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Effects of Public-Private Partnerships Investments on Economy: A Case Study for Turkey / Kamu Özel İşbirliği Yatırımlarının Ekonomik Etkileri: Türkiye Üzerine Bir Çalışma

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ABSTRACT

In countries with low and middle income in the world, fast-growing population and urbanization result in the need of improving economic and commercial activities together with the infrastructure investments. However, with the current budget constraints, the difficulty of meeting these infrastructural investments by the public alone has led to the development of models in which the public and private sectors cooperate. The main objective in the Public and Private Partnership (PPP) model is to finance and construct the project through the private sector. Thus, there will be no obligation to the government budget on the project financing expense and it will be possible to use limited public expenditures in other areas (Alagöz ve Yokuş, 2017:115). In our country, especially after 2010, PPP investments have entered a rapid growth trend. Within PPP, during the period of 1986-2009, around \$ 13.7 billion were invested for 108 projects and \$ 44.8 billion were invested for 105 projects in the period of 2010-2017 (July). Considering Çanakkale 1915 bridge (2.8 billion dollars), Karapınar Solar Power Plant (1.3 billion dollars) and the 2 Nuclear Power Plants (NPP) costed 40 billion dollars in total investment which are not included in the Ministry of Development PPP inventory records, these PPP projects are getting more and more important for economic balance. In addition to the existing projects, it is obvious that the economic effects of PPP investments will be great when many infrastructural investments such as Kanal İstanbul, 3rd nuclear power plant, Istanbul 3rd Bosphorus tunnel are considered. On the other hand, an average 75% foreign currency credit was used for project financing for PPP investments. It is necessary to analyze the effects of external economic balances on the future turnover due to parameters such as the size of the PPP investments, it's not existing in public budget, and the use of foreign exchange credits (Alagöz ve Yokuş, 2018). The question whether PPP investments with external sources will negatively affect sustainability or the external economic balance of our country is a critical question.

KEYWORDS Public-Private Partnerships; macroeconomic indicators; foreign direct investments

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