

Izmir Public Summary

Host Country:	Turkey
Name of Borrower:	Izmir Bayrakli Hastane Yatirim ve Saglik Hizmetleri A.S.
Project Description:	<p>The Project will have a substantial development impact on the health and well-being of Turkish residents and the economic development of the country. Turkey has the lowest number of beds per inhabitant of any European Union member or European Union candidate country with only 26 beds per 10,000 people, while the European Union average is 53 beds per 10,000 inhabitants. Existing hospitals in Turkey are outdated with some of them being well over a century old and poorly maintained. The Government of Turkey aims to provide 32 beds per 10,000 people by 2023. The Project is part of the Turkey’s Healthcare Transformation Program (“HTP”) which, according to a World Bank report, has already reduced maternal mortality from 28.5 deaths per 100,000 live births in 2005 to 15.9 deaths in 2013. Further, the HTP has also resulted in a sharp decline in infant mortality from 20.3 deaths per 1,000 live births in 2005 to 12 in 2012. On both of these counts, Turkey has met its Millennium Development Goals. Going forward the key challenge in continuing to make progress in health care is to keep costs under control as demand for health care increases, the population ages, and new technologies are introduced. To address this next challenge in the HTP, Turkey has introduced the ambitious health public-private partnership (“PPP”) program, aiming to leverage private funding and efficiencies in the management of integrated new hospital campuses, while redeveloping existing hospital buildings as part of ongoing urban renewal efforts. The Project will further the impact and reach of the HTP through the design, build, finance, operation and transfer of a health campus with a capacity of 2,060 beds in Izmir, Turkey.</p> <p>Because the Project is unable to raise financing in the amount and tenor required from the local bank market or the uncovered international debt market, OPIC’s participation will enable the Project to be economically feasible.</p>
Proposed OPIC Loan:	\$250,000,000 for 18 years
Total Project Costs:	\$865,000,000
U.S. Sponsor:	GE Healthcare Company
Foreign Sponsor:	<ul style="list-style-type: none"> - Türkerler İnşaat Turizm Madencilik Enerji Üretim Ticaret ve Sanayi A.Ş - Türyap İnşaat İth.İhr.San.ve Tic.A.Ş. - GAMA Holding A.Ş - GAMA Emlak Yatırım ve İnşaat A.Ş.
Policy Review	

<p>U.S. Economic Impact:</p>	<p>The Project is not expected to have a negative impact on the U.S. economy. The procurement of medical equipment from the U.S. is expected to have a positive impact on U.S. employment. The Project is expected to have a negative five-year U.S. balance of payments impact.</p>
<p>Developmental Effects:</p>	<p>The Project is expected to have a highly developmental impact on Turkey by developing a new hospital that is a part of the Turkish Government’s plan to improve the country’s health care infrastructure. The Project will have over 2,060 beds and serve an estimated 12,000 people per day. Although Turkey is one of the largest and fastest growing economies in Europe, it has relatively low healthcare spending at 6.5% of GDP, compared to a European average of 10%. Demand for healthcare is expected to grow based on population growth, demographic trends, increasing per capita income, and rapid urbanization, which will require additional private and public investment in healthcare. The Project forms part of a wider governmental initiative in Turkey to encourage the development of modern health facilities and the provision of world class healthcare services. With only 26 beds per 10,000 people, Turkey has targeted an increase in the number of hospital beds to 32 beds per 10,000 by 2023. The Project is regarded by the current Turkish government as a precedent for future healthcare privatizations in Turkey.</p>
<p>Environment:</p>	<p>Screening: The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. The project has been screened as Category B. The primary environmental concerns related to this project are impacts from construction, including impacts associated with onsite construction camps and increased traffic, dust and noise; the management and disposal of waste, including medically contaminated waste; emissions from the gas-fired power unit; and the need for appropriate health and safety measures during both construction and operation of the campus. Additionally, OPIC considers issues related to quality of care in evaluating healthcare facilities to ensure the facility contributes to improved public health in the host country.</p> <p>The Project is situated near the Aegean region of Turkey. Due to its inland location and elevation, the site is not subject to sea level rise. The site is not subject to flooding or drought from extreme weather events. Based on this climate resilience assessment, the Project is not considered vulnerable to climate change.</p>

Applicable Standards: OPIC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:

P.S. 1: Assessment and Management of Environmental and Social Risks and Impacts;

P.S. 2: Labor and Working Conditions;

P.S. 3: Resource Efficiency and Pollution Prevention; and

P.S. 4: Community Health, Safety and Security.

In addition to the Performance Standards listed above the following International Finance Corporation (IFC) Environmental, Health and Safety (EHS) Guidelines are applicable to this project:

(i) The IFC EHS Guidelines for Health Care Facilities (April 30, 2007); and

(ii) The IFC General EHS Guidelines (April 30, 2007).

The trigeneration power plant will have a total rated heat input capacity of less than 50 Megawatt thermal input (MWt) on Higher Heating Value (HHV) basis and is not subject to IFC's EHS Guidelines for Thermal Power.

The Project is not located within an environmentally sensitive area. The main habitat present is Mediterranean maquis combined with rock outcrops. The areas at lower elevation are heavily grazed by cattle. Part of the site was reforested in 2012 with exotic Eucalyptus and Pine. The biodiversity of the area is highly impacted by anthropogenic disturbances and the stable presence of sensitive species at the Project site is considered improbable. P.S. 6 (Biodiversity Conservation and Sustainable Management of Natural Resources) is not triggered at this time.

No movable or immovable cultural assets have been identified at the Project site. The closest archaeological site is 920 m west of the Project. The Project will provide an Archaeological Chance Find Procedure for the construction phase. No indigenous people are identified within the Project's area of influence. Therefore, P.S.'s 7 and 8 are not triggered by the Project at this time.

Environmental and Social Risks and Mitigation: There are no surface waterbodies located on the Project site and the area is not prone to flooding. Engineering and design practices will be

in place for storm water management during construction and operation of the Project.

The Project does not involve the construction of groundwater wells and the potential for groundwater contamination is minimal. However, localized perched groundwater and groundwater originating from fractures may be encountered during the rainy season. If groundwater is encountered during construction, the Project will evaluate options for abstraction, treatment, storage and disposal in compliance with regulatory permit requirements.

Potable, construction and operational water supply will be provided to the Project via existing available municipal water services. Wastewater generated during construction phase activities (including the construction camps) would be collected in septic tanks and emptied periodically. Wastewater generated during the operational phase of the Project would be disposed of through direct tie-in to the municipal wastewater system. Medical and radioactive wastes and medical waste disposal will conform to the IFC requirements for process wastewater from healthcare facilities.

Construction activities will affect air quality mainly through emissions of dust from the excavation, rock fragmentation, surface leveling, temporary stockpiling and transportation of construction soils and vehicle traffic on unpaved roads. The major source of air emissions during operation is exhaust from the power plant. Modeling of operational phase emissions indicate the Project will meet applicable Turkish and EU standards. No incinerators will be operated on the health campus.

Estimated greenhouse gas emissions from the gas-fired 4 MWt trigeneration and boiler operation is less than 25,000 tons CO₂e/year.

Energy Efficiency. The technology chosen for the Project is to produce part of its own power through the trigeneration plant. Traditional gas turbines typically operate at an efficiency of 35% whereas trigeneration systems operate up to 85% by converting 45% of the fuel to electricity and 40% percent to heating and cooling. In addition, the power system design incorporates the simultaneous generation of power and thermal (hot water/steam and chilled water) based on a topping cycle instead of alternative thermodynamic cycles.

	<p>The Project has provided a Draft Hazardous Materials Management and Monitoring Plan for the construction phase. All waste generated during the construction and operation phases of the Project will be separated and transported to offsite waste handling facilities. The Izmir municipality is served by the Harmandali Landfill Area (domestic wastes, non-hazardous industrial wastes, waste sludge) and the Bergama Landfill Area (domestic wastes). The medical waste produced by any facility within the Izmir municipality is transported to the Manisa Medical Waste Sterilization Facility.</p> <p>The health campus design incorporates measures to isolate infectious agents, separate contaminated and clean materials and passageways, insure adequate disinfection and sterilization, and provide secure temporary storage of infectious, radioactive and toxic wastes. The investors and the EPC contractor have ISO 9001, ISO 14001 and OHSAS 18001 certified management systems.</p> <p>The Project has provided a Draft Environmental and Social Management System Manual and a Draft Employment and Procurement Plan, which include a detailed contractor management strategy. The Project plans to deploy a significant number of Health and Safety supervisors on the construction site to enforce safe working conditions.</p> <p>The Project has prepared a detailed Draft Environmental and Social Action Plan to address risks and coordinate management of those risks with the Ministry of Health.</p> <p>The Project will obtain an accreditation based on a quality evaluation of the technical competence of the institution's resources and organization by an internationally recognized accreditation organization such as the Joint Commission International (JCI). The JCI accreditation is based on facility audits and quality assurance surveys for conformance to a defined set of thirty-one standards for health care facilities covering the following five key areas: Clinical Governance and Leadership, Ethics and Patient Rights, Quality Measurement and Improvement, Patient Safety, and Facility Safety and Emergency Management.</p>
Worker Rights:	<p>In accordance with OPIC's Environmental and Social Policy Statement, this Project has been classified as Special Consideration due to the scale and complexity of the Project, including the large concentration of low-skilled Turkish</p>

construction workers from outside the local area and large numbers of subcontractors involved in both construction and operations phases.

Under Special Consideration, the Project will be required to demonstrate compliance with the OPIC labor requirements set forth in the loan agreement through the following measures: 1) labor compliance site auditing by a third-party; and 2) annual labor compliance reporting that summarizes general working conditions including non-compliance issues, grievances, and actions taken to improve the worker-management relationship.

The Project will engage approximately 4,419 construction employees, including 44 in management positions, 417 in technical and administrative positions, and 3,958 unskilled laborers. Roughly 2,970 non-local Turkish construction workers are expected to be engaged during construction. During the operations and maintenance phase, the Project will engage approximately 2,159 workers, including 215 managerial employees, 536 professional and 1,408 un-skilled workers, directly and through 19 subcontracting firms.

OPIC's statutorily required standard worker rights language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age for employment, hours of work, the timely payment of wages and hazardous work situations. Standard and supplemental contract language will be applied to all workers of the Project Company. The Project Company will be required to operate in a manner consistent with the International Finance Corporation's Performance Standard 2 on Labor and Working Conditions; and enhance and finalize an internal labor monitoring and compliance system for contractor and subcontractor oversight, human resources policies and procedures in order to fully implement and apply IFC Performance Standard 2 on Labor and Working Conditions to its directly-employed workers as well as to indirect workers hired under contractors and subcontractors, and a distinct employee grievance mechanism. The Project will also be required to enhance its Security Risk Assessment and Management Plan for the construction and operational phases in accordance with the IFC Performance Standard 4 (Community, Health and Safety), the International Code of Conduct for Private Security Providers, ANSI/ASIS PSC 1 and the Voluntary Principles on Security and Human Rights.

Human Rights:	OPIC issued a Human Rights Clearance for this Project on May 4 th , 2016.
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