PPI data update note 57 **August 2011**

Private activity in infrastructure in Europe and Central Asia remained stable in 2010

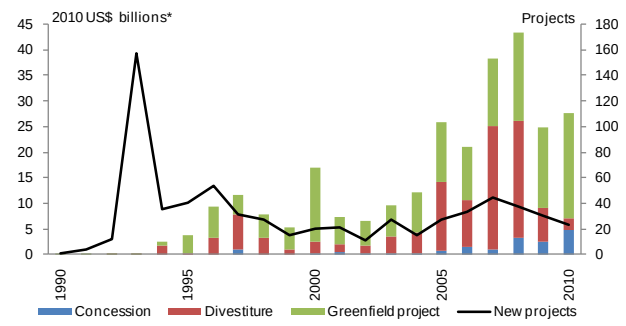
In 2010, 23 infrastructure projects with private participation reached financial or contractual closing in five low- and middle-income countries in Europe and Central Asia, involving investment commitments of US$14.8 billion (table 1).[1] Infrastructure projects implemented in the 1990–2009 period attracted new investment of US$12.8 billion, bringing total investment commitments (hereafter, *investment*) to infrastructure sectors to US$27.6 billion in 2010.[2]

The activity in 2010 grew by 11% by investment but fell 23% by number of projects compared with 2009. Investment in new projects almost doubled compared with 2009 while investment in projects implemented in previous years fell by 26%.

Investment in the region was highly concentrated on two countries. The Russian Federation accounted for 58% of the regional investment and four of the 23 new projects. The new projects accounted for 60% of the investment in Russia and the remaining investment in the country came from previously implemented projects. Turkey followed with 24% of the regional investment and 16 new projects. The new projects accounted for 75% of investment in Turkey and the remaining investment in the country came from previously implemented projects.

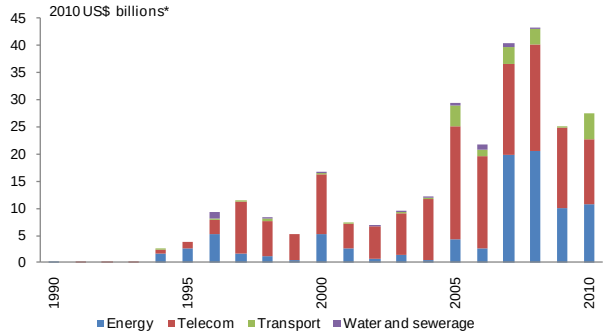
PPI activity was also concentrated on greenfield projects (BOT, BOO, and merchant), which accounted for 12 of the 23 new projects and attracted 74% of regional investment in 2010 (figure 1). Almost half of that investment went to the new greenfield projects and the other half to previously implemented greenfield projects. Concessions accounted for 11 of the new projects. Those new concessions attracted 18% of regional investment in 2010. Divestitures represented the remaining 8% of the investment; all which went to previously implemented projects. No new divestiture was implemented in 2010.

Figure 1 Investment in PPI projects in Europe and Central Asia, by type of PPI, 1990–2010



Source: World Bank and PPIAF, PPI Project database. * Adjusted by US CPI.

Figure 2 Investment in PPI projects in Europe and Central Asia, by sector, 1990–2010



Source: World Bank and PPIAF, PPI Project database. * Adjusted by US CPI.

Energy had 18 new projects in five countries and investment of US$10.7 billion. That represented an 8% increase from the level in 2009. Energy accounted for 39% of regional investment in 2010 (figure 2).

- Eleven of these projects were power plants with a total capacity of 1.1 GW, six were electricity distribution projects with 7.2 million connections, and one was a natural gas transmission project with 1,200 kilometers (km).
- Most of the private activity took place in Turkey which concessioned six electricity distribution as part of its sector reform which aims to transfer most of distribution network to the private sector. Turkey raised US$2.6 billion in

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[1] The PPI Project Database currently uses the FY10 World Bank country classification released in July 2010. Latvia and Poland became high-income economies according to the World Bank country classification released in July 2010 and are therefore excluded from the 2010 update of the PPI Project Database. 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/.

government proceeds from the six distribution concessions, and attracted US$2 billion in eight electricity generation projects.

- Russia implemented one project: the first phase of off-shore Nord Stream Gas Pipeline at a cost of US$5.2 billion to export natural gas to Western Europe.
- Bosnia and Herzegovina, Bulgaria and Lithuania had one electricity generation project each. In addition, US$664 million in investment were committed to previously implemented projects.

Telecom had no new projects, but existing projects attracted new investment of US$11.9 billion. This presents a 20% drop from the level in 2009. The sector accounted for 43% of regional investment in 2010.

- The Russian Federation and Turkey accounted for 53% and 14% of regional investment, respectively.
- Investment went mainly to mobile operators (68%) and multi-service providers (25%).

Transport saw five new projects in two countries and investment of US$4.7 billion. That represents the highest investment in transport in the region in the entire 1990-2010 period. Transport accounted for 18% of regional investment in 2010.

- Russia closed the first airport concession for Pulkovo airport in St. Petersburg which involved investment of US$ 1.5 billion to build a new terminal and modernize facilities. In addition, two greenfield road projects reached financial closing in Russia: the first phases of Moscow-St. Petersburg (42 km) and Moscow-Minsk (19.5 km). Both roads, which represented a total investment of US$2.8 billion, received significant government funding support. At financial closure, the Moscow-St. Petersburg Toll Road concession became only 30% private and French Vinci the only private sponsor of the project. The remaining 70% stake in the project was owned by state-owned Vnesheconombank (VEB) and state-owned Sberbank, the two Russian banks that provided most of the funding for the project.
- Turkey signed two 36-year port concessions: one for Samsun Port near Istanbul and the other for Bandirma Port in the Black Sea Region. The government received around US$300 million in proceeds from concessioning these two ports.

Water and sewerage saw no project in 2010. This was second consecutive year with no new water project in the region.

Table 1. Infrastructure projects with private participation reaching financial or contractual closing in Europe and Central Asia in 2010

Energy					
Country	**Project Name**	**Type of PPI (Subtype)**	**Segment**	**Total Investment***	**Sponsor**
Bosnia and Herzegovina	Mesihovina Wind Power Plant	Greenfield project (BOO)	Electricity generation	108.6	EPHZHB(Elektroprivreda HZHB MOSTAR) (100% / Bosnia and Herzegovina)
Bulgaria	Suvorovo Wind Farm	Greenfield project (BOO)	Electricity generation	143.6	Enhol Group (65% / Spain)
Lithuania	Kreivenai Wind Farm	Greenfield project (BOO)	Electricity generation	46.5	Ecocom BG Ltd (100% / Bulgaria)
Russian Federation	Nord Stream Gas Pipeline Phase I	Greenfield project (BOO)	Natural gas transmission	5,187	Gazprom (51% / Russian Federation), E.ON (16% / Germany), BASF (16% / Germany)
Turkey	Bagistas Hydro Power Plant	Concession (BROT)	Electricity generation	338	IC Holding (100% / Turkey)
Turkey	Boyabat Hydroelectric Power	Greenfield project (Merchant)	Electricity generation	1214	Dogus Holding (33% / Turkey), Dogan Group (33% / Turkey), Unit International (34% / ..)
Turkey	Camlibel Elektrik Dagitim A.S.	Concession project (BROT)	Electricity distribution	258.5	Kolin Group (34% / Turkey), Limak Holding (34% / Turkey), Cengiz Holding (34% / Turkey)
Turkey	Cataltepe and Kuyucak Wind Farms	Greenfield project (BOO)	Electricity generation	74.6	Demirer Holding (99% / Turkey)
Turkey	Coruh Elektrik Dagitim A.S.	Concession (BROT)	Electricity distribution	227	Aksa (100% / Turkey)
Turkey	Damlapinar hydro power	Greenfield project (BOO)	Electricity generation	65	AES Corporation (51% / United States), IC Holding (49% / Turkey)
Turkey	Esen I Hydroelectric Power Plant	Greenfield project (BOO)	Electricity generation	79.6	Aksu Enerji (50% / Turkey), Goltas Enerji (50% / Turkey)
Turkey	Firat Elektrik Dagitim A.S.	Concession (BROT)	Electricity distribution	230.3	Aksa (100% / Turkey)
Turkey	Garet Wind Farms	Greenfield project (BOO)	Electricity generation	99	Gama Holding (100% / Turkey)
Turkey	Mersin Wind Farm	Greenfield project (BOO)	Electricity generation	58.1	Agaoglu Group (100% / Turkey)

Turkey	Osmangazi Elektrik Dagitim A.S.	Concession (BROT)	Electricity distribution	485	Yildizlar Holding (100% / Turkey)
Turkey	Uludag Eletrik Dagitim A.S.	Concession (BROT)	Electricity distribution	940	Limak Holding (34% / Turkey), Cengiz Holding (34% / Turkey), Kolin Group (34% / Turkey)
Turkey	Yavuz and Midilli Hydro Power Plant	Concession (BROT)	Electricity generation	80	Cogentrix Energy (100% / United States)
Turkey	Yesilirmak Elektrik Dagitim A.S.	Concession (BROT)	Electricity distribution	441.5	Calik Holding (100% / Turkey)

Transport					
Country	**Project name**	**Type of PPI (Subtype)**	**Sub-sector**	**Total Investment***	**Sponsor**
Russian Federation	Moscow St. Petersburg Toll Road - Section 1	Greenfield project (BOT)	Roads	1,975	Vinci (30% / France)
Russian Federation	Moscow-Minsk M1 Section 1	Greenfield project (BOT)	Roads	842.9	Brisa Autoestradas de Portugal SA (..% / Portugal), Gazprom (..% / Russian Federation), Fomento de Construcciones y Contratas SA (FCC) (..% / Spain), Stroygasconsulting (..% / Russian Federation), Alpine Group (..% / Austria)
Russian Federation	Pulkovo Airport	Concession (BROT)	Airports	1,530	Fraport AG (36% / Germany), VTB Group (58% / Russian Federation)
Turkey	Bandirma Port	Concession (ROT)	Seaports	175.5	Celebi Holding (100% / Turkey)
Turkey	Samsun Port	Concession (ROT)	Seaports	157.2	Cenay Group (100% / Turkey)

Note: BOT= Build, Operate, and Transfer; BOO = Build, Own, and Operate; Concession (BROT) = Build, Rehabilitate, Operate, and Transfer.

*in current US$ millions. Source: World Bank and PPIAF, PPI Database.