

**PUBLIC PRIVATE PARTNERSHIP  
MODEL IN TURKEY AND  
EUROPE**

**With Current and Planned Health Facility & Highway  
PPP Projects**



**2020**

## Table of Content

A. INTRODUCTION .....	4
B. PUBLIC-PRIVATE PARTNERSHIP (PPP) MODEL IN TURKEY.....	4
2. PPP Models Applied in Turkey .....	5
3. The Legal Framework for PPP's in Turkey .....	6
□ The PPP models currently used and their basis legislation are as follows <sup>2</sup> .....	6
4. Turkish Legislation on PPP Applications in Health Sector .....	9
C. PUBLIC – PRIVATE PARTNERSHIP (PPP) PROJECTS FOR HEALTHCARE.....	12
Following there is a short information about the hospitals & health campus projects with PPP model in pipeline. ....	12
1. Health Facility Projects with PPP Model of Which Tender Process is already completed <sup>21*</sup> .....	13
1.1.1. Elazığ Integrated Health Campus Project .....	14
1.1.2. Ankara Etlik Integrated Health Campus Project:.....	15
1.1.3. Ankara Bilkent Integrated Health Campus Project:.....	15
1.1.4. İstanbul Başakşehir İkitelli Integrated Health Campus Project: .....	15
1.1.6. Public Health Agency of Turkey & Drug and Medical Device Institution of Turkey Campus Project: 16	
1.1.7. Mersin Integrated Health Campus Project:.....	17
1.1.8. Manisa Education and Research Hospital Project: .....	17
1.1.9. Konya Karatay Integrated Health Campus Project: .....	17
1.1.10. Gaziantep Integrated Health Campus Project: .....	18
1.1.12. Adana Integrated Health Campus Project:.....	18
1.1.13. İzmir Bayraklı Integrated Health Campus Project:.....	19
1.1.14. Isparta City Hospital Project:.....	19
1.1.15. Bursa Integrated Health Campus Project:.....	19
1.1.16. Kocaeli Integrated Health Campus Project:.....	20
1.1.17. Eskişehir Integrated Health Campus Project: .....	20
1.1.18. Tekirdağ Health Campus Project:.....	20
1.1.19. Şanlıurfa Health Campus Project:.....	20
1.1.20. Kütahya Health Campus Project:.....	21
2. Health Campus Project with PPP of Which Tender Process is not Completed .....	21
2.2. Denizli Health Campus Project:.....	21
2.3. İzmir Yenişehir (Tepecik) City Hospital Project: .....	22
2.4. Aydın Physiotherapy and Rehabilitation Hospital Project: .....	22
3. Upcoming Projects:.....	22
3.2. Antalya City Hospital Project:.....	22
3.3. Diyarbakır Kayapınar Hospital Project:.....	22
3.4. Aydın City Hospital Project:.....	23
3.5. Trabzon City Hospital Project: .....	23

3.6	Ordu City Hospital.....	23
3.7	Sakarya City Hospital .....	23
D. HIGHWAY PROJECTS WITH BUILD OPERATE TRANSFER (B.O.T) MODEL IN TURKEY .....		23
5.	Upcoming Highway Projects with Build Operate Transfer Model of Which are Under the Approval Process of the Ministry of Development .....	23
6.	Targeted Highway Projects with Build Operate Transfer Model within the 2023 Vision .....	24
7.	Turkey's Policies Regarding PPP in the Medium Term Program (2019-2021) .....	25
For more Technical Information Regarding the PPP Projects in Turkey Please Visit 2018 Report Published by Presidency of the Republic of Turkey Strategy and Budget Presidential: .....		26
8.	Public Private Partnerships in the EU: Widespread shortcomings and limited benefits <sup>23</sup> .....	26
8.1.	Why the Public actors are interested for implementing PPPs .....	28
8.2.	PPPs and EU Funds .....	29
8.3.	PPPs projects sector which are EU- supported .....	29
8.5.	Acceleration of Project achievement .....	30
8.6.	PPPs effects on insufficient competition.....	30
8.7.	The public partners over-optimism regarding future demand and use of the planned infrastructure...	31
8.8.	Problems which occurred if the PPP option is chosen without any prior comparative analysis.....	31
8.9.	Though familiar with PPPs, not all of the Member States visited for the report have well-developed institutional and legal frameworks .....	31
8.10.	Despite the long-term implications of PPPs, the visited Member States have not developed a clear strategy for their use .....	31
9.	PPP Projects in France .....	32
This type of contracts is subordinate to some conditions. ....		33
9.2.	Conditions settled with the Ordinance No. 2004-559 of June 17, 2004 .....	34
2.	Principles which should be respected (Art 3,6, 7) .....	34
3.	Dialogue between the Public authority and successful applicants ( Art 7).....	34
4.	The Private partners choice (art 8).....	35
5.	Clauses which must appear on PPP agreements ( Art 11) .....	35
E.	CONCLUSION.....	35

## **A. INTRODUCTION**

Public Private Partnership ("PPP") is a cooperation agreement between public and private sectors for rendering of public services that are traditionally provided by the state and funded by taxpayers, and is characterized by sharing the investments, risks, liabilities and revenue between the cooperating parties. The economic challenges associated with supplying fundamental public services are shared with the private sector in order to assure public welfare.<sup>1</sup>

PPP is named as different concepts such as PPI (private participation in infrastructure); PSP (private sector participation); AFP (alternative financing and procurement) and performance based infrastructure.

PPP as a model has been implemented in Turkey by the enactment of the Law on Realization of Certain Investments and Services through Build-Operate-Transfer Model" since 1994, primarily in relation to airports and ports. The vast majority of PPP projects in Turkey are today implemented in health sector. Therefore, the main target of this paper is to give a general idea on how PPP projects work in building and renewing hospitals and to demonstrate the completed, ongoing and upcoming healthcare projects. Although it is a different form of PPP, important Highway Projects to be built based on Build Operate Transfer ("B.O.T") Model are also listed for the reader.

## **B. PUBLIC-PRIVATE PARTNERSHIP (PPP) MODEL IN TURKEY**

### **1. In General**

Public-Private Partnership model is an investment and service model of setting up a long-term

---

<sup>1</sup> *Gönenç Gürkaynak Esq, Tuğ Lokmanhekim, Turkey: Legal Framework of Public Private Partnership Projects in Turkey, <http://www.mondaq.com/turkey/x/230474/Government+Contracts+Procurement+PPP/Legal+Framework+Of+Public+Private+Partnership+Pr> ojec ts+In+Turkey. (Accessed 07.11.2015).*

contract based collaboration between the public and the private sector. Under PPP model, it is intended to provide faster and better services to society. Sharing risks is an attractive feature of the model for the private sector while gaining an alternative source for financing and provision of services are what make the model thus desirable for the public side.

In recent years, PPP projects have been preferable in very broad and various fields in the world such as hospitals, highways, infrastructure, defense, energy, airports, schools, prisons and so on.

## **2. PPP Models Applied in Turkey**

PPP contains in itself a number of alternative sub-models; In our country, Build-Operate-Transfer (BOT), Build-Rent-Transfer (BLT), Build-Operate(BO) and Transfer of Operating Rights (TOR) models are applied in the PPP field.

- a) Build-Operate model is used in electrical energy production in our country. In this model, the private sector is granted permission to build and operate thermal power plants, with their own ownership, and the state purchases the generated electricity. At the end of the contract, the facility remains in the private sector.
- b) In the Build-Operate-Transfer model, the private sector is given the right to build facilities on a public land, and risks are shared between the private sector and the public. The private sector operates the facility for a certain period of time, maintains and repairs it and transfers it to the public at the end of the period. Model can be applied in many different areas from highway, airport, port, bridge, tunnel construction to nature park, wholesaler construction.
- c) In the Build-Rent-Transfer model, private sector builds a facility, provides its physical equipment, operates the areas specified in the contract for the specified period of time, and finally transfers the facility to the public. The public makes rent payments to the private sector every year. In our country, this model is used in City Hospitals and Health Campuses in the health sector.
- d) In the Transfer of Operating Rights model, the operation right of an existing facility of the state is transferred to the private sector for a certain period of time. This model does not fully feature a customization method. Because the right of operation of the

facility is transferred to the private sector for a certain period of time, the property remains public.

### 3. The Legal Framework for PPP's in Turkey

Turkey has a number of PPP laws. These laws are either model based or sector based. The types of PPP models and the number of sectors where this model can be implemented are both limited. Therefore the legal framework for PPPs is fragmented.

❖ **The PPP models currently used and their basis legislation are as follows<sup>2</sup>:**

Model	Related Legislation
Build-Operate-Transfer (BOT)	Law No 3996 is the basic law for the BOT implementations in Turkey. (13/6/1994)
	Decision regarding the procedure and application of Law No 3996 (2011/1807)
	Law No 3096 - the first law allowing the private Sector involvement in the electricity sector. (4/12/1984)
	Law No. 3465 -removed the monopoly position of the General Directorate of State Highways for highway construction, maintenance and operation. (28/5/1928)
	Implementing regulation of the Law on the establishment, maintenance and operation of access-controlled highway (highway) by organizations other than the General Directorate of Highways.

<sup>2</sup> [https://www.sbb.gov.tr/wp-content/uploads/2019/05/Kamu-Ozel\\_Isbirligi\\_Raporu-2018.pdf](https://www.sbb.gov.tr/wp-content/uploads/2019/05/Kamu-Ozel_Isbirligi_Raporu-2018.pdf)

Build-Rent-Transfer	<p>Law No. 6428 on establishment, renovation and service delivery by the Ministry of Health with a public-private cooperation model (9/3/2013)</p> <hr/> <p>Implementing regulation on the establishment, renovation and service delivery of the Ministry of Health with a public-private cooperation model</p> <hr/> <p>Article 23 of the Decree Law no. 625 on institutions providing private housing services and some regulations</p> <hr/> <p>Regulation on the provision of education and training facilities in exchange for the lease and the operation and service of the facilities other than the training and service areas in exchange for the operation</p> <hr/> <p>Article 20 of the Higher Education Credit and Dormitory Institution Law No. 351</p>
Build-Operate	<p>Law No. 4283 on the establishment and operation of electric power generation facilities with the build-operate model and regulation of energy sales (19/07/1997)</p> <hr/> <p>Regulation on the establishment and operation of electrical power generation facilities with the build-operate model and the regulation of energy sales</p>
Privatization and Transfer of Operating Rights	<p>Law No.4046 on privatization practices (24/11/1994)</p> <hr/> <p>Article 33th of the Law No. 5335 (Transfer of operating right of airports) (21/4/2005)</p> <hr/> <p>Article 218/A of Customs Law No.4458 (Transfer of operating right of customs gates)</p>
Concession	<p>Law on Concessions Related to the General Public (10/06/1326)</p>

	<hr/> <p>Law on the Addition of Certain Articles to and the Removal of Certain Articles from the Law dated 10.06.1326 on Concessions Related to the Public Benefit</p> <hr/> <p>Law No. 4483 on the Approval of the Contract for the Purchase of the Installation and the Operation of the Establishment with the Privilege of the Izmir Tram and Electric Turkish Joint Stock Company (2/12/1999)</p> <hr/> <p>Law No.4501 on Principles to be Obeyed in Case of Applying for Arbitration in Disputes Arising from Concession Conditions and Agreements Concerning Public Services (3/7/1968)</p> <hr/> <p>Telegraph and Telephone Law no. 406 (4/2/1924)</p>
--	--

When it comes to Turkey, the Public-Private-Partnership model is being widely used across the country from infrastructure to energy projects. In a view to supplement its modern infrastructure with world-class projects, Turkey takes the second highest score in the World Bank's Private

Participation in Infrastructure Database's (PPI Database) latest update after Brazil.<sup>3</sup> In comparison with the EU, Turkey is currently more enterprising than any other EU countries.

The Turkish Government now aims to repeat the success of the PPP model in the healthcare sector though City Hospital Projects which will give the private sector a much larger role in providing healthcare services.

#### **4. Turkish Legislation on PPP Applications in Health Sector**

Turkey is transforming its healthcare system to make it more efficient and cost-effective by utilizing the PPP model. The participation of the private sector in the health field is growing day by day. In 1980s Turkey was also affected by worldwide privatization movement and its first legislation had become the "Decree Law No. 233 on State Economic Enterprises and Law No.2983 dated 17.3.1984 on Promoting Savings and Accelerating Public Investments ". It was followed by Law No. 3096 on "Electricity Generation, Transmission, Distribution and Trade of Institutions Outside the Turkish Electricity Authority" which was enacted in same years. Previously, PPP projects were governed by the Supplemental Article 7 of the Law No. 3359 on "Health Services and the Regulation on the Construction of Health Facilities in Return for Lease and the Renovation of Health Facilities in Return for Management of Non-Medical Services and Areas". Afterwards, some actions of annulment were made against tenders which were realized under these laws. There were discussions about the unconstitutionality of this Supplemental Article 7 and so was of the Regulation. Based on several Lawsuits for the cancellation of the Supplementary Article 7 the Council of State decided that the article was contrary to the Constitution. After this decision of the Council of State a special Law No. 6428 dated 21.02.2013 on "Building and Renewal of Facilities and Procurement of Services through by Ministry of Health with Public Private Partnership Model" containing all principles and procedures thoroughly to be followed in PPP projects in health sector. Afterwards, a sub-regulation entered into force on 9 May 2014 determining details for the application of the Law.

---

<sup>3</sup> <http://ppi.worldbank.org/~media/GIAWB/PPI/Documents/Global-Notes/Global2015-PPI-Update.pdf> (Accessed 07.09.2016)

According to the Law No. 6428, the facility to be constructed on a land in the possession of the Treasury, would give an independent and continuous right of superficies to the contractor free of charge for a maximum period of 30 years – excluding the fixed investment term. The exact term of the contract shall be decided by the administrative authority.<sup>4</sup> Other than construction of a new facility, the Law No.6428 does also cover the procurements to be realized for the renewal of the existing facilities as well as procurements for consultancy services, R&D services and/or any other services that might require high technology or great financial resource.<sup>5</sup>

The contract to be concluded between the administrative authority and the private company shall be governed by private law.<sup>6</sup> The State Tender Law No. 2886 and the Public Tender Law No. 4734 shall therefore not be applied to the projects that are subject to the Law No. 6428.<sup>7</sup> The contract price shall be determined taking into consideration the investment cost, the significance and the scope of the project, whether or not the general and medical equipment shall be provided by the private party, the profit of the contractor, whether or not the operation of services with regard to the facility that is subject to the investment and the operation of the commercial service areas within the facility shall be left to the private party.<sup>8</sup> No payment of the contract price shall be done before the completion of the construction work unless any provisions with regard to partial acceptance shall be agreed by the parties to the contract.<sup>9</sup>

The contractor/s shall establish a company (“SPV-*special purpose vehicle*”) in form of a Joint Stock Company (*Anonim Şirket*) which shall be the party to the contract to be signed by and between the administration and the contractor as the successful bidder. The field of activity of this company shall be limited only to the subject of the contract.<sup>10</sup>

---

<sup>4</sup> Law No. 6428 Article 4 (1).

<sup>5</sup> Law No. 6428 Article 1 (1) and 4 (2,3).

<sup>6</sup> Law No. 6428 Article 4 (1).

<sup>7</sup> Law No. 6428 Article 11.

<sup>8</sup> Law No. 6428 Article 5 (1).

<sup>9</sup> Law No. 6428 Article 5 (2).

<sup>10</sup> Law No. 6428 Article 1 (2).

The private party itself shall obtain the whole financing of the contract<sup>11</sup> and shall provide either % 3 of the fixed investment amount or 3% of the bid price as a *provisional bond*; 3 % of the bid price as the *fixed guarantee* and 1, 5 % of the bid price for and during the operation period after the completion of the fixed investment. <sup>12</sup> according the Law at least 20 % of the medical equipment, which is a part of the fixed investment, has to be produced domestically. <sup>13</sup>

Turkish Law shall govern the disputes which might arise from the contract and the Turkish courts shall have the jurisdiction over the disputes. However, the parties may also agree on arbitration for the settlement of disputes provided that the applicable law to the merits of the dispute is agreed as Turkish Law by the parties and Turkish International Arbitration Law No. 4686 is chosen as the applicable law to the conduct of the arbitration procedure<sup>14</sup> One last very important issue for the dispute settlement is that the provision which says “*the seat of arbitration shall be in Turkey*” has been annulled from the Law to facilitate a much more unbiased alternative dispute settlement system for PPPs.

Contractor shall be liable for damages of third parties during the contract term.<sup>15</sup> The administrative authority shall control each and every step of the operations to be realized under the contract which may be done through a “*controlling and administration system*” to be established by the Ministry.<sup>16</sup> At the end of the concession period, the PPP project shall be transferred back to the administrative authority in a good condition, with zero costs, well-kept and without any burdens. <sup>17</sup>

The Contractor, upon the approval of the administrative authority, may transfer all its rights and obligations under the contract to another individual or a legal entity subject to private law who must also carry the conditions set forth in the Law No. 6248 upon which all the related contracts shall also be deemed to have been transferred to the new party.<sup>18</sup>

---

<sup>11</sup> Law No. 6428 Article 6 (1)..

<sup>12</sup> Law No. 6428 Article 3 (12).

<sup>13</sup> Law No. 6428 Article 3 (16).

<sup>14</sup> Law No. 6428 Article 4 (11).

<sup>15</sup> Law No. 6428 Article 4 (2).

<sup>16</sup> Law No. 6428 Article 4 (4).

<sup>17</sup> Law No. 6428 Article 4 (2).

<sup>18</sup> Law No. 6428 Article 4 (5).

If it has not fulfilled its obligations during the designated construction period, a written notice giving a reasonable amount of time shall be served to the private party to complete the works, the lenders shall also be informed of the situation. If the private party has not performed its obligations within the allotted period, the financial backer shall be offered by the administration a change in the shareholding structure of the private company to complete the remaining works. If this is not achieved, then the contract shall be terminated by the administration.<sup>19</sup> However, if the continuance of the project is impossible because of the failure of the private party, then, without offering any of the foregoing, the administration shall have the remaining works done to someone else on behalf of the private party. Besides, during the operation process, the administration shall terminate the agreement directly if the performance of the private party is below the performance score to be determined by the administration<sup>20</sup>

The aim of the Law No. 6428 is to provide a unified and clear legal instrument to be applied for the PPP projects in health sector. Although the ongoing PPP projects are implemented only for building and renewing hospitals, it should be noted here that there is a lack of specialized care- homes for elderly, hospice services, and specialized facilities for kids and adults suffering from down syndrome or autism, where around the clock care is essential for life quality of the persons and PPP projects in these areas shall also be on the agenda of the Government once the ongoing projects are finalized.

### **C. PUBLIC – PRIVATE PARTNERSHIP (PPP) PROJECTS FOR HEALTHCARE FACILITIES IN TURKEY**

Currently there are totally 29 PPP (BLT) projects in health sector. The contacts of 21 of 29 projects are already signed and 16 of them are financially closed. Total bed capacity of the 29 projects is 37.741

**Following there is a short information about the hospitals & health campus projects with PPP model in pipeline.**

---

<sup>19</sup> Law No. 6428 Article 4 (6).

<sup>20</sup> Law No. 6428 Article 4 (7).

**a. CITY HOSPITALS FOR WHICH THE CONTRACTS HAD BEEN SIGNED TO DATE**

<b>NO</b>	<b>PROJECT NAME</b>	<b>BED CAPACITY</b>	<b>OPERATION DATE</b>		
<b>1</b>	<b>Adana City Hospital</b>	1.550	<b>September 2019</b>	Bed Capacity: 1.550 Number of Polyclinics: 330 Number of operating room: 61 İntensive care unit bed number : 274	
<b>2</b>	<b>Mersin City Hospital</b>	1.294	<b>February 2017</b>	Yatak Sayısı: 1.294 Tek Kişili Oda: 544 Double room: 252 Number of operating room: 52 İntensive care unit bed number : 210	
<b>3</b>	<b>Isparta City Hospital</b>	755	<b>March 2017</b>	Bed Capacity: 755 Single room Sayısı: 324 Double room Sayısı: 150 Number of Polyclinics: 167 Number of operating room: 20 İntensive care unit bed number : 166	
<b>4</b>	<b>Yozgat City Hospital</b>	475	<b>April 2017</b>	Bed Capacity: 475 Number of Polyclinics: 113 Number of operating room: 18 İntensive care unit bed number : 88	
<b>5</b>	<b>Kayseri City Hospital</b>	1.607	<b>May 2018</b>	Bed Capacity: 1.607 Number of Polyclinics: 404 Single room: 671 Double room: 323 Number of operating room: 43 İntensive care unit bed number : 309	
<b>6</b>	<b>Manisa City Hospital</b>	558	<b>October 2018</b>	Bed Capacity: 558 Number of Polyclinics: 145 Single room: 236 Double room: 100 Number of operating room: 21 İntensive care unit bed number : 159	
<b>7</b>	<b>Elazığ City Hospital</b>	1.038	<b>August 2018</b>	Bed Capacity: 1.038 Number of Polyclinics: 227 Single room: 338 Double room: 169 Number of operating room: 39	

				Intensive care unit bed number : 160	
8	Ankara Bilkent City Hospital	3.711	February 2019	Bed Capacity: 3.711 Number of Polyclinics: 904 Single room: 1.538 Double room: 725 Number of operating room: 131 Intensive care unit bed number : 506	
9	Eskişehir City Hospital	1.081	October 2018	Bed Capacity: 1.081 Number of Polyclinics: 254 Single room: 443 Double room: 193 Number of operating room: 38 Intensive care unit bed number : 209	
10	Bursa City Hospital	1.355	In Operation	Bed Capacity: 1.355 Number of Polyclinics: 403 Single room: 638 Double room: 256 Number of operating room: 49 Intensive care unit bed number : 240	On an area of 366.046 m2 Investment amount 399 million USD
11	Konya Karatay City Hospital	838(1.250Kapasiteli)	2020		
12	Tekirdağ City Hospital	480	2020	Bed Capacity: 480 Number of Polyclinics: 128 Single room: 158 Double room: 109 Number of operating room: 16 Intensive care unit bed number : 96	
13	Kütahya City Hospital	610	2020	Bed Capacity: 610 Number of Polyclinics: 197 Single room: 195 Double room: 168 Number of operating room: 20 Intensive care unit bed number : 79	
14	Kocaeli City Hospital	1.210	2020	Bed Capacity: 1.210 Number of Polyclinics: 258 Single room: 535 Double room: 251 Number of operating room: 71 Intensive care unit bed number : 188	On an area of 364.589 m2 Investment amount 396 million USD
15	İstanbul Başakşehir İkitelli City Hospital	2.682	First Stage April 2020	Bed Capacity: 2.682 Number of Polyclinics: 709 Single room: 1.190 Double room: 472	Investment amount is about 1.6 billion USD 3.5 years in construction, 25 years in operation

				Number of operating room: 90 Intensive care unit bed number : 520	
16	Ankara Etlik City Hospital	3.624	2021	Bed Capacity: 3.624 Number of Policlinics: 1.031 Single room: 1.943 Double room: 738 Number of operating room: 125 Intensive care unit bed number : 697	Investment amount is about 1.2 billion USD 3.5 years in construction, 24 years in operation
17	Gaziantep City Hospital	1.875	2021	Bed Capacity: 1.875 Number of Policlinics: 475 Single room: 872 Double room: 363 Number of operating room: 62 Intensive care unit bed number : 277	On an area of 330.090 m2 Investment amount is about 932 million USD
18	İzmir Bayraklı City Hospital	2.060	2021	Bed Capacity: 2.060 Number of Policlinics: 457 Single room: 1.060 Double room: 321 Number of operating room: 54 Intensive care unit bed number : 374	On an area of 655,829 m2 Investment amount is about 614 million USD
	Physical Therapy Rehabilitation , Psychiatry and High Security Forensic Psychiatry Hospitals			FTR Psikiyatri Bed Capacity 800 Bed Capacity 900	

Updated on: 17/03/2020 Source: Ministry of Health

## 1. Health Facility Projects with PPP Model of Which Tender Process is already completed<sup>21\*</sup>

### 1.1. Kayseri Integrated Health Campus Project

Kayseri Integrated Health Campus was first health facility project with public-private partnership model. It is in Kayseri Province (Central Anatolia) and has a capacity of 1.584 beds within its General Hospital, Maternity Hospital, Physiotherapy and Rehabilitation Hospital, Psychiatry Hospital and High Security Forensic Psychiatry Hospital. Construction period of the project was set as 3 years and operation period as 25 years. Successful tenderer of this Project is YDA İnşaat Sanayi Ticaret A.Ş. & INSO Sistemi Per Le Infrastrutture Sociali S.P.A Joint Venture. Ministry of Health -Directorate of Public Private Partnership and YDA

*Intern Att. İrem Firuze Küçük*

İnşaat Sanayi Ticaret A.Ş. & INSO Sistemi Per Le Infrastrutture Sociali S.P.A Joint Venture signed the contract on August 10, 2011. Annual rent will be 137.730.000 TL<sup>22\*\*</sup>. This project was chosen as the best PPA project by EMEA Finance Awards. The project is already completed and the hospital is currently in operation.

### **1.1.1. Elazığ Integrated Health Campus Project**

Elazığ Integrated Health Campus is a health facility project with public-private partnership model in Elazığ Province and has a total capacity of 1.040 beds capacity within its District Hospital, Maternity and Children Hospital, Psychiatry Hospital, High Security Forensic Psychiatry Hospital. Construction period of the project was 3 years and operation period was 25 years. Successful tenderer of this Project is “Sıla Dan. Bilş. Eğt. İnşaat Taah. ve Sađ. Hizm. Ltd. Şti

– Şentürkler Müh. İnş. Taah. Turz. San. ve Tic. A.Ş. – Medikal Park Sađ. Hizm. A.Ş. Joint Venture. Ministry of Health Directorate of Public Private Partnership and Sıla Dan. Bilş. Eğt. İnşaat Taah. ve Sađ. Hizm. Ltd. Şti – Şentürkler Müh. İnş. Taah. Turz. San. ve Tic. A.Ş. – Medikal Park Sađ. Hizm. A.Ş.”. Joint Venture signed the contract on June 04, 2013. The campus is completed and the hospital is currently in operation.

---

<sup>21\*</sup> While preparing this Report, information provided in the website of General Directorate of Health Investments is referred as well as other news announced in websites.

<sup>22\*\*</sup> Annual rents stated in this section are obtained from the article of Turkish Medical Association “Questions and Answers with Public Private Partnership in Health Sector”, 2012.

**1.1.2. Ankara Etlik Integrated Health Campus Project:**

Ankara- Etlik Integrated Health Campus is a health facility project with public-private partnership model in Ankara Province on 1.400.000 m<sup>2</sup> land and will have a capacity of 3.566 beds within its District Hospital, Cardiovascular Diseases Hospital, Orthopaedics and Neurosciences Hospital, Oncology Hospital, Maternity Hospital, Children Hospital, Rehabilitation Hospital, Psychiatry Hospital, High Security Forensic Psychiatry Hospital. This Health Campus will also include Health Sciences University, Congress Centres, Trading Areas, High Technology Centre and Research and Development Centre. Construction period of the project shall be 3.5 years and operation period 25 years. The final tender was made on June 30, 2011. Successful tenderer of this Project is “Astaldi SPA - Türkerler İnş. Turz. Mad. Enrj. Üretim Tic. San. A.Ş. Joint Venture”. Ministry of Health Directorate of Public Private Partnership and Astaldi SPA - Türkerler İnş. Turz. Mad. Enrj. Üretim Tic. San. A.Ş. Joint Venture signed the Contract on March 05, 2012. The annual rent will be 276.000.000 TL. The campus is planned to start its operation in 2020.

**1.1.3. Ankara Bilkent Integrated Health Campus Project:**

Ankara Bilkent Integrated Health Campus is a health facility project with public-private partnership model in Ankara Province on 1.200.000 m<sup>2</sup> land and has a capacity of 3.660 beds within its District Hospital, Cardiovascular Diseases Hospital, Orthopaedics and Neurosciences Hospital, Oncology Hospital, Maternity Hospital, Children Hospital, Rehabilitation Hospital, Psychiatry Hospital and High Security Forensic Psychiatry Hospital. This Health Campus will also include Health Sciences University, Congress Centres, Trading Areas, High Technology Centre and Research and Development Centre. Construction period of the project shall be 3.5 years and operation period 25 years. Final tender was made on October 10, 2011. Successful tenderer of this Project is “IC İçtaş İnşaat San.Tic. A.Ş. - Dia Holding Fzco Joint Venture”. The annual rent will be 240.000.000 TL. The campus started to operate in 2019.

**1.1.4. İstanbul Başakşehir İkitelli Integrated Health Campus Project:**

İstanbul Başakşehir Integrated Health Campus is a health facility project with public-private partnership model in İstanbul Province and will have 2.682 bed capacity within its District

Hospital, Oncology Hospital, Children Hospital, Maternity Hospital, Cardiovascular Diseases Hospital, Orthopaedics and Neurosciences Hospital, Psychiatry Hospital and Physiotherapy and Rehabilitation Hospital. Construction period of the project shall be three years and operating period shall be twenty-five years. Final tender was made on March 15, 2012. Successful tenderer of this Project is “Emsaş İnş. Tur. Tic. ve San. A.Ş. - PBK Architects Inc. - Ascension Group Architects LP - Allen Shariff Corporation & Meinhardt Group - May Eczane - Sürat Bilişim - Forcimsa Emprasa Constructora S.A. - Consortio International Eng. Consult - Şahin Tıp Joint Venture”. The annual rent will be 258.900.000 TL. Recently Rönesans Group purchased the %100 of the project from the tenderers. Main reason for that was that the previous tenderers were not expected to finish the project on time. The project is completed and the hospital is currently in operation.

#### **1.1.5. Yozgat Education and Research Hospital Project:**

Yozgat Education and Research Hospital Project is a health facility project with public-private partnership model in Yozgat Province and will have 475 bed capacity. Construction period of the project shall be 2 years and operation period 20 years. Final tender was made on November 23, 2011. Successful tenderer of this Project is “Sıla Danışmanlık Bilişim Eğt. İnş. Taah. Tic. ve Sağlık Hizmetleri Ltd. Şti -Rönesans Holding A.Ş.-Rönesans Medikal Yatırımları A.Ş.-Şam Yapı San. Ve Tic. Ltd. Şti. - Şentürkler Müh. Müt. İnş. Taah. Tur. ve Tic. A.Ş. Joint Venture”. The annual rent will be 54.750.000 TL. The hospital currently in operation.

#### **1.1.6. Public Health Agency of Turkey & Drug and Medical Device Institution of Turkey Campus Project:**

Public Health Agency of Turkey and Drug and Medical Device Institution of Turkey Campus is a high technology health facility project with public-private partnership model in Ankara Province and consist of one Customer Safety Reference Laboratory Building, two Infection Disease Reference Laboratory Buildings, two Drug and Medical Device Analysis and Control Laboratory Buildings, one Research and Reference Laboratory Building including Biosecurity Level 3 (BSL-3-P3) and Biosecurity Level 4 (BSL-4-P4) Units, one Experimental Animals Production, Test and Research Building, Public Health Agency of Turkey Administrative Building, Drug and Medical Device Institution of Turkey Administrative Building, Data

Centre, Social Facility and Technical Facility. Construction period of the project shall be 2 years and operation period 15 years. Final tender was made on June 14, 2013. Successful tenderer of this Project is “Yıldızlar İnş.ve Tic. A.Ş.”. Ministry of Health Directorate of Public-Private Partnership and Yıldız İnş.ve Tic. A.Ş. signed the Contract on September 12, 2013.

#### **1.1.7. Mersin Integrated Health Campus Project:**

Mersin Integrated Health Campus is a health facility project with public-private partnership model in Mersin Province and will have 1.250 bed capacity within its District Hospital, Cardiovascular Diseases Hospital, Oncology Hospital, Maternity and Children Hospital, and Psychiatry Hospital. Construction period of the project shall be 3 years and operation period 25 years. Final tender was made on May 11, 2012. Successful tenderer of this Project is “YDA İnş. San. ve Tic. A.Ş. & Inso Sistemi Per Le Infrastrutture Sociali S.P.A. Joint Venture”. The annual rent will be 140.900.000 TL. The hospital is currently in operation.

#### **1.1.8. Manisa Education and Research Hospital Project:**

Manisa Education and Research Hospital is a health facility project with public-private partnership model in Manisa Province and have 558 bed capacity. Construction period of the project shall be 2 years and operation period 20 years. Final tender was made on October 05, 2011. Successful tenderer of this Project is “YDA İnş. San. ve Tic. A.Ş. & Inso Sistemi Per Le Infrastrutture Sociali S.P.A. Joint Venture”. The annual rent will be 64.250.000 TL. Hospital is currently in operation.

#### **1.1.9. Konya Karatay Integrated Health Campus Project:**

Konya Karatay Integrated Health Campus is a health facility project with public-private partnership model in Konya Province and will have 838 bed capacity within its District Hospital, Maternity and Children Hospital. Construction period of the project shall be 3 years and operation period 25 years. Final tender was made on January 30, 2012. Successful tenderer of this Project is “YDA İnş. San. ve Tic. A.Ş. & Inso Sistemi Per Le Infrastrutture Sociali S.P.A. Joint Venture”. The annual rent will be 88.791.634 TL. The construction of project still continues and the bed capacity is planned to be increased to 1.250.

**1.1.10. Gaziantep Integrated Health Campus Project:**

Gaziantep Integrated Health Campus is a health facility project with public-private partnership model in Gaziantep Province and will have 1.875 bed capacity within its District Hospital, Oncology Hospital, Maternity and Children Hospital, Cardiovascular Diseases Hospital, Psychiatry Hospital, High Security Forensic Psychiatry Hospital and Physiotherapy and Rehabilitation Hospital. Construction period of the project shall be 3 years and operation period 25 years. Final tender was done on November 01, 2012. Successful tenderer of this Project is “Samsung C&T Corporation - Kayı İnş. San. ve Tic. A.Ş. - Salini S.P.A. - Simed International B.V. - Studio Altieri Spa - HAN Teknik Müşavirlik Mühendislik Mimarlık A.Ş. Joint Venture”. It is planned to be start operation in 2021.

**1.1.11. PTR, Psychiatry and High Security Forensic Psychiatry Hospitals Project:**

PTR, Psychiatry and High Security Forensic Psychiatry Hospitals is a health facility project with public-private partnership model in Afyon, Diyarbakır, Erzurum, İstanbul-Bakırköy, Malatya, Samsun, Trabzon and Van Provinces and will have 2.400 bed capacity in total. Construction period of the project shall be two years and operation period shall be twenty-five years for all. Final bids were submitted on December 14, 2012. Successful tenderer of this project is “Sıla Dan.Bilş.Eğt.İnş.Taah.Tic.ve Sağ.Hizm.Ltd.Şti.-Şentürkler Müh. İnş. Taah. Turizm. San. Ve Tic. A.Ş.-Ş.A.M Yapı San. Ve Tic Ltd.Şti-Rönesans Medikal Yatırımları A.Ş.-Rönesans Holding A.Ş. Joint Venture”.

---

**1.1.12. Adana Integrated Health Campus Project:**

Adana Integrated Health Campus is a health facility project with public-private partnership model in Adana Province on 436.750 m<sup>2</sup> land and will have 1.550 bed capacity within its District Hospital, Oncology Hospital, Maternity and Children Hospital, Cardiovascular Diseases Hospital, High Security Forensic Psychiatry Hospital, and Physiotherapy and Rehabilitation Hospital. Construction period of the project shall be 3 years and operation period 25 years. Final tender was made on October 05, 2012. Successful tenderer of this Project is “Sıla Danışmanlık Bilişim Eğitim İnşaat Taahhüt Ticaret ve Sağlık Hizmetleri Limited Şirketi - Şentürkler Mühendislik İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş. - Rönesans

Holding A.Ş. - Rönesans Medikal Yatırımları A.Ş. - Şam Yapı Sanayi ve Ticaret Ltd. Şti. Joint Venture”. The annual rent will be 115.500.000 TL. The hospital is currently in operation.

**1.1.13. İzmir Bayraklı Integrated Health Campus Project:**

İzmir Bayraklı Integrated Health Campus is a health facility project with public-private partnership model in İzmir Province and will have 2.060 bed capacity within its General Hospital, Maternity and Children Hospital, Cardiovascular Surgery Hospital, Oncology Hospital, Physiotherapy and Rehabilitation Hospital, Psychiatry Hospital and High Security Forensic Psychiatry Hospital. Construction period of the project shall be 3 years and operation period 25 years. Final tender was made on December 10, 2012. Successful tenderer of this Project is “Türkerler İnş. Tur. Madencilik Enerji Üretim Tic. ve San. A.Ş.-Gama Holding A.Ş. Joint Venture”. The hospital is planned to start operation in 2020.

**1.1.14. Isparta City Hospital Project:**

Isparta City Hospital is a health facility project with public-private partnership model in Isparta Province on 180.000 m2 land and will have 755 bed capacity within its General Hospital and Maternity and Children Hospital. Construction period of the project shall be two years and operation period shall be twenty-five years. Final tender was made on February 22, 2013. The successful tenderer of this Project is “Akfen İnş. Tur. ve Tic. A.Ş.”. Ministry of Health Directorate of Public-Private Partnership and Akfen İnş. Tur. Ve Tic. A.Ş. signed the Contract on September 12, 2013. The hospital is currently in operation.

**1.1.15. Bursa Integrated Health Campus Project:**

Bursa Integrated Health Campus is a health facility project with public-private partnership model in Bursa Province and will have 1.355 bed capacity within its District Hospital, Cardiovascular Diseases Hospital, Oncology Hospital, Psychiatry Hospital, High Security Forensic Psychiatry Hospital and Physiotherapy and Rehabilitation Hospital. Construction period of the project shall be 3 years and operation period 25 years. Final tender was made on December 06, 2012. Successful tenderer of this Project is “Şentürkler Müh. Müteahhitlik İnş. Taahhüt Turizm Sanayi ve Ticaret A.Ş. – Sıla Danışmanlık Bilişim Eğitim İnş. Taahhüt Tic. ve Sağlık Hizmetleri Limited Şirketi – Medical Park Sağlık Hizmetleri A.Ş. Joint Venture”.

The construction started in 2015 and finished in 2018. The project is currently in operation.

**1.1.16. Kocaeli Integrated Health Campus Project:**

Kocaeli Integrated Health Campus is a health facility project with public-private partnership model in Kocaeli Province on 226.626 m2 land and will have 1.180 bed capacity within its District Hospital, Oncology Hospital, Maternity and Children Hospital, Cardiovascular Diseases Hospital, High Security Forensic Psychiatry Hospital and Physiotherapy and Rehabilitation Hospital. Construction period of the project shall be three and operation period shall be twenty-five years. Final tender was made on May 15, 2013. Successful tenderer of this Project is “Gama Holding A.Ş.- Türkerler İnş. Turz. Mad. En. Ür. Tic. ve San. A.Ş. Joint Venture”. The hospital is planned to start operation in 2020.

**1.1.17. Eskişehir Integrated Health Campus Project:**

Eskişehir Integrated Health Campus is a health facility project with public-private partnership model in Eskişehir Province and will have 1.081 bed capacity within its General Hospital, Oncology Hospital, Cardiovascular Diseases Hospital and High Security Forensic Psychiatry Hospital. Construction period of the project shall be two years and operation period will be twenty-five years. Final tender was made on December 26, 2014. Successful tenderer of this Project is “Akfen İnş. Tur. Tic. A.Ş.”. The hospital is currently in operation.

**1.1.18. Tekirdağ Health Campus Project:**

Tekirdağ Health Campus is a health facility project with public-private partnership model in Tekirdağ Province and will have 480 bed capacity within its General Hospital, Ambustion Hospital, Maternity and Children Hospital, Newborn Intensive Care Unit. Construction period of the project shall be two years, if extension is granted, shall be three years and operation period shall be twenty-five years. Successful tenderer of this Project is “Akfen İnş. Tur. Tic. A.Ş.”. The project is planned to be completed and the hospital is planned to start its operation in 2020.

**1.1.19. Şanlıurfa Health Campus Project:**

Şanlıurfa Health Campus is a health facility project with public-private partnership model in Şanlıurfa Province and will have 1.700 bed capacity within its Education and Research Hospital, Maternity and Children Hospital, Cardiovascular Hospital, Oncology Hospital, Rehabilitation Hospital and Psychiatry Hospital. Construction period of the project shall be three years, if extension is granted, shall be maximum four years and operation period shall be twenty-five years. Successful tenderer of this Project is “YDA Group”. The project is planned to be completed in 2021.

#### **1.1.20. Kütahya Health Campus Project:**

Kütahya Health Campus is a health facility project with public-private partnership model in Kütahya Province and will have 600 bed capacities within its Public Hospital and Physiotherapy and Rehabilitation Hospital. Construction period of the project shall be 2 years, if extension is granted, shall be maximum 3 years and operation period shall be 25 years. Preliminary qualification tender has already been announced. The process is currently in decision phase for this project and in this respect the final bids from the tenderers are collected for the final decision. Successful tenderer for the project is “Gürüş İnşaat ve Mühendislik A.Ş.” The project is planned to be completed in 2020.

## **2. Health Campus Project with PPP of Which Tender Process is not Completed**

### **2.1. Samsun Health Campus Project:**

Samsun Health Campus is a health facility project with public-private partnership model in Samsun and will have 900 bed capacity within its Maternity and Children Hospital, Cardiovascular Surgery and Chest Diseases Hospital and Oncology Hospital. Construction period of the project shall be 2.5 years, if extension is granted, shall be maximum 3.5 years and operation period shall be 25 years. Preliminary qualification tender has already been announced. Tender process has not been concluded yet.

### **2.2. Denizli Health Campus Project:**

Denizli Health Campus Project is a health facility project with public-private partnership model in Denizli Province and will have 1.000 bed capacity within its General Hospital, Maternity

and Children Hospital, Oncology Hospital, Cardiovascular Diseases Hospital, Psychiatry Hospital. Construction period of the project shall be 2.5 years, if extension is granted, shall be maximum 3.5 years and operation period shall be 25 years. Tender process is planned to be completed in 2020 and the project is planned to be started in 2021.

### **2.3. İzmir Yenişehir (Tepecik) City Hospital Project:**

İzmir Yenişehir (Tepecik) City Hospital is a health facility project with public-private partnership model in İzmir Province and will have 1.200 bed capacities. Tender preparation process is still proceeding.

### **2.4. Aydın Physiotherapy and Rehabilitation Hospital Project:**

Aydın Physiotherapy and Rehabilitation Hospital is a health facility project with public-private partnership model in Aydın Province and will have 150 bed capacities. Tender preparation process is still proceeding.

## **3. Upcoming Projects:**

### **3.1. İstanbul Sancaktepe City Hospital Project:**

İstanbul Sancaktepe City Hospital is a health facility project with public-private partnership model in İstanbul and will have 3.800 bed capacities. This Project is still under approval process of High Planning Council and The Health Minister announced that the tender process is planned to be finished by the end of 2016. Tender is cancelled in October 2019. New tender for construction will take place after the project drawing is completed.

### **3.2. Antalya City Hospital Project:**

Antalya City Hospital is a health facility project with public-private partnership model in Antalya Province and will have 1.000 bed capacities. This Project is still under approval process.

### **3.3. Diyarbakır Kayapınar Hospital Project:**

Diyarbakır Kayapınar Hospital is a health facility project with public-private partnership model in Diyarbakır Province and will have 750 bed capacities. This Project is still under approval

process . The area on which the hospital will be built on is planned to be determined in 2020.

### **3.4. Aydın City Hospital Project:**

Aydın City Hospital is a health facility project with public-private partnership model in Aydın Province and will have 800 bed capacities. This Project is still under approval process.

### **3.5. Trabzon City Hospital Project:**

Trabzon City Hospital is a health facility project with public-private partnership model in Trabzon Province and will have 600 bed capacities. Pre-feasibility studies of this Project are still proceeding.

### **3.6 Ordu City Hospital**

Ordu City Hospital is a health facility project with public-private partnership model in Trabzon Province and will have 900 bed capacities. It is tender has been made and currently the appropriate place is been searched to construct hospital.

### **3.7 Sakarya City Hospital**

Sakarya City Hospital is a health facility project with public-private partnership model in Trabzon Province and will have 1000 bed capacities. It is tender has been made.

## **D. HIGHWAY PROJECTS WITH BUILD OPERATE TRANSFER (B.O.T) MODEL IN TURKEY**



As being one of the first countries in the world to have developed its own PPP legislation, private sector involvement in construction, maintenance and operation of the motorways in Turkey was first allowed in 1988 with the Law No. 3465 on “Assignment of the institutions besides of General Directorate of Highways (KGM) for building, maintenance and operation of the access controlled highways (Motorway)” which removed the monopoly position of the General Directorate for highway construction, maintenance and operation.

With the BOT Law No. 3996 enacted in 1994 the legal framework for the road and bridge construction with PPP Model has got a more solid basis.

Following the main highway and bridge project carried out with PPP model:

Highway Projects with Build Operate Transfer Model of Which the Tender Procedure is in Progress

4. **Kınalı – Odayeri Part of the Northern Marmara Highway (European Side):** Total length of this highway will be 149 km.

***Intern Att. İrem Firuze Küçük***

Within the scope of Kınalı - Yassıören Junction Section (1st Section), 15.3 km long, between Çatalca Junction-Yassıören Junction Km: 27 + 862-41 + 167 (Except Nakkaş Junction and Connection Road) and Habibler-Hasdal Section (7th section) , 1.1 km long, between Km: 61 + 117 - 62 + 105 and Habibler Junction (A, B, F, G, H Intersection Arms), Partial Acceptance was made and opened to traffic on 16.03.2019.

The Kinalı Junction-Catalca Junction which is within the scope of the 1st Section, was opened to traffic on 08.03.2020. Thus, with the opening of Kınalı-Çatalca Section to traffic, vehicles entering from Kınalı location to the west of Silivri will be able to travel uninterruptedly via Dilovası and Bursa to İzmir using the Yavuz Sultan Selim Bridge and the Northern Marmara Motorway. Expropriation and construction works continue in Habibler-Hasdal (7th Section).

**4.1. Kurtköy – Akyazı Part of the Northern Marmara Highway (Asian Side):** Total length of this highway will be 187 km.

Within the scope of this Project, 66.7 km of highway is currently open to traffic. For detailed information please visit the link below:

<https://www.kgm.gov.tr/Sayfalar/KGM/SiteTr/Projeler/OtoyolProjeleri/KurtkoyAkyazi.aspx>

Work continues at Liman Junction-Izmit Junction Section (5th Section) and Izmit Junction-Akyazi Section (Section 6). Expropriation studies continue in the same sections.

---

## **5. Upcoming Highway Projects with Build Operate Transfer Model of Which are Under the Approval Process of the Ministry of Development**

**5.1. Ankara – Niğde Highway Project:** Total length of this highway will be 330 km. This project is particularly important since this is the only non-highway part of the main corridor from Edirne (Greek Border) to Şanlıurfa (Syrian Border).

**5.2. Ankara – Kırıkkale – Delice Highway Project:** Total length of this highway will be 119 km. Being an important part on the west-east corridor, this highway will also serve Kayseri one of the most important industrialized cities in Anatolia.

**5.3. Çiğli – Aliağa – Çandarlı Highway Project:** Total length of this highway will be 76 km. This project takes its significance from serving in Çandarlı/İzmir transshipping port which will be largest in Turkey upon completion.

**5.4. Kınalı – Tekirdağ – Çanakkale – Baltkesir Highway Project:** Total length of this highway will be 352 km. This Project shall be contracted under two different tenders: (1) Çanakkale Suspension Bridge (52 km) and (2) the main highway (300 km). After three bridges connecting Europe and Asia on the Bosphorus, Canakkale Suspension bridge in the Dardanelles shall be the fourth connecting two continents which is expected to relieve the traffic on Istanbul's Bosphorus bridges.

## **6. Targeted Highway Projects with Build Operate Transfer Model within the 2023 Vision**

- Yalova – İzmit Highway Project (91 km)
- Antalya – Alanya Highway Project (187 km)
- Ankara – Sivrihisar Highway Project (164 km)
- Mersin – Silifke (Taşucu) Highway Project (98 km)
- Şanlıurfa – Diyarbakır – Habur Highway Project (454 km)
- Aydın – Denizli – Burdur Highway Project (315 km)
- Delice – Samsun Highway Project (447 km)
- Sivrihisar – İzmir Highway Project (408 km)
- Afyonkarahisar – Burdur – Antalya Highway Project (350 km)

- Sivrihisar – Bursa Highway Project (231 km)
- Gerede – Merzifon Highway Project (336 km)
- Merzifon – Gürbulak Highway Project (919 km)

## **7. Turkey's Policies Regarding PPP in the Medium Term Program (2019-2021)**

The 242 PPP project at the stage of closing or under construction amounting to total 63.8 billion USD has been implemented from 1986 to the end of 2018 among which 210 of them are in business and 32 of them are financial. Total contract value of these projects is approximately 140 billion USD. With the Medium Term Program (2019-2021);

- ❖ It is envisaged to establish a framework for Public Private Cooperation (PPP) practices to be more effective and financially efficient and to ensure that the practices are integrated in this framework.

Within the framework of Investment Policies in the 2019 Presidential Annual Program the objectives related to the Public Investments determined are listed below:

- The main objective is to direct public investments to priority infrastructure areas that will support the private sector's innovative and productive investments and trade, and increase the well-being and happiness of our citizens.
- Economic and social infrastructure investments supporting the development potential will be prioritized while maximum savings are made from public investment expenditures.
- Public infrastructure investments; It will be planned and executed in a way to support the reduction of production costs in the private sector, the creation of new production capacities, and thus the innovative and competitive development of production.
- Planning, implementation, monitoring of public investment projects and evaluation process will be strengthened and capacities of public institutions and organizations will be improved accordingly.

The following measures to achieve these goals are formed:

- Monitoring the PPP projects to build a stronger relationship with the budget evaluation system will be strengthened.
- Capacity building project covering public institutions operating in PPP field will be

completed.

→ Framework legislation preparations for PPP applications will be made.

Again in the said program, 2019 targets in the field of Public Private Cooperation are determined as follows:

- ★ In PPP investments, the effects of obligations arising from contracts on public financial balances will be taken into consideration, project processes will be handled in an integrated manner and the quality of pre-implementation preparation processes such as planning, survey, tender and contract will be increased.
- ★ The PPP capacity building project, which was initiated for this purpose and aimed at improving the processes by taking into consideration the international application examples, will be completed and the monitoring and evaluation of the projects will be continued effectively;
- ★ Care will be taken to choose the PPP method in cases where it provides cost effectiveness in realizing the investments, paying attention to sharing the possible burden, returns and responsibilities in a balanced way between the public and the private sector.

**For more Technical Information Regarding the PPP Projects in Turkey Please Visit 2018 Report Published by Presidency of the Republic of Turkey Strategy and Budget Presidential:**

[https://www.sbb.gov.tr/wp-content/uploads/2019/05/Kamu-Ozel\\_Isbirligi\\_Raporu-2018.pdf](https://www.sbb.gov.tr/wp-content/uploads/2019/05/Kamu-Ozel_Isbirligi_Raporu-2018.pdf)

## **8. Public Private Partnerships in the EU: Widespread shortcomings and limited benefits<sup>23</sup>**

The public and the private sector provide goods and services which are conventionally supplied by the public sector with Public-Private Partnership (PPP) projects. Since the 1990s, 1749 PPPs worth a total of 336 billion euro have reached financial close in the EU. Most PPPs have been implemented in the field of transport, which in 2016 accounted for one third of the entire year's

---

<sup>23</sup> <https://op.europa.eu/webpub/eca/special-reports/ppp-9-2018/en/> This Report was adopted by Chamber II, headed by Mrs Iliana IVANOVA, Member of the Court of Auditors, in Luxembourg at its meeting of 7 February 2018. Target implementation date: by the end of 2019.

investment, ahead of healthcare and education. Although the Commission's policy has been encouraging the use of PPPs for some years<sup>24</sup> as a potentially effective means of delivering projects, we identified that during the 2000-2014 period just 84 PPPs, with a total project cost of 29.2 billion euro, received 5.6 billion euro in funding from the EU.

According to UE Special Report No 09 2018, Implementing successful PPP projects requires considerable administrative capability that can be ensured only through suitable institutional and legal frameworks and long-lasting experience in the implementation of PPP projects. They found that these are currently available only in a limited number of EU Member States. Therefore, the situation does not match the EU's aim to implement greater part of EU-funds through blended projects, including PPPs.

The Organisation for Economic Co-operation and Development (OECD) defines Public-Private Partnerships (PPPs) as "long term contractual arrangements between the government and a private partner whereby the latter delivers and funds public services using a capital asset, sharing the associated risks"<sup>25</sup>. This shows that PPPs can be designed to achieve objectives in diversified sectors, such as transport, social housing and healthcare.

The main difference between PPPs and traditional projects is the risk-sharing between the public and private partner. The private partner is generally responsible for risks, design, construction, financing, operation and maintenance of the infrastructure. The public partner usually takes on regulatory and political risks only.

There is a lot of PPP contracts /agreement form. The most known is the BOT : BUILD, OPERATE, TRANSFER. The most common form of PPP is the "Design-Build-Finance-Maintain-Operate" (DBFMO) contract<sup>26</sup>. Here, the private partner is entrusted with all project phases from design to

---

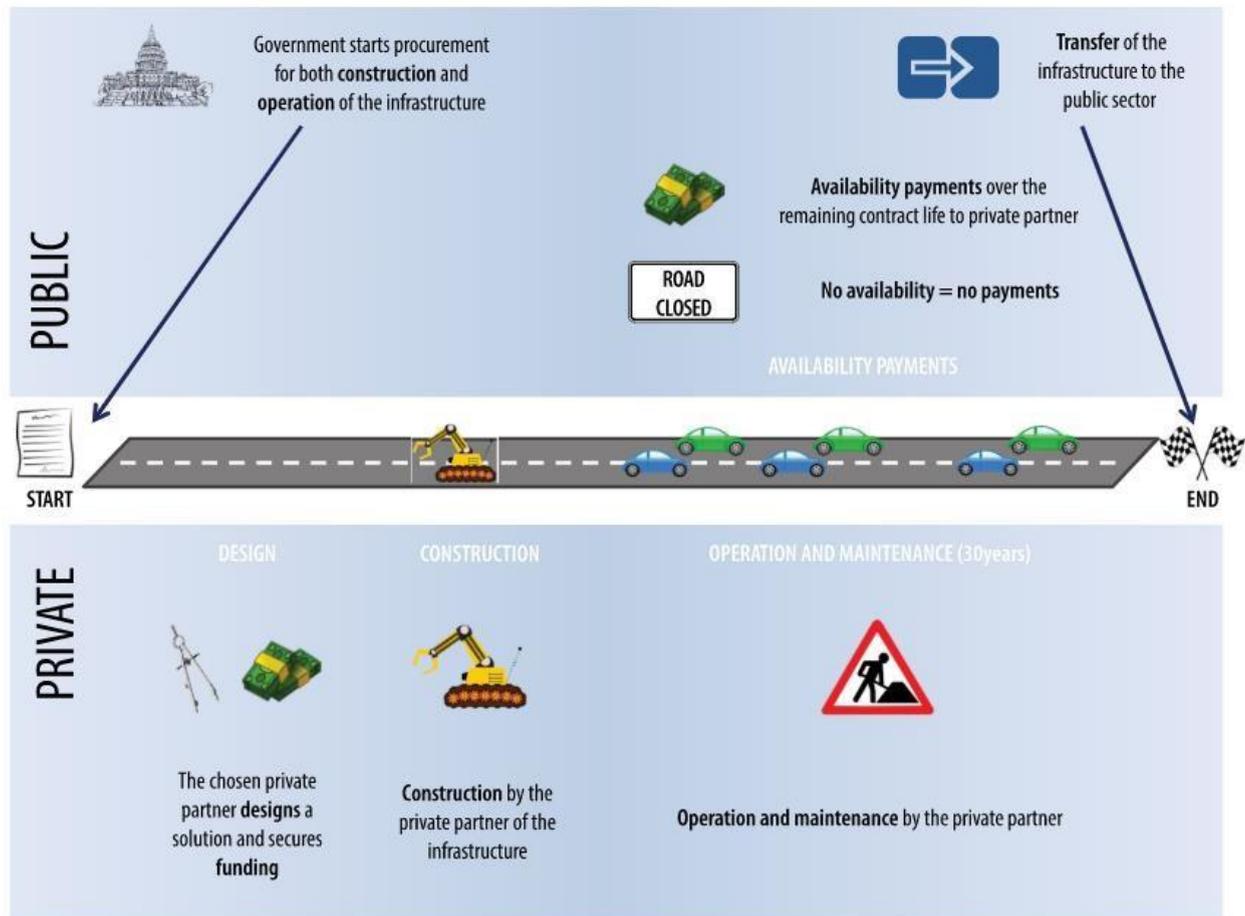
<sup>24</sup> e.g. the Europe 2020 strategy

<sup>25</sup> OECD, "Principles of Public Governance of Public-Private Partnerships", 2012.

<sup>26</sup> The three main PPP categories are: (a) concessions, where, typically, final users of the service pay the private partner directly, with no (or reduced) remuneration from the public sector; (b) joint-ventures, or institutional PPPs, where both the public and private sector become shareholders in a third company; (c) contractual PPPs, where the relationship between the parties is governed by a contract.

construction, operation and maintenance of the infrastructure, including fundraising. This long-term perspective is known as the “whole life approach”.

### Scheme of a typical DBFMO availability-based<sup>5</sup> PPP



Source: European Court of Auditors.

### 8.1. Why the Public actors are interested for implementing PPPs

These include the following:

- earlier delivery of a planned capital investment programme, as PPPs can provide an important additional funding to complement traditional budgetary envelopes;
- the possibility of efficiency gains in project implementation by completing individual projects faster;

- the possibility of sharing risks with the private partner and optimising costs throughout their life-time;
- the possibility of better maintenance and service levels than traditional projects through a whole life approach;
- the possibility of combining public and private expertise in the most effective manner to perform in-depth project assessment and achieve optimisation of the project scope.

## 8.2. PPPs and EU Funds

PPP projects that combine EU funds with private financing resources are called blended PPPs. By blending EU funds in a PPP, the public sector can make a project more affordable by lowering the required financing levels. There has been a tendency towards a more intensive leverage of public funds with private finance through PPPs.

## 8.3. PPPs projects sector which are EU- supported

### Funds allocated to EU-supported PPP projects for the period 2000-2014, in million euro, by sector

Sectors	Number of projects	Total cost	%	EU contribution	%
Transport	24	25 538	87	4 555	81
ICT	28	1 740	6	472	8
All other sectors	32	1 964	7	613	11
<b>Total</b>	<b>84</b>	<b>29 242</b>	<b>100</b>	<b>5 640</b>	<b>100</b>

Source: ECA on the basis of data provided by the Commission, EPEC and selected Member States.

## 8.4. Observation of Report authors about real effects and benefits of PPPs

According report authors the audited PPP projects enabled faster policy implementation and had the potential for good standards of operation and maintenance, but were not always effective in

achieving their potential benefits

### **8.5. Acceleration of Project achievement**

With traditional procurement, private companies engaged on large infrastructure projects are paid during the construction period, which usually lasts a limited number of years. Public authorities are therefore required to provide for sufficient budgetary resources to finance all construction in a relatively short period of time. Where funding is insufficient projects may be split into a number of different sections to be procured in different years as the budget allows, and this spreads construction of the complete infrastructure over larger number of years. PPPs, on the other hand, typically require the private partner to finance all construction and then be reimbursed by the public partner or by users during the operational period of the contract, which usually lasts more than 20 years and can often be as long as 30. This enables the public partner immediately to commence construction of the entire infrastructure, and thus to hasten completion and the achievement of all benefits deriving from the infrastructure as a whole.

### **8.6. PPPs effects on insufficient competition**

With very high-value contracts, only a small number of operators, perhaps as few as one, are able to offer all the products or services requested; this could place the contracting authority in a position of dependence. To award a PPP contract, it is necessary to identify and negotiate all aspects relating to project implementation, financing, operation and maintenance - including indicators and performance measurement systems that are usually not part of traditional project procurement.

Infrastructure projects implemented through a PPP are more likely to achieve efficiency gains than traditional projects, by completing project construction on time and on budget. This is because the private partner will normally have a strong incentive to finish construction works as contracted so as to allow the timely start of availability payments or user fees and avoid cost increases for which it usually bears the risks. However, it was found that on examined projects for the report the potential benefits of PPPs often failed to materialise, as the infrastructure was not

completed within the planned time and cost.

### **8.7. The public partners over-optimism regarding future demand and use of the planned infrastructure**

The fact that payments can be spread over a period of 20-30 years reduces the pressure to optimise the project scope in accordance to the real needs and therefore increases the risk of public entities entering into bigger infrastructure projects than are needed or they would otherwise be able to afford. Together with over-optimistic scenarios regarding future demand and use of the planned infrastructure, this can lead to under-used projects with less value for money and fewer benefits than expected.

### **8.8. Problems which occurred if the PPP option is chosen without any prior comparative analysis**

The report show that As many countries do not require the full costs of PPPs to be budgeted for up front at the time the commitment is made, and annual charges are only recognised several years after project approval and the end of construction, any statement of costs of PPPs is greatly delayed and appears well after the key decisions are made. As PPPs have long-term implications for future generations, their selection requires especially robust analysis and justification. Good management practices envisage performing comparative analyses between different procurement options (e.g. traditional vs PPP) in order to select the one that offers best value for money. . Although the structuring, tendering and implementation of PPP projects fall exclusively within the competence of Member States, the Commission can play an important role when it has to approve major projects to be co-financed by EU resources

### **8.9. Though familiar with PPPs, not all of the Member States visited for the report have well-developed institutional and legal frameworks**

To be successful, PPPs require robust and comprehensive legal and institutional frameworks and processes. Furthermore, the successful delivery of PPPs also depends to a large extent on the

administrative capacity of the responsible authorities.

In France and Ireland, the PPP framework operates only for specific types of PPPs at central level: In France, the comprehensive institutional framework operated mainly for the Contrats de Partenariat (CPs) – such as the common DBFMO availability-based PPP scheme - which are negotiated at national level. Other forms of PPPs, such as the ‘Délégation de Service Public’ (concession type PPPs) and CPs at regional level were not subject to similar arrangements. In Ireland, contractual arrangements such as those for the MAN project are not subject to the same scrutiny procedures and comparative analysis as availability-based PPPs, which could possibly have prevented poor planning in this instance .

In Greece, the PPP framework operates only for projects with construction cost of less than 500 million euro, which excludes very large infrastructure projects such as the three motorways selected for our audit<sup>34</sup> from the obligatory assessments laid down in the PPP law. This situation does not make it easy for the department responsible for PPPs to apply established procedures and consistently benefit from the experience of the PPP unit in the case of large –scale projects.

Spain had no dedicated department or PPP unit to support the implementation of the audited PPP projects: PPPs were therefore unable to benefit from standardised contract clauses, guidance and tools at central level. The Spanish PPP projects were not subject to comparative analysis with other procurement options or any other specific value-for-money assessments tailored for PPP projects.

#### **8.10. Despite the long-term implications of PPPs, the visited Member States have not developed a clear strategy for their use**

Report show that most of the Member States we visited had not a clear policy and strategy with regard to the use of PPPs:

In Ireland and Greece, PPPs were considered mainly as a source of additional funding, either in order to finance mainly supplementary investments, i.e. additional projects that could not be covered under the national capital budget, through PPPs (Ireland) or to attract private funds

(Greece).

In France, there is no strategic approach to using PPPs. The Government has tried to incentivise the use of PPPs as an anti-cyclical measure to face down the financial and economic crisis, but has given no clear indications on the role PPPs should play in investment strategies. For example, the audited PPP projects in the broadband sector were implemented without having an overall strategy at national level in place to achieve the objective to ensure high speed internet access for all .

In Spain, PPP projects were identified on the basis of their maturity and not on the basis of their relevance, impact or value-for-money, which explains why, for example, a more mature project on a less traffic-intensive section of the A-1 motorway was implemented through a PPP.

## **9. PPP Projects in France**

### **9.1. General Considerations**

PPP projects are partnerships between Public Sector and Private sector. Until 2015 even if this notion was known and used to make reference to long term contracts with private financing and deferred public payment, it was not transcribed into law or other regulations.

Before the entry into force of Ordinance No. 2015-899 of July 23, 2015<sup>27</sup>, PPPs not only referred to partnership contracts, resulting from Ordinance No. 2004-559 of June 17, 2004 (in force), but also other "round trip" arrangements: temporary occupation permits - rentals with purchase option (AOT-LOA), long-term administrative leases (BEA) and sector contracts such as BEA hospital or BEA police, justice, army. However, within the meaning of European Union law, all public procurement contracts are structured around the distinction between public procurement on the one hand and concession contracts on the other. PPP's often had a risk of re-qualification in public

---

<sup>27</sup> abrogated with the Ordonnance no. 2018\*1074 of Novembre 26,2018

procurement or in works concession. In the frame of the transposition of the "public procurement" directives, a clear delimitation of the category of "procurement" "was operated. The reform that came into force on April 1, 2016 harmonizes and unifies the various PPP arrangements in the single form of the renovated "partnership market".

PPP are new tools to associate private firms to public investments and public services operation like to public tenders or public services delegation. In strict meaning PPP are public tenders with specific conditions.

PPP are administrative partnership global contracts. In these contracts Public Legal entities entrusted to third legal entities a mission for a determined time. This mission is global and contains to finance, to construction or transformation, the maintenance, the operation, the welfare, management of labour, management of facilities or management of intangibles. It may also have as its object all or part of the conception of these works, equipment or intangible goods. In the same manner, it may also have as its object to the provision of services contributing to the exercise, by the public person, of the public service mission for which it is responsible.

**This type of contracts is subordinate to some conditions.**

- a minimum threshold: between 2 and 10 million euro depending on the contract object.
- the justification for using this type of contract: the purchaser should demonstrate that this contract is more favourable, especially financially, rather than another possibility to achieve these services. To demonstrate it the purchaser should consider the projects characteristics, the public mission characteristics, or insufficiency and difficulty met on the set up of similar projects.

Before to choose a PPP the public legal entity should evaluate his other legal possibilities for the project delivery. A budgetary sustainability study should be carried with also a study of the PPP contract choice consequences. The study result is submitted to an expert agency to take their opinion. This contract are used for big infrastructure projects. Local governments can also use this contracts for realisation or renovation of college and secondary schools, or street lightings.

## **9.2. Conditions settled with the Ordinance No. 2004-559 of June 17, 2004**

### **1. The necessary evaluation before the start of the award procedure (Art 2)**

This evaluation should be carried by a public body and one expert organism which is ability by decree.

Firstly with this evaluation it should be showed that the public public law body has one of the following 3 leakages : not be able to answer or to determine alone and in advance technical necessities he needs, not be able to establish the financial or legal settlement of the project,or that the project is urgent. Secondly, Explains precisely the economic, financial, legal and administrative reasons which push it, after a comparative analysis, in particular in terms of overall cost, performance and risk sharing, of different options, to choose the proposed project and to decide to initiate a procedure for public-private partnership contract.

### **2. Principles which should be respected (Art 3,6, 7)**

Open access, equal treatment of candidates, the objectivity of procedures, and prior publicity to permit to all do apply are key points which have to be respected on all PPP.

### **3. Dialogue between the Public authority and successful applicants ( Art 7)**

The public authority have to call for tender and It should be a minimum of 40 days between the call for tender and and the deadline for receipt of applications. Thereafter a dialogue is initiated with minimum 3 or 5 applicant. With this dialogue the purpose is to define the technical and lega means and financial arrangement best suited to meet to the public authority needs. The public authority can engage the dialogue about all of the PPP aspect during minimum 1 month. When the dialogue is finalised, the public authority request final offers of successful applicants. The public authority can request some clarifications, or more detailed informations about this final offer.

#### **4. The Private partners choice (art 8)**

The application which is economically the more advantageous should be chosen but there is other additional criteria which are take account as performance targets, the technical value, the innovative character, the lead time, aesthetic or functional quality, and the part of the contracts which will be executed by small and medium sized enterprise.

#### **5. Clauses which must appear on PPP agreements ( Art 11)**

The clause which should appear on PPP agreement appears are the Ordinance. This clauses are clauses relative to the duration, risk sharing, quality criteria, the remuneration, parties obligations, controls, guarantee clause for progressive payments to subcontractor, penalty clauses, the case of the unilateral decision to change the conditions of the contract by the public body, the public partners right of control for the cession of the contract to an another private party, advance termination of the contract, dispute resolution mechanisms etc.

### **E. CONCLUSION**

PPP projects are originated from the need for additional finance under the ongoing economic program. Through this method, implementation of the projects is conducted much faster, operation and construction costs would reduce and enhanced public management system is provided. Additionally, private sector's managerial skill is transferring to public services.

PPP method is also criticized since the capacity of the state in delivering services decreases, public funding are wasted and all these result in a sort of reduction of confidence of the society against the government. PPP method is sometimes is interpreted by the society as an alternative and allure way of privatization. However, it is also argued that these prejudices are resulting from uncertainty about the outcomes of PPP projects. Currently there is not any completed PPP project which would decrease people's concern.

The fundamental problem of the PPP applications in Turkey is that it lacks central administrative

structure for the PPP projects. As mentioned above, previously PPP projects in health sector were governed by the Supplemental Article 7 of the Health Services Law No. 3359 and the Regulation on the Construction of Health Facilities in Return for Lease and the Renovation of Health Facilities in return for Management of Non-Medical Services and Areas. Since this Law were not detailed enough, the Law on “*Building and Renewal of Facilities and Procurement of Services through Public Private Partnership Mode*” No. 6428 has been enacted and came into force. However, it only covers the PPP projects for healthcare facilities. Therefore, this law cannot supply the lack of general regulation about PPP

It can be suggested that, enacting a new comprehensive PPP law in order to extend the scope in terms of the applicable PPP models and sectors and establishing a central public body responsible for coordinating the PPP process, policy setting and improving the institutional capacity of the implementing organizations would resolve people’s concerns about PPP and assist to carry out the PPP projects more secure.

In conclusion, PPP model, one way or another, would provide to ensure efficiency in the delivery of public services much faster and much qualified consequences of which the society as the end user would benefit from.