 2010. Most of the activity was in lower middle-income countries which accounted for more than 50% of investment.<sup>3</sup> IDA countries<sup>4</sup> represented 8% of the investment, which mostly took place in Kenya (6 projects).

Private activity undertaken by UK sponsors was mainly directed to telecommunications and energy. The telecommunications sector accounted for 51% of investment and 17 projects (figure 2). Most of this activity was directed to greenfield mobile operators. The energy sector attracted 42% of investment and 80 projects. Greenfield power plants accounted for most of the activity in energy. The remaining investment was split into transport (6% of investment, 25 projects) and water (1%, 17 projects). UK investors participated in 12 port projects, 5 road projects, 5 railways projects and 3 airport projects. The transport projects were primarily concessions (10 projects) or greenfield projects (10). In water,

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<sup>1</sup> Projects included in the analysis are those in which Australian companies/sponsors had at least 15% equity stake as of 2010. If an Australian sponsor sold its equity participation before 2010, the project has not been included.

<sup>2</sup> Investment data are in 2010 US\$ using the US CPI to adjust to 2010 values. Data at <http://ppi.worldbank.org/> are reported in millions of current US\$ unless otherwise indicated.

<sup>3</sup> This analysis uses the World Bank's country classification published in July 2010 which groups developing countries in low income countries (2009 GNI per capita of US\$995 or less), lower middle income are (US\$996–3,945), and upper middle income (US\$3,946–12,195).

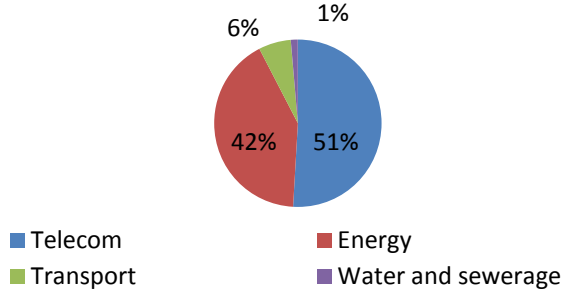
<sup>4</sup> IDA countries those that can borrow from International Development Association (IDA) on concessional terms given their relative poverty (2009 GNI per capita below US\$1,165) or lack creditworthiness to borrow on market terms.

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UK investors were also sponsors of 12 water utilities and 5 treatment plants. Almost all of these water projects were implemented between 1992 and 2002 and were primarily concessions (7 projects) or management contracts (6 projects).

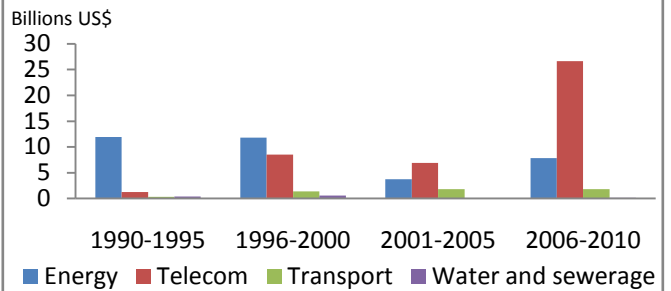
The predominant sector, however, varied over time. Energy projects accounted for most of the investment in the 1990s while telecommunications project attracted the bulk of the investment in 2001-10 (figure 3).

**Figure 2: Distribution of investment in PPI projects with UK sponsors in developing countries by sector, 1990-2010**



Source: World Bank and PPIAF, PPI Database

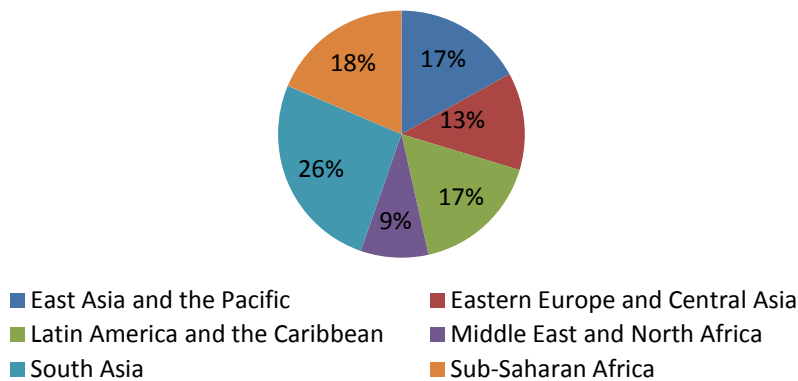
**Figure 3: Distribution of investment in PPI projects with UK sponsors in developing countries by sector, 1990-2010**



Source: World Bank and PPIAF, PPI Database

Investment in PPI projects involving UK sponsors were spread across six regions (figure 4). South Asia accounted for the largest share investment driven by telecommunications and energy projects in India and Pakistan. In East Asia and Pacific and Latin America and the Caribbean, the investment concentrated in energy projects. In the remaining developing regions, most of the investment was directed to telecommunications projects.

**Figure 4: Distribution of investment in PPI projects with UK sponsors in developing countries by region, 1990-2010**



Source: World Bank and PPIAF, PPI Database