INVESTING IN INFRASTRUCTURE & PUBLIC PRIVATE PARTNERSHIP (PPP) IN TURKEY

May 2019
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 5.5%.
- Turkey's 82-million strong population is growing with additional 1 million people every year coupled with a rapid urbanization process which has resulted in more than 20 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 $139 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.
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• **Need for Infrastructure Investment**

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• Favorable Investment Climate
Turkey has a significant investment need in infrastructure development.

**Turkey’s Infrastructure Current Trends and Need ($Billion)**

- **Investment current trends**: $569 Billion
- **Investment needed**: $975 Billion
- **Investment gap**: $405 Billion

**Investment Need by Sector (2016-2040)**

- **Transport** ($581.1 Billion)
- **Telecom** ($98.8 Billion)
- **Energy** ($241.5 Billion)
- **Water** ($53.4 Billion)
- **Road** ($499.2 Billion)
- **Rail** ($62.7 Billion)
- **Airports** ($18.2 Billion)
- **Ports** ($1.1 Billion)

Investment Gap by Sector: $335.5 bn in Road, $48 bn in Energy, $19 bn in Rail, $2.2 in Water, $0.7 bn in Airports and Ports

Source: Global Infrastructure Hub (GIH)
Turkey’s investment need in infrastructure is driven by several factors.

**Growing Economy**
- Turkish economy has been robustly growing with an average annual GDP growth rate of 5.5% from 2002 to 2018.

**Growing Population**
- Turkey’s population has been rapidly growing by 1 million every year.

**Growing Trade**
- Turkey’s foreign trade volume has increased from $88 billion in 2002 to $391 billion in 2018.

**Urbanization**
- As Turkish economy has developed, people from rural areas have migrated to urban centers.

**Strategic Location**
- Turkey is strategically located in the proximity of energy resources and trade routes.

**Growing Need for Efficiency**
- In order to maintain competitiveness, Turkey needs to enhance efficiency and productivity by investing in infrastructure.
Turkey has sustained stellar economic growth over the past 15 years and continues to grow.

Average Annual GDP Growth (%), 2003-2018

Turkey: 5.5%
Poland: 4.0%
Romania: 3.9%
Czechia: 2.8%
Hungary: 2.1%

Ranking of Economies by GDP at PPP

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>2003</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>CHINA</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>JAPAN</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>GERMANY</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>INDIA</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>RUSSIA</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>FRANCE</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>UK</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>BRAZIL</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>ITALY</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>MEXICO</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>INDONESIA</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>SPAIN</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>14</td>
<td>CANADA</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>15</td>
<td>S. KOREA</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>16</td>
<td>S. ARABIA</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>17</td>
<td>IRAN</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>18</td>
<td>TURKEY</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: TurkStat, OECD, IMF, PPP: Purchasing Power Parity
A young and growing population has been spurring economic activities.

Turkey’s population is growing with additional 1 million people every year and is expected to reach 100 million by 2040.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>61 million</td>
</tr>
<tr>
<td>2008</td>
<td>72 million</td>
</tr>
<tr>
<td>2018</td>
<td>82 million</td>
</tr>
<tr>
<td>2028</td>
<td>92 million</td>
</tr>
<tr>
<td>2040</td>
<td>100 million</td>
</tr>
</tbody>
</table>

Source: Turkstat, Eurostat, World Bank
Turkey’s economic transformation has resulted in rapid urbanization.

23 urban centers with populations over 1 million

Source: TurkStat, 2018 (m): million
Turkey is strategically located at the epicenter of trade routes, which require a developed transportation infrastructure.

**Strategic Location**

**PROXIMITY TO MAJOR MARKETS**
1.5 billion people and $24T GDP in Europe, MENA and Central Asia at 4 hour flight-distance

**CONNECTIVITY**
Turkish Airlines connects you to 255 destinations in 122 countries

**MANUFACTURING & EXPORT HUB FOR MULTINATIONALS**
- TOYOTA: Exporting 85% of its production
- Ford: Exporting 77% of its production
- Nestle: Production base for MENA
- BOSS HUGO BOSS: Its largest production facility worldwide

**AS WELL AS MANAGEMENT HUB FOR MULTINATIONALS**

**16 TIME ZONES**

**Turkey’s Foreign Trade ($ Billion)**
- Export: 39
- Import: 1

<table>
<thead>
<tr>
<th>Company</th>
<th>2002 Countries</th>
<th>2018 Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>B/S/H/</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>GE Healthcare</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Knauf</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>thyssenkrupp</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>Intel</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>POWERCHINA</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Verifone</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>gsk</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>
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• Favorable Investment Climate
Turkey’s socio-economic necessities have spurred investments in infrastructure, significantly increasing in recent years.

**PPP Contracts in Turkey ($ Billion**)**

- **Investment**
- **Fees**

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment</th>
<th>Fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-2002</td>
<td>12</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>2003-2018</td>
<td>127</td>
<td></td>
<td>127</td>
</tr>
</tbody>
</table>

**Number of PPP Projects in Turkey**

<table>
<thead>
<tr>
<th>Year</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-2002</td>
<td>67</td>
</tr>
<tr>
<td>2003-2018</td>
<td>175</td>
</tr>
</tbody>
</table>

Source: Presidency of Strategy and Budget

*Fees to the government for the transfer of operating rights **2019 prices
Transportation and energy infrastructure projects dominate the PPP market in Turkey.

**Breakdown of the PPP Contracts (Number)**

- **Projects:** 242
  - **1986:** 1
  - **2018:** 241

**Breakdown of the PPP Contracts (\$ Million)**

- **Projects:** 71,502
  - **1986:** 28,862
  - **2018:** 42,640
- **Investment Fees:**
  - **1986:** 20,152
  - **2018:** 51,348

**Table Notes:**
- **Investment Fees:** Fees to the government for the transfer of operating rights
- **1986-2018:** 2019 prices

**Source:** Presidency of Strategy and Budget
Build-Operate-Transfer and Transfer of Operating Rights are the main contract models in the Turkish PPP market.

**PPP Contract Models ($ Million*)**

- **Build-Lease-Transfer**: 11,236
- **Build-Operate-Transfer**: 87,442
- **Transfer of Operating Rights**: 36,057
- **Build-Operate**: 4,341

**PPP Contract Models (Number)**

- **Build-Lease-Transfer**: 20
- **Build-Operate-Transfer**: 109
- **Transfer of Operating Rights**: 108
- **Build-Operate**: 5

**Source**: Presidency of Strategy and Budget *2019 prices
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• Benign Investment Climate
Turkey has set ambitious targets to upgrade its infrastructure.

### Hospital Bed Capacity of Quality Rooms Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2018</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>6%</td>
<td>70%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Installed Power Capacity (GW)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2018</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>35.6</td>
<td>88.6</td>
<td>120</td>
</tr>
</tbody>
</table>

### Railway (KM)

- **High Speed**
  - 2003: 10,959
  - 2018: 12,115
  - 2023: 25,030

- **Conventional**
  - 2003: 12,710
  - 2018: 11,497
  - 2023: 12,915

### Motorways (Toll Roads) (KM)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2018</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length</td>
<td>1,714</td>
<td>2,855</td>
<td>8,523</td>
</tr>
</tbody>
</table>

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*
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• Favorable Investment Climate
Turkey has recently introduced new PPP projects to build *integrated healthcare campuses* across the country and more opportunities are in the pipeline.

**Source:** Ministry of Health, as of May 2019

*Total bed capacity of PTR & HSFP Hospitals to be built in Eruzurum, Van, Diyarbakır, İstanbul, Malatya, Samsun, and Afyon: 2,400*
Opportunities in Healthcare

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.

<table>
<thead>
<tr>
<th>Status</th>
<th>Number</th>
<th>Bed Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed (in service)</td>
<td>9</td>
<td>12,062</td>
</tr>
<tr>
<td>Under Construction</td>
<td>12</td>
<td>18,747</td>
</tr>
<tr>
<td>In Tender Process</td>
<td>10</td>
<td>12,300</td>
</tr>
<tr>
<td>Planned</td>
<td>1</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>32</strong></td>
<td><strong>44,309</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Health, as of May 2019
Showcase in Healthcare PPP

The Elazığ Fethi Sekin City Hospital provides healthcare services to the communities in Elazığ 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

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

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 Elazığ 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

Source: Rönesans, GIH
Turkey has significantly improved its healthcare services and will continue to invest in healthcare infrastructure to catch up with OECD.

**NUMBER OF HOSPITALS**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>1,090</td>
</tr>
<tr>
<td>Italy</td>
<td>5,564</td>
</tr>
<tr>
<td>USA</td>
<td>1,518</td>
</tr>
<tr>
<td>Turkey</td>
<td>722</td>
</tr>
<tr>
<td>UK</td>
<td>1,922</td>
</tr>
<tr>
<td>Canada</td>
<td>356</td>
</tr>
<tr>
<td>Chile</td>
<td>4,474</td>
</tr>
</tbody>
</table>

Source: OECD, Ministry of Health, values 2017 for Turkey and Canada, 2015 for the US
Healthcare has been a top priority for the Turkish government which is committed to increasing access to healthcare services for all citizens.

The government introduced the Health Transformation Program in 2003 to provide universal healthcare services.

- **Universal Coverage**: In 2006 Universal Health Insurance introduced to cover all citizens.
- **Improving Infrastructure**: Number of Hospital increased from 1156 in 2002 to 1519 in 2017 (bed capacity 165K to 226K).
- **Increasing # of Healthcare Professionals**: Number of Doctors increased from 92K in 2002 to 150K in 2017 (from 1.4 to 1.8 per 1000).
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• Favorable Investment Climate
Turkey has heavily invested in transport infrastructure across the country and continues with even more ambitious targets.

**Infrastructure Investments (₺ Billion*)**

- Communication: 44.9
- Railway: 93.2
- Airport: 52.5
- Maritime: 5.9

**PPP Investments in Transport & Communication (₺ Billion*)**

- Completed: 95
- Ongoing: 35.9

Source: Ministry of Transport and Infrastructure, *at 2018 prices, **Including completed PPP investments
Investing in transportation has remarkably transformed Turkey’s infrastructure landscape, yet Turkey is determined to improve it further.

<table>
<thead>
<tr>
<th>Category</th>
<th>2002</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>DUAL CARRIAGEWAY</td>
<td>6,101 km</td>
<td>26,655 km</td>
</tr>
<tr>
<td>HIGH SPEED RAILWAY</td>
<td>0 km</td>
<td>1,213 km</td>
</tr>
<tr>
<td>MARITIME CONTAINERS TRANSPORT</td>
<td>2 million TEU</td>
<td>10.8 million TEU</td>
</tr>
<tr>
<td>NUMBER OF AIRPORTS</td>
<td>26</td>
<td>56</td>
</tr>
</tbody>
</table>

Source: Ministry of Transport and Infrastructure
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.

- Motorways in service (2,855 km)
- Motorways under construction (771 km)
- Target for 2018-2023 (891 km)/BOT
- Target for 2023-2035 (4,006 km)/BOT

Source: Ministry of Transport and Infrastructure
Opportunities in Transportation

Turkey is committed to transforming its rail transport infrastructure from conventional to high speed.

HIGH SPEED RAILWAY MAP OF TURKEY

Source: Ministry of Transport and Infrastructure
Logistics is an integral part of Turkey’s transport infrastructure. Turkey has established intermodal logistics centers alongside the Trans-Asian Railway Network to lower costs and increase efficiency of logistic networks.

- 21 logistic centers
- 35 million tons additional transport capacity
- 12.8 million m² container storage and handling area

Source: Ministry of Transport and Infrastructure
Turkey has significantly improved and upgraded its airport infrastructure and continues to invest in airports.

Source: Ministry of Transport and Infrastructure
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 200 million passengers
- 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 & İzmir via world's 4th longest suspension bridge
- Bridge commissioned in 2016
- 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
Another mega project has just been launched.

1915 Çanakkale Bridge

- Longest main span (2,023 km) of any suspension bridge in the world
- Bridge Length: 4,608 m
- 88 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
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 a triple-deck tunnel under Bosphorus Strait.

**KANAL ISTANBUL**
- 43 km, 25 m depth and 150 m width
- 6 bridges
- New satellite cities

**GRAND ISTANBUL TUNNEL**
- Triple-deck with 17.5 m in diameter and 4.5 km in length
- 2×2 lane highway and dual line metro
- 30 km metro line with 13 stations and 16 km highway

Source: Ministry of Transport and Infrastructure
Another exemplary transportation project is also envisaged in İzmir.

IZMIR BAY CROSSING
connecting south and north coasts of İzmir Bay;

- Total length: 12.6 km
- 4,175 m bridge
- 1,903 m submerged tube tunnel
- 880 m artificial island

Source: Ministry of Transport and Infrastructure
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 Çandarlı
- 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

Source: Ministry of Transport and Infrastructure
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• Favorable Investment Climate
Opportunities in Energy

As Turkey heavily depends on energy import, specific targets have been set to diversify the energy mix and utilize indigenous resources to reduce dependence on imports.

**WIND POWER**

More than 10GW in the pipeline to reach 16GW installed wind power capacity by 2027, up from 7GW as of 2018.

**SOLAR POWER**

More than 10GW in the pipeline to reach 16GW installed solar power capacity by 2027, up from 5GW as of 2018.

**GEOTHERMAL POWER**

3GW potential in the pipeline in addition to existing 1.3GW capacity as of 2018.

**NUCLEAR ENERGY**

To have 8 nuclear reactors with ~10GW capacity operational and start building 4 additional reactors with 5GW capacity by 2023.

**LIGNITE & COAL**

To utilize all known indigenous coal & lignite resources of 20GW potential in addition to existing total 19GW capacity as of 2018.

**HYDRO POWER**

34GW installed hydro power capacity by 2023, up from 28.3GW as of 2018.

Source: Ministry of Energy and Natural Resources
Turkey is realizing the targets one by one through successful PPP models with strong participation of international players.

## RENEWABLE ENERGY RESOURCES AREAS (YEKA)

YEKA aims to use renewable energy resource sites more effectively and efficiently in Turkey through large-scale mega projects with a high share of locally manufactured technologies.

The YEKA scheme is highly attractive with guaranteed feed-in-tariffs for 15 years.

<table>
<thead>
<tr>
<th>RENEWABLE ENERGY RESOURCES AREAS</th>
<th>PROJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOLAR</td>
<td>1,000-MW solar power project tender in March 2017 won by:</td>
</tr>
<tr>
<td>WIND</td>
<td>1,000-MW wind power project tender in July 2017 won by the consortium of:</td>
</tr>
</tbody>
</table>

## NUCLEAR POWER GENERATION

Turkey considers nuclear power generation as a key element of its economic development to secure energy supply and reduce dependency on energy imports.

Turkey has already started to build its first nuclear power plant while preparatory work for the second and third plants is underway.

The governments of Russia and Turkey signed a cooperation Agreement in 2010 to build a nuclear power plant consisting of four power units of NPP-2006 project with VVER-1200 reactors of total capacity 4.8GW in Turkey.

The project is the world's first NPP project implemented on BOO (build-own-operate) principle.

The groundbreaking ceremony was held in April 2017, construction underway.

In 2013 Japan and Turkey signed an agreement for the construction of Turkey's second nuclear power station with four Atmea1 reactor units (4,480MW capacity), developed by Areva-Mitsubishi Heavy Industries (MHI) joint venture Atmea. Work will be performed by a consortium that will include MHI, ITOCHU, Engie, and the Turkish Electricity Generation Company (EUAS).

Feasibility studies are ongoing for verification of site suitability and development of the financial scheme.

Source: Ministry of Energy and Natural Resources
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• Favorable Investment Climate
Turkey’s investment legislation supports and protects investors through various legal mechanisms.

**Foreign Direct Investment Law**

- National Treatment
- Guarantee of Transfers
- No restriction on foreign ownership
- Employment of Expats

**Bilateral Investment Protection Treaties with 75 countries**

**Treaties to avoid Double Taxation with 80 countries**

**Total Tax and Contribution Rate, 2018 (% of Profit)**

- Hungary: 40.3%
- Poland: 40.7%
- Turkey: 46.9%
- USA: 46.1%
- Canada: 46.3%
- China: 49.7%
- Ireland: 53.1%
- France: 64.9%
- Brazil: 65.1%

**International Tax Competitiveness, 2018 (Index=100 as most competitive)**

- Czechia: 68.8
- Austria: 69.4
- Slovakia: 69.4
- Turkey: 69.4
- Hungary: 69.4
- Germany: 64.4
- Ireland: 63.7
- UK: 63.1
- Japan: 61.5
- Spain: 57.4
- Mexico: 57.2
- Poland: 46.9
- Italy: 41.4

Source: Ministry of Economy, Ministry of Finance, WB Doing Business Report, Total Tax Rate: Profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, turnover taxes and other taxes (such as municipal fees and vehicle taxes). Tax Foundation (Tax competitiveness measures countries’ tax policies five categories: corporate income tax, consumption taxes, property taxes, individual taxes, and international tax rules.)
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

<table>
<thead>
<tr>
<th>Relevant Legislation (Law No)</th>
<th>Build-Operate-Transfer (BOT)</th>
<th>Build-Operate</th>
<th>Build-Lease-Transfer</th>
<th>Transfer of Operating Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>№ 3996, № 3465, № 3096</td>
<td>№ 4283</td>
<td>№ 652, № 6428, № 351</td>
<td>№ 4046, № 5335, № 4458</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Motorway</th>
<th>Port</th>
<th>Airport</th>
<th>Marina</th>
<th>Border Gate</th>
<th>Power Plant</th>
<th>Thermal Power Plant</th>
<th>Hospital</th>
<th>College</th>
<th>Dormitory</th>
<th>School</th>
<th>Airport</th>
<th>Port</th>
<th>Power Plant</th>
<th>Electricity Distribution</th>
</tr>
</thead>
</table>

Source: Presidency of Strategy and Budget
Investment Climate

Incentives in Turkey make PPP projects more bankable.

**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

Strong macroeconomic fundamentals allow the government to support PPP projects..

Gross Public Debt Stock as % of GDP

Budget Balance as % of GDP

Net Public Debt Stock as % of GDP

Source: Ministry of Treasury and Finance, Gross Public Debt Stock and Budget Balance as defined by the EU, Net Public Debt Stock as defined Gross Public Debt Stock minus Central Bank net assets, public sector assets (all deposits accounts and other financial assets) and unemployment insurance fund net assets.
Bankability of the PPP projects enables investors to access finance through both national and international financial institutions (IFIs) and investors.
What can Invest in Turkey do for you? ... assist you before, during and after your entry into Turkey

A governmental agency reporting to the President
Private sector approach with public sector capabilities
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
- 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/](http://www.uab.gov.tr/)
• Ministry of Energy and Natural Resources: [http://www.enerji.gov.tr/](http://www.enerji.gov.tr/)
• Ministry of Treasury and Finance: [https://www.treasury.gov.tr/](https://www.treasury.gov.tr/)
• Turkish Wealth Fund: [http://turkiyevarlikfonu.com.tr/](http://turkiyevarlikfonu.com.tr/)

• European Bank for Reconstruction and Development: [http://www.ebrd.com/turkey.html](http://www.ebrd.com/turkey.html)
• European Investment Bank: [http://www.eib.org/infocentre/contact/offices/turkey-istanbul.htm](http://www.eib.org/infocentre/contact/offices/turkey-istanbul.htm)
• Banks in Turkey: [https://www.bddk.org.tr/Institutions-Category/Banks/22](https://www.bddk.org.tr/Institutions-Category/Banks/22)