



## PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

PPI data update note 41

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### Private investment in telecom declines for first time in five years

In 2009, 13 telecom projects with private participation reached financial or contractual closing in 12 low and middle income countries, involving investment commitments of US\$3.5 billion.<sup>1</sup> Telecommunications projects implemented in the 1990–2008 period attracted new investment of US\$57.3 billion, bringing total investment commitments (hereafter, *investment*) to the sector to US\$60.8 billion in 2009.<sup>2</sup>

The investment in 2009 represents a decline of 23% compared with 2008, and marks an end to the rising trend that began in 2004.<sup>3</sup> Investment in 2009 was similar to the level reported in 2005. By number of projects, new activity in 2009 remained stable compared with 2008.

The decline in investment affected all segments. Investment in stand-alone mobile operators fell by 25% to US\$32 billion. Nevertheless, mobile operators accounted for 52% of annual investment in the sector. Investment in multiservice providers fell by 24% to US\$19.4 billion. These operators attracted 32% of sector investment. The more difficult investment environment in the aftermath of the global financial crisis and market saturation in many countries explain the investment decline.

The concentration of investment across countries was less pronounced than in the other infrastructure sectors. Brazil and India accounted for 28% of investment in telecommunications in 2009, while these two countries attracted 63% of the investment in the three other infrastructure sectors (energy, transport and water)

In **East Asia and the Pacific**, previously implemented projects attracted investment of US\$3.4 billion, while new projects attracted US\$420 million, bringing total investment to US\$3.9 billion. This investment represents a 29% decline compared with 2008. Four countries (Micronesia, Cambodia, Lao PDR and Vietnam) implemented four new projects. Three projects were new mobile operators while Star Telecom Laos was a new fixed and mobile operator.

In **Europe and Central Asia**, previously implemented projects accounted for US\$15.1 billion while a new mobile provider in Albania attracted US\$149 million, bringing total investment to US\$15.2 billion. This investment represents a 28% decline compared with 2008. The Russian Federation and Turkey accounted for 33% and 26% of regional investment, respectively.

In **Latin America and the Caribbean**, previously implemented projects attracted investment of US\$14.8 billion. This investment represents a 37% drop compared with 2008. No new projects reached financial closure in the region. Brazil accounted for 49% of regional investment.

In the **Middle East and North Africa** investment in previously implemented projects accounted for US\$3.8 billion while two new projects attracted US\$196 million, bringing total investment to US\$4 billion. This investment is similar to level reported in 2008. In Lebanon a second management contract for mobile operator Alfa was implemented, while in Tunisia Orange Tunisie, a joint venture of Tunisian Investec and French France Telecom that provides fixed and mobile services, reached financial closing.

In **South Asia**, previously implemented projects attracted investment of US\$9.4 billion while two new multi-service providers in India attracted investment of US\$2.2 billion, bringing total investment to US\$11.6 billion. This investment represents a 14% drop compared with 2008. India accounted for 80% of regional investment.

In **Sub-Saharan Africa**, previously implemented projects accounted for US\$10.8 billion while four new projects attracted US\$550 million, bringing total investment to US\$11.3 billion. This investment is similar to level reported in 2008. Côte d'Ivoire, Rwanda and Gabon launched new mobile operators while Mali partially divested state owned operator Sotelma.

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<sup>1</sup> Data on telecommunications contracts include primarily medium-size and large projects as reported by the media and other public sources. Small-scale projects are generally not included because of a lack of public information.

<sup>2</sup> The telecommunications projects covered include those that provide basic telephone services (fixed access and long distance) or mobile access using their own physical infrastructure. Not included are voice over Internet protocol (VoIP) services or operators providing services with leased infrastructure.

<sup>3</sup> Investment data are reported in 2009 U.S. dollars, using the U.S. consumer price index and 2009 as the base year.



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**Table 1 Telecom projects with private participation reaching financial or contractual closing in 2009**

East Asia and Pacific				
Country	Project Name	PPI Subtype	Segment	Total Investment*
Cambodia	Sotelco Beeline	Merchant	Mobile Access	70
Lao PDR	Star Telecom Laos	Merchant	Fixed and mobile access	83
Micronesia, Fed. Sts.	Nauru Digicel	Merchant	Mobile Access	Not available
Vietnam	GTEL-Mobile Joint Stock Company	Merchant	Mobile Access	267

Europe and Central Asia				
Country	Project Name	PPI Subtype	Segment	Total Investment*
Albania	Plus	Merchant	Mobile Access	149

Middle East and North Africa				
Country	Project Name	PPI Subtype	Segment	Total Investment*
Lebanon	Alfa Second management contract	Management Contract	Mobile Access	Not applicable
Tunisia	Orange Tunisie	Merchant	Fixed and mobile access	196

South Asia				
Country	Project Name	PPI Subtype	Segment	Total Investment*
India	STel	Merchant	Fixed access, mobile access, and long distance	754
India	Uninor	Merchant	Fixed access, mobile access, and long distance	1477

Sub-Saharan Africa				
Country	Project Name	PPI Subtype	Segment	Total Investment*
Côte d'Ivoire	Green Network	Merchant	Mobile access	Not available
Gabon	Azur	Merchant	Mobile access	50
Mali	Sotelma	Partial divestiture	Fixed access, mobile access, and long distance	383
Rwanda	Millicom Rwanda	Merchant	Mobile access	117

\*in current US\$ millions

Source: World Bank and PPIAF, PPI Database.