World Bank: Turkey global leader in attracting private infrastructure investment

Turkey tops in mega project commitment

As private infrastructure investments in the world mostly remained steady year-on-year at USD 111.6 billion during 2015, Turkey raised the bar with the financial closure of seven projects totaling a record USD 44.7 billion according to data released by the World Bank Group’s Private Participation in Infrastructure Database.

The recent data show that Turkey attracted around 40 percent of all global investments thanks to two megadeals in the transportation sector: Istanbul’s USD 35.6 billion IGA Airport (including a USD 29.1 billion concession fee to the government), and the USD 6.4 billion Gebze-Izmir Motorway.

Though on par with the previous year, global private infrastructure investment in 2015 was 10 percent lower than the five-year average due to dwindling commitments in China, Brazil, and India. However, the World Bank did point out that project sizes have become larger in the last four years, with 2015 witnessing the highest-ever average size of USD 419.3 million.

"In fact, megadeals ruled in 2015, where a record 40 projects exceeded USD 500 million," said the World Bank. "The top five countries with the highest investments in 2015, respectively, were Turkey, Colombia, Peru, the Philippines, and Brazil, garnering USD 74 billion or 66 percent of global commitments in the developing world."

Regarding the aforementioned mega projects in Turkey, the signing ceremony for the financing of the first phase of the IGA Airport convened in October 2015. Upon completion, the airport is slated to become the largest in the world in terms of annual passenger capacity. The 150-million-passenger capacity terminal will be connected to the Third Bosphorus Bridge via the North Marmara Highway, and will play a vital role in making Istanbul a global travel hub.

Meanwhile, the Gebze-Izmir Motorway will shorten the overland travel distance between Istanbul and Turkey’s third largest city, Izmir. The motorway also features the 3-km Izmit Bay Bridge, the fourth longest suspension bridge in the world.

With new giant infrastructure and transportation projects in the pipeline, Turkey is set to contribute even more to global investment growth.
**BIST Private Market offers an alternative M&A platform**

Boasting more than 340 members, Turkey’s sole exchange market, Borsa İstanbul, has recently unveiled the Borsa İstanbul Private Market (BIST Private Market), which aims to provide international investors with an alternative M&A-like platform for their venture capital and private equity investments. It is the world’s first comprehensive private market established by a regulated stock exchange from scratch, and it is open to innovative companies of all sizes, including SMEs and start-ups with high growth potential.

BIST Private Market is a web-based and a member-based platform that brings companies and qualified investors together in order to raise equity capital and find liquidity through buying and selling shares without going public. It provides an innovative approach, with an aim to improve the Turkish entrepreneurial ecosystem and investment environment by promoting opportunities for equity financing to the corporate sector and contributing to stable economic growth.

BIST Private Market will provide alternative equity financing options for family-owned companies, SMEs, start-ups, and early-stage entrepreneurs. It has great potential to contribute to the realization of new investments, innovation, economic growth, and job creation.

**Benefits of BIST Private Market**

- Cross-border access to all private market services through a single platform. Open to international investors and companies
- Buy and sell shares without going public
- Exemption from capital market regulations such as
- Capital Markets Board approval, circular, and public disclosure of material events
- Find easy, quick, and low-cost solutions to financing needs of companies and liquidity needs of investors
- Control shareholder base. Manage and control the information flow and confidentiality with innovative tools such as gradual access to company information through an "Indication of Interest" and accreditation mechanism
- Allow companies to evaluate a broad range of local and international company and investor alternatives to find new partners and finance
- Allow investors to meet numerous companies of various sizes and from different sectors
- Allow companies to find counterparties anonymously
- Offer investors the opportunity to exit by liquidating
- Access to services including legal and financial consultancy, audit, valuation, and brokerage, which are provided upon request by private market member solution partners at reasonable prices

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**Turkey among fastest growing OECD members**

The Turkish economy grew at a larger-than-expected 4.8 percent in the first quarter of 2016. According to data from the Turkish Statistical Institute (TurkStat), Turkey outperformed major emerging market peers, exceeding consensus analyst estimates of 4.4 percent growth in part to strong domestic demand. The Turkish economy is expected to maintain its positive growth trajectory, with Fitch Ratings estimating 3.5 percent growth this year and 3.6 percent next year.

![Graph showing growth rates of various countries](Link to graph)

Source: OECD, Eurostat, TurkStat
JLL, Jones Lang LaSalle, one of the world’s leading real estate services companies specializing in commercial property management, leasing, and investment management, recently published a report on Istanbul, singling out the Turkish city as a dynamic and increasingly successful ‘Emerging World City’. A combination of growing consumption, a strong demographic profile, and an economy driven by the expansion of financial and business services and the technology sector has fueled robust metropolitan growth. According to JLL’s “Istanbul on the World Stage” report, Istanbul now sits firmly alongside London, Moscow, and Paris as one of Europe’s ‘Big Four’ megacities.

Istanbul has been the most improved “Emerging World City” over the past five years based on a range of performance indicators, and its economic fundamentals are stronger than many of its global peers. JLL’s Index of Commercial Attraction sees Istanbul ranking among the world’s top 20 most important business hubs. It stands out for having improved as a trusted financial center, for being a home to innovation and commerce, and for its infrastructure improvements.

A unique cultural identity and extraordinary vibrancy support Istanbul’s position among the world’s top five visitor destinations. Global connectivity is improving rapidly, and the city is now the world’s fastest-growing air passenger hub.

Expansion of the city’s infrastructure is transforming Istanbul and playing a key role in its economic dynamism. An ambitious infrastructure expansion, which includes metro line extensions, a third bridge, and a third airport, bodes well for future growth and offers a means to spread and shape development.

Despite high levels of construction and development, Istanbul remains a market of untapped potential in terms of commercial real estate investment. Given the city’s size, status, and maturity, there is still ample room for significant increases in investment before it matches levels seen in other Emerging World Cities.
Brink’s, a US-based global provider of secure logistics and security solutions, commissioned its first secure logistics branch in the Ataturk Free Trade Zone in a move to support high-value commodity markets.

During his speech at the branch opening, ISPAT Vice President Ahmet Burak Dağlıoğlu noted that the presence of Brink’s will support Istanbul’s role as a financial center and logistics hub.

Globally-renowned Spanish business magazine Ejecutivos held the 16th edition of its executives awards ceremony, bringing together prominent figures from political, social, and business circles both nationally and internationally.

ISPAT and Turkish Airlines were granted the “Internationalization” award for their efforts in helping Spanish companies internationalize by means of opening new markets to them and introducing opportunities to expand their businesses.

ISPAT and WAIPA President Arda Ermut was a keynote speaker in a regional meeting organized by WAIPA and the Centre for Promotion of Investments in Cote d’Ivoire (CEPICI) to provide a framework for jointly reflecting on the role of FDI. The event provided a platform for investment promotion agency representatives from Sub-Saharan countries to share strategies explicitly tailored to and tested in their economies.

Arda Ermut also met with Daniel Kablan Duncan, Prime Minister of Ivory Coast, during the regional meeting to discuss crucial cooperation between governments and IPAs.