



## PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

Regional overview

August 2011

### Private participation in infrastructure in the Middle East and North Africa in the last decade

Between 2000 and 2010, 12 countries out of the 13 of the Middle East and North African region implemented 102 infrastructure projects with private participation (PPI).<sup>1</sup> Those projects involved investment commitments (hereafter, investment) of US\$62.5 billion<sup>2</sup>. That investment, together with additional investment in existing projects, brought the total in the region to US\$75.1 billion. With this, the Middle East and North Africa accounted for 4% of the activity in developing countries by number of projects and 6% by investment. Annual investment in the region reached peak of around US\$12 to US\$13 billion in 2006–07, but declined to half of that amount in 2008–10.

Private activity in infrastructure in the Middle East and North Africa was concentrated on **Egypt, Algeria** and **Morocco**. These countries accounted for more than 61% of total investment in the region.

The **IDA countries** in the region (Djibouti and Yemen) implemented 11 projects which involved investment of US\$1.9 billion.<sup>3</sup> Telecommunications accounted for 52% of such investment and seaports for 47%. While Yemen implemented 10 projects in telecommunications, seaports, and electricity, Djibouti implemented only one seaport project.

**Telecom** was the most successful sector, attracting 73% of regional investment (or US\$54.5 billion) with 30 projects in 11 countries.

- New telecom projects accounted for 77% of the investment in the sector, and additional investment in projects implemented in the 1990s for the remaining 23%.
- Most projects (20) were new telecom operators and attracted US\$26.5 billion in investment. The region also divested 6 telecommunications companies worth US\$15.3 billion in investment. In addition, 4 management contracts were signed for existing operators.
- Most projects were stand alone mobile operators followed by multiservice providers.

**Energy** accounted for 12% of regional investment (or US\$9.2 billion) and 23 projects in 9 countries.

- Electricity generation accounted for most of the activity: 18 projects and US\$6.4 billion in investment. Those projects had a total capacity of over 10,100 MW.
- There was one electricity distribution project and two combined water supply and electricity distribution projects. Those projects involved investments of US\$1 billion.
- There were also two natural gas transmission projects representing investment of US\$1.8 billion.
- Greenfield projects were the most used type of PPI: 18 projects and US\$8 billion in investment. There were also 3 divestitures and 2 concessions with investments of US\$1.1 billion.

**Transport** was the third most active sector, accounting for 10% of regional investment (or US\$7.4 billion) and 31 projects in 10 countries.

- The activity in transport was dominated by seaports with 20 projects and US\$5.2 billion in investment.
- There were also nine airport projects, and one railway and one road project with investments of US\$2.3 billion.
- Concession was the prevalent type of PPI with 12 projects and US\$3.6 billion. Greenfield projects followed with 11 projects and US\$3.7 billion. There were also 8 management and lease contracts.

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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.



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**Water and sanitation** accounted for 5% of regional investment (or US\$4.0 billion) which was directed to 18 projects in 5 countries: Algeria, Egypt, Jordan, Lebanon and Tunisia.

- Thirteen of the eighteen water projects were located in Algeria: nine greenfield projects for desalination treatment plants worth US\$2.2 billion and four management contracts for water utilities.
- The other projects were two greenfield projects for potable water treatment in Jordan and Tunisia, one greenfield project for a water transfer system (pipeline) in Jordan, one greenfield project for a sewerage treatment plant in Egypt, and one management contract for a water utility in Lebanon.