



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT
OFFICE**

NEW OPPORTUNITIES IN THE TURKISH INFRASTRUCTURE AND LOGISTICS SECTORS

[INVEST.GOV.TR](https://invest.gov.tr)

May 2021

AGENDA



EXECUTIVE SUMMARY



NEED FOR INFRASTRUCTURE INVESTMENT & TRACK RECORD

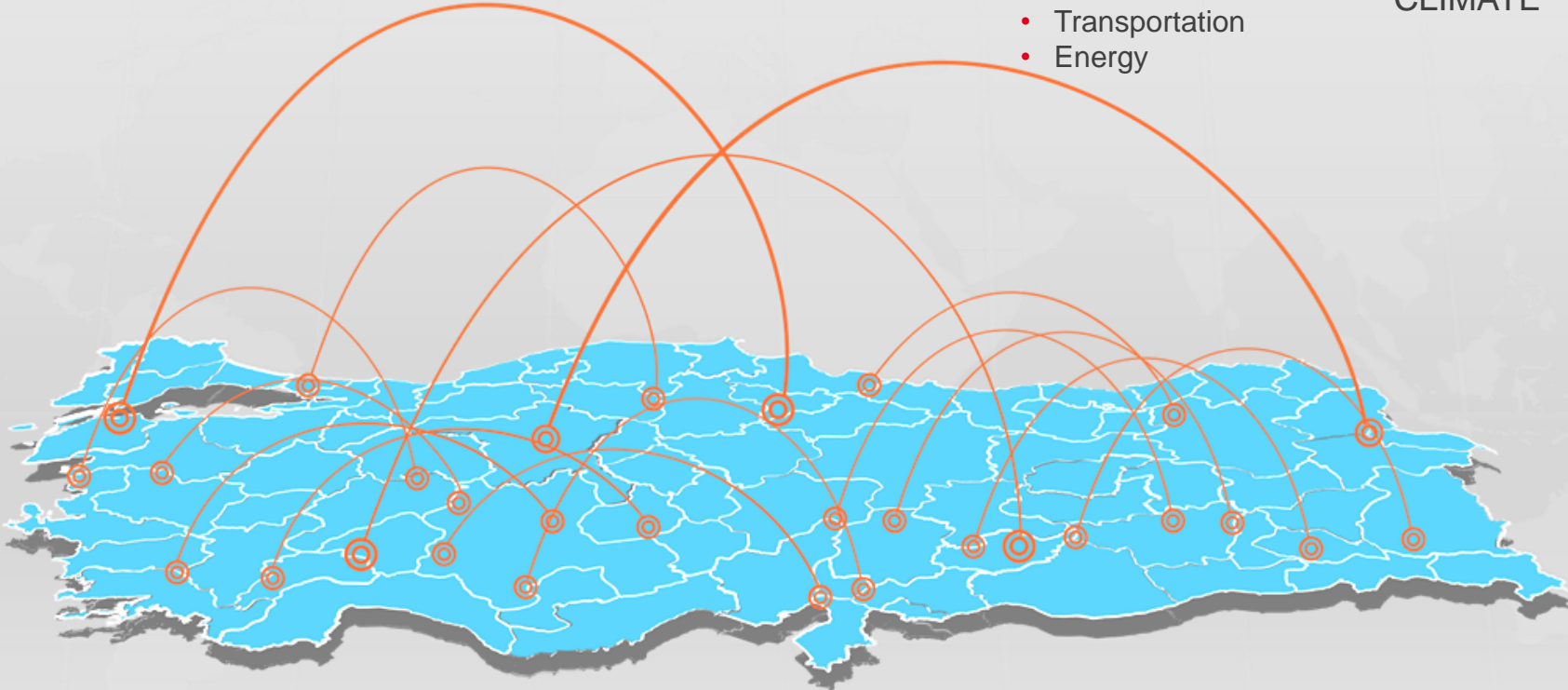


OPPORTUNITIES

- Healthcare
- Transportation
- Energy



FAVORABLE INVESTMENT CLIMATE



EXECUTIVE SUMMARY

TURKEY HAS A STRONG CASE FOR INVESTMENT IN INFRASTRUCTURE



Investment Need for Development

- Turkish economy is robustly growing with an average annual GDP growth rate of 5.1%.
- Turkey's 84-million strong population is growing with additional 1 million people every year coupled with a rapid urbanization process which has resulted in more than 24 urban centers with populations over 1 million.
- Turkey's growing trade volume and strategic location compels Turkey to develop its infrastructure.

Track Record with Significant Opportunities in the Pipeline

- Turkey has implemented \$156 Billion worth of Public Private Partnership (PPP) projects in a variety of sectors. This trend has picked up in recent years with a bright prospect.
- Turkey has set ambitious targets to upgrade its infrastructure.
- From transportation to healthcare and energy, ample opportunities are available in the pipeline.

Favorable Investment Climate

- Turkey has a favorable investment legislation for PPP investments that can be realized through various models, such as build-operate, build-operate-transfer, transfer of operational rights, etc.
- Turkey's investment climate is further strengthened by domestic and international laws that protect investments and provide international arbitration.
- Turkey's macroeconomic policies, investments and more importantly, strong public finance management support PPP investments that require guaranteed purchase.

AGENDA



EXECUTIVE
SUMMARY



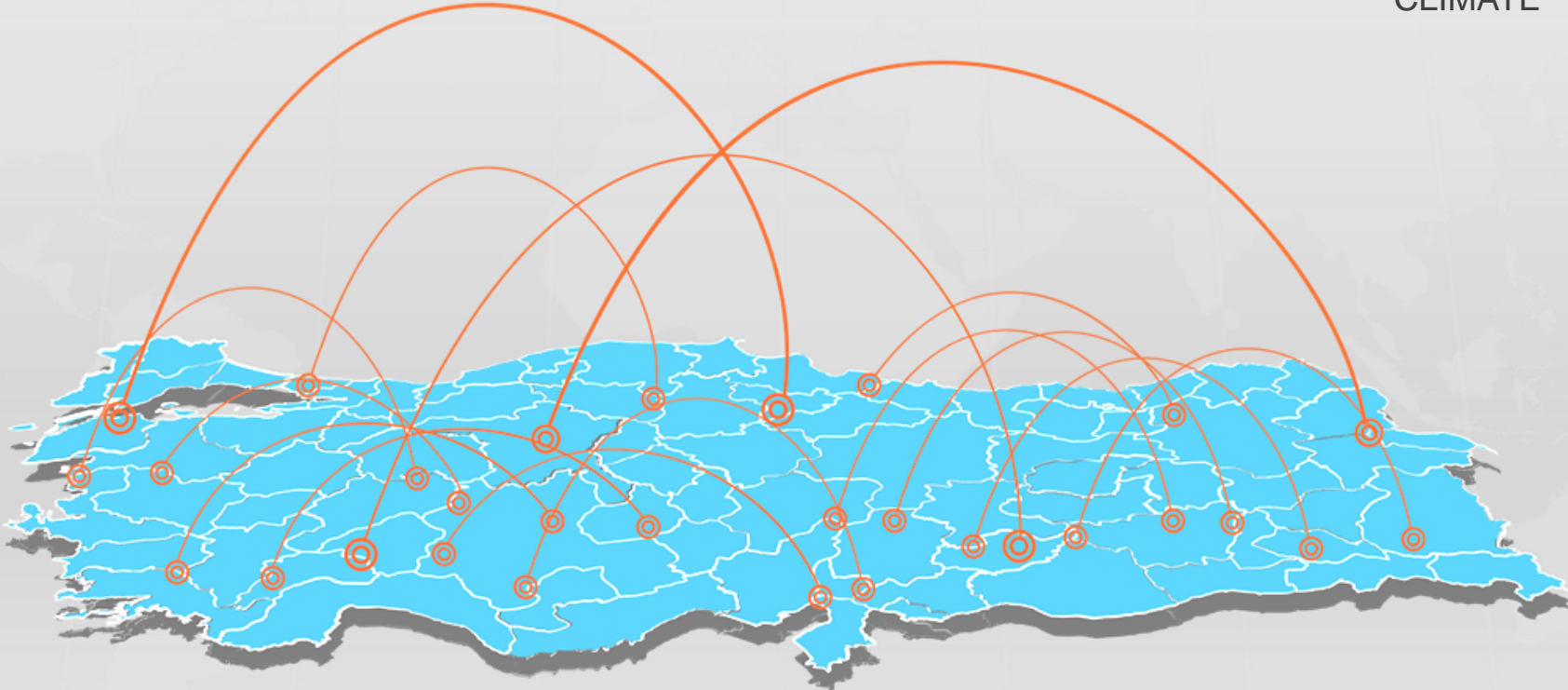
**NEED FOR INFRASTRUCTURE
INVESTMENT & TRACK RECORD**



OPPORTUNITIES



FAVORABLE
INVESTMENT
CLIMATE



INFRASTRUCTURE NEED

TURKEY HAS A SIGNIFICANT INVESTMENT
NEED IN INFRASTRUCTURE DEVELOPMENT



2021-2040

\$475 Billion

Investment current trends

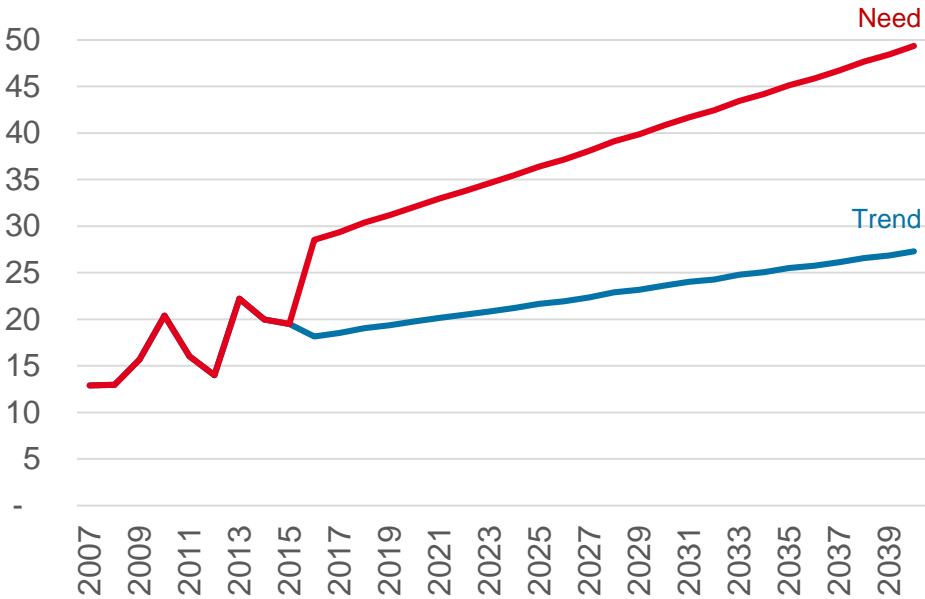
\$823 Billion

Investment needed

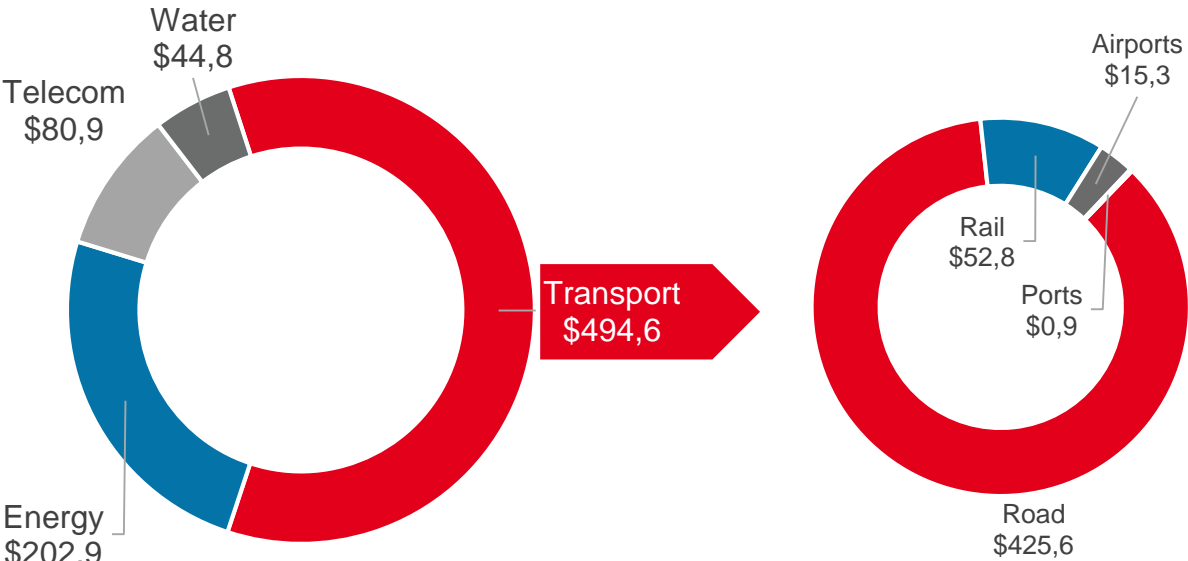
\$348 Billion

Investment gap

Turkey's Infrastructure Current Trends and Need
(\$Billion)



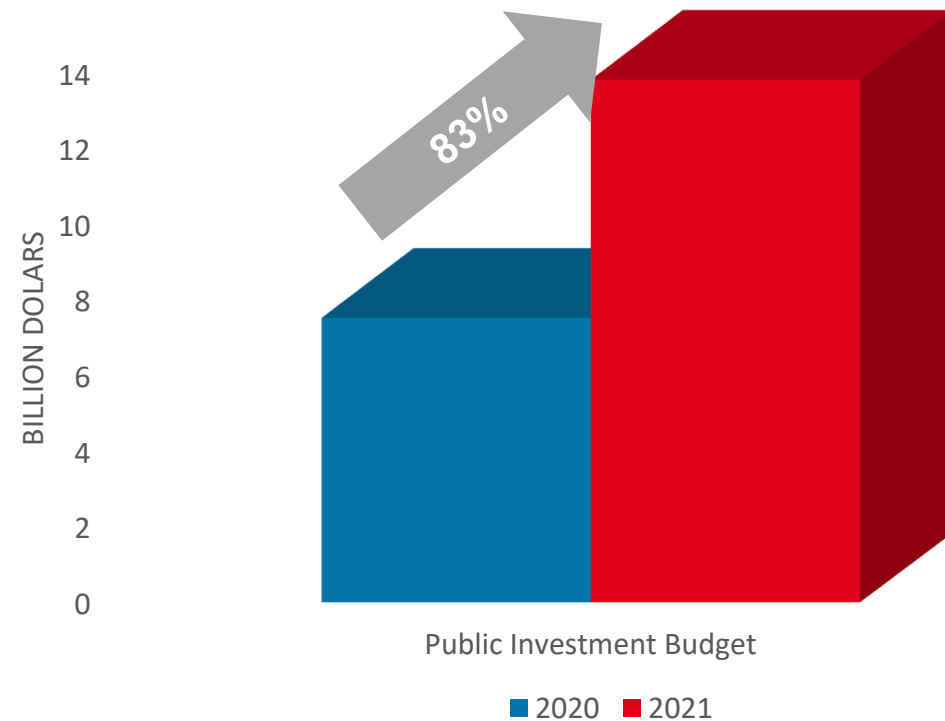
Investment Need by Sector
(2021-2040)



Investment Gap by Sector: \$288.3 bn in Road, \$42 bn in Energy, \$16 bn in Rail, \$1.9 in Water, \$0.57 bn in Airports

INFRASTRUCTURE NEED

TURKISH GOVERNMENT HAS RESPONDED TO THIS
NEED IN 2021 PUBLIC INVESTMENT BUDGET DESPITE
PANDEMIC



83% Nominal Increase in Investment Budget

Transportation, R&D, health and education sectors has the biggest jumps compared to other sectors.

Carefully Selected Pipeline

Project selection will be extra important in the post-covid era so prioritization and rationalization has begun in the Public Investment Program.

Coherence Between Macroeconomic Policies and Infrastructure Investments

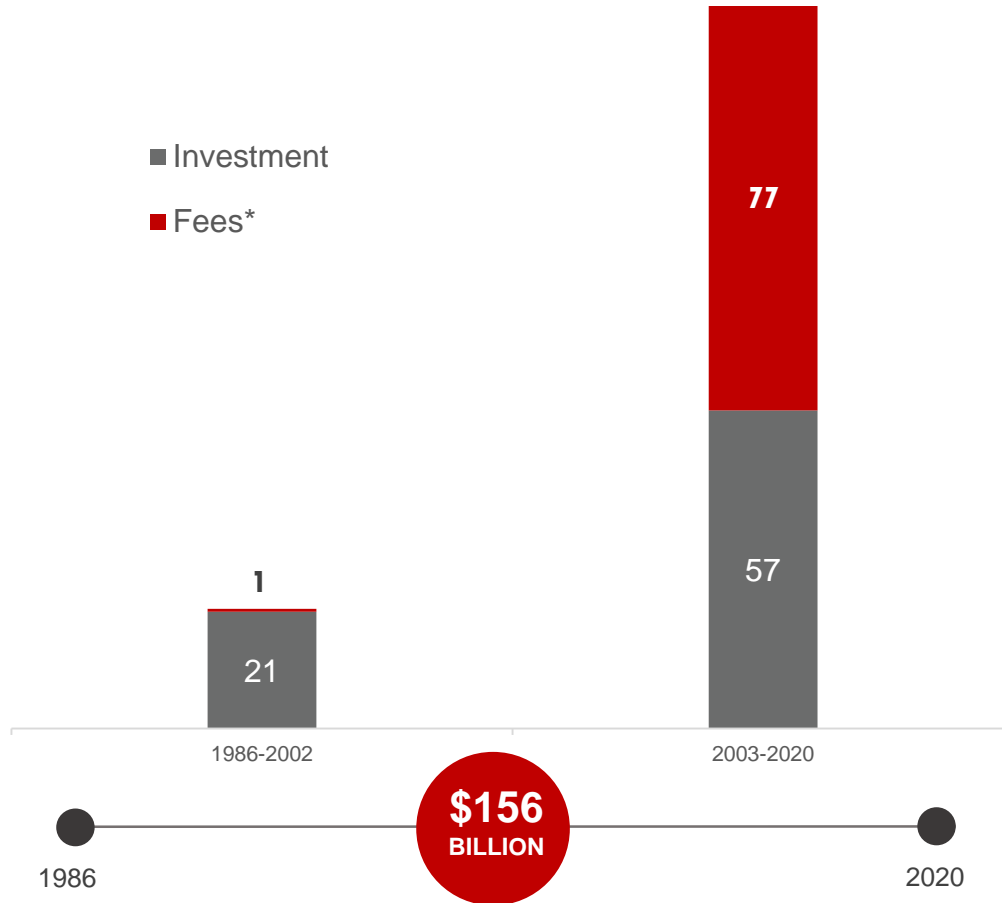
Projects that not only financially more viable compared to traditional procurement but also more resilient by creating value to future generations will be prioritized. Affordability will be crucial.

TURKISH PPP MARKET

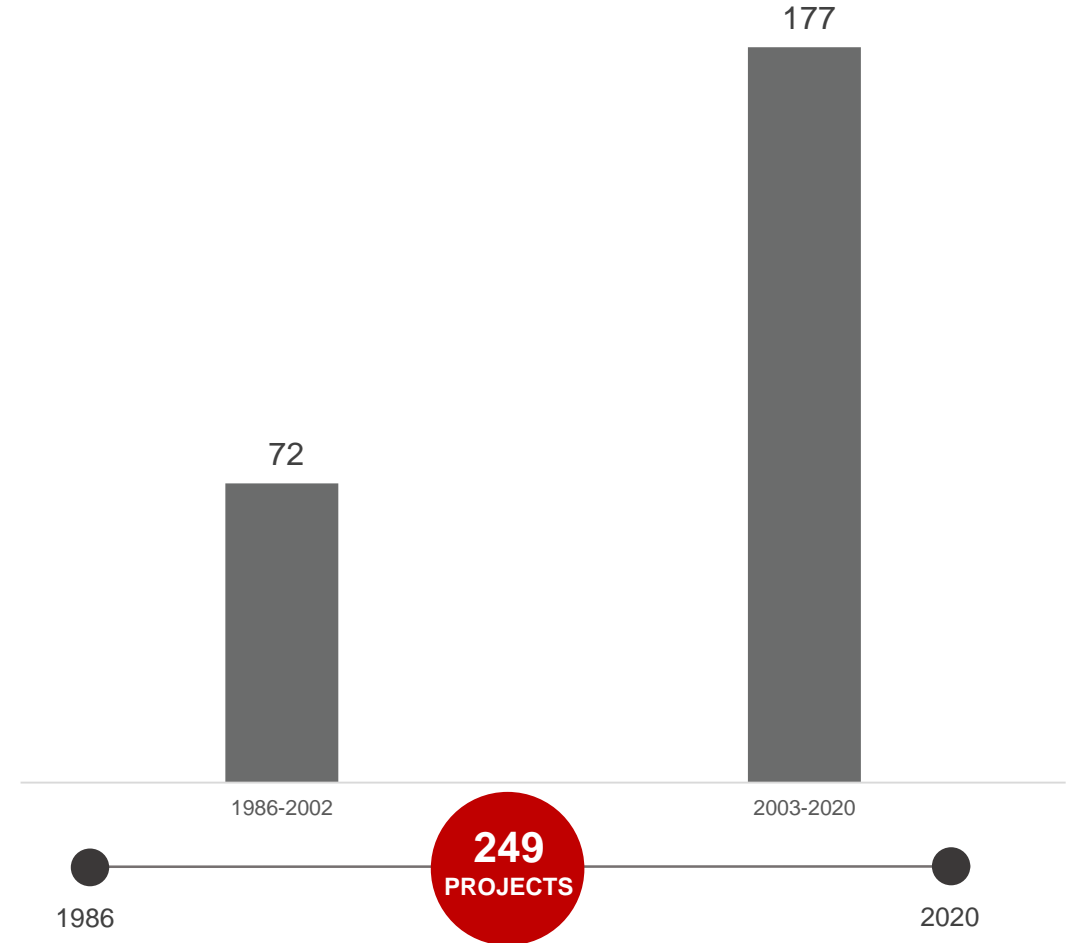
FOR THE LAST 18 YEARS, USE OF PPP MODELS INCREASED
AS AN ALTERNATIVE TO PUBLIC PROCUREMENT



PPP Contracts in Turkey (\$ Billion**)



Number of PPP Projects in Turkey



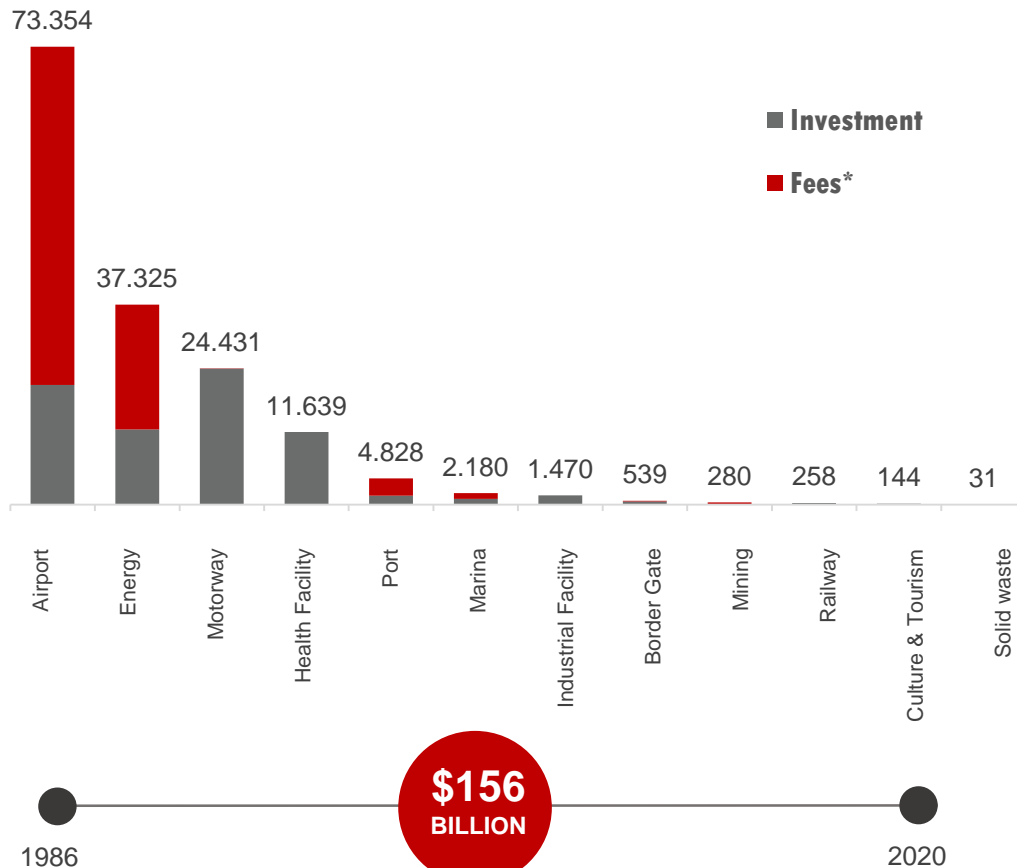
TURKISH PPP MARKET

TRANSPORTATION AND ENERGY INFRASTRUCTURE PROJECTS DOMINATE THE PPP MARKET IN TURKEY



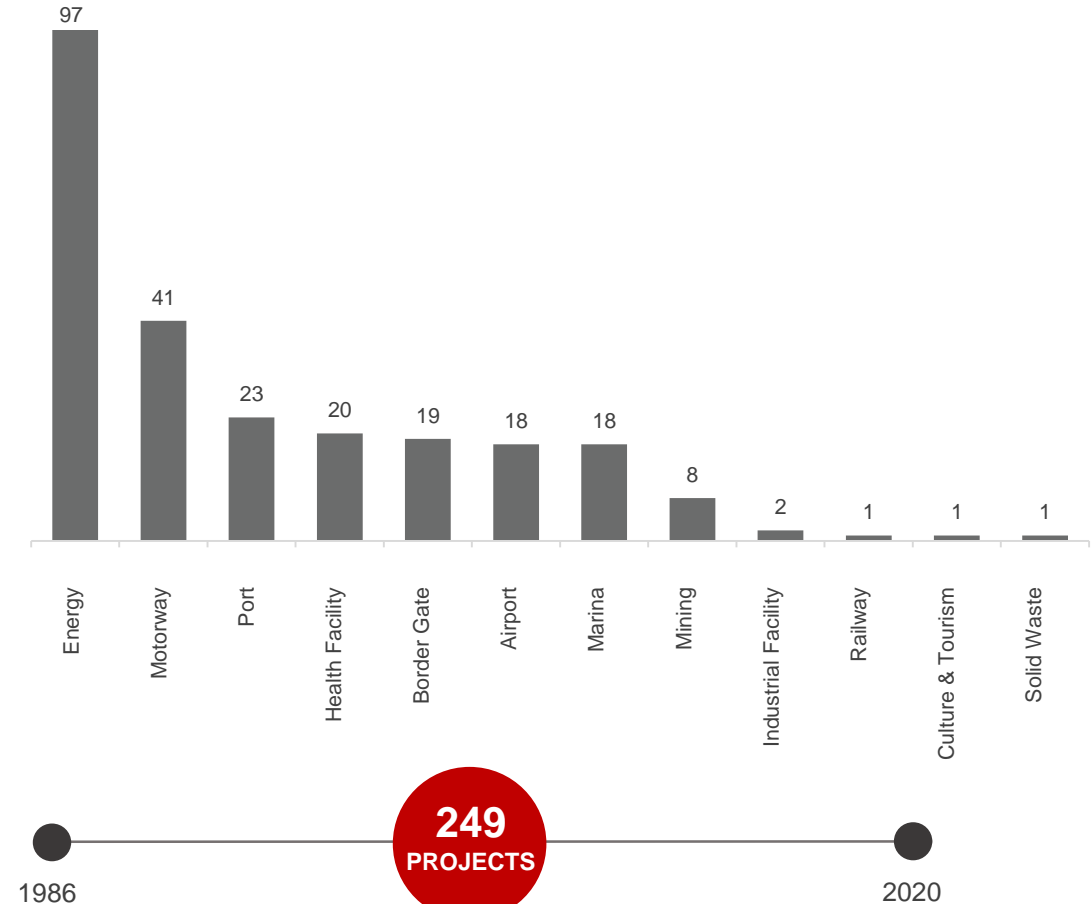
Breakdown of the PPP Contracts

(\$ Million**)



Breakdown of the PPP Contracts

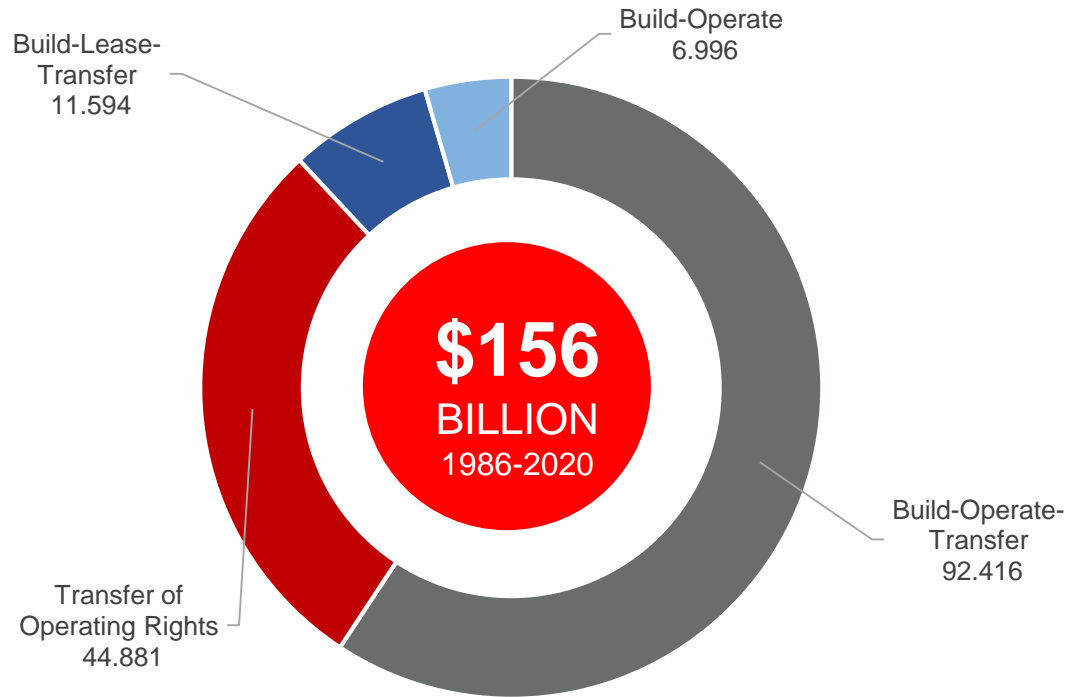
(Number)





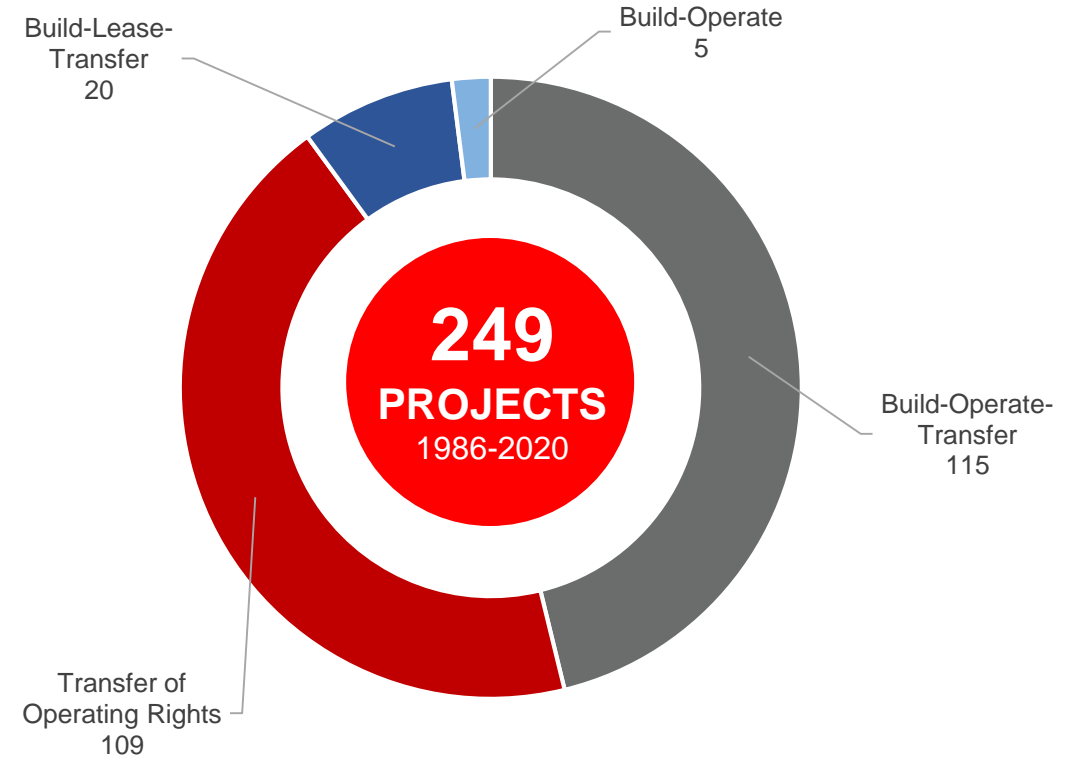
PPP Contract Models

(\$ Million**)



PPP Contract Models

(Number)



SHOWCASE PROJECT: HEALTHCARE PPPs

THE PPP PROJECTS ARE STRUCTURED AS DESIGN, BUILD, FINANCE AND MAINTAIN FOR FACILITIES MANAGEMENT, WHILE CORE MEDICAL SERVICES REMAIN UNDER THE RESPONSIBILITY OF THE MINISTRY OF HEALTH



PPP PROJECTS IN INTEGRATED HEALTHCARE CAMPUSES

Status	Number	Bed Capacity
Completed (in service)	13	17,836
Under Construction	7	13,479
TOTAL	20	31,315



SHOWCASE IN HEALTHCARE PPP

THE ELAZIĞ FETHİ SEKİN CITY HOSPITAL PROVIDES HEALTHCARE SERVICES TO THE COMMUNITIES IN ELAZIĞ AND NEIGHBORING PROVINCES, WITH A COMBINED POPULATION OF 1.6 MILLION PEOPLE



Elazığ Fethi Sekin City Hospital

July 2014
Project Awarded

August 2018
Operational

Operation Period
25 Years

Sponsors



Credit Enhancers



Enhanced Bondholders



Unenhanced Bondholders



✓ The campus consists of three towers and annexes located around a central core and includes the following hospitals;

- General Hospital
- Maternity and Pediatric Hospital
- Detainee Forensic Psychiatry Hospital
- High Security Forensic Psychiatry (HSFP) Hospital
- Oral and Dental Health Central (ODHC)

- ✓ Bed capacity: 1,038
- ✓ LEED Gold Certificate (a designation for green buildings)
- ✓ Employment: 3,650



Main Hospital

Beds : 888
Polyclinic Rooms : 227
Patient Rooms : 519
Operating Rooms : 37
Beds at the Intensive Care : 160

HSFP and Detainee

Beds : 100 HSFP + 50 Detainees
Polyclinic Rooms : 8 HSFP
Patient Rooms : 100 HSFP + 50 Detainees

ODHC

Polyclinic Rooms : 69
Operating Rooms : 2

- ✓ Project Cost: €360 million = €288 million senior debt + €72 million equity
- ✓ First project benefitting from risk mitigation provided jointly by MIGA's political risk insurance coverage and EBRD's unfunded liquidity facilities
- ✓ First project bond financing for a greenfield infrastructure project in Turkey
- ✓ A1 Bonds were rated Baa2
- ✓ Vigeo Eiris certified the Elazig project bond as a 'green and social' bond – the first such certification for an infrastructure project in Turkey
- ✓ With a 20 year maturity, the bond had the longest maturity for the Turkish Integrated Health Campuses PPP Programme



SHOWCASE PROJECTS

TURKEY HAS IMPLEMENTED A VARIETY OF MEGA PROJECTS WITH BOT MODEL AND CONTINUES TO DO SO



ISTANBUL NEW AIRPORT



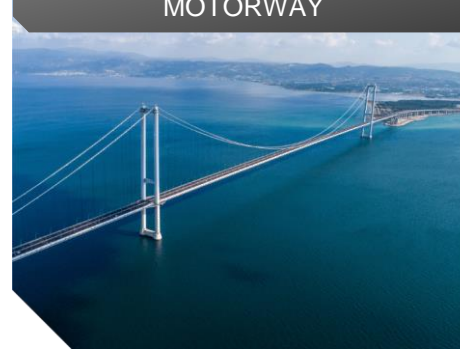
- Set to become world's largest airport
- Annual capacity of 150 million passengers when all phases are completed
- Commissioned in April 2019
- Investment of \$6.5 billion

YAVUZ SULTAN SELIM BRIDGE



- 95 km-long motorway featuring a bridge for rail & motor vehicle transit over Bosphorus
- Commissioned in August 2016
- Investment of \$3.5 billion

GEBZE - ORHANGAZI - IZMIR MOTORWAY



- 427 km-long motorway connecting Istanbul, Bursa & Izmir via world's 4th longest suspension bridge
- All phases are under operation
- Investment of \$6.5 billion

EURASIA TUNNEL



- Double-deck underwater tunnel connecting Asia & Europe in Istanbul
- Commissioned in December 2016
- Investment of \$1.2 billion



SHOWCASE PROJECTS

ANOTHER MEGA PROJECT EXPECTED
TO BE COMPLETED SOON



1915 ÇANAKKALE BRIDGE



- Longest main span (2,023 m) of any suspension bridge in the world
- Bridge Length: 4,608 m
- 101 km motorway (including the Bridge)
- Construction started in March 2017
- Operation to start by 2023
- Operation period: 16 years 2 months (including construction)
- Investment: \$2.8 Billion with BOT

DAELIM

Limak

SK E&C

yapi
merkezi

AGENDA



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SUMMARY



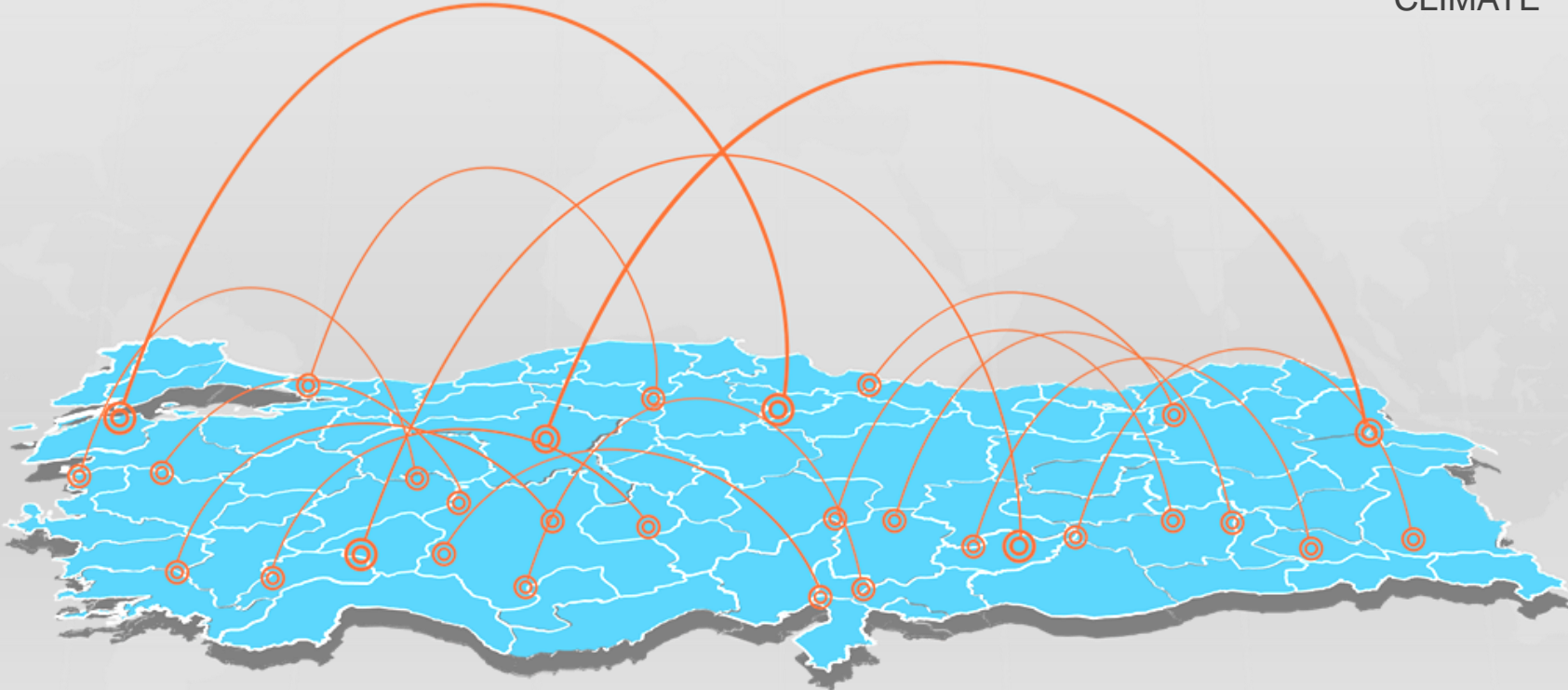
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OPPORTUNITIES



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CLIMATE

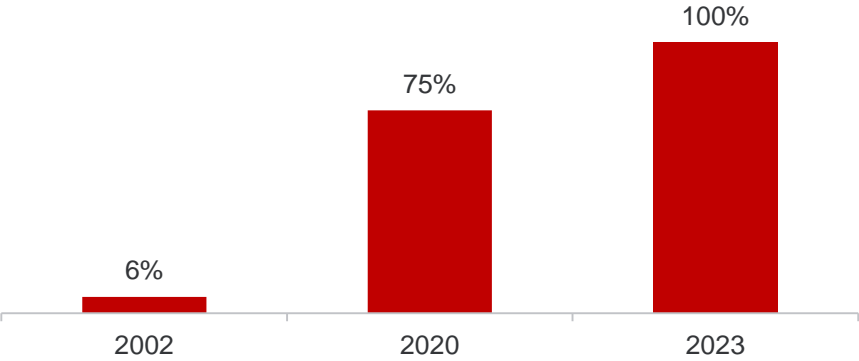


AMBITIOUS TARGETS

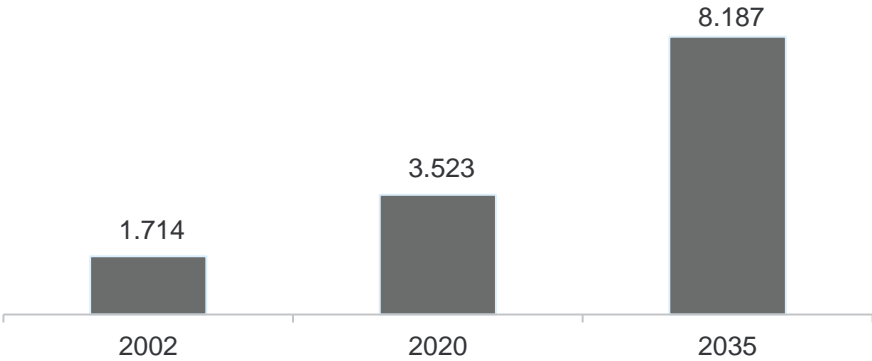
TURKEY HAS SET AMBITIOUS TARGETS
TO UPGRADE ITS INFRASTRUCTURE



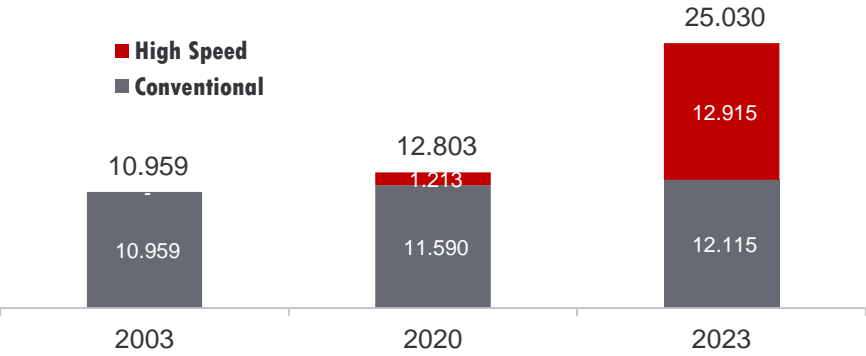
HOSPITAL BED CAPACITY
OF QUALITY ROOMS* RATE



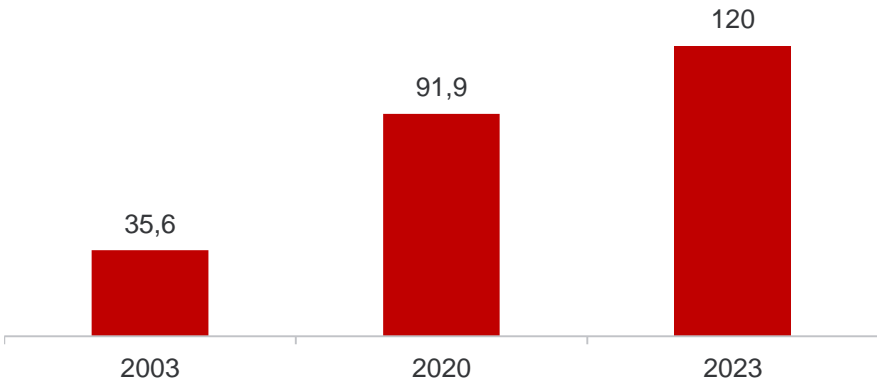
HIGHWAYS
(TOLL ROADS) (KM)



RAILWAY
(KM)



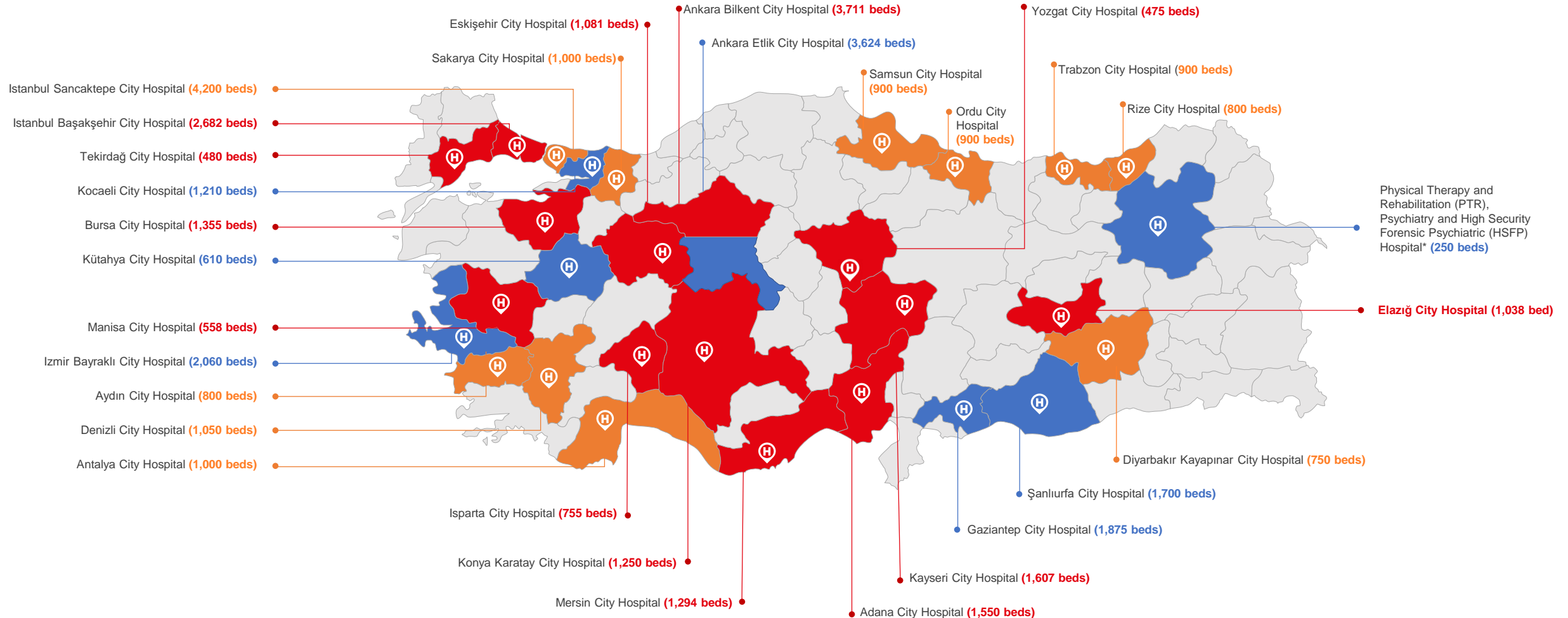
INSTALLED POWER CAPACITY
(GW)



Source: Turkstat, Ministry of Health, Ministry of Transport and Infrastructure, Ministry of Energy *Quality rooms: one or two-bedded rooms with a private shower and toilet

OPPORTUNITIES IN HEALTHCARE

TURKEY HAS RECENTLY INTRODUCED NEW PROJECTS TO BUILD INTEGRATED HEALTHCARE CAMPUSES ACROSS THE COUNTRY AND MORE OPPORTUNITIES ARE IN THE PIPELINE

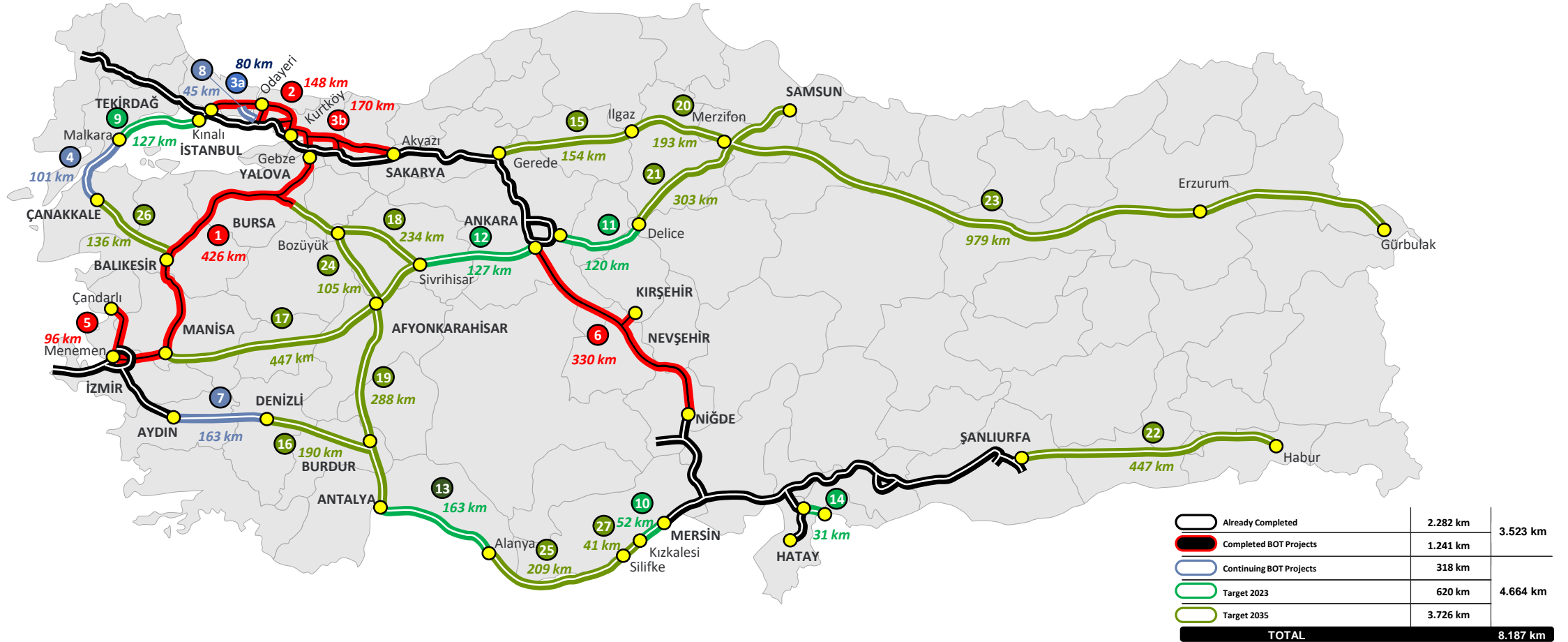


OPPORTUNITIES IN TRANSPORTATION

MOTORWAYS (TOLL ROADS) ARE KEY TO
TURKEY'S ROAD TRANSPORTATION.
AROUND 5,000 KM IS IN THE PIPELINE
OFFERING SIGNIFICANT PPP OPPORTUNITIES



The total length of highways currently in service is **3,523 km**. Following the completion of the highway projects under construction and planning stages, it is aimed to increase the total length of the highway to **4,461 km** in **2023** and **8,187 km** in **2035**.

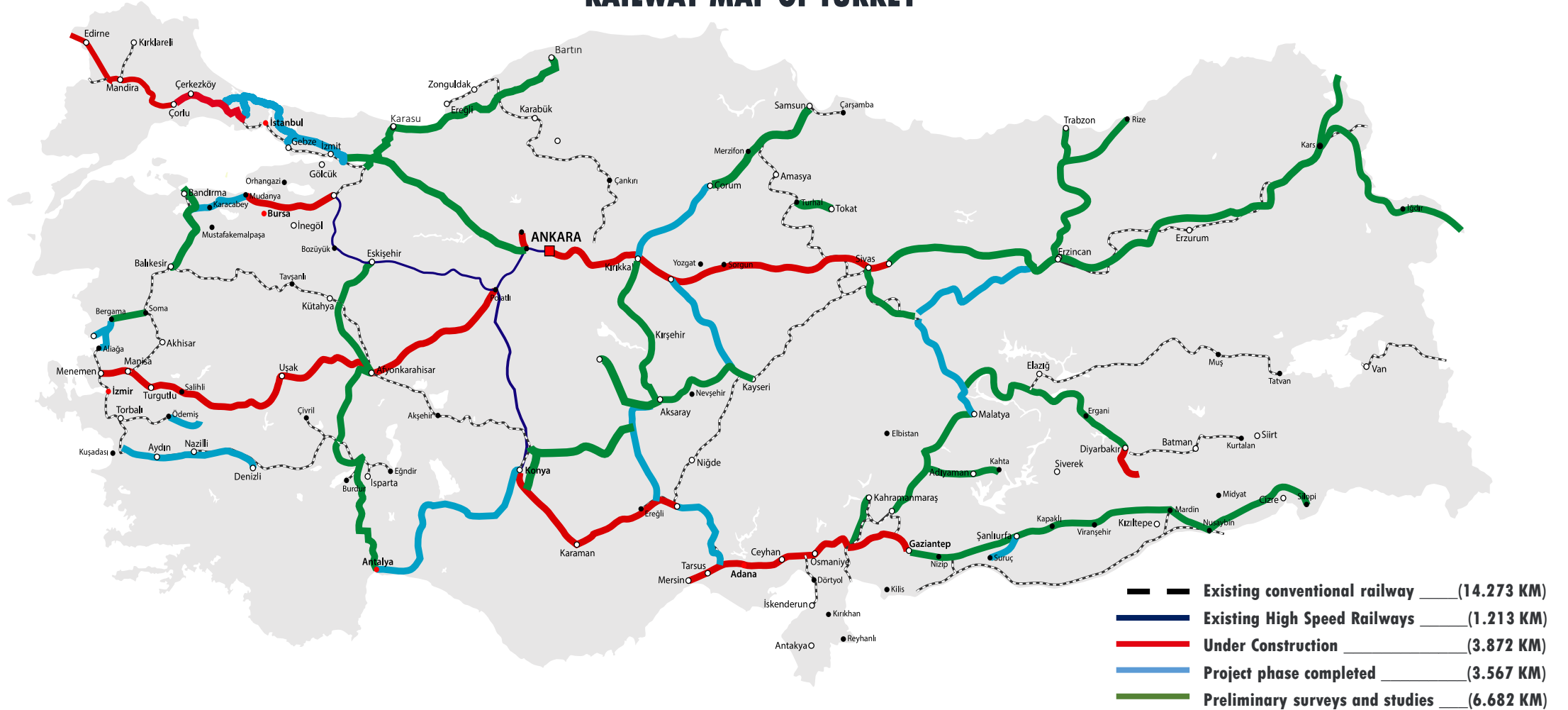


OPPORTUNITIES IN TRANSPORTATION

TURKEY IS COMMITTED TO TRANSFORMING
ITS RAIL TRANSPORT INFRASTRUCTURE
FROM CONVENTIONAL TO HIGH SPEED



RAILWAY MAP OF TURKEY



LOGISTICS CENTERS



25 logistics centers



35 million tons additional transport capacity



12.8 million m² container storage
and handling area



In Service and Complated (11)



Planned (8)



Under Construction (3)



In Tender Stage (3)

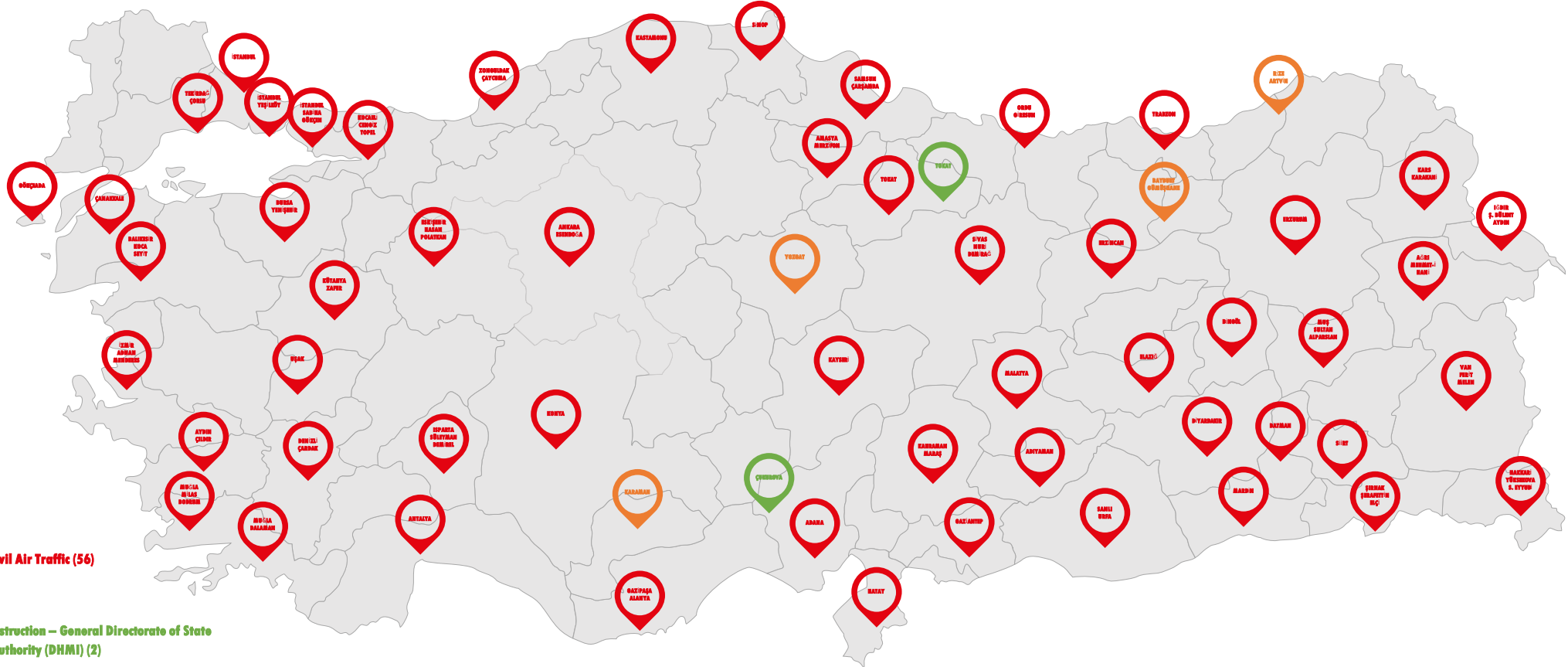


OPPORTUNITIES IN TRANSPORTATION

TURKEY HAS SIGNIFICANTLY IMPROVED AND UPGRADED ITS AIRPORT INFRASTRUCTURE AND CONTINUES TO INVEST IN AIRPORTS



AIRPORT MAP OF TURKEY



Open to Civil Air Traffic (56)



Under Construction – General Directorate of State Airports Authority (DHMI) (2)



Under Construction - General Directorate of Infrastructure Investments (AYGM) (4)

OPPORTUNITIES IN TRANSPORTATION

TURKEY IS SET TO IMPLEMENT A MAGNIFICENT FEAT OF ENGINEERING PROJECTS; AN ARTIFICIAL SEA-LEVEL WATERWAY CONNECTING THE BLACK SEA TO THE SEA OF MARMARA, AND GEBZE-HALKALI RAILWAY PASSING OVER 3RD BOSPHORUS BRIDGE



CANAL ISTANBUL



**Tender
process
to start
soon**

- 45 km, 21 m depth and 275 m width
- 6 bridges
- New satellite cities

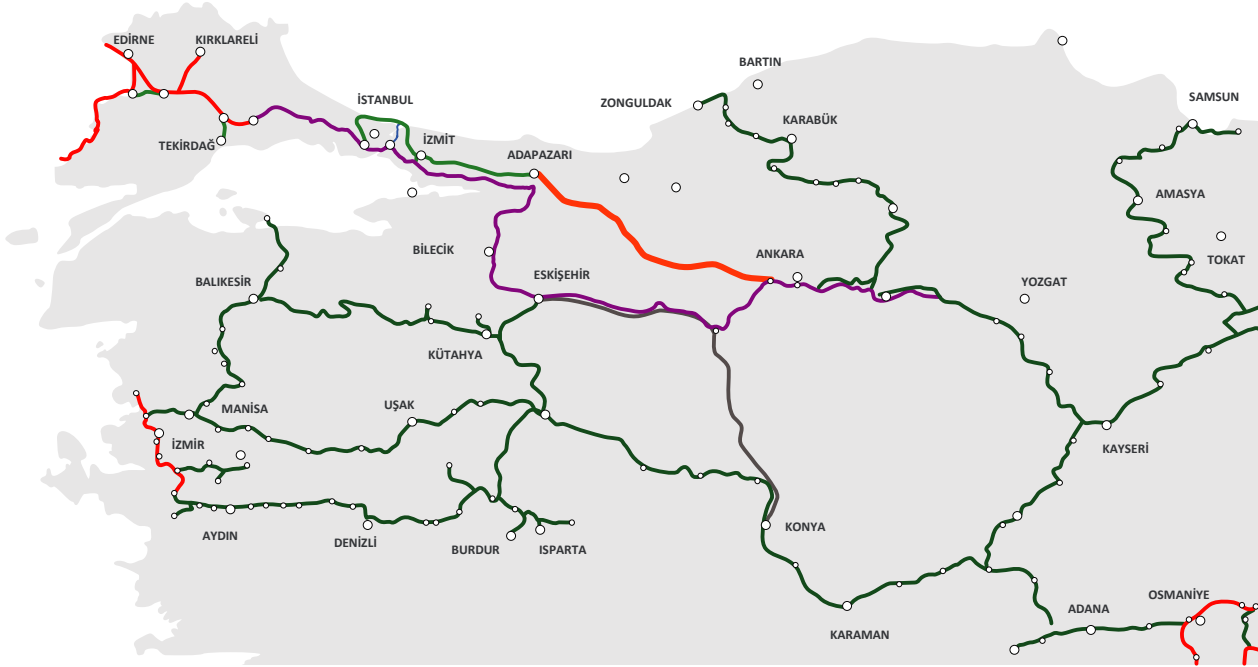
GEBZE - HALKALI RAILROAD



- 213 km with 10 stations
- 31 viaduct (8 km) and 53 tunnel (120 km)
- Passenger capacity: 13 million (Passenger/Year)
- Freight capacity: 12 million (Ton/Year)

OPPORTUNITIES IN TRANSPORTATION

ANOTHER EXEMPLARY TRANSPORTATION PROJECT IS ANKARA-ISTANBUL HIGH SPEED RAILROAD



ANKARA-ISTANBUL HIGH SPEED RAILROAD



- Shortened travel time
- Faster and more comfortable travel
- 347 km total length
- 11 million passenger/year
- 350 km/h design speed

OPPORTUNITIES IN TRANSPORTATION

SIX BUILT-OPERATE-TRANSFER HIGHWAY PROJECTS ARE EXPECTED TO BE TENDERED IN 2021



1. KINALI - SAVASTEPE - MALKARA

The distance between Istanbul-Çanakkale and Istanbul-Tekirdağ will be shortened

Total length: 127 km

- 3.363 m x 2 Viaduct
- 1048 m x 2 and 1000 m x 2 Tunnels
- 6 Facilities and 9 Crossroads



2. ANKARA - SIVRIHISAR

An important part of the East-West and North-South traffic corridor

Total length: 127 km

- 5.490 m x 2 Viaduct
- 6 Facilities
- 5 Crossroads

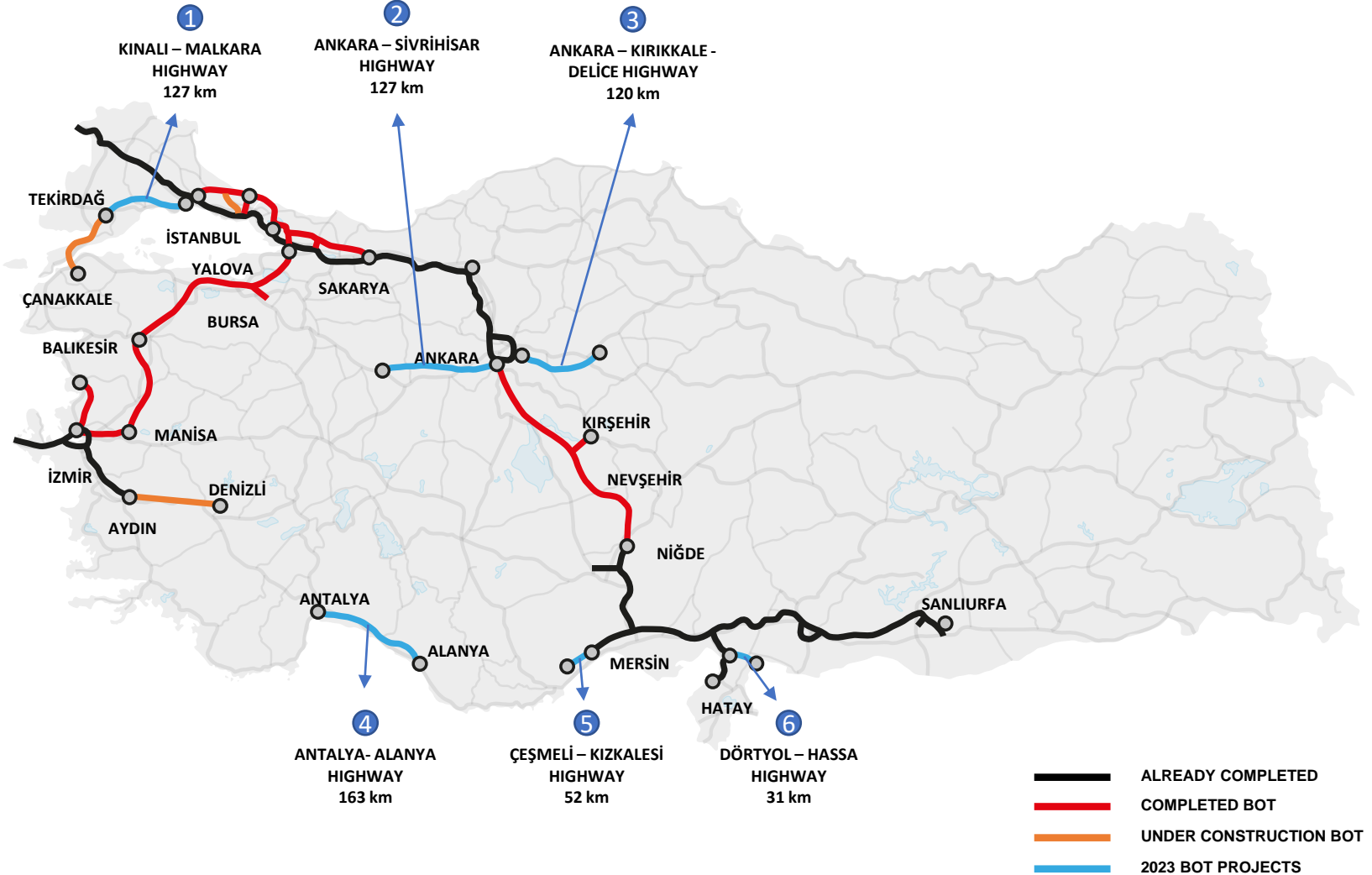


3. ANKARA - KIRIKKALE - DELICE

Reduced traffic density and an important highway corridor for Kırıkkale, which is becoming day by day a large industrial zone

Total length: 120 km

- 3.679 m x 2 Viaduct
- 3.656 m x 2 Tunnel
- 3 Facilities and 7 Crossroads



OPPORTUNITIES IN TRANSPORTATION

6 BUILT-OPERATE-TRANSFER HIGHWAY PROJECTS ARE EXPECTED TO BE TENDERED IN 2021



4. ANTALYA - ALANYA

Reducing heavy vehicle and transit traffic and increasing travel comfort

Total length: 163 km

- 8.822 m x 2 Viaduct
- 11.167 m x 2 Tunnel
- 7 Facilities and 9 Crossroads



5. CESMELI - SILIFKE - KIZKALESİ

Uninterrupted highway transportation on Mersin-Adana-Gaziantep line

Total length: 52 km

- 2x4.266 m
- 1 Facility
- 5 Crossroads

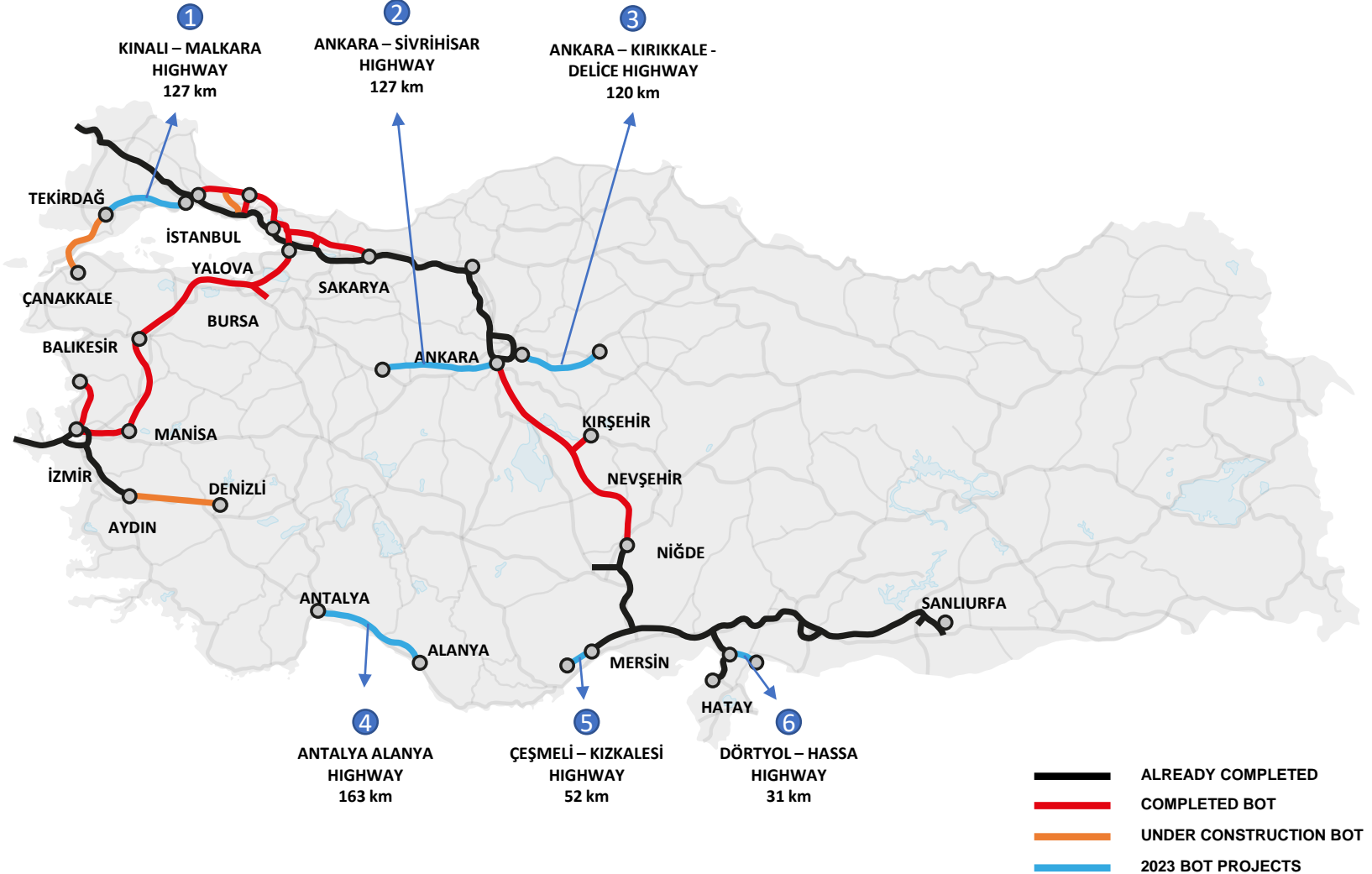


6. DÖRTYOL - HASSA

Integration of industrial zones with Iskenderun Port

Total length: 31 km

- 359 m x 2 Viaduct
- 19.240 m x 2 Tunnel
- 5 Crossroads



OPPORTUNITIES IN TRANSPORTATION

TURKEY IS ALSO INVESTING IN MARITIME TRANSPORTATION INFRASTRUCTURE



PORT OF FILYOS

Ongoing infrastructure construction

- 25 million ton/year capacity
- With special economic zones in the hinterland
- Port management to be BOT model



PORT OF ÇANDARLI

- 1,500 m jetty work completed
- To reach 4 million TEU/year capacity in 3 phases;
- Phase I: 1 million TEU
- Phase II: 2 million TEU
- Phase III: 1 million TEU
- Tender for Phase I expected
- Port management to be BOT model



MERSIN CONTAINER PORT

- Studies ongoing
- 12.8 million TEU/year capacity
- Port management to be BOT model



Ports

OPPORTUNITIES IN PRIVATIZATION

IN ADDITION TO GREENFIELD INVESTMENTS, THERE ARE SEVERAL BROWNFIELD PROJECTS IN THE PIPELINE.



Asset No	Power Plants	Installed Capacity (MWe)	2019 Generation (MWh)	2019 Capacity Factor (%)	Location	Dam/Fuel Type	Licence Validity
1	Akköprü HEPP	115.0	199.127	19.8%	Batı Akdeniz	Reservoir	2063
2	Çamlıca 1 HEPP	84.0	317.686	43.2%	Seyhan	Run-of-river	2064
3	Demirköprü HEPP	69.0	83.993	13.9%	Gediz	Reservoir	2052
4	Topçam HEPP	61.4	184.181	34.3%	Doğu Karadeniz	Reservoir	2066
5	Seyhan 1 HEPP	60.0	362.439	69%	Seyhan	Reservoir	2053
6	Derbent HEPP	56.4	162.979	33%	Kızılırmak	Reservoir	2052
7	Çamlığöze HEPP	32.0	59.127	21.1%	Yeşilırmak	Reservoir	2052
8	Tortum HEPP	26.2	61.022	26.6%	Çoruh	Run-of-river	2052
9	Seyhan 2 HEPP	7.5	8.073	12.3%	Seyhan	Run-of-river	2053
10	Yüreğir HEPP	6.0	10.728	20.4%	Seyhan	Run-of-river	2053
11	Dilovası CCGT	253.4 (*)	68.946	4.4%(*)	Dilovası-Kocaeli	Nat. Gas&Diesel	2066

AGENDA



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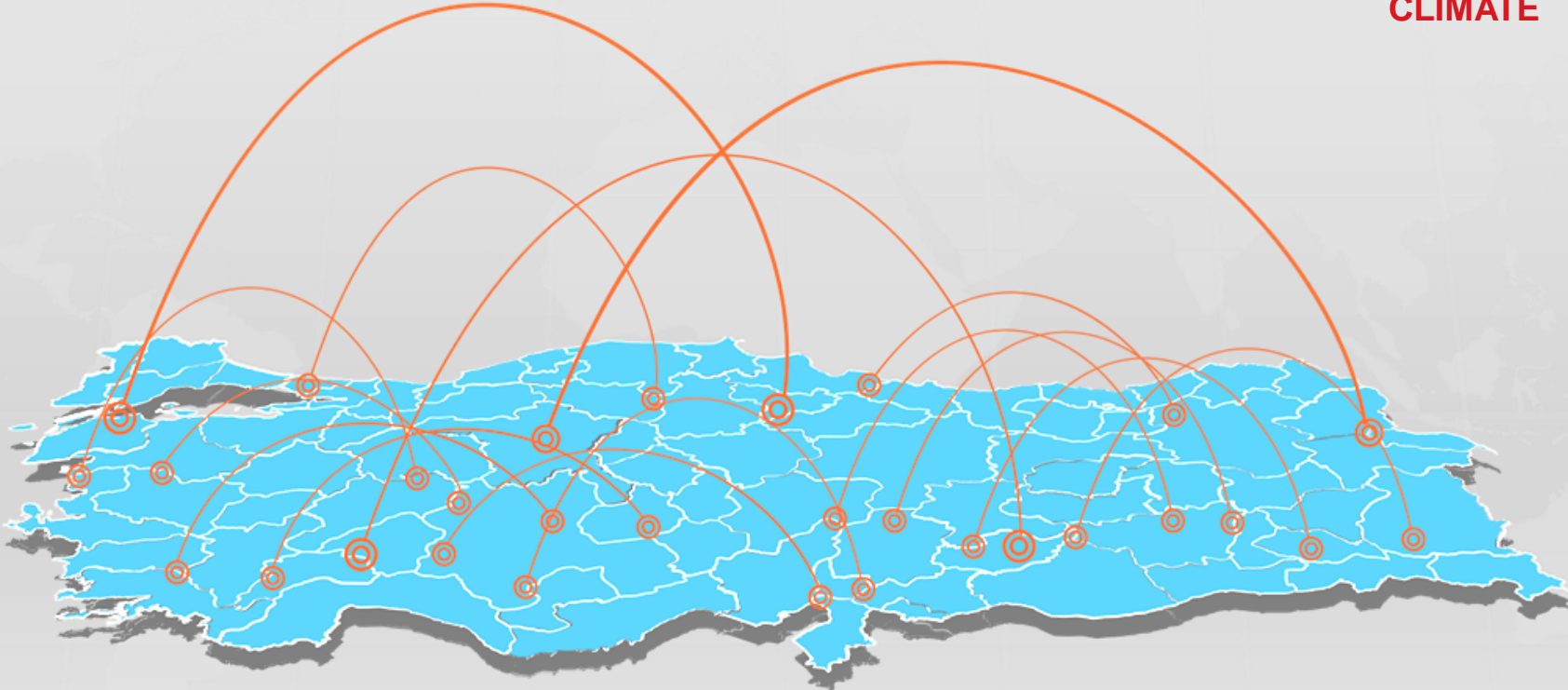
NEED FOR INFRASTRUCTURE
INVESTMENT & TRACK RECORD



OPPORTUNITIES



**FAVORABLE
INVESTMENT
CLIMATE**





Public Investments

- 1) EPC of a Public Investment Project
- 2) Financing of a Public Investment Project
- 3) EPC and Financing of a Public Investment Project



Public Private Partnership Investments

- 1) Built-Operate-Transfer
- 2) Built-Operate
- 3) Built-Lease-Transfer
- 4) Transfer of Operating Rights



Intergovernmental Agreement (IGA) Investments

- 1) Energy projects
Nuclear power plants, oil pipelines etc.

RELEVANT LEGISLATION IS QUITE FLEXIBLE, ENABLING TO ADAPT VARIOUS PPP MODELS ACCORDING TO THE NATURE AND REQUIREMENTS OF PROJECTS



MODELS AND LEGAL FRAMEWORK FOR PPP IN TURKEY

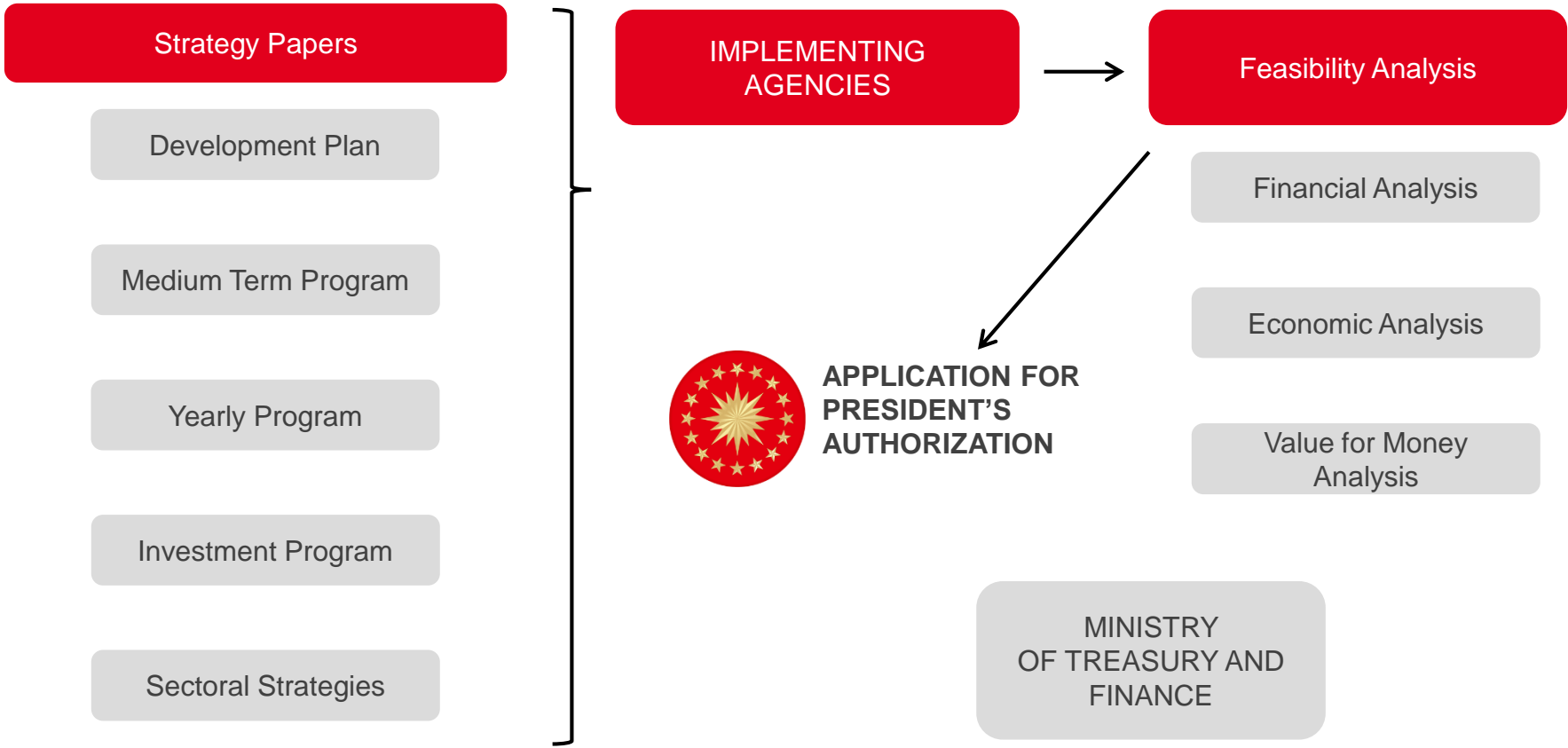
	Build-Operate-Transfer (BOT)	Build-Operate	Build-Lease-Transfer	Transfer of Operating Rights
Relevant Legislation (Law No)	No 3996 No 3465 No 3096	No 4283	No 652 No 6428 No 351	No 4046 No 5335 No 4458
Sectors	Motorway Port Airport Marina Border Gate Power Plant	Thermal Power Plant	Hospital College Dormitory School	Airport Port Power Plant Electricity Distribution

SOUND PPP PROJECT CYCLE

DETAILED SELECTION PROCESS BRINGS BANKABLE PROJECTS TO MARKET



1) Preparation Phase



2) Authorization Phase





NO LOCAL PARTNER REQUIREMENT

- ✓ Under Turkish law, foreign PPP investors are subject to the same treatment as local investors.



WEB ACCESS TO TENDER ANNOUNCEMENTS

- ✓ Electronic Public Procurement Platform (EPPP)
- ✓ Official Gazette
- ✓ Public Investment Program

AVAILABILITY OF INTERNATIONAL ARBITRATION IN PPP PROJECTS

- ✓ Project parties may opt for arbitration according to International Arbitration Law No. 4686 provided that Turkish law is applied to the substance of the dispute.



DEBT

DEBT ASSUMPTION

The government may assume project companies' foreign debt in BOT and BLT projects either partially or in full. In order to qualify for debt assumption, the minimum investment must be ₺1 billion in BOT projects and ₺500 million in BLT projects.

TAX

INCENTIVES

Exemptions from certain fees and taxes (VAT and Stamp Duty). In addition, where applicable, PPP investors may benefit from corporate tax deductions and other financial incentives.



LAND

PPP projects in Turkey allow free use of government-owned land and expropriation.



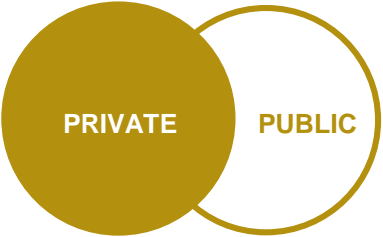
REVENUE GUARANTEE

Certain PPP projects provide minimum revenue guarantees.

INVESTMENT CLIMATE

BANKABILITY OF THE PPP PROJECTS ENABLES INVESTORS
TO ACCESS FINANCE THROUGH BOTH NATIONAL AND
INTERNATIONAL FINANCIAL INSTITUTIONS (IFIS) AND
INVESTORS





**PRIVATE SECTOR APPROACH
WITH PUBLIC SECTOR CAPABILITIES**



**A GOVERNMENTAL AGENCY
REPORTING TO THE PRESIDENT**



**ACTING AS YOUR
SOLUTION PARTNER**



General & customized
business information &
Sectoral analysis & reports



Site selection support to
find appropriate location/
land for your investment



Arrangements of meetings
with governmental bodies
and other stakeholders



AFTERSALES



Facilitating your
investment at all stages



Matchmaking with local
partners & establishing
business linkages



Project launch & Press
release Services



Facilitating your
visit to Turkey

USEFUL LINKS



- Ministry of Transport and Infrastructure: <http://www.uab.gov.tr/>
- Healthcare Investments (Ministry of Health): <http://www.saglikyatirimlari.gov.tr/>
- Ministry of Energy and Natural Resources: <http://www.enerji.gov.tr/>
- Ministry of Treasury and Finance: <https://www.treasury.gov.tr/>
- Presidency of Strategy and Budget: <http://www.sbb.gov.tr/>
- Turkish Wealth Fund: <http://turkiyevarlikfonu.com.tr/>
- Privatization Administration: <http://www.oib.gov.tr/>
- European Bank for Reconstruction and Development: <http://www.ebrd.com/turkey.html>
- European Investment Bank: <http://www.eib.org/infocentre/contact/offices/turkey-istanbul.htm>
- International Finance Corporation: <http://www.ifc.org/>
- Banks in Turkey: <https://www.bddk.org.tr/Institutions-Category/Banks/22>



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