



Private Participation in Infrastructure in Europe and Central Asia in the Last Decade

Between 2000 and 2009, the 24 countries of Europe and Central Asia implemented 318 infrastructure projects with private participation (PPI). Those projects involved investment commitments (hereafter, investment) of \$123 billion¹. That investment together with additional investment in existing projects brought the total in the region to \$237 billion². With this, Europe and Central Asia accounted for 13% of the activity in developing countries by number of projects and 23% by investment.

Private activity in infrastructure in the region was concentrated on three countries: the **Russian Federation** (33% of total investment), **Turkey** (21%), and **Poland** (16%). Investment in the region totaled \$23 billion in 2006, rose to \$45 billion in 2007, and then to \$46 billion in 2008. Large projects (over \$1 billion) and additional investment in projects implemented in the 1990s drove the growth in investment.

Telecom has been the most successful sector, attracting 62% of regional investment (or \$146 billion) and implementing 55 projects in 22 countries.

- New telecom projects accounted for 23% of the investment to the sector, and additional investment in projects implemented in the 1990s for the remaining 77%.
- Most of the new projects were greenfield operators (43). The region also divested 12 telecommunications companies worth \$19.3 billion in investment.
- Most projects were stand alone mobile operators followed by multiservice providers.

Energy was the second most active sector, accounting for 29% of regional investment (or \$67 billion) and implementing 173 projects in 18 countries.

- Electricity generation accounted for most of the activity: 104 projects and \$49 billion investment. Those projects had a total capacity of over 94 GW.
- Electricity distribution and integrated utilities accounted for 48 projects and \$11.5 billion investment.
- There were also 19 natural gas transmission and distribution projects; this segment attracted \$7.1 billion investment.
- Divestitures were the most used type of PPI: 89 projects and \$43.1 billion investment. The privatization program of Russian RAO UES accounted for the bulk of this investment. Greenfield projects followed with 63 projects and \$22.3 billion investment.

Transport accounted for 8% of regional investment (or \$19.8 billion) and 47 projects in 15 countries.

- The activity in transport was dominated by airports with 23 projects and \$10.2 billion investment.
- There were also 16 seaports, 4 railroads and 4 roads projects and investment of \$9.6 billion with most of that going to roads and seaports.
- Concessions were the prevalent type of PPI with 23 projects and \$8.7 billion. Greenfield projects followed with 10 projects and \$5.6 billion.

Water and sanitation attracted 1% of regional investment (or \$3.3 billion) and 43 projects in 14 countries.

- 28 of them were management or lease contracts: 27 for water and sewerage utility and 1 for potable water treatment plant.
- There were also 7 water utility concession contracts, 4 water utility divestitures and 4 greenfield treatment plant projects.

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¹Data are reported in 2009 US\$ dollars adjusted by the US Consumer Price Index. 2009 data are preliminary and include only investment in new projects.

²The data on additional investment cover the period of 2000-2008, and includes projects that reached financial or contractual closure in 1990-1999.