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Demand for basic infrastructure, as power such and telecommunications systems, is on the rise around the world, with many nations looking to build or improve their systems and services. A significant portion of this growth will occur in emerging markets, where the World Bank estimates annual infrastructure investment needs total around $200 billion (precrisis estimate). The electric power sector accounts for roughly half of the needed investment.

National and regional governments, once the source of much of the world's investment in infrastructure, are now less able and willing to shoulder the burden of infrastructure development. Driven by a lack of government resources, and a desire for more efficient and widely available service, countries at every stage of development are turning to the private sector for infrastructure investment.

Private sector participation in infrastructure, in both the development of new projects, as well as the acquisition of privatized public sector monopolies, offers many potential benefits. Competition generally improves the supply and quality of infrastructure service, boosting local standards of living. In addition, the participation of the private sector in infrastructure allows governments to devote more of their public funds to pressing social problems or to the development of projects that are unattractive to private investors.

Markets that offer considerable potential for future private sector participation in infrastructure include Asia and Latin America. The Asian financial crisis currently is having a significant impact on infrastructure projects throughout the Pacific Rim region. Although many projects have been canceled or placed on hold, the economic difficulties may, in some cases, accelerate the pace of reform and create the potential for more opportunities for private sector participation over the

medium and long term. Asia's current infrastructure investment requirements far exceed the capacities of national governments.