



## PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

### Regional overview

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### Private participation in infrastructure in Europe and Central Asia in the last decade

Between 2000 and 2010, the 22 low and middle income countries of Europe and Central Asia implemented 289 infrastructure projects with private participation (PPI).<sup>1</sup> Those projects involved investment commitments (hereafter, investment) of US\$136 billion<sup>2</sup>. That investment, together with additional investment in existing projects, brought the total in the region to US\$240 billion. With this, Europe and Central Asia accounted for 11% of the activity in developing countries by number of projects and 18% by investment.

Private activity in infrastructure in the region was concentrated in two countries: the **Russian Federation** (43% of total investment) and **Turkey** (24%). Investments in the region were in the range of US\$22 to 29 billion in 2005–06, rising to around US\$40–43 billion in 2007–08, and then falling to a range of US\$25–US\$26 billion in 2009–10.

Three of the four **IDA countries** in Europe and Central Asia (Kyrgyz Republic, Moldova, and Tajikistan) implemented 10 projects which involved investment of US\$1.2 billion. Telecommunications accounted for 73% of such investment and electricity for 22%.<sup>3</sup>

**Telecom** was the most successful sector, attracting 59% of regional investment (or US\$142 billion) with 47 projects in 20 countries.

- New telecom projects accounted for 28% of the investment to the sector, and additional investment in projects implemented in the 1990s for the remaining 72%.
- Most of the new projects were greenfield operators (28 mobile and 9 fixed line operators). The region also divested 10 telecommunications companies worth US\$22.4 billion in investment.
- Most projects were stand alone mobile operators followed by multiservice providers.

**Energy** was the second most active sector, accounting for 33% of regional investment (or US\$78 billion) with 163 projects in 17 countries.

- Electricity generation attracted most of the activity: 93 projects and US\$49.8 billion in investment. Those projects had a total capacity of 94 GW with greenfield projects (new capacity) accounting for 15GW and divested companies or assets for 72 GW.
- Electricity distribution and integrated utilities accounted for 46 projects and US\$12.9 billion in investment.
- There were also 23 natural gas transmission and distribution projects; this segment attracted US\$15.8 billion in investment.
- Divestitures were the most used type of PPI: 70 projects and US\$44.3 billion in investment. The privatization program of Russian RAO UES accounted for the bulk of this investment. Greenfield projects followed with 59 projects and US\$26.8 billion in investment.

**Transport** accounted for 7% of regional investment (or US\$16.7 billion) and 42 projects in 12 countries.

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<sup>1</sup> The PPI Project Database currently uses the FY10 World Bank country classification released in July 2010. According to this classification, Latvia and Poland became high-income economies and are, therefore, excluded from the PPI Project Database. 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 are 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 (Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, and Uzbekistan).



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- The activity in transport was dominated by airports with 22 projects and US\$10.3 billion in investment.
- There were also 13 seaport, 5 railroad and 2 road projects, which total investment of US\$6.1 billion. Most of that investment went to roads and seaports.
- Concessions were the prevalent type of PPI with 22 projects and US\$7.1 billion. Greenfield projects followed with 8 projects and US\$3.9 billion.

**Water and sanitation** attracted 1% of regional investment (or US\$3.2 billion) and 37 projects in 12 countries.

- 26 of them were management or lease contracts: 25 for water and sewerage utility and 1 for potable water treatment plant.
- There were also 8 water utility concession contracts, 1 water utility divestitures and 2 greenfield treatment plant projects.