Between 1990 and 2003, 120 developing countries carried out nearly 8,000 privatization transactions, raising US$410 billion in privatization proceeds. In the early to mid-1990s annual proceeds averaged between US$20 billion and US$30 billion (figure 1). The sudden and one-time jump in 1997 resulted from large infrastructure and energy (oil and gas) transactions in Argentina, Brazil, China, Kazakhstan, Mexico, and the Russian Federation. Revenues declined thereafter as Argentina’s stock of state enterprises dwindled and as activity in Asia and Europe slowed following the East Asian and Russian crises of 1997–98. By 2001 activity had returned to the level of 1990. But proceeds began to pick up in 2002 and are slowly creeping back up to pre-1997 levels.

Proceeds have been highly concentrated: just 15 of the 120 privatizing countries generated more than two-thirds of all proceeds in 1990–2003 (figure 2). Five countries—Brazil, China, India, Poland, and Russia—remained active throughout the period, together accounting for more than 40 percent of proceeds. Between 2000 and 2003, Brazil, together with China, Poland, and the Czech Republic, generated nearly 60 percent of all proceeds—mainly from sales in telecommunications, gas, and banking. Also in that period two countries in the Middle East and North Africa joined the top 10, thanks to the sale of minority shares in Saudi Telecom and the majority sale of the tobacco company Régie des Tabacs in Morocco.
Regional patterns
Proceeds have been highly concentrated in three regions, though their shares have changed over time.

Latin America: significant decline
Latin America raised US$195 billion in proceeds (47 percent of the total) from 1,300 privatization transactions in 1990–2003. But its share of proceeds fell dramatically between the 1990s and 2000–03, from almost 60 percent to less than 20 percent. In the 1990s Brazil, Argentina, and Mexico accounted for more than 80 percent of the region’s proceeds. In 2000–03 Brazil remained the most active: its large transactions in electricity, oil and gas, and banking accounted for 85 percent of the region’s proceeds and made it the second biggest revenue generator among all developing countries.

Europe and Central Asia: new leader
Europe and Central Asia generated slightly more than US$100 billion (25 percent of the total) from 4,620 transactions in 1990–2003. The region’s share grew over time, making it the leader in 2000–03. In the early 1990s the region focused on small-scale privatization, including the transfer of thousands of enterprises through voucher privatization (excluded from the data) and management-employee buyouts that led to lower monetary payments to governments. But recent years saw a shift to large transactions in telecommunications, electricity, and banking. Privatization in these sectors was concentrated in Poland, the Czech Republic, and the Slovak Republic, which together accounted for 70 percent of regional proceeds in 2000–03.
East Asia and Pacific: China dominant
East Asia and Pacific—with US$66 billion (16 percent of the total) from 420 transactions—also increased its share over time, raising twice as much in revenues in 2000–03 as in the 1990s. China alone accounted for nearly 90 percent of regional proceeds in 2000–03, up from 50 percent in the 1990s, when Malaysia and Indonesia were also very active. China’s recent huge stock market offerings in telecommunications and energy made it the top revenue earner among all developing countries in 2000–03.

Middle East and North Africa: telecoms leading the way
The Middle East and North Africa raised nearly US$20 billion (5 percent of the total) from 310 transactions. In the 1990s activity was concentrated in two countries, the Arab Republic of Egypt and Morocco, and in manufacturing and service sectors. In 2000 Morocco became the first in the region to sell minority shares in telecommunications, followed by Jordan later in the year and Saudi Arabia in 2003. These transactions made this sector the region’s leading revenue generator, accounting for nearly 65 percent of its proceeds in 2000–03.

South Asia and Africa: holding steady
South Asia—with US$15 billion (4 percent of total proceeds) from nearly 400 transactions—maintained a more or less steady share over the two periods. India, accounting for 75 percent of regional proceeds, generated revenues largely from minority share sales in earlier years and divestment of its telecommunications company in 2002. Pakistan, with 15 percent, privatized enterprises in telecommunications, banking, and manufacturing. Sri Lanka also had an active program, but its small economy meant a small share of regional revenues.

Sub-Saharan Africa—with US$11 billion in proceeds (3 percent of the total) from some 960 transactions—had the third largest number of transactions, but 70 percent of these involved small, low-value firms in manufacturing and service sectors. Most of the regional revenues in the 1990s came from a few large transactions in Ghana (Ashanti Goldfields, Consolidated Diamond Mines), South Africa (telecommunications, steel, petrochemicals), and Nigeria (oil fields). South Africa accounted for nearly half the regional proceeds in 2000–03.

Sector trends
Infrastructure (telecommunications; electricity generation, transmission, and distribution; natural gas transmission and distribution; transport; and water) accounted for half of all privatization proceeds in developing countries in 1990–2003. Following were competitive sectors (manufacturing, services, tourism, and other firms), energy (production of oil and gas, other hydrocarbons, and petrochemicals), finance, and the primary sector (minerals and metals).

Infrastructure: growth over time
Privatization proceeds in infrastructure grew in recent years, with the sector’s share of the total rising from 48 percent in the 1990s to 55 percent in 2000–03 (figure 3). Telecommunications had the most activity, accounting for 50 percent of sector proceeds, followed by electricity and natural gas with 36 percent.

Telecommunications maintained a more or less steady share over the two periods, with activity concentrated in Latin America, followed by Europe and Central Asia, East Asia, and, more recently, the Middle East and North Africa. By contrast, the share of proceeds in electricity and

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| Sector distribution of privatization proceeds in developing countries, 1990–99 and 2000–03 |
|-------------------------------|-------------------------------|
| Infrastructure | Finance | Competitive | Primary | Energy |
| 1990–99 | 2000–03 |
| 0 | 10 | 20 | 30 | 40 | 50 | 60 |

natural gas grew in 2000–03, reflecting large transactions in Europe and Central Asia. Proceeds in transport declined over time, while those in water grew from 1 percent to 3 percent of the sector total, mostly as a result of activity in Latin America. The low proceeds in water partly reflect the use of management contracts, which do not generate revenue.


Finance: even sharper growth
The financial sector’s share of proceeds grew more sharply than infrastructure’s, increasing from 12 percent in the 1990s to nearly 20 percent in 2000–03. The growth came mainly from banking transactions in Central and Eastern Europe, particularly Poland, Turkey, the Czech Republic, Bulgaria, the Slovak Republic, and Croatia. Bank privatizations also took place in Latin America (Mexico, Brazil), East Asia (China, the Philippines, Indonesia, Thailand), South Asia (Pakistan), and Sub-Saharan Africa (Nigeria, Uganda).

Competitive sectors: the biggest decline
Competitive sectors had the most transactions, topping 6,000. But proceeds in these sectors also declined the most, reflecting in large part the completion of privatization programs in the most active countries and the shift in attention to infrastructure and finance. Manufacturing accounted for more than two-thirds of competitive sector proceeds, with activity concentrated mainly in steel, cement, and fertilizer and in Europe and Central Asia.

Primary and energy sectors: steady shares
The primary sector’s share of proceeds declined modestly in 2000–03, with activity concentrated in Latin America, Europe and Central Asia, and Sub-Saharan Africa. Energy sector proceeds remained constant. Transactions were concentrated in a few countries—Argentina, Brazil, China, South Africa, Kazakhstan, Russia, and Poland.

Conclusion
Pursued since 1990 and before, privatization is again on the rise after a period of steady decline. But it still is not a widespread phenomenon:

- Privatization is concentrated in a small group of active countries.
- Proceeds have become increasingly concentrated in a few transactions: the 10 largest transactions accounted for nearly 40 percent of proceeds in 2000–03, compared with only 16 percent in the 1990s.
- In many countries and regions privatization has only scratched the surface.

Notes
1. Privatization proceeds are used as a proxy to measure privatization trends. Proceeds include all monetary receipts to the government resulting from partial and full divestitures, concessions, leases, and other privatization methods. Transactions that do not generate revenue are not included. Thus management contracts, new greenfield investments, and investment commitments by new owners and operators are excluded, as are the mass (voucher) privatizations of tens of thousands of firms in Central and Eastern Europe.

Several caveats are worth highlighting. Data sources use varying definitions. Lack of data or poor quality may lead to underreporting. And proceeds are subject to swings from a few large transactions or from minority share sales that are not necessarily indicative of widespread activity or radical restructuring of the state enterprise sector in a country or region.

2. Data are broken into two periods, 1990–99 and 2000–03, to allow comparison of trends over time. Data for the 1990s are from the Privatization Database maintained for that period by the Multilateral Investment Guarantee Agency of the World Bank Group; data for the more recent period were amalgamated from a variety of sources. The data sources and methodological approach are discussed in greater detail at http://rru.worldbank.org/Privatization, where the data are also available.