



## PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

### Regional overview

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#### Private participation in infrastructure in East Asia and Pacific in the last decade

Between 2000 and 2010, 17 countries out of the 23 in East Asia and Pacific implemented 908 infrastructure projects with private participation (PPI).<sup>1</sup> These projects involved investment commitments (hereafter, investment) of US\$154 billion<sup>2</sup>. That investment together with additional investment in existing projects brought the total in the region to US\$209 billion. With this, East Asia and Pacific accounted for 33% of the activity in developing countries by number of projects and 16% by investment.

Private activity in infrastructure in the region was concentrated on four countries: **China**, (37% of regional investment and 692 projects), **Indonesia** (14% of investment and 35 projects), **Malaysia** (15% of investment and 37 projects), and **the Philippines** (14% of investment and 51 projects). Annual investment in the region was in the range of US\$21-US\$23 billion in 2005–07, but fell to a range of US\$15-US\$17 billion in 2008–10.

Seven out of the ten IDA countries in the region implemented 32 projects which involved investment of US\$11.3 billion.<sup>3</sup> Investment in IDA countries fluctuated between US\$0.80 billion and US\$1.5 billion in 2005–08, but fell to less than US\$400 million in 2009 and reached a peak of US\$5.6 billion in 2010. The latter was driven by three large power plants. Energy accounted for 89% of investment in IDA countries, telecommunications for 9%, and transport for 2%

**Energy** has been the most successful sector, attracting 36% of regional investment (or US\$75.2 billion) with 386 projects in 11 countries.

- China implemented 271 projects and attracted 29% of regional investment in energy.
- Electricity generation accounted for 191 projects and US\$62.1 billion in investment. There were 133 greenfield projects which added total new capacity of 36.6 GW and 44 divested projects had a total capacity of 35.8 GW.
- Natural gas distribution and transmission had 189 projects and investment of US\$8.4 billion. The 184 projects in China accounted for 54% of that investment. Most of the projects in China were for building small, new natural gas distribution networks.
- Greenfield projects were the most common type of PPI: 280 projects and US\$51.6 billion investment. Divestitures followed with 54 projects and US\$18.7 billion in investment.

**Telecom** was the second most active sector, accounting for 31% of regional investment (or US\$64.8 billion) and 21 projects in 14 countries.

- New projects were either greenfield operators (17 projects) or divested companies (4 projects).
- New telecom projects accounted for 27% of the investment in the sector, and additional investment in projects implemented in the 1990s for the remaining 73%.
- Multi-service providers attracted 55% of the regional investment in telecommunications and stand-alone mobile operators represented 34% of that investment.

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<sup>1</sup> The PPI Project Database currently uses the FY10 World Bank country classification released in July 2010. 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/>.

<sup>2</sup> Investment data are in 2010 US dollar using the US CPI to adjust to 2010 values.

<sup>3</sup> IDA countries those that can borrow from International Development Association (IDA) on concessional terms given their relative poverty (GNI per capita below US\$1,135 in 2010) or lack creditworthiness to borrow on market terms. These data do not include blend countries in the region (Papua New Guinea and Vietnam).



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**Transport** accounted for 24% of regional investment (or US\$50 billion) which was directed to 150 projects in 8 countries.

- The activity in transport was dominated by roads with 61 projects and investment of US\$21.2 billion, followed by seaports with 59 projects and investment of US\$15.8 billion.
- There were also 14 railroads that attracted US\$9.2 billion in investment and 15 airports that accounted for US\$3.5 billion in investment.
- Greenfield projects were the most prevalent type of PPI with 96 projects and US\$34.6 billion in investment. Concession followed with 32 projects and US\$6.5 billion in investment. There were also 18 partial divestitures which attracted investment of US\$8.6 billion. Most of these divestitures took place in China and consisted of sales of minority stakes through initial public offerings.

**Water and sanitation** had 9% of regional investment (or US\$19.1 billion) and 351 projects in six countries.

- China accounted for 342 water projects and almost 50% of the investment. Most of this activity was directed to small water or wastewater treatment plants.
- Most of water projects were sewerage treatment plants (226 projects) followed by potable water treatment plants (69), and water utilities (44).
- Greenfield projects were the most common type of PPI with 219 projects and US\$5.4 billion in investment. Concessions followed with 110 projects and US\$12.6 billion in investment. Over 60% of investment in concessions went to two large water utilities implemented in the early 2000s in Malaysia (Johor and Syabas).