



PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

Regional overview

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Private participation in infrastructure in Latin America and the Caribbean in the last decade

Between 2000 and 2010, 29 countries in Latin America and the Caribbean implemented 688 infrastructure projects with private participation (PPI).¹ These projects involved investment commitments (hereafter, investment) of US\$191 billion.² That investment, together with additional investment in previously existing projects, brought the total in the region to US\$400 billion. With this, Latin America and the Caribbean accounted for 25% of the activity in developing countries by number of projects and 31% of the activity by investment.

Investment in the region steadily declined from US\$50 billion in 2000 to US\$20 billion in 2004. In the second half of the decade investment gradually increased and reached US\$54 billion in 2009, but declined to US\$34.2 billion in 2010. Private activity in infrastructure in the region was concentrated on **Brazil** (53% of total investment and 44% of projects). **Mexico** followed with 18% of total investment and 11% of projects.

IDA countries in the region implemented 21 projects which involved investment of US\$4.5 billion.³ Investment in IDA countries averaged US\$400 million in the last decade, fluctuating greatly from year to year. Investment peaked in 2010 at US\$868 million. Telecommunications accounted for 57% of such investment and electricity for 31%.

Telecom attracted 47% of regional investment (US\$189 billion) with 46 projects in 25 countries.

- Brazil accounted for 50% of regional investment in telecommunications followed by Mexico (21%).
- New telecom projects accounted for 16% of the investment to the sector, and additional investment in projects implemented in the 1990s for the remaining 84%.
- The 42 out of the 46 new projects were greenfield projects and included: 27 mobile operators, 10 fixed access operators, 2 multi-service providers and 3 long distance companies.

Energy accounted for 32% of regional investment (US\$127 billion) and 309 projects in 19 countries.

- Brazil implemented 204 energy projects and accounted for 70% of regional investment in energy.
- Greenfield projects were the most common type of PPI with 288 projects which attracted investments of US\$75.2 billion. There were also ten divestitures, nine concessions and two management contracts.
- Electricity generation accounted for most of the new activity with 224 projects adding 51 GW of new capacity and US\$65.3 billion in investment. Electricity transmission was the second most active sector with 64 projects and US\$12.5 billion in investment in 29,000 km of new transmission lines and 19,700 km of concessioned or divested existing transmission lines.
- There were also six electricity distribution projects and five vertically integrated utilities with combined investment worth US\$5.8 billion. Electricity utilities implemented in the 1990s provided additional investment of US\$27.3 billion
- The remaining ten projects were for natural gas transmission and distribution with investment of US\$3.4 billion; natural gas projects implemented in the 1990s provided additional investment of US\$7.1 billion.

This note was written by Alexander Nicholas Jett, Research Analyst, in the Finance, Economics, and Urban Development Department of the World Bank's Sustainable Development Network.

¹ 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/>.

² Investment data are in 2010 US dollar using the US CPI to adjust to 2010 values.

³ 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 (Bolivia, Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines).



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Transport accounted for 18% of regional investment (US\$72.9 billion) and 213 projects in 17 countries.

- Brazil was the most active country, implementing 43 transport projects and accounting for 39% of regional investment in transport. Mexico followed with 40 projects and 24% of investment.
- Roads dominated transport activity with 121 projects and US\$46.7 billion in investment. Of these road projects, 71 were concessions, 36 were greenfield projects, and 14 were management contracts. All management contracts were for national road corridors in Argentina.
- Seaports were the second most active subsector with 46 projects and investment of US\$11.2 billion. Of this investment, one third was additional investments in seaports implemented in the 1990s. Most of the new projects were concessions of existing port facilities (27 projects), followed by greenfield facilities (16 projects), and the remaining were two lease contracts and one divestiture.
- Airports accounted for 33 airport projects and investments of US\$8.4 billion. Of this investment, one third was additional investments in airports implemented in the 1990s. The 33 new projects involved 47 airports and 16 airport terminals. Twenty six of these projects were concessions and four were greenfield projects.
- Railroads attracted 13 projects and US\$6.6 billion in investment. Of this investment, 56% was due to expansions in projects implemented in the 1990s. Ten out of 13 new projects were concessions of railroad lines, while the remaining three were greenfield metro lines in major cities in Latin America.

Water and sanitation attracted 3% of regional investment (US\$11.2 billion) and 120 projects in 15 countries.

- Most of these projects were for water utilities (100 projects) while concession was the preferred type of private participation (84 projects). Of these projects, 55 water utilities served a population of almost 12 million people and 39 water utilities provided 2.5 million connections.
- There were also 19 treatment plants which had a total capacity of 7.5 million of cubic meters per day. These projects were implemented through greenfield schemes except for one project which was a concession. The remaining water project was a greenfield water transfer system in Peru.
- Most of these projects were located in Brazil (50 projects) and Colombia (29) and were for small water utilities which involved average investments of US\$55 million in Brazil and US\$25.3 million in Colombia. Other active countries were Chile (12 projects for water utilities) and Mexico (9 projects for water or wastewater treatment plants and one for a water utility).