Private Participation in Infrastructure in South Asia in the Last Decade

Between 2000 and 2009, the 8 countries in South Asia implemented 361 infrastructure projects with private participation (PPI). Those projects involved investment commitments (hereafter, investment) of $89.5 billion. That investment, together with additional investment in previously existing projects, brought the total in the region to $174.4 billion. With this, South Asia accounted for 15% of the activity in developing countries by number of projects and 17% of the activity by investment.

Investment in the region grew from a range of $4–7 billion in early 2000s to $15 billion in 2005 and to a range of $29–$33 billion in 2006–08. Private activity in infrastructure in the region was concentrated in India (83% of total investment) and Pakistan (12%).

Telecom attracted 44% of regional investment ($76.3 billion) and implemented 29 projects in 8 countries.
- India accounted for 68% of regional investment in telecom.
- New telecom projects accounted for 28% of the investment in the sector, and additional investment in projects implemented in the 1990s for the remaining 72%.
- All 29 new projects were greenfield projects including 15 mobile operators, 7 fixed access operators, 4 long distance companies and 3 multi-service providers.

Energy accounted for 38% of regional investment ($66.9 billion) and 150 projects in 7 countries.
- India implemented 104 energy projects and accounted for 91% of regional investment in transport.
- Electricity generation accounted for most of the activity: 128 projects and $62 billion investment. Those projects involved 92.6 GW.
- There were also nine electricity distribution projects with investment worth $2.1 billion, and eight electricity transmission projects with investments of $2 billion.
- The remaining five projects were for natural gas transmission and distribution with investment of $700 million.
- Greenfield projects were the most used type of PPI: 136 projects and $60.9 billion investment. There were also 12 divestitures, one concession and one management contract.

Transport accounted for 18% of regional investment ($30.8 billion) and 170 projects in three countries.
- India implemented 161 transport projects and accounted for 96% of regional investment in transport. Bangladesh and Pakistan accounted for the remaining activity.
- Roads dominated transport activity with 131 projects and $18.5 billion investment. All but one project were implemented in India. Of these projects, 103 were concessions, 27 greenfield projects, and one was management contract.
- Seaports had 27 projects and $6.1 billion investment. Most projects involved greenfield facilities (20 projects), and the remaining were concessions (4) or management contracts (3).
- There were also 7 airports with investments of $4.8 billion and 5 railroads with US $1.4 billion.

Water and sanitation had 12 projects involving investments of $400 million.
- All water projects were in India with 8 of them for water utilities and 4 for treatment plants.
- Management contracts were the most common type of PPI (5 projects) followed by greenfield projects (4) and concessions (3).

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Footnotes:
1 Data are reported in 2009 US$ dollars adjusted by the US Consumer Price Index. 2009 data are preliminary and include only investment in new projects.
2 The data on additional investment cover the period of 2000-2008, and includes projects that reached financial or contractual closure in 1990-1999.