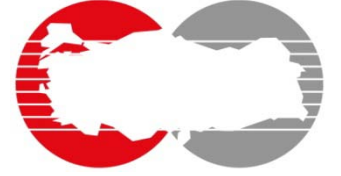




REPUBLIC OF TURKEY
PRIME MINISTRY
PRIVATIZATION ADMINISTRATION



PPP in Turkey

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PPP in TURKEY

History

- Turkey is one of the first countries in the world which developed its own PPP legislation. With the Law numbered 3096 from 1984 the private sector involvement specifically in to power plants projects was allowed.
- But the first concrete step in the world to apply the PPP models has been taken in UK by establishing the “PFI-Private Finance Initiative” in the year 1992.
- Parallel to this, in Turkey has enacted in 1994 a general law for BOT, the Law number 3996, for different infrastructure areas like transportation, energy and water supply and treatment.
- On this legal basis, first implementations of PPP projects in Turkey came on agenda and several projects, mainly for electricity production, drinking water facilities have been realized as BOT and later as BO projects.
- In the energy sector, between 1995 and 2001, thirty power plants with a total capacity of 8500 MW – equaling nearly one fourth of Turkey’s power production capacity have been completed under the BOT and BO models.



PPP in TURKEY

Methods Available

Built-Operate-Transfer (Law No: 3096, 3465, **3996**)

- Law No 3096 was the first law which was allowing the private sector involvement in the electricity sector.
- Law no. 3465 has removed the monopoly position of the General Directorate of State Highways for highway construction, maintenance and operation.
- Law No 3996 is the basis law for the BOT implementations in Turkey.

Built-Operate (Law No: 4283)

- Law no. 4283 is regulating the BO Model in the electricity generation sector.

Transfer of Operational Rights (Law No: 4046, 5335, 3465, 3096)

- Especially in the areas where the transfer of ownership is not possible.

Long Term Rent (Law No: 5335, 4046)

- Privatisation Law No. 4046
- Law No 5335 authorising the State Airports Authority to totally or partially transfer its airports to the private sector through long term leasing or transfer of operation rights methods.

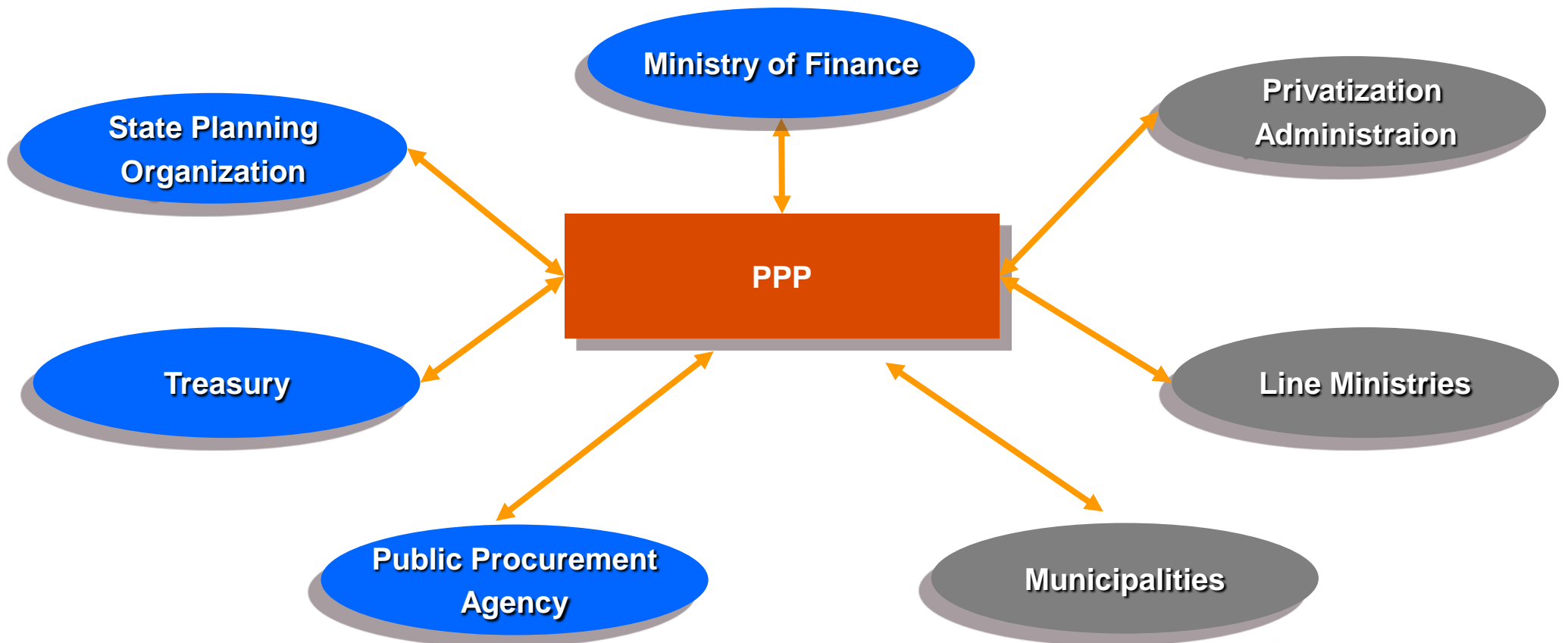
Built-Rent-Transfer (Law No: 5396)

- Law No 5396 allows PPP in form of Built Rent Transfer model in the health sector.

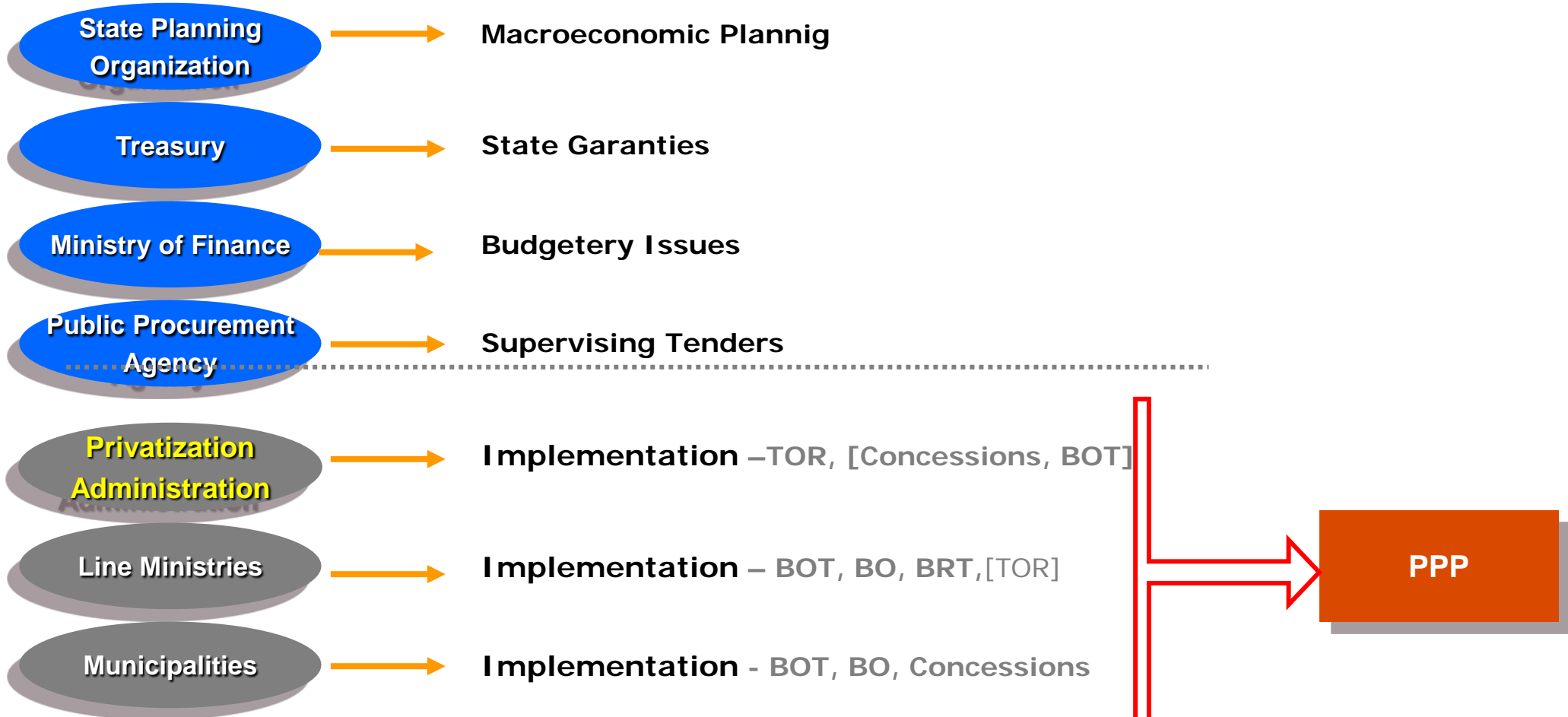


PPP in TURKEY

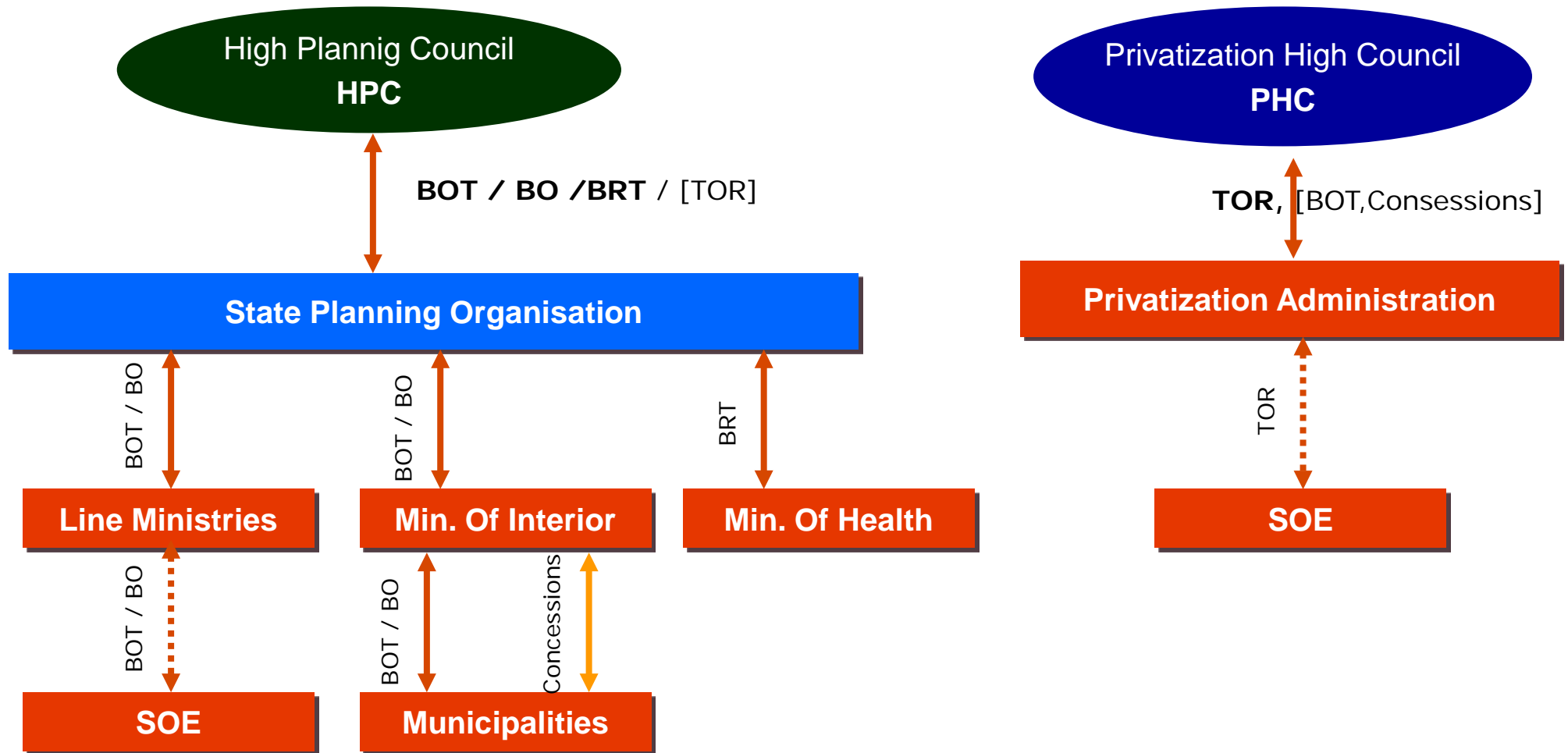
Stakeholders



PPP in TURKEY Stakeholders



PPP Methodology in Turkey



PPP - Privatization

- **In broad sense the PPP projects can be considered as in-advance-privatizations of the future investments.**
- **In many cases PPP models are emerging as an integrated part of privatization projects.**
- **Privatization Law No 4046 allows the application of all of PPP Models as an in connection of the privatization implementations.**



PPP IMPLEMENTATIONS BY PA

-completed-

- **Small Electricity Production Facilities** of the Renewable Electricity Production Company (ADUAS)
 - [HPP's, geothermic PP's, gas turbine PP]
- **Mining Licenses**
 - Zinc (Celaldağ, Pozantı, Koyulhisar), Iron (Deveci, Hekimhan, Divriği), Phosphate (Mazıdağ), Copper (Giresun, Sinop)
- **Ports**
 - TDI Ports with revenue sharing: Tekirdag, Hopa, Giresun, Ordu, Sinop and Rize Ports
 - TDI Ports without revenue sharing: Antalya, Alanya, Marmaris, Cesme, Kusadasi, Trabzon, Dikili
 - TCDD Port: Mersin,
- **Marinas**
- **Saltpans**
- **Vehicle Inspection Stations** (revenue sharing)
- **Others** (Hydroelectric PPs, Izmir Wholesale Fish Market, Atik Ali Pasha Mansion)



PPP IMPLEMENTATIONS BY PA

-In Progress-

- **Electricity Production Companies / Plants**
 - 18 thermoelectric PP, 27 Hydroelectric PP and 52 river HPP are in the pipeline.
- **Electricity Distribution Companies**
 - 19 Regional Companies – 4 regions already privatized.
 - Privatization of the electricity distribution sector is to be completed until end of 2010.
- **6 Motorways & 2 Bosphorus Bridges.**
 - The whole motorway network of Turkey
- **Galataport**
 - The cruiser port in Istanbul
- **Ports:**
 - Izmir, Bandirma, Derince, Samsun + Iskenderun



PPP IMPLEMENTATIONS

ENERGY SECTOR

Nearly a quarter of the installed capacity of the electricity generation in Turkey are PPP projects (8.500 MW):

- 4 Natural Gas PP, 18 Hidroelectric PP, 2 Wind PP (BOT)
- 4 Natural Gas PP, 1 Termoelectric PP (BO)
- 1 Termoelectric PP, 1 Hydroelectric PP (TOR)

GENERAL ADMINISTRATION

- Edirne İpsala, Iğdır Gürbulak , Şırnak Habur , Edirne Kapıkule, Artvin Sarp border gates (BOT)
- 13 others are in preparation*

DRINKING WATER

- Yuvacık Dam (BOT)

Source: SPO 2008



PPP IMPLEMENTATIONS

TRANSPORT

- ❑ 6 International Airports & Terminal Buildings (BOT)
- ❑ 4 Airports (Long Term Rent) (3 of them former BOT Projects)
- ❑ Göcek Tunnel, Motorways Service Stations (BOT)
- ❑ 3 Port Facilities, 9 Marinas (BOT)
- ❑ *Marmaray Bosphorus Tunnel (BOT)*
- ❑ *Motorways with a total length of 2.000 km including Izmit Gulf Crossing and Dardanelles Bridge (BOT)*
- ❑ *Restructuring of Kapıkule Railways Border Station (BOT)*
- ❑ *Several Marinas (BOT)*
- ❑ *Antalya-Alanya Railways project (BOT) (Tendered- No bids)*

Source: SPO 2008



PPP and Public Procurement

- PPP is not excluded from public procurement procedures.
- Necessity of tendering depends on the chosen form of partnership.
- Tendering to find out the best partner for cooperation is compulsory.
- Since the adoption of Directive 2004/18/EC, a new procedure known as “competitive dialogue” may apply when awarding particularly complex contracts.
- Long-term contracts can influence the competitive environment.



The Need for a New PPP Law

- ❑ **Although the PPP models are already in use, in order to accelerate and extend the implementations of the PPP models, the government intends to establish a new legal and administrative framework for so called “Second Generation of the PPP Projects”**
- ❑ **Due to Government’s annual program a new law should be enacted within this year.**
- ❑ **Some International advisors have been assigned for the preparations. A draft law is expected to be submitted to the parliament by the State Planning Organization (SPO).**



The Need for a New PPP Law

- ❑ **Definition of PPP insufficient**
- ❑ **Limited Number of PPP Models**
 - ❑ Current legislation limited to BOT, BO, TOR and BLT models
- ❑ **Limited scope of the existing PPP legislation**
 - ❑ Justice, education, culture are out of the scope
- ❑ **Lack of Harmonization among PPP Laws**
 - ❑ Several sector specific and model specific PPP laws
- ❑ **Lack of Central Administrative Structure for the PPP Projects**
 - ❑ Assignment of different public bodies for the implementation of PPP Projects
 - ❑ Lack of a central public body responsible for setting PPP policies and coordination
 - ❑ Lack of coordination among the related public bodies- Need for a Central Unit
- ❑ **EU Accession Process**



Expectations from the New PPP Law

- Definition of the PPP
- Unifying the widespread PPP Legislation
- Introduction of New PPP Models & Removing the Rigidity in the Current Models
- Extension of the Scope of PPP Applications
- Objective Criteria for Selecting Projects
- New Approach to the Risk Concept
- Facilitating bankability and incentives
- Establishment of a New Central PPP Unit



THANK YOU

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