



PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

PPI data update note 44

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Private activity in infrastructure in Europe and Central Asia fell sharply in 2009

In 2009, 35 infrastructure projects with private participation reached financial or contractual closing in 8 low- and middle-income countries in Europe and Central Asia, involving investment commitments of US\$9.9 billion (table 1).¹ Infrastructure projects implemented in the 1990–2008 period attracted new investment of US\$18 billion, bringing total investment commitments (hereafter, *investment*) to infrastructure sectors to US\$28 billion in 2009.

The activity in 2009 represents a drop of 40% by investment and 22% by number of projects compared with 2008. Investment in new projects was down 54% from 2008 while investment in projects implemented in previous years fell by 28%. Besides the global financial crisis, the absence of any major privatization program after the privatization of Russian RAO UES's generating companies concluded in June 2008 was another reason for the decline in investment.

Investment in the region was concentrated in four countries. Turkey was the top recipient, accounting for 16 new projects and 29% of the regional investment. Poland, Romania, and the Russian Federation followed, and these four countries together represented 78% of regional investment in 2009.

Most of the PPI activity was concentrated in greenfield projects (BOT, BOO, merchant, and rental), which attracted 66% of regional investment in 2009. Divestitures accounted for 25% and concessions for the remaining 9%.

Energy had 31 projects in 7 countries and investment of US\$10.4 billion. That represents half of the level in 2008. Energy accounted for 37% of regional investment in 2009.

- Turkey implemented 23 energy projects and 41% of regional investment in energy. Romania followed with 2 projects and 21% of regional investment in energy
- Electricity generation accounted for 26 projects and US\$5.2 billion in investment. Those projects involved 2.7 GW in new capacity and 650 MW of divested capacity.
- There were also four electricity distribution projects and one natural gas distribution. These five projects involve more than 2.6 million of customers. Four projects were implemented in Turkey (three regional electricity distribution companies and one natural gas distribution). The fifth one was the divestiture of Albania's electricity distribution company.
- Greenfield projects were the most common type of PPI: 24 projects and US\$4.3 billion in investment. There were also four concessions (electricity or natural gas distribution companies in Turkey) and three divestitures (two power plants and Albania's electricity distribution company).

Telecom had one new project and attracted investment of US\$15.2 billion. This presents a 28% drop from the level in 2008. The sector accounted for 54% of regional investment in 2009.

- The Russian Federation and Turkey accounted for 33% and 26% of regional investment, respectively.
- New investment in projects implemented in 1990–2008 accounted for almost all the investment.
- Investment went mainly to mobile operators (63%) and multi-service providers (20%).

Transport saw 3 projects in 3 countries and investment of US\$2.3 billion. That represents a 45% drop from the level in 2008. Transport accounted for 8% of regional investment in 2009.

- Almost all of the investment in the sector went to A2 Motorway (Swiecko-Nowy Tomysl) in Poland, the largest road project in 2009. The 25-year BOT contract was structured as availability payment project and received significant multilateral development support.²
- The other two transport projects were for port terminals in Bulgaria and Ukraine.

Water and sewerage saw no project in 2009.

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¹ 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/>.

² Ada Karina Izaguirre and Alexander Jett, Private activity in transport slows down in 2009, but remains concentrated in road projects, PPI data update note 39, September 2010.



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Table 1. Infrastructure projects with private participation reaching financial or contractual closing in Europe and Central Asia in 2009

Energy				
Country	Project Name	PPI Subtype	Segment	Total Investment*
Albania	Ashta Hydro Power Project	BOT	Electricity generation	244
Albania	Electricity Distribution Company of Albania (OSSH)	Partial divestiture	Electricity distribution	420
Bulgaria	Blatets Solar Project	BOO	Electricity generation	4
Bulgaria	Bobov Dol Power Plant	Full divestiture	Electricity generation	127
Bulgaria	Botevo I Solar Park	BOO	Electricity generation	11
Bulgaria	Kamen Briag Wind Project	BOO	Electricity generation	Not available
Bulgaria	Kavarna Wind Farm	BOO	Electricity generation	132
Georgia	Ortachala HEPS	Full divestiture	Electricity generation	32
Poland	Czestochowa CHP Plant	BOO	Electricity generation	181
Poland	Jarogniew-Moltowo Wind Farm	BOO	Electricity generation	Not available
Poland	Suwalki Wind Farm	BOO	Electricity generation	112
Poland	Tychowo Wind Farm	Merchant	Electricity generation	111
Romania	Brazi Power Plant	Merchant	Electricity generation	695
Romania	Dobrogea Wind Project - Phase 1	BOO	Electricity generation	862
Russian Federation	Noyabrsk Combined Cycle Power Plant	Merchant	Electricity generation	150
Turkey	AkfenHES - 11 hydro power plants	Merchant	Electricity generation	309
Turkey	Alkumru Hydroelectric Project	Merchant	Electricity generation	466
Turkey	As Makinsan Bandirma Wind Power Plant Project	BOO	Electricity generation	50
Turkey	Ayyildiz Wind Farm	BOO	Electricity generation	32
Turkey	Bagistas II Hydroelectric Project	Merchant	Electricity generation	72
Turkey	Baskent Elektrik Dagitim A.S. (BEDAS)	Concession (BROT)	Electricity distribution	1,225
Turkey	Belen Wind Power Project	BOO	Electricity generation	71
Turkey	Essentium Hydroelectric Plants	BOO	Electricity generation	78
Turkey	Izmit Gas Distribution Corporation (Izgaz)	Concession (BROT)	Natural gas distribution	232
Turkey	Meram Elektrik Dagitim A.S. (MEDAS)	Concession (BROT)	Electricity distribution	440
Turkey	Niksar Hydropower Plant	BOO	Electricity generation	170
Turkey	Osmaniye Wind Power Plant	BOO	Electricity generation	306
Turkey	Resadiye-3 Hydroelectric Power Plant	BOO	Electricity generation	Not available
Turkey	Sakarya Elektrik Dagitim A.S. (SEDAS)	Concession (BROT)	Electricity distribution	600
Turkey	Samsun Gas-Fired Power Plant	Merchant	Electricity generation	105
Turkey	Soma Wind Energy Power Plant	Merchant	Electricity generation	159



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Telecommunications				
Country	Project Name	PPI Subtype	Segment	Total Investment*
Albania	Plus	Merchant	Mobile Access	149

Transport				
Country	Project name	PPI Subtype	Sub-sector	Total Investment*
Bulgaria	Somovit Port Terminal	Concession (ROT)	Seaports	5
Poland	A2 Motorway (Swiecko-Nowy Tomysl)	Greenfield project (BOT)	Roads	2,203
Ukraine	Odessa Terminal Holdco Limited	Greenfield project (Merchant)	Seaports	130

Note: BOT= Build, Operate, and Transfer; BOO = Build, Own, and Operate; Concession (BROT) = Build, Rehabilitate, Operate, and Transfer.

*in current US\$ millions

Source: World Bank and PPIAF, PPI Database.