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).

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 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.