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INTELLIGENT TRANSPORT SYSTEMS IN ROAD TRANSPORTATION

Özhan Yılmaz*

Information and communication technologies (ICTs) have caused significant economic and social changes. Widespread usage of internet, increasing amount of devices and services that are connected to the internet and the awareness on the potential of ICTs to cope with societal challenges increase the significance of ICTs in the economy. Within this context, "smart solutions" have become very prominent in our daily lives and it seems that their impact will go on with an increasing trend and they will be the dominant power in order to make the concept of "smart city" a reality through relieving such problems. Transport is one of the most problematic areas for cities. Increasing motorisation as a result of increasing economic development and urbanisation makes transport a delicate matter for policy makers. Traffic congestion has already become a substantial concern for major cities in developed countries that is compromising mobility and accessibility. It is also becoming a significant problem in developing countries as the consequence of rapid urbanisation, enlargement of domestic markets and increase in car ownerships. OECD indicates that rapid motorisation has resulted in severe traffic congestion problem in Istanbul, which increases

travel time loss and unreliability. It is estimated that total economic losses due to traffic congestion is USD 7.2 billion per year in Istanbul.

Intelligent transport systems (ITS) can be defined as comprehensive applications using advanced technologies, information systems, communication devices, sensors and advanced optimization techniques in order to increase transport efficiency. Indeed, ITS solutions are considered as alternatives to expensive infrastructure investments composed of tones of asphalt, concrete and steel. Since the investments to increase the length of the road network require huge budgets and long planning process and cause land degradation these investments are not deemed appropriate investments for solving traffic congestion and accessibility problems. In addition to this, road broadening investments are expensive investments for solving congestion and accessibility problems for only a very short time. European Commission highlights the significant role of innovative solutions and urges to use intelligent transport systems instead of capacity increasing infrastructural investments in order to provide sustainable, efficient and effective mobility.

*Ministry of Development

THEEMAR SME Investment Fund

Mohamed Maher Mannai*

International experience has shown the difficulty of boosting SMEs' growth in emerging economies. These lessons generally conclude that long term efforts are needed to address limitations in the cultural, professional, financial and market environments. To this end, a blend of public and private efforts generally provides the best results. The development of a sustainable SME sector in Tunisia necessarily entails a collaboration of both the public and private sectors.

To this end the THEEMAR SME Investment Fund illustrates this type of successful intervention.

Role of ICD

The Year 1440 Vision of the Islamic Corporation for the Development of the Private Sector (ICD), a subsidiary of the Islamic Development Bank (IDB), is to generate over 1 million new jobs in member countries and to partner with 1-2 channels in each member country in order to generate over 3,000 enterprises per channel. (See the ICD SME story in this issue). This can be coupled with the latest call, on April 13, 2011, from the IDB tourge member nations to act in tackling the unemployment challenges faced by Arab youth.

The belief is that the opportunity for developmental finance institutions, particularly the Islamic Development Bank (IDB) with its subsidiary the Islamic Corporation for the Development of the Private Sector (ICD), in entering Tunisia and help it develop the SMEs sector can be both financially and socially rewarding.

Why the THEEMAR SME fund?

The rationale behind the launch of THEEMAR can be summed up as follows:

- *The important demand for employment in the Tunisian job market aggravated by the recent revolution has pushed the Tunisian government and multilateral institutions to allocate consequent efforts in tackling the high rate of unemployment, especially of fresh graduates and to diversify its tourism-based economy,*



- *SMEs promotion represents one of the most efficient tools to combat unemployment by converting job seekers into job providers and stimulate the economy development and diversification,*
- *Despite their dominant numbers, and importance in job creation and growth stimulation, SMEs in Tunisia have been facing difficulties in obtaining loans or equity funding due mainly, as is the case in all ICD member countries, to their specific risk profile, absence of a track record, high transaction and compliance cost, asymmetry of information, lack of collateral and finally the high mortality ratio,*
- *Loans to SMEs account for only 15% of the total loan portfolio of Tunisian banks. In addition to that the maturities of commercial bank loans, extended to those SMEs, are often limited to a period too short to allow a payoff of any sizeable investment. Meanwhile, access to competitive interest rates is reserved for only a few selected corporations, while loan interest rates offered to SMEs remain high.*

*THEEMAR

Privatization of National Lottery Association

Cihan Urhan*

The Turkish Privatization Administration is in the process of privatizing the Turkish National Lottery Association game of chances by granting a 10 years license. The Turkish Privatization Administration and its consultant PGlobal Advisory and Training Services are currently working on elaboration of the technical document details for the tender which is expected to be held later this year.

Last 11 years, the majority party has completed several privatizations successfully by aiming to have more efficient corporations and enable stronger budget. Recent privatizations include arrangements to privatize Turkey's national lottery by way of handing out licenses for planning, organizing and arranging the drawings.

In January 2008, after years of stagnation, the Turkish government initiated the final steps of the privatization process. Originally, it had been planned that the entire process would be concluded by beginning of 2009. However, by the end of March, delay was announced and finally in May the Turkish government temporarily postponed the tender. The reason of cancellation is that the two final bidders did not meet the minimum price for the bid of ca. 1.6 billion dollars set by the tender commission.

The Turkish government now seems to focus on the new tender with new conditions and contract details which is planned to be lodged by the end of this year for its lottery.

ALLOCATION/SPLIT OF SALES AMONG LICENSEE, PLAYERS AND STATE AFTER THE PRIVATIZATION

- The licensee receives 25% of the total lottery sales (VAT deducted sales). Any cost of sales operating expenses, such as marketing, sales and administration have to be covered by the 25%.
- For the term of the license agreement, 3% of sales shall be allocated to the National Lottery

Administration and must be deposited into the account of the National Lottery Administration by the licensee as "state share" within a specified period of time.

- The licensee freely determines the payout ratio for each game that he operates. However, per calendar year, the total payout ratio for all games cannot be less than 40% and not more than 59% of total sales.
- In addition, the tax of games of chances rate on total sales revenue of games of chance is set at 10%. Lottery enterprises have been privatized in many countries for last decade.

Especially in the last period, many lottery operators in many countries, such as Australia, UK, Greece, USA, have started to be operated by private sector. Privatization of the methods generally, the transfer of operating rights for a certain time period. In addition, the sale of assets method is rarely used by governments.

Total revenue of the global gaming industry has appeared to be 304 billion euros in 2011, while in 2012, with an increase of 5.6 percent, this number has gone up to 321 billion euros. Casinos take place on the top with a market share of 34 per cent and games of chance ensue them with the market share of 29 per cent. The total revenue of global games of chances and betting market, which was 195 billion euros in 2003, is estimated to be 351 billion euros in 2015.



*PGlobal Global Advisory and Training Services

Project Spotlight: The Junction Line of Railway Transportation in Turkey



PGlobal runs a project which aims to determine the junction lines in order to generalize the railway lines and encourage the usage by door-to-door transportation.

As it is known, railway transportation helps to reduce the cost of transportation to provide the sustainability of growth and the protection of environment by decreasing carbon dioxide oscillation to minimum level and increase the safety of transportation and competition level among international markets. For this purpose, the share of railway transportation in the current transportation of freight is targeted to increase from 4.75% to 15% until the end of 2013. In addition, the share of the highway routes in the transportation of freight is projected to decrease to 60%.

Since Turkey is a country which is used as transit pass corridor and both the origin and the destination of freights, it undertakes a critic mission: It should meet the infrastructure requirements and provide a strong integrity between all the transportation types, and transport the raw materials demanded by the producer and final products demanded by the consumer as soon as possible with a minimum cost.

Turkey wants to use the advantages of the railway transportation to achieve its 2023 targets. In this context, as the most important plan of action to carry out the targets, PGlobal prepares feasibility reports about the junction lines from the current railway lines to the factories, stockyards, organized industrial zones, industrial and agricultural production lines which have at least 200.000 tons of transportation capacity. At the same time, the enterprises which have a current transportation capacity between 100.000 and 200.000 tones will be determined if their transportation capacities are planned to achieve 200.000 tons in 5 years.

The project aims to support industrialists, organized industrial zones, small and medium sized enterprises which want to sell their productions in the local and global markets. This study will play a crucial role to contribute to economic competitiveness of Turkey in railways' ability to transport large amounts of goods in much more efficient way.

Other Projects Recently Completed by PGlobal

- A Research Into Assessment of Beneficiaries of Secondary Education Curriculum Reform
- Feasibility and Business Plan for the Establishment of Investment Fund in Turkmenistan
- Investment Forum and Identification of Investment Opportunities in the Turkish Republic of Northern Cyprus
- Economic-Financial Feasibility Study on the Utilization of Lignite Coal for Production of Industrial Chemicals

About PGlobal

PGlobal is one of Turkey's leading international advisory houses and has completed financial, economic, and management consultancy assignments in Turkey, Turkmenistan, France, Saudi Arabia, N. Cyprus, Bosnia and Herzegovina, Malaysia, and Azerbaijan. PGlobal's team has a combined international experience of over 100 years. PGlobal's experience in event concept design and management includes national and international summits, meetings and training sessions.

**A Publication of PGlobal Global
Advisory and Training Services
Ankara, Turkey**

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