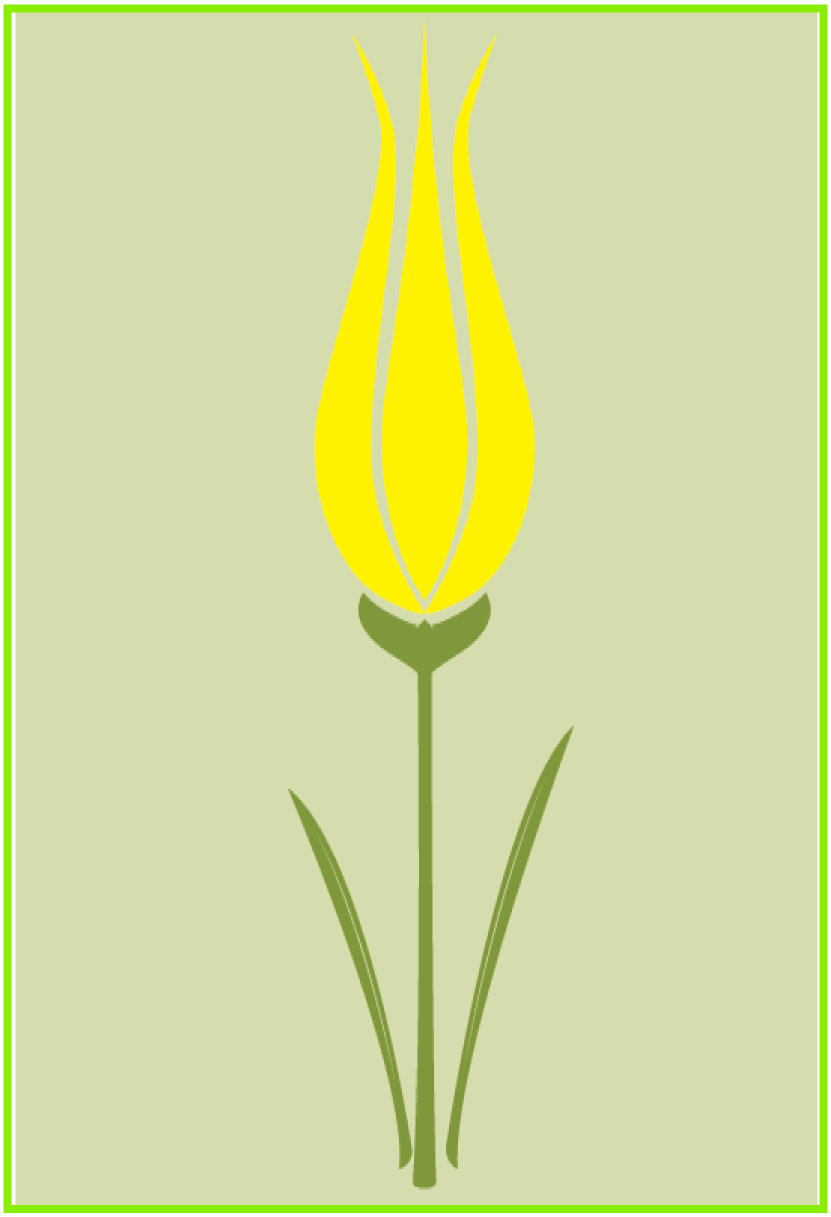
World Bank – Turkey Partnership: Country Program Snapshot

April 2013



RECENT ECONOMIC AND SECTOR DEVELOPMENTS

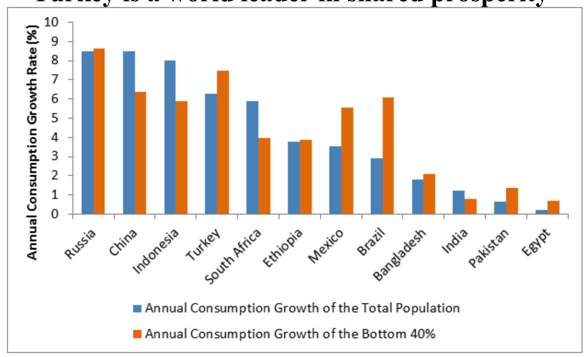
Growth and Economic Management

Turkey's rapid growth and development over the last decade is one of the success stories of the global economy. Turkey's GDP has tripled in US$ terms in that time. Today, Turkey is an upper-middle-income country with a population of 75 million and a gross domestic product of US$785 billion, making it the 18th largest economy in the world. It is the Government's stated intention that Turkey becomes one of the world's 10 largest economies by 2023, the 100th anniversary of the founding of the Turkish Republic. Turkey is a European Union (EU) accession candidate country, a member of the Organisation for Economic Co-operation and Development (OECD), and the G20, and an increasingly important donor to bilateral Official Development Assistance (ODA). Turkey is also one of the largest middle-income partners of the World Bank Group (WBG).

Other countries, notably in the Middle East and North Africa as well as Central Asia, are looking to Turkey, with its gains in income and social outcomes in recent years, as an example from which to learn. Turkey's success in spreading the benefits of economic growth to its population is particularly noteworthy. Per capita income almost tripled in less than a decade and now exceeds US$10,000. Poverty decreased from 28.1 percent in 2003 to 18.1 percent in 2009 and is expected to have fallen since then, as labor markets recovered fast after the crisis. In November 2012, seasonally adjusted unemployment was 9.4 percent and the employment rate 46 percent, improving on precrisis levels.

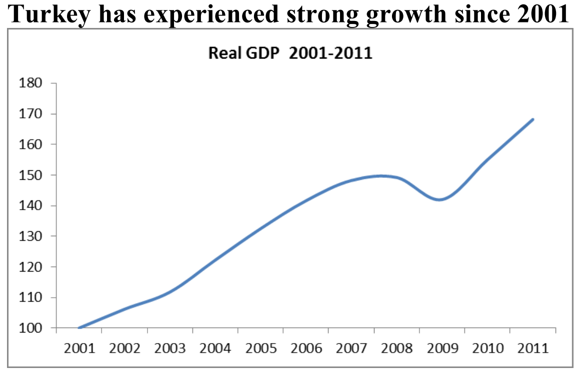
Turkey nevertheless faces risks of economic volatility in the short term and the challenge of boosting productivity growth over the medium term. With low domestic savings, Turkey's economic growth relies on capital inflows to finance investments and growth. The country's large current account deficit (CAD) and the composition of its financing remain critical concerns and have been a cause of volatile growth rates in the past. While the economic outlook for 2013 has moderately improved, Turkey's medium-term challenge is to increase productivity and competitiveness and reduce the reliance on foreign savings to make growth less volatile and more sustainable.

Turkey is a world leader in shared prosperity



Rapid growth in 2010–11 was followed by policy tightening and a soft landing in 2012. During the post-recession upswing, the CAD widened from US$13.4 billion (2.2 percent of GDP) in 2009 to US$77.0 billion (10.0 percent of GDP) in 2011. Furthermore, the composition of financing of the CAD deteriorated, with the share of net foreign direct investment (FDI) in total inflows falling from 45 percent in 2007 to 20 percent in 2012. Monetary policy tightened in the second half of 2011 in response to external vulnerabilities, and the authorities managed a soft landing, with growth estimated at around 2.5 percent in 2012, and the CAD declining to just 48.8 billion (6.2 percent of GDP).

Turkey has experienced strong growth since 2001



With growth slowing markedly, monetary policy has been gradually relaxed since June 2012. The average funding cost of the banking sector fell by 325 basis points since June and stood at 5.60 percent as of December 2012. As a result, foreign exchange adjusted credit growth rose to 18 percent in November from 15 percent in September, signaling that a recovery in domestic demand may be under way. In addition, the central bank started to narrow the interest rate corridor by cutting the overnight lending rate starting in September. Lower rates and improving confidence are expected to help private investment recover in the coming year.

Key World Bank contributions: The World Bank maintains a regular policy dialogue on structural policies to boost sustainable and inclusive economic growth. Multiyear development policy financing loans (DPLs) targeting key economic reforms include the "Restoring Equitable Growth and Employment DPL," the "Environmental Sustainability and Energy Sector DPL," and a new "Competitiveness and Savings." The World Bank is also contributing with economic memoranda on key themes of economic growth such as informality, savings, and trade, as well as with multiyear assessments focused on public expenditure and financial management.

EU Harmonization

The EU accession process has been a significant anchor for reforms in Turkey, but progress has slowed in recent years. Turkey has a deep-rooted, albeit complex relationship with the EU. Despite Europe's economic difficulties since the global economic crisis, the EU is Turkey's largest economic partner, accounting for 46 percent of Turkish trade in 2011. Turkey has benefited significantly from deepening integration with the EU through the growing sophistication of both exports and imports and access to financing. Turkey became a candidate for full EU membership at the Helsinki summit in 1999. Accession negotiations began in October 2005 but progress has slowed in recent years in the face of a number of political obstacles (including relations with Cyprus). Both sides are making efforts to regain momentum. Following the June 2011 elections, the Government upgraded the institution that oversees EU accession into the new Ministry for EU Affairs. Negotiations on 13 chapters of the *acquis communautaire* are currently open and one more chapter (on regional policy) may be opened this year. In 2012, Turkey and the European Commission (EC) launched a "positive agenda" to highlight areas of common interest and to advance economic integration with practical steps.

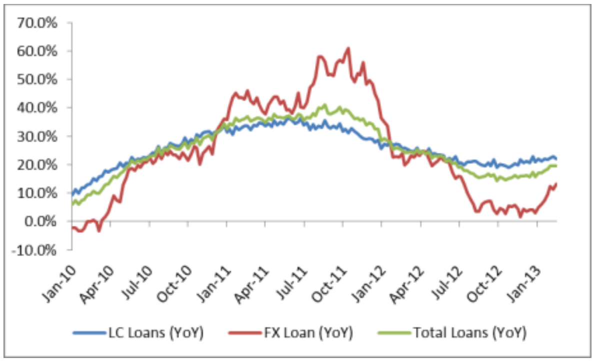
Key World Bank contribution: The World Bank has strongly supported Turkey's EU accession process over the past decade. It is currently supporting Turkey in harmonizing energy and environmental regulations with EU standards and undertaking an independent evaluation of the Customs Union.

Financial Sector

The Turkish banking sector proved resilient to the effects of the global financial crisis. Due to fundamental reforms carried out after 2001, as well as the thorough professionalization of banking and continued strong banking supervision since then, Turkey's financial sector remains highly capitalized and profitable, proving a source of strength during the 2008–09 global crisis. Turkey was the only OECD country in which no explicit or implicit public sector support was provided to the banking sector in the wake of the crisis. Turkish banks had no direct exposure to subprime mortgages or similar derivative products that could lead to immediate mark-to-market losses.

Deeper and broader financial markets will promote investment and competitiveness. Turkey's financial system has deepened since the 2001 crisis, with banking assets amounting to 92 percent of GDP in June 2012. However, despite the relatively large number and variety of non-bank financial institutions, the market share of the banking sector, already relatively high, has increased. Moreover, despite recent gains, the maturity profile of both assets and liabilities remains short term in nature, with the average maturity of deposits oscillating at around 45 days, and just about one-half of loans bearing a remaining maturity of one year or less as of end-December 2011. Turkey is still relatively under-banked, with a credit-to-GDP ratio of about 50 percent.

Bank Loans



Source: Republic of Turkey, Banking Regulation and Supervision Agency.

However, a challenging macro-financial environment and continuing global uncertainty pose some risks. Starting in mid-2009, Turkey, like other developing countries, experienced a credit boom as a result of externally financed domestic demand growth supported by low-cost foreign financing. While credit growth has recently slowed and household balance sheets appear healthy, some risks have accumulated. Thus, the corporate sector's foreign exchange exposure is high and bank capital buffers have narrowed, and although deposits remain the main funding source, banks are increasingly reliant on short-term foreign funding as the loan-to-deposit ratio hit 100 percent. In the near term, there are still risks of a collapse of external funding and a deteriorating domestic economy. At the same time, policy makers should be wary of loosening their stance prematurely, as further rapid credit growth would pose increasing risks of deteriorating asset quality.

Key World Bank Group contributions: The World Bank has produced an assessment of Turkey's investment climate and a survey to analyze the impact of the financial crisis on enterprises in the country. Jointly with the International Finance Corporation (IFC), the Bank has also submitted proposals on how to expand and deepen the Turkish corporate bond market. Technical assistance projects on improving the security settlement systems and developing institutional investors with the Capital Markets Board, as well as strengthening the consolidated supervision with Turkey's Banking Regulation and Supervision Agency, are continuing.

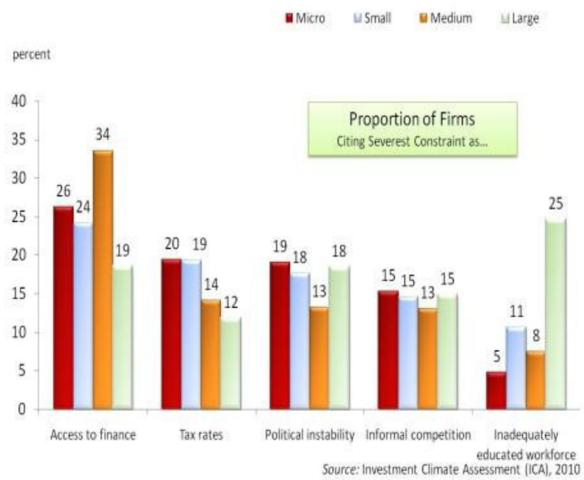
The development of domestic capital markets remains a core objective of IFC. Under the asset-backed security legislation enacted in 2009, IFC helped its client Şekerbank issue a covered bond, the first such bond issued in Turkey. IFC also introduced an innovative product through Akbank, helping to revive the Diversified Payment Rights (DPR) securitization market, which had been dormant in Eastern Europe and Central Asia since the start of the financial crisis in 2008. The proceeds of the US$75 million IFC financing of the first DPR securitization structure have been allocated for on-lending to small and medium enterprises (SMEs) and sustainable energy projects. IFC continues to use a securitization structure to increase the depth and competition of the Turkish banking sector.

Competitiveness and Private Sector Development

Turkey has advanced considerably in global competitiveness rankings during the past decade, and in 2012, Turkey advanced 16 ranks to 43rd place in the World Economic Forum's Global Competitiveness Index. FDI rose from just over US$1 billion in the early 2000s to an average of US$13 billion in the past five years. There is room for further improvement, and bureaucracy and a lack of predictability with regard to the regulatory framework still hold investors back. A new incentive scheme launched in April 2012 and a series of legal initiatives, including importantly the introduction of a new Commercial Code, confirm the Government's commitment to make Turkey a globally competitive place to do business.

The growth of SMEs is key to job creation in Turkey. Nearly 80 percent of jobs in Turkey are created by SMEs. Their three biggest constraints to growth are access to finance, ability to adopt and use knowledge, and remaining regulatory hurdles. Further to these issues, studies have shown that top management spends a large amount of its time (27 percent) dealing with red tape. Some of this "time tax" relates to frequent changes in rules and a discretionary, unpredictable implementation of those rules, be it for taxes, licenses, procurement, or other transactions. This is much more than in comparator countries such as Brazil (19 percent), Poland (13 percent), or Chile (9 percent). Moreover, nearly a quarter of Turkish firms surveyed rated the education and skills levels of the workforce as a "major" or "very severe" constraint to their operations and growth.

Top Five Obstacles to Growth of Firms



Key World Bank Group contributions include: Private sector financing for SMEs and exporters reached US$1.85 billion during the Country Partnership Strategy (CPS) (FY08–11) period. The new CPS continues to include such lines of credit. The Bank has also worked on studies identifying constraints to growth for SMEs, as well as assessing the investment climate and policies to promote private research and development (R&D) and innovation; encourage the start-up of knowledge-based companies; facilitate the commercialization of public R&D; and enable technology adoption.

Since the reopening of DPR securitization markets, IFC has used the same financing structure to provide a total of US$295 million to leading Turkish banks, including Akbank, Denizbank (2011), Yapı Kredi Bank (2012), and Finansbank (2013), for on-lending to agribusiness, small farmers, micro, small, and medium enterprises (MSMEs), and sustainable energy, energy-efficiency, and renewable energy projects.

One of IFC's priorities in Turkey is supporting Turkish companies as they expand into other developing countries. This helps encourage private sector development by increasing the flow of capital, technology, management expertise, and job creation. Promoting partnerships between private sector players in developing countries is a crucial element of IFC's approach.

To date, IFC has committed over US$500 million to help Turkish companies expand into the Balkans, Russia, India, Georgia, Haiti, Tunisia, Egypt, and Latin America. In 2012, IFC supported Zorlu Enerji Pakistan's construction of a landmark wind-power project in Sindh Province, Pakistan, with a US$38.1 million investment, and invested US$25 million in support of the expansion and modernization of Sanko Tekstil.

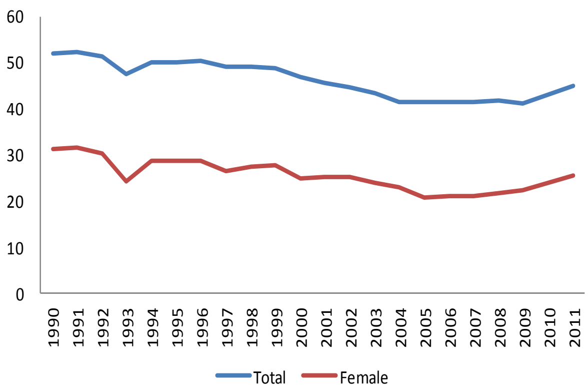
Labor Markets

Creating more and better jobs for Turkey's young and growing population is the most important medium-term challenge. Employment has been growing at an outstanding 5.5 percent per annum since the last quarter of 2009 (8.1 percent among women). However, the labor market remains characterized by low activity rates and low labor productivity, especially among women and youth. Less than half the working-age population (15–64-year-olds) is employed, 20 percent below the OECD average, and the employment rate of women is especially low (30 percent). About 31.1 percent of youth (15–24-year-olds), mostly women, are neither working nor attending school—the highest share of inactive youth among OECD countries. Job informality (defined as jobs without social security benefits) has fallen remarkably, but still affects 42 percent of workers, contributing to Turkey's lower labor productivity compared with OECD and other peer countries. Urbanization, agricultural labor shedding, and a still rapidly growing working-age population (until 2020) will continue to put pressure on the labor market.

The Government's prioritization of the labor market and jobs agenda will allow Turkey to make best use of its demographic window of opportunity. Turkey's labor force is expected to continue to grow by around 30 percent until 2040. This is a major opportunity but also highlights the challenge of job creation. The Government introduced an action plan to reduce informality in 2008. The 2008 labor reform reduced nonwage labor costs and opened Active Labor Market

Programs (ALMP) to all registered unemployed. Subsequently, the Government expanded the coverage and increased the relevance of ALMPs, with a focus on vocational training. The 2011 Omnibus Law reduced disincentives to part-time work and extended the program of subsidies to new employees (particularly women and youth).

Fewer than half the people are working



Source: Turkish Statistical Bureau (TUIK), Labor Force Survey; population 15+TUIK.

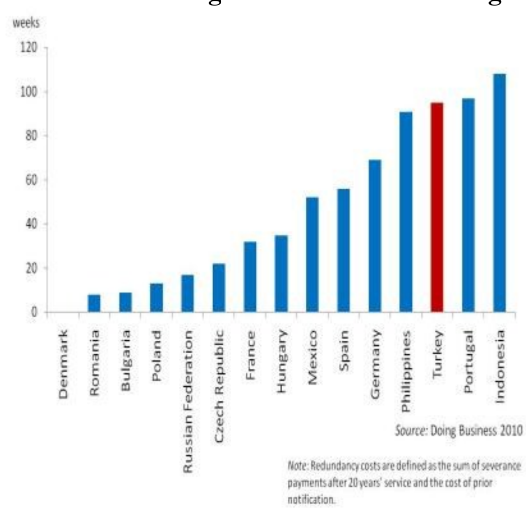
The Government is preparing a new National Employment Strategy that will include a focus on making labor markets more flexible while increasing the protection of workers. Policies and reforms under discussion include: more flexible contracting; the introduction of prefunded severance accounts and increased coverage of unemployment insurance; and enhanced enforcement of labor laws and awareness-raising to reduce informality. Also under consideration are efforts to further scale up employment activation programs and services, particularly among low-skilled youth and women, in a cost-effective way through better targeting and profiling (so that the package of services is adapted to the needs of the jobless) and linking the receipt of social benefits to activation.

Building skills for work, entrepreneurship, and innovation will enhance productive employment. Half of the working-age population has a less than basic education and this group accounts for 64 percent of the jobless and 65 percent of informal workers. Younger workers are better educated and skilled, but still lag behind their counterparts in OECD countries. Turkish firms cite skills as the third most important constraint to business operations after credit availability and corruption. The Government is focusing on challenges like building a strong foundation through early childhood education, getting fundamental skills right through basic education, and building job-relevant skills through high-quality secondary and higher education, as well as upgrading skills and reducing employment barriers, particularly for low-skilled youth and women.

Medium-Sized Enterprise

Source: World Bank.

Turkish Labor Regulations: Third Most Rigid



Key World Bank Group contributions: An ongoing series of World Bank policy-based financing operations supports reforms of Turkey's labor market policies and programs. Other work includes technical advice and studies on: managing labor markets through the economic cycle; improving labor market flexibility and worker protection; strengthening ALMPs; and enhancing job opportunities for women (a big focus of the current program) and the young.

IFC has rolled out a "Banking on Women" program in Turkey. Women-owned businesses represent nearly 40 percent of registered MSMEs, yet only 15 percent of them have access to formal finance. IFC and its clients are trying to change that. In 2011, IFC partnered with FMO, the development bank of the Netherlands, to provide a US$40 million loan to Akbank to increase financing to women-owned SMEs. More than one-half of the loan has already been on-lent to women entrepreneurs. As part of the same program, in 2012, IFC provided a US$30 million loan to Fibabanka, also for lending to women-owned SMEs.

Poverty and Social Protection

With rapid economic growth after the 2001 crisis, Turkey's social outcomes have improved. Poverty decreased from 28.1 percent in 2003 to 17.1 percent in 2008,[1] increasing by 1 percentage point in 2009 as a result of the global economic crisis, while extreme poverty virtually disappeared. Other dimensions of well-being also improved significantly, as Turkey has already met the Millennium Development Goals (MDGs) for maternal and infant mortality.

Large inequalities persist, however, starting at a very early age, pointing to the importance of early childhood development (ECD) policies. Turkey's Human Development Index (HDI) increased from 0.671 in 2005 to 0.699 in 2011, putting Turkey in the high human development group. However, Turkey's inequality-adjusted Human Development Index (IHDI)—which adjusts for inequalities in health, education, and income measures—is 23 percent lower than its nominal HDI. A large share of this inequality is explained by factors outside of an individual's control; for example, one-third of wealth inequality is due to birth place and parental education. Inequality of opportunity transcends generations and thus appears from a very early age, limiting the ability of poor children to succeed in life. Fully 29 percent of 0–5-year-olds in the low-opportunity group suffer from stunting (very low height for age, an indicator of malnutrition), compared to only 3 percent of the high-opportunity group. Similar differences can be seen in childcare and preschool use. ECD policies (including early childhood education, discussed in the education section) can help provide a strong foundation for all children.

The Government is developing an integrated social assistance system geared toward helping welfare recipients get out of poverty. Social assistance spending has increased rapidly in recent years, but remains low by international standards (1.2 percent of GDP in 2010). Coordination across social assistance programs has been limited in the past. After the June 2011 election, the Government combined responsibility for all central government social assistance benefits under the new Ministry of Family and Social Policies. The Government is implementing a new Integrated Social Assistance Information System, with a single proxy means test to target benefits more effectively. All beneficiaries of social assistance who are able to work are now required to register with the Public Employment Agency (ISKUR).

The 2008 social security reform improved coverage of public pensions and is expected to yield significant savings, but these are insufficient to ensure pension system balance over the long term. At around 7 percent of GDP, pension spending in Turkey is still modest in comparison to high-income OECD countries, reflecting a relatively young population. However, more than half of pension spending is financed through budget transfers. This is due to the high system dependency ratio (fewer than two people contributing per beneficiary), which is unusual for a country with a young and growing population and results from generous eligibility for public pensions (early retirement, low minimum years of service). The 2008 reform adjusted pension parameters, gradually increasing the retirement age and contribution period and reducing the accrual rate. But the adjustments are phased in over a period of several decades, too slow to counter the effects of rising coverage and a maturing population on pension system deficits that are

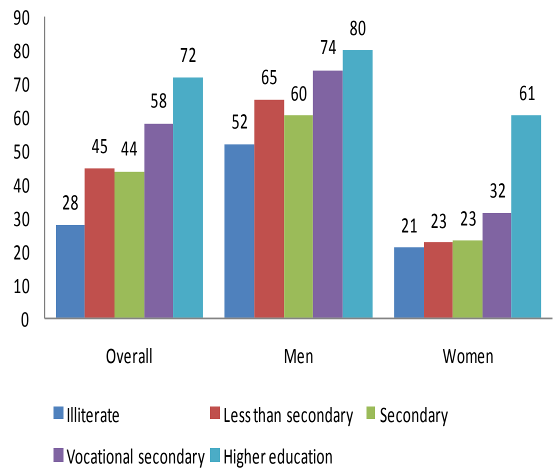
[1]This measurement stopped in 2009 and new poverty measurements are being developed, supported by the WBG.

expected to remain around 3 percent of GDP until the middle of the century.

Key World Bank contributions: A series of World Bank policy-based loans are supporting the implementation of Turkey's social security reforms. Other work includes multiyear technical advice and analytical work on ECD, social protection, and poverty measurement.

Education

Employment Rates by Level of Education
(15–64-year-old population, 2010)

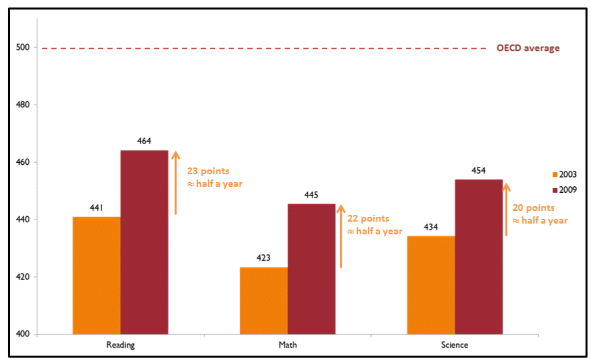


Source: TUIK.

Turkey has made significant progress in increasing access to schools. Since 1997, the Turkish education system has made progress in improving access to basic education, achieving almost universal primary school enrollment (98 percent in 2011–12). Similar improvements have been made at the secondary education level (67 percent in 2009–10). Preprimary education (three- to five-year-olds) and higher education enrollment rates are rapidly increasing but remain below the OECD average. The gender access gap has disappeared in primary education and narrowed significantly in secondary education. Some variation by location remains.

In parallel with rising enrollment rates, Turkey's average PISA performance scores have improved significantly, and inequality in student performance has declined. The country's scores in the three Program for International Student Assessment (PISA) disciplines (reading, math, and science) increased sharply by 20 points or more between 2003 and 2009, and this progress represents about one-half of one year of schooling in each of the tested subjects. At the same time, inequalities in results have decreased, as the gains in PISA scores have come overwhelmingly from low and medium achievers. For example, the performance of the bottom 1 percent of achievers has gone up by 30 points in reading, 33 points in math, and 25 points in science. The performance of students between the 80th and 90th percentile has also improved, although by less than that of lower achievers. During the same period, the enrollment rate of 15-year-olds has grown by a strong 7.8 percent per year according to PISA, which makes these improvements even more remarkable.

Turkey's PISA Scores by Discipline
Years 2003 and 2009



Source: World Bank, based on PISA datasets.

Looking ahead, Turkey must build on its achievements to further expand quality and broaden access to good education for all. The performance of Turkey's average 15-year-old is still one full year (or 40 PISA points) behind the OECD average. Around 25 percent of Turkish 15-year-olds do not read well enough to be able to analyze and understand what they read and are therefore considered by the OECD to be "functionally illiterate"; however, this rate has been rapidly declining since 2003, when the equivalent proportion was 36 percent. Moreover, despite some progress in narrowing the achievement gap between students from the richest and poorest income quintile groups, it was still about 100 points (or more than two years of education) as of 2009.

Key World Bank contributions: The recently completed Secondary Education Project (SEP) financed new curricula for general and vocational secondary schools, developed a web-based career guidance system, and launched innovative school grants for subprovinces with low enrollment rates. Multiyear analytical work on education quality, most recently focusing on early childhood education and teachers, has been carried out in consultation with the Turkish Government.

Health Care

Turkey's Health Transformation Program is an inspiration and example to others of how poor health performance can be turned around quickly. In 2003, Turkey's health indicators ranked behind most other OECD and middle-income countries; infant and maternal mortality rates were among the highest, while life expectancy was 10 years below the OECD average. The public health sector underperformed, and health services were often difficult to access. In response to this situation, the Government introduced the Health Transformation Program (HTP) in 2003 to reform the way health care was financed, delivered, organized, and managed. The reform program has produced significant improvements in access, financial protection, and service coverage for the population of Turkey.

Turkey has considerably reduced maternal mortality, which fell from 28.5 deaths per 100,000 live births in 2005 to 16.4 deaths in 2010. It has therefore already met its MDG on this indicator. There has also been a significantly sharp decline in infant mortality, from 18.4 deaths per 1,000 live births in 2005 to 9.6 in 2011. Turkey has met this MDG target.

Turkey has achieved near universal health insurance coverage, increasing financial protection and improving equity in access to health care nationwide. By 2011, 94.3 percent of the population was covered by some form of health insurance, and the ability to meet the costs of health care has risen dramatically. Turkey has increased access to, and utilization of, health services through improved coverage (mainly through the expansion of the Green Card Program) and the introduction of family medicine in 2004, which now covers the entire nation. As a result of improvements in service delivery, consumer satisfaction has increased. Today the satisfaction rate with primary care services in Turkey is 89.8 percent.

Health Services

Source: World Bank

Going forward, the key challenge will be to keep costs under control as demand for health care increases, the population ages, and new technologies are introduced. Total health expenditure as a share of GDP has been increasing steadily since 2003, reaching an estimated 6.5 percent in 2010, which is on par with countries with similar income levels. As access has widened, the Government has focused attention on efficiency improvements and cost control.

***Key World Group Bank contributions*:** Turkey's Health Transformation Program was supported by the provision of two Adaptable Program Loans (APLs). Studies include a joint OECD-World Bank report on health system performance that benchmarked Turkey globally and brought international policy experience to bear on the system. A health sector integrated fiduciary assessment has also been conducted. The most recent studies focused on fiscal sustainability and the family medicine model. The World Bank is also supporting an international conference on the Health Transformation Program to share its lessons with other countries.

The Government is looking to private investors to expand health care services, including through public-private partnerships (PPPs). IFC is thus focusing its strategy on improving access to high-quality private health care services, including in underserved and frontier regions outside major urban areas. IFC is supporting health care companies looking for growth potential in the region and specialized providers of diagnostic and health services with the potential to reach the poor and middle-income groups. In 2012, IFC made a US$15 million loan and US$15 million equity investment in MNT, a leading oncology services provider.

Energy and Climate Change

Turkey has an impressive track record on implementing reforms toward improving energy security through successful privatizations. It has increased new private investment and expanded electricity generation, transmission, and distribution capacity, while also introducing cost-based pricing. Turkey saw an increase of nearly 60 percent in both electricity transmission and peak capacity between 2002 and 2010.

Renewable Energy

Source: World Bank

Turkey has successfully begun to develop its impressive renewable energy assets. There has been a notable shift towards renewables, as electricity produced from privately owned renewable generation facilities increased more than nine times, from 1,490 gigawatt hours (GWh) in 2002 to 13,773 GWh in 2010. As part of its current comprehensive reform to create an efficient and economic energy sector, Turkey is aiming to raise the share of electricity generated from renewable sources to at least 30 percent of total installed capacity by 2023, mainly through utilizing technically and economically viable hydro potential and 20,000 megawatts of wind-installed capacity. The momentum is continuing, as the Parliament passed a new Renewable Energy Law at the end of 2010, guaranteeing prices and providing incentives. With many licenses given to domestic investors, a challenge remains of how to capitalize on Turkey's potential to attract strategic investment and world class technology to the country's renewable sector.

Energy efficiency is critical to Turkey's energy security and a key component in Turkey's National Climate Change Strategy. A legal, regulatory, pricing, and institutional set-up to promote energy efficiency has been established, including a comprehensive set of energy-efficiency regulations. In 2012, the Government adopted an Energy Efficiency Strategy targeting a 20 percent reduction in energy intensity by 2023. Energy-efficiency credit lines have been put in place with Government and international financial institution (IFI) support to help realize these targets.

Climate change is a threat to Turkey and the Government is stepping up its engagement internationally and domestically. Turkey became a party to the Kyoto Protocol in 2009. The Turkish Government approved a "path-breaking" National Climate Change Strategy in 2010 and a National Climate Change Action Plan was issued in July 2011. The strategy and the action plan identified national priorities for mitigating greenhouse gas (GHG) emissions and building resilience through managing impacts and encouraging mitigation and adaptation to climate change. Such a phased approach to major reforms has proved effective in Turkey's other major reform areas.

***Key World Bank Group contributions*:** The energy sector represents one of the largest portions of the World Bank's financing portfolio in Turkey, at about 25 percent. World Bank funds support for: improved electricity and gas supply security; the financial viability of the electricity sector; increased energy efficiency; and greater private sector investment. World Bank-financed projects include several energy sector investment operations, ranging from electricity distribution/ transmission to private sector financing for renewable energy and energy efficiency, and support for the National Climate Change Strategy and Action Plan. Turkey was the first country to benefit from the Clean Technology Fund (CTF). The Environmental Sustainability and Energy

Sector Development Policy Loan (ESES DPL) series[2] has been playing a central role in supporting the energy sector, focusing on enhancing private sector clean technology investments and on integrating climate change considerations in key sector policies and programs.

Through the WBG, Turkey is participating in the Partnership for Market-Readiness to help implement a GHG monitoring, reporting, and verification (MRV) system in the power and industrial sectors, and prepare for a possible use of a market-based instrument in the future to mitigate the impact of climate change. Advanced preparations are underway to apply the EU Instrument for Pre-Accession Assistance through a WBG technical assistance operation to maintain energy reform momentum and strengthen institutional capacity in the areas of power and gas market development, energy efficiency, and renewable energy integration.

For IFC, climate-related business is a strategic priority, globally and in Turkey. Private sector investment is vital to Turkey's power sector. IFC is helping to develop private power generation capacity, enhance energy supply security, and utilize its abundant renewable energy resources to meet the country's growing energy needs. Since 2008, IFC has invested US$2.2 billion in the sector, including US$560 million of its own financing and over US$1.6 billion through mobilization. With a focus on renewables, the financing has supported five projects across the country, including the construction of gas, hydro, and wind power plants. Over the next five years, Turkey is expected to need massive investments from the private sector to meet the growing demand for efficient and sustainable energy. By mobilizing capital, IFC is ensuring that Turkey can expand its generating capacity and develop environmentally friendly projects.

IFC also supports climate change projects through its activities in the financial sector. In 2012, IFC provided a US$75 million loan to Yapı Kredi Bank under the DPR securitization program and a US$75 million loan to TSKB, the Industrial Development Bank of Turkey, for on-lending to SMEs for sustainable energy, energy-efficiency, and renewable energy projects.

Environmental Management and Municipal Services

In the context of harmonization with EU standards, Turkey is developing public policies and incentives that support sustainable environmental management. The Government's National EU Approximation Strategy is to strengthen environmental management processes in key sectors (water, air, industrial pollution prevention and control, and chemicals) and reduce environmental degradation.

Chapter 27 of the EU *acquis communautaire* on the environment was opened in December 2009. According to the latest progress report of the EC (dated October 2011), the areas where Turkey is generally in line with EU environmental legislation are environmental impact assessment (EIA) and waste management, with the adoption of legislation on solid waste, waste water tariffs, waste incineration, and packaging waste. Progress has also been achieved on air quality and industrial pollution control. Turkey completed the transposition of Directive 2001/80/EC on Large Combustion Plants. One key area of focus for Turkey's agenda of alignment with the EU *acquis* is the EU Water Framework Directive. The Turkish Government has adopted a basin-level approach for the preparation of river basin protection and management plans. While Turkey's legislative alignment has made excellent progress, implementation will require time and significant funding. Improving compliance, while maintaining cost competitiveness, will be a key challenge for Turkey in the years ahead.

The demand for quality urban environmental management and municipal services—water, wastewater treatment, solid waste collection, and waste disposal services—is expected to continue to rise in Turkey, for several reasons. First, Turkey is experiencing rapid urbanization, with about 65 percent of Turkey's population living in urban areas, amid expectations that this will increase to more than 80 percent by 2030. Investments to implement the EU environmental

[2] The ESES DPL series consists of the Programmatic Electricity Development Policy Loan (2009), ESES DPL2 (2010), and ESES DPL3 (2012).

acquis are expected to place an increasing burden on Turkey's public sector finances over the next two decades. Large investments will be required to achieve EU environmental quality standards in a wide range of areas, including water and air quality, integrated pollution prevention and control, management of municipal and hazardous waste and chemical products, biotechnology, radiation protection, and nature conservation.

Key World Bank contributions: The series of World Bank policy-based loans supporting energy sector reform and climate change action also supported the implementation of measures to strengthen environmental management in line with the EU environment *acquis*. Technical assistance supported the Government's preparation of a National Watershed Management Strategy, and a cumulative environmental impact assessment was delivered. These activities underscore the need for an integrated approach to economic planning at a river basin level to improve service delivery, while assuring the sustainability of the natural resource base and the services it provides. Implementation of the National Biodiversity Monitoring System (NBMS), including sustainable hydro development, irrigation, and flood management, will be a major challenge in Turkey, yet will be critical for successful climate change adaptation.

A Green Growth Policy Note was prepared to help the Government prepare its position for the Rio+20 Earth Summit. In the urban sector, the Bank supports the Land Registration and Cadastre Development Project and the Municipal Services Project. A major result of the latter is that more than 870,000 people now have municipal water supply for *the first time. The WBG is presently engaged* in a comprehensive Urbanization Review to help develop policy options for improving the sustainability of Turkish cities. This work is feeding into the preparation of the new project "Sustainable Cities."

IFC's strategy for Turkey aims to increase access to finance for municipalities, with the goal of accelerating the completion of essential infrastructure projects. IFC's first engagement in the municipal sector in Turkey was with the Metropolitan Municipality of Istanbul in 2008. In 2012, IFC provided the Metropolitan Municipality of Izmir a senior loan of US$59 million to finance a traffic management system and new emergency response vehicles, in an effort to promote local economic growth by increasing urban mobility and enhancing public safety and security.

Disaster Prevention and Management

In 1999, a 7.4 magnitude earthquake struck in Marmara, claiming 17,000 lives. Turkey remains vulnerable to natural disasters, particularly earthquakes. The earthquake in Van in fall 2011, measuring 7.3, taking 604 lives, injuring 4,152 people, and leaving around 600,000

Source: World Bank

people homeless, was another serious reminder of Turkey's seismic risk and the need for continued mitigation efforts in earthquake-prone provinces. Turkey managed the emergency response to the Van earthquake through its own resources, utilizing the institutional structures established as part of the long-standing cooperation with the Bank. Looking forward, Istanbul remains highly vulnerable due to its location on the North Anatolian Fault, high population, and commercial/industrial densities. The probability of a major earthquake affecting Istanbul in the next 30 years is over 50 percent, while the likelihood of such a disaster in the next decade is around 30 percent. A study assessed that this could result in 87,000 fatalities, 135,000 injuries, and heavy damage to 350,000 public and private buildings. In reaction to this study, 2,500 public buildings, primarily schools and hospitals that would have necessary emergency functions in the aftermath of a disaster, have been prioritized for retrofitting or reconstruction.

Since the 1999 earthquake, Istanbul has emerged as an internationally noted example of good practices in disaster risk mitigation. Istanbul is implementing a Seismic Risk Mitigation and Emergency Preparedness Project (ISMEP). It is strengthening critical public facilities for earthquake resistance, while supporting measures for enforcing building codes and land use regulations. To date, 701 public buildings (including schools and hospitals) have been retrofitted or reconstructed. Retrofitted schools serve about 750,000 students and teachers, while the reinforced and modernized hospitals serve over 25,000 patients daily (this number might triple in the event of a disaster). As part of the Public Awareness and Neighborhood Community Volunteers Programs, 450,000 people were trained in disaster preparedness and an estimated 5 million citizens reached via social and public media. To date, 3,630 engineers throughout the country have been trained in the seismic retrofitting code. Pilot municipalities of Pendik and Bagcilar introduced improved systems for building permit issuance, based on streamlined work flows, a digital database, and IT technologies enhancing the efficiency and transparency of the process. These two pilot municipalities became the first in Turkey to introduce e-services to their citizens.

***Key World Bank contributions*:** The World Bank supports the ISMEP, including the retrofitting or reconstruction of public buildings. Work is also being carried out on places of historical interest, such as the Archaeological Museum within the Topkapi palace complex, based on designs developed under the ISMEP project. The institutional support provided to improve overall disaster risk-management capacity in Istanbul has now been tested and used in various emergency situations of heavy snow and floods. Since 2011, the European Investment Bank (EIB) and the Council of Europe Development Bank are providing parallel financing for this project.

WORLD BANK GROUP PARTNERSHIP WITH TURKEY

Turkey's Ninth Development Plan (2007–13)[3] forms the basis of the partnership between Turkey and the World Bank. The new CPS FY12–15 envisages financing levels of up to US$4.45 billion and the increased provision of analytical and advisory services, as well as new services and instruments, including fee-based services. The CPS has three main strategic objectives and pillars: (i) enhanced competitiveness and employment; (ii) improved equality and public services; and (iii) deepened sustainable development.

Turkey's development success and a number of its economic and social reforms have attracted international interest and recognition. Together, Turkey and the World Bank are exploring avenues to collaborate on sharing Turkey's experiences abroad. Areas of particular interest include health sector reform and disaster prevention and mitigation. In addition, the Bank has begun work to analyze trade relations between Turkey and its neighbors, as well as opportunities to integrate Turkey's energy sector with that of the South Caucasus. Several consultations have taken place with teams from the Middle East and North Africa to identify opportunities for sharing Turkey's success with the countries of the "Arab Spring."

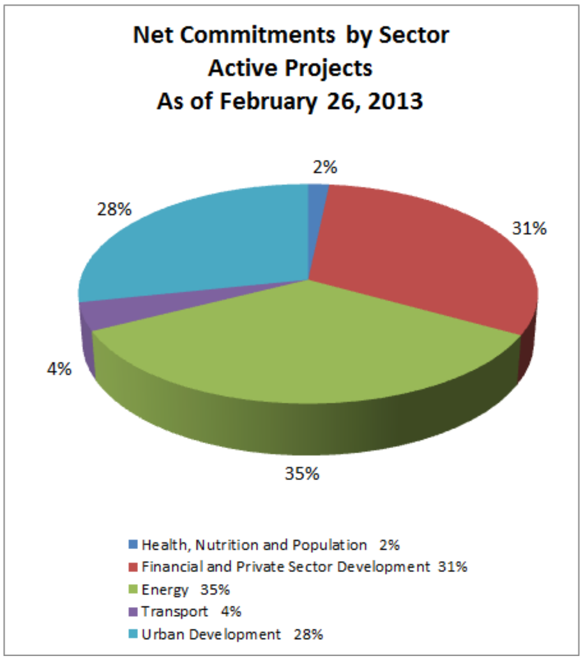
Turkey's active portfolio of investment operations with the World Bank's International Bank for Reconstruction and Development (IBRD) financing includes 10 projects with total net commitments of US$4.469 billion.[4] The investment portfolio supports financial and private sector development (31 percent), urban development (28 percent), the energy sector (35 percent), transport (4 percent), and health (2 percent).

Turkey greatly values the World Bank's technical analysis, advice, international expertise, and experience. The Analytical and Advisory Program is carried out with the

[3] The Tenth Development Plan starting in 2014 is currently under preparation.

[4] As of February 2013.

Government and a broad range of stakeholders. Major tasks are focused on long-term structural and institutional issues, including improvements in the investment climate, as well as how to boost domestic savings, promote skills and job creation, and diversify the country's exports. The Government also seeks quick-response policy advice from the World Bank on specific issues.



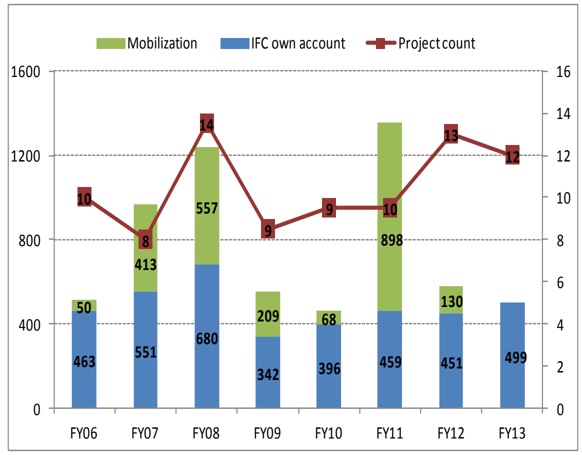
Source: World Bank.

In addition to the work discussed above, the Turkey program is supported by selected Trust Funds. The Turkey Trust Fund portfolio currently comprises 25 recipient or Bank-executed Trust Funds. They amount to US$109 million, with the vast majority (US$100 million) accounted for by the Clean Technology Fund (CTF).

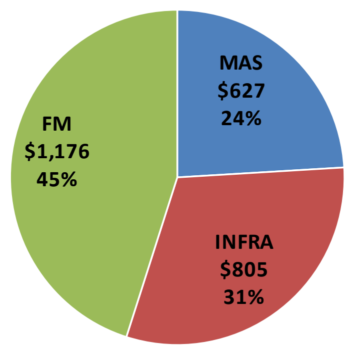
International Finance Corporation

Turkey, a member of IFC since 1956, is IFC's second largest client. IFC's work in Turkey is part of the joint World Bank/IFC Country Partnership Strategy. From 2008 to 2011, IFC invested US$3.7 billion in 47 projects in Turkey, including US$2 billion from IFC's own account. In the same period, IFC mobilized about US$1.7 billion. In 2010, IFC established its Istanbul office as the first IFC Operations Center. Today it is IFC's largest office outside of Washington, DC, with nearly 200 staff serving 52 countries in the Europe, Middle East, and North Africa region (EMENA).

IFC Annual Commitments in Turkey, $mn
(as of February 1, 2013)



IFC Committed Portfolio, $mn
(as of December 31, 2012)



With the new CPS (2012–15):

- IFC aims to support underserved segments of the economy, including female entrepreneurs and MSMEs. IFC also plans to invest in energy efficiency, renewable energy, municipalities, and the poorer regions of Turkey.
- IFC will continue to support the launch of innovative products and explore opportunities to further develop the Turkish corporate bond market.
- IFC will continue to support Turkish companies investing in the region and beyond

TURKEY

- ⊙ PROVINCE CAPITALS*
- ⊛ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- PROVINCE BOUNDARIES*
- INTERNATIONAL BOUNDARIES

*Province names are the same as their capitals.

This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

JULY 2008

IBRD 33501R2

I. Turkey Knowledge Program: Results Highlights

This is a selection of recently completed or ongoing work of studies and technical assistance (TA). Studies are published and available on the Turkey World Bank website (www.worldbank.org.tr), while technical assistance focuses on capacity building.

Contributing to Pillar 1: Enhanced Competitiveness and Employment

***Programmatic Jobs Series*: (i) Labor Markets through the Economic Cycle, (ii) Activation of Low-Skilled Youth and Women, and (iii) Labor Mobility**

This programmatic series of Economic and Sector Work addresses the cyclical and structural dimensions of the labor market in Turkey, focusing on two key challenges: low employment rates and high informality, particularly among women and youth. This work is complemented by technical assistance on severance pay, unemployment insurance reform, and employment support services. Key outputs include:

- The study *Managing Labor Markets through the Economic Cycle* (FY12) includes specific policy options to expand the coverage of unemployment insurance/assistance and adjust its parameters to labor market conditions. The study also charts Turkey's remarkably strong labor market performance during the post-crisis recovery. The publication is expected in mid-2013.
- Work in FY13–14 applies the *World Development Report* framework to identify opportunities for productive employment in Turkey and analyzes policy options for activating low-skilled youth and women. This work will be complemented by TA on employment support services. The second topic of the series will be job creation, again with a focus on "good" jobs (FY14).

Fostering Open and Contestable Markets

Turkey has identified key challenges to the enforcement of competition rules and has been benchmarked against other economies that represent international best practice, as well as regional and global standards, with particular reference to European Union (EU) countries. Key findings from this assessment of competition policy include the need for Turkey to: (i) open professional services to competition; (ii) strengthen economy-wide policies to foster market competition and guarantee a level playing field; (iii) revise the Competition Law to increase the performance and advocacy powers of the Turkish Competition Authority; (iv) strengthen the State Aid Act and its enforcement to minimize potential distortive effects on competition; and (v) mainstream competition and competitive neutrality principles within government policies. This TA is part of the work on improving the investment climate in Turkey.

Additionally, Turkey has committed itself to deepening competition in the financial sector by improving the regulatory and legal landscape for the Non-Banking Financial Sector. In this regard, the Bank's knowledge program includes extensive dialogue with the Capital Markets Board to modernize the environment for the development of mutual funds and corporate bonds. A Corporate Bond Development report was finalized in FY12 and a Mutual Fund development study will be finalized in 2013.

See: *Turkey: Corporate Bond Market Development*.

Creating Equal Opportunities for Men and Women in the Workplace

This programmatically designed TA builds on the earlier analytic work "Developing a Policy Framework to Promote Female Labor Force Participation," published in 2010, and is centered on two pillars: (i) continuing the gender certification for firms promoting gender equity in the workplace, and (ii) conducting a gender-focused Investment Climate Assessment (ICA) to better understand the issues that hinder women's employment and constraints to entrepreneurship. See: *Turkey Female Labor Force Participation Report*.

Results under the first pillar: gender certification. Eight pilot firms have completed the Turkey Gender Equity Model (FEM) certification process, signaling that they have successfully incorporated gender equity into their human resources practices and are fostering equal opportunities for men and women in the workplace. As a result of the program, there is growing momentum among key stakeholders in academia, relevant public institutions, and the private sector to promote gender equity in human resources management. The Ministry of Family and Social Policies has stated its intention to take part in FEM certification, which could lead to the inclusion of public institutions in the process. The pilot is also contributing to knowledge sharing; the Women Entrepreneurs Association of Turkey (KAGIDER) has developed an operational manual for the FEM process and plans to share lessons learned from the pilot, and one of the pilot firms plans to share a white paper on its successful work in monitoring and reporting on gender indicators. KAGIDER has actively promoted FEM certification both within and outside of Turkey and, as a result, 30 firms have requested certification for the new round.

Results expected under the second pillar: entrepreneurship. A gender module is designed and tested producing analysis of constraints to women's employment and entrepreneurship. It will be rolled out in Turkey's next Business Environment and Enterprise Performance Survey (BEEPS) in July 2012 and will be the first in the region. Public programs to support female entrepreneurship will be mapped with respect to these constraints.

Additional Trust Fund Activity financed by Sweden: Increased Access of Women Economic Opportunities in Turkey. This activity, launched in FY13, supports the above agenda specifically through (i) diagnostic research on issues like the gender wage gap, the sectoral structure and trends of female employment, barriers to formal employment, and barriers to women's careers in firms; (ii) knowledge sharing and awareness raising through instruments like an interactive web-based portal, the nation-wide campaign "Anatolia step by step," partnership platforms with the private sector, etc; and (iii) strengthening women's cooperatives.

Country Economic Memorandum (CEM): Trade Dynamics and Potential

The CEM is presently under preparation and will identify policy options and interventions that can enhance Turkey's trade performance and competitiveness. Three key hypotheses are being tested: (i) Turkey's trade structure can be made more conducive to economic growth and trade relationships could be enhanced; (ii) Diversifying exports across markets and products will reduce

Turkey's risk to external shocks; and (iii) With more high quality and sophisticated exports, Turkey will see higher rates of economic growth. Three outputs are expected: (i) a trade outcomes analysis will provide a detailed description of the competitiveness level, sophistication, and diversification of Turkish exports; (ii) a firm-level analysis will generate information on the constraints to trade; and (iii) selected thematic studies on selected macro- and microeconomic issues will complement the trade and firm-level analysis (e.g., a study on the link between trade outcomes and policies and labor market outcomes and policies). Once finalized, the report will be published on the Turkey World Bank website.

How fiscal Policy Contributes to Economic Growth: A Public Financial Review For Turkey

An ongoing analysis of Turkey's fiscal policy over the past decade aims to identify the broader macroeconomic implications of fiscal policy, notably with regard to supporting future economic growth. The diagnosis and policy implications derived are expected to feed into the Ministry of Development's 2013 Medium-Term Development Strategy. It would assess the extent to which adjustments in overall tax and spending levels and the structure of public finances might further support private savings, investment, employment, productivity, and growth going forward. The work will include capacity building at the Ministry of Development for medium-term planning, including the use of computable general equilibrium (CGE) modeling, to understand the macroeconomic effects of fiscal policy changes. Once finalized, the report will be published on the Turkey World Bank website.

Contributing to Pillar 2: Improving Equity and Social Services

Programmatic Education Series I: Improving the Quality and Equity of Basic Education

Turkey has committed to improving basic education coverage and quality across four focus areas: (i) early childhood education; (ii) teachers; (iii) financing; and (iv) information. The Government has included the restructuring of the teacher training and development system in the Medium Term Program (MTP). The MTP now includes the development of alternative financing models and the Government will encourage the private sector to invest in education focused on quality. As part of the 4+4+4 law, the Government is working on transforming private tutoring centers into schools and developing special funding for lagging provinces. The Ministry of Education is working to improve data collection and to develop modules for use by different stakeholders to better inform education policy and decision making. The Bank contributed a Policy Note to inform the discussion in close collaboration with the Ministry of National Education, Treasury, and other key institutions in Turkey. Further analytical work is ongoing, using student assessments (Program for International Student Assessment [PISA] and Trends in International Mathematics and Science Study [TIMMS]) to understand the key drivers of improved education quality in Turkey.

See: *Improving the Quality and Equity of Basic Education in Turkey: Challenges and Options*.

Programmatic Education Series II: Closing the Gaps to Improve Early Childhood Education Programs

Turkey articulated its goals for early childhood education in the 9th Development Plan. Turkey's early childhood development (ECD) policies were assessed through the SABER-ECD analytical framework. Turkey was benchmarked on early childhood education (ECE) policies widespread implementation and quality monitoring. Turkey plans to move from the Emerging and Established stage to the advanced stage in the medium to long term. The Ministry of Development has committed to developing a comprehensive ECD strategy that integrates and coordinates interventions in different areas and provides a clear organizational framework for ECD. The Ministry of Family and Social Policy is considering the extension of the conditional cash transfer program to include younger children, which will expand coverage. Awareness has increased in Turkey of the importance of ECD, and the country is benefiting from the experiences of other countries such as Chile, Brazil, Russia, and Poland. The Bank's report on ECE that contributed to these discussions has been finalized and will be posted on the World Bank's website.

Contributing to Pillar 3: Deepened Sustainable Development

Turkey Green Growth: a Vision Articulated and Presented Internationally

Turkey articulated its vision of greening its economy in view of the 10th National Development Plan and presented it at the Rio+20 Conference in June 2012. The Bank worked with the Ministry of Development to prepare a Green Growth Policy Note as part of a set of analytical activities and stakeholder consultations to inform Turkey's vision of greening its economy. Analytical outputs include: (i) Turkey benchmarked on green policies across strategic sectors of the economy (automotive, electronics, white goods, iron and steel, machine industry, construction, and agriculture); and (ii) Turkey better informed on the impact of green policies (e.g., pollution taxes, resource efficiency, and promotion of green production) on growth, employment, fiscal impact, and emissions reductions, through pilot economic modeling. The Bank's Policy Note is being finalized and will be published on the Bank's website. Follow-on work to deepen data collection and analysis on green growth is under discussion.

Modernizing Turkey's Food Industry Safety and Compliance with EU standards.

Jointly with the agri-food industry and agricultural producers, the Turkish Government has prepared a Gap Analysis and developed a Guidance Document for the National Agri-Food Sector

Modernization Plan to promote the food industry's compliance with EU standards (Chapter 12 of the *acquis communautaire*) and with regional and international markets. This plan has a strong operational focus, including financing estimates, qualification criteria, and specific guidelines, and focuses on four main commodity areas: fish, dairy, meat, and livestock by-products. Awareness of food safety issues has been raised nationally through communications, workshops, and advocacy consultations with key stakeholders and decision makers. Benefits include improving competitiveness, reducing public health risks, and meeting domestic market requirements and expanding export opportunities. The results were

achieved through programmatic technical assistance over three years working closely with the Ministry of Agriculture and Rural Affairs (MARA).

A National Basin Management Strategy is formulated.

Turkey has prepared a National Basin Management Strategy (NBMS) and guidelines for strengthening the country's regulatory framework and implementation capacity to address the cumulative environmental impacts of hydropower development, consistent with EU environmental and other global management standards. The strategy's developm ent involved the establish ment of a new national consultati

ve coordination process that managed broad technical consultations among key government agencies involved in natural resource management, as well as feedback from other stakeholders, including nongovernmental organizations (NGOs), universities, municipalities, provinces, and the private sector. In addition, there is increased awareness of the environmental impact of hydropower plants (HPPs), and the Government is working to address these issues and strengthen water institutions. The Bank provided programmatic technical assistance in support of the National Steering Committee to finalize the NBMS and held consultations with related public agencies and institutions, including the Ministry of Forestry and Water Works, the

Ministry of Environment and Urbanization, the Ministry of Food, Agriculture and Livestock, and the Ministry of Development, as well as related stakeholders. The Bank developed an Advisory Note and implementation guidelines on a cumulative environmental impact assessment. A potential new Water Basin Management project will provide the opportunity to support the implementation of the NBMS in selected water basins.

Sustainable Cities for Turkey

Turkey has experienced one of the highest urbanization rates in the world. Three-quarters of the population now reside in 5 percent in 1960, and cities today generate an estimated 92 percent of gross value added. The report reviews policy challenges to ensure that Turkey draws maximum benefit from urbanization and manages associated risks, focusing on housing markets, congestion and public transport, and weak urban planning. The Urbanization Review (FY13) will set the stage for a “Sustainable Cities” investment program. An effective Urban Database is being established with Sustainable Cities Indicators to support implementation of the Government’s new National Urban Development Strategy (KENTGES 2010). Results expected include: policy recommendations on (i) city competitiveness through enhanced connectivity and strengthened planning systems, (ii) fluid urban land and housing markets, (iii) mobility through urban transport interventions, (iv) inter-agency coordination, and (v) innovative financing options for cities. The Review will contribute to Turkey’s urbanization policy, which is expected to lead to a “Sustainable Cities” investment program. Once finalized, the Review will be published.

II. TURKEY: ONGOING PROJECTS-IBRD

TURKEY: ACCESS TO FINANCE FOR SMEs II PROJECT

Updated February 2013

Key Dates:

Approved: June 15, 2010
Effective: August 12, 2010
Closing: September 30, 2014

Figures in million US Dollars*:

Financier	*Financing*
IBRD	500
Government of Turkey	
Other Donors	
Total Project Cost	500

World Bank Disbursements, million US Dollars*:

Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	500	415.1	84.9

As of February 21, 2013. *Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Background and Objectives:

Small and medium-sized enterprises (SMEs) play a very important role in the Turkish economy, owing to their considerable share in the total number of enterprises and in total employment. SMEs in Turkey represent 99 percent of all enterprises, 80 percent of employment, and 45 percent of investments, and are estimated to account for up to 57 percent of value added. A strong SME sector in Turkey would thus positively contribute toward such key issues as unemployment, productivity, competitiveness, and sustainable growth.

Turkish SMEs are growing more slowly than both large enterprises in Turkey and the SMEs in comparator countries. Access to finance is perceived as the single most severe obstacle to growth by medium-sized firms. In 2009, in the aftermath of the global crisis, SMEs' share in total credit declined by about 5 percentage points to little over 20 percent, but it has since recovered, as the economy rebounded strongly in 2010 and 2011. SMEs' share in total credit was around 24.5 percent as of December 2012.

The project's objective is to broaden and deepen the access of Turkish SMEs to medium- and long-term finance, with a view to ultimately contributing to an expansion of productive activities and job creation. The project will also serve to provide credit in currently underserved regions, ensuring that these areas are not left behind and that the credit and productivity gap between less and more advanced regions does not widen.

The project finances three credit lines to three participating borrowers for on-lending to SMEs: (i) a US$100 million wholesale credit line to Kalkınma Bank to be intermediated through private retail banks/leasing companies to SMEs; (ii) a US$200 million credit line to be intermediated through Ziraat Bank as a retail bank directly to SMEs; and (iii) a US$200 million credit line to be intermediated through Vakıf Bank as a retail bank directly to SMEs.

SME II Project is complemented by the Export Finance Intermediation Loan series, which has been providing medium- to long-term funds to exporting enterprises.

Results achieved:

- Under the project, access to medium-term finance has been provided to 567 firms.
- Geographical coverage extends to most parts of Turkey, with an emphasis on underserved areas such as the eastern and central regions.
- Funds made available to SMEs through the credit line helped them run their operations smoothly without significant difficulties, and strengthen their long-term business opportunities. 3,347 jobs were estimated to have been created by the utilization of these loans.

Implementing Agencies:

TSKB, Ziraat Bank, and Vakıf Bank.

TURKEY: EXPORT FINANCE INTERMEDIATION LOAN (EFIL IV) PROJECT

Updated February 2013

Key Dates:

Approved: May 22, 2008
Effective: June 19, 2008
Closing: December 31, 2014

Figures in million US Dollars*:

Financier	Financing
IBRD	900
Government of Turkey	
Other Donors	
Total Project Cost	900

World Bank Disbursements, million US Dollars*:

Financier	Total	Disbursed	Undisbursed
IBRD	900	841	59

***Using the exchange rate as of March 4, 2012.**

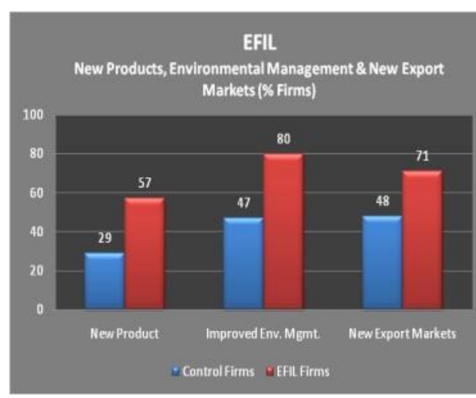
Background and Objectives:

The World Bank started providing the financial sector with long-term funds to develop medium-term financing for exporters with the first Export Finance Intermediation Loan (EFIL) project in 1999. The focus on exporting enterprises ensured their ability to bear the risk of borrowing in foreign currency. Despite improvements in access to finance, medium-term finance has remained a challenge, constraining the investment and financial planning of enterprises. In addition, the Turkish financial sector suffers from a chronic lack of long-term funds, thus the project helps to lengthen the maturity profile of the financial sector.

The fourth EFIL project was prepared as the crisis was looming in Turkey, and the project continues to support the banking sector in developing medium-term finance for exporters. The original loans to Türkiye Sinai Kalkınma Bankası (TSKB) and Türk Eximbank were in the amounts of US$300 and US$300 million equivalent, respectively. The project was approved by the Board in April 2008 and disbursements started in FY09. In April 2011, an additional loan to TSKB in the amount of US$300 million equivalent was approved to scale up the impact of the project. EFIL IV is the fourth in a series of very successful credit lines provided to medium-sized exporters in Turkey. Banks expanded into the SME segment in the middle of the decade, when liquidity conditions improved and the macroeconomic conditions stabilized. Two similar projects (SME and SME II) support medium-term SME credit.

The project's objective is to address the need for medium- to long-term financing of investment and medium-term working capital for exporting enterprises, and to deepen financial intermediation. The project has three components: (i) a US$600 million equivalent credit line to TSKB whereby TSKB in turn provides medium-term finance to participating financial intermediaries for further on-lending to eligible private exporters; (ii) a US$296 million equivalent credit line to Türk Eximbank whereby Türk Eximbank on-lends to eligible exporters; and (iii) US$4 million that supports capacity building for improved risk management at Türk Eximbank.

Results achieved:



- Exports of target firms grew by 117 percent under EFIL II and by 95 percent under EFIL III (vs. aggregate export growth of 81 percent). EFIL III participating firms were more likely to introduce new products, improve environmental management, and enter new export markets compared to a control group of nonparticipating firms. In EFIL IV, the median participating firm outperformed its sector by 14 percentage points.
- Project implementation has advanced well: 12 financial intermediaries are involved, with TSKB disbursements at 58 percent under the additional finance approved in 2011 (and expected to continue rapidly in the next six months) and Türk Eximbank disbursements at 97 percent under the original finance (with 61 percent of the total taking place since November 2011, following restructuring to include new sectors). Nonperforming loans account for 0.1 percent when measured by amount and 2.1 percent by number of loans.

Implementing Agencies: Türk Eximbank and TSKB Bank.

TURKEY: MUNICIPAL SERVICES PROJECT
Updated February 2013

Key Dates:
Approved: June 23, 2005
Effective: May 18, 2006
Closing: December 31, 2014
Figures in million US Dollars*:

Financier	*Financing*
IBRD	510*
Government of Turkey	70
Other Donors	
Total Project Cost	580

World Bank Disbursements, million US Dollars*:

Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	510	297	232

The original loan closed on December 31, 2012 and since all planned investments completed USD 4.3 million of unused amount was cancelled
****As of February 12, 2013. *Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.***

Background and Objectives:
Currently, over 70 percent of the population in Turkey lives in urban areas, and cities are estimated to account for as much as 90 percent of the country's gross value added. The importance of cities to the nation's economy, coupled with the rapid rate of urbanization, underscores the critical importance of demand for efficient municipal services that include water, sanitation, and solid waste management. High levels of investment at the local level are required to ensure the delivery of quality services at international standards.

The objective of the project is to support sustainable municipal services in selected municipalities. To meet this objective, the project supports: (i) development of municipal infrastructure to improve water, wastewater, and solid waste management services; (ii) strengthening of the financial position and operational efficiency of municipal utilities; and (iii) institutional strengthening of Iller Bank. As a result of the project, water, wastewater, and solid waste investments are expected to improve the environment and public health, resulting in more safe and reliable municipal environmental services for citizens. Iller Bank's financial and banking capacity is expected to be strengthened over time, enabling it to more efficiently assist in the broader program of municipal reform and allocate resources more effectively.

Key Results Achieved:

- Percentages of non-revenue water were significantly reduced in targeted cities. In Asat (Antalya), losses have been reduced from 52 percent to 44 percent, in Kutahya from 69 to 36 percent, and in Elbistan from 65 to 32 percent by the end of 2011.
- More than 870,000 households in eight cities around the country were connected to municipal water supply systems for the first time. Sewerage services increased dramatically in some cities. For example, in Ilica, the percentage of the city population connected to the sewer network increased from 40 percent in 2006 to 88 percent by the end of 2011, and in Antalya from 43 percent to 57 percent by the end of 2011, through investments carried out under the project.
- The solid waste landfills in Gelibolu and Bergama were established with a total capacity of 54,000 tons.
- The capacity of Iller Bank and municipal staff has been enhanced through training and customized capacity-building activities. The number of man-days of training provided to the project management staff of Iller Bank increased from 231 to 1,011 by the end of 2011. The increase of training provided for Municipal Project Management Unit (PMU) staff is also significant, having risen from 86 to 164 man-days.

Implementing Agencies:
Iller Bank as the borrower and 15 municipalities or utility companies as sub-borrowers. ISKI has cancelled the subloan agreement signed with Ilbank. The Ilbank team is working on reallocating the unused amount to another municipality.

TURKEY: PRIVATE SECTOR RENEWABLE ENERGY AND ENERGY EFFICIENCY PROJECT

Updated February 2013

Key Dates:

Approved: May 28, 2009 (Additional loan approved: Nov. 22, 2011)
Effective: August 12, 2009 (Additional loan effective: Jan. 19, 2012)
Closing: December 31, 2016

Figures in million US Dollars*:

Financier	*Financing*
IBRD	1,000
Other Donors **(Clean Technology Fund)**	100
Borrowers (TKB & TSKB)	700
Total Project Cost	1,800

World Bank Disbursements, million US Dollars*:

Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	1,100	762	341

As of February 7, 2013.** ***Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Background and Objectives:

Turkey is short of domestic energy resources except for lignite, and relies for much of its electricity generation on imported natural gas. In order to reduce Turkey's dependence on imported fuels and also reduce greenhouse gas emissions, the Government is encouraging the private sector to utilize the country's large renewable energy resources. These consist primarily of hydropower and wind, but there are also smaller resources of geothermal heat, biomass, and solar. In order to assist the Government, the World Bank in 2004 financed a Renewable Energy loan, which was implemented by the privately owned Industrial Development Bank of Turkey (TSKB) and the Government-owned Development Bank of Turkey (TKB).

The ongoing project builds on the previous one, covering a wider range of activities. It finances energy-efficiency (EE) subprojects and includes some concessionary financing by the Clean Technology Fund (CTF), supporting renewable technologies and energy efficiency. The project was restructured in September 2011 to broaden the environmental safeguards coverage to also include an assessment of the cumulative environmental impact of multiple hydroelectric projects on a river. Additionally, the fund allocation of the project was adjusted to encourage more focus on advanced renewable energy technologies and EE investments. Following the restructuring, Additional Financing of US$500 million was approved on November 22, 2011.

The project's objective is to help increase privately owned and operated energy production from indigenous renewable sources and enhance energy efficiency, and thereby help reduce greenhouse gas emissions.

Results achieved: The project is expected to help improve Turkey's supply security by providing domestic energy resources. It is also expected to help reduce greenhouse gas emissions by building renewable and energy-efficient facilities instead of new fossil fuel fired plants. It is expected to generate a relatively higher number of jobs in remote and poorer areas since the areas where hydropower sites are found (most of the new generation plants are hydropower) tend to be in more remote, mountainous, and poor areas. With the development of capacity in the financial institutions (FIs), the projects in EE are now becoming the focus of the project.

From International Bank for Reconstruction and Development (IBRD) and CTF resources, about 50 renewable energy projects with a total capacity of 969 megawatts (MW) have been financed and are under construction as of August 2012. While the majorities are hydroelectric projects, the project also financed six wind projects and one geothermal project. Twenty EE projects have also been financed so far: these are in industries such as paper, petrochemicals, plastic, and iron and steel. Projects financed so far are estimated to contribute to a greenhouse gas emission reduction of 3.3 million ton per year. CTF financing has been utilized for nine small hydros (less than 10 MW), six wind projects, one geothermal project, and 20 EE projects.

Implementing Agencies: TKB and TSKB. Other key agencies include the Ministry of Energy and Natural Resources, the Ministry of Development, and the Undersecretariat of the Treasury. **Key Development Partners** include the United Nations Development Programme (UNDP), the French Development Agency (AFD), and the German Development Bank (KfW), which are providing technical assistance related to energy efficiency.

TURKEY: ENERGY COMMUNITY OF SOUTH EAST EUROPE (ECSEE) APL6 PROJECT

Updated February 2013

Key Dates:

Approved: August 30, 2010
Effective: December 15, 2010
Closing: December 31, 2015

Figures in million US Dollars*:

Financier	Financing
IBRD	220
TEIAS	20
Other Donors	
Total Project Cost	240

World Bank Disbursements, million US Dollars*:

Financier	Total	Disbursed	Undisbursed
IBRD	220	61.2	160.6*

As of September 2012.** ***Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Background and Objectives:

Turkey is part of the Energy Community of South East Europe (ECSEE), established in 2005 with the objective of creating a stable regulatory and market framework in order to: (i) attract investments in power generation and networks to ensure a stable and continuous energy supply that is essential for economic development and social stability; (ii) create an integrated energy market allowing for cross-border energy trade and integration into the European Union (EU) market; (iii) enhance the security of supply; (iv) improve the environmental situation surrounding energy supply in the region; and (v) enhance competition at the regional level and exploit economies of scale.

The Bank has been supporting these objectives in a number of ways, including through the March 2004 strategy paper for energy trade in South East Europe and the ECSEE Adaptable Program Loan (APL) series, approved on January 27, 2005. The objective of the ECSEE APL program is the development of a functioning regional electricity market in South East Europe and its integration into the internal electricity market of the EU through the implementation of priority investments. These include supporting: (i) electricity markets, and (ii) power system operations in electricity generation, transmission, and distribution, and providing technical assistance for institutional/systems development and project preparation and implementation.

The development objective of Turkey ECSEE APL6 is to help improve the capacity and reliability of the power transmission system in Turkey and its ability to integrate renewable energy capacity into the system. APL6 continues to support the priority investments that APLs 2 and 3 financed earlier, in the area of system strengthening and expansion. The project finances priority investments that create a stable and safe electricity market in Turkey and the conditions for regional trade. In addition, the project will continue the advisory and investment support for internal market implementation and its integration into the European market.

Results achieved:

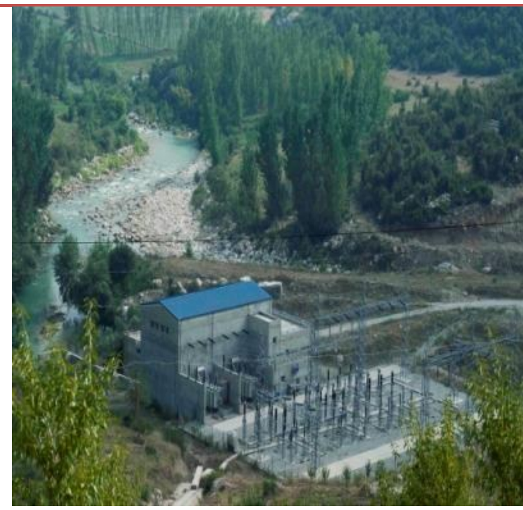
A large number of the priority investments under the project have now been successfully completed and are currently in operation; several others are to be completed in the first quarter of 2013. The completed projects include the Day-Ahead Market and Balancing systems, the Automatic Meter Reading system, five major gas insulated substations (GIS), two underground cables interconnecting critical substations in the system, the development of three Regional Control Centers, and the installation of 75 Remote Telemetry Units. All of these projects represent major efforts to expand the transmission network to serve the increasing energy needs in the country and help improve the reliability of the power supply, enable the provision of supply to newer urban developments, and improve the transmission system as a major endeavor to integrate sustainable renewable energy into the grid.

Implementing Agencies:

Turkish Electricity Transmission (TEIAS). Other close partners include the Ministry of Energy and Natural Resources.

TURKEY: ELECTRICTY DISTRIBUTION REHABILITATION PROJECT

Update September 2012



Key Dates:

Approved: April 19, 2007

Effective: March 21, 2008

Closing: December 31, 2012

Figures in million US Dollars*:

Financier	*Financing*
IBRD	269.4
Government of Turkey	75
Other Donors	
Total Project Cost	344.4

World Bank Disbursements, million US Dollars*:

Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	269.4	99.9	161.85

As of September 6, 2012. *Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Background and Objectives:

Turkey is seeing rapid urbanization, leading to a growing demand for electricity. At the same time, investments in electricity distribution have not kept pace with system needs. In response to the need for increased investments and system efficiencies, the distribution network is being rehabilitated and strengthened, and private sector participation has been encouraged. Until 2008, the electricity distribution system was operated by 21 regional distribution companies, of which 20 were owned by the Turkish Electricity Distribution Company (TEDAŞ). Since then, most of the regional companies have been privatized, and new private owners have gradually taken over the management and operation of the distribution system.

The objective of the project is to help improve the reliability of the power supply to consumers in Turkey by supporting the implementation of the electricity distribution network rehabilitation and expansion program. The project is part of the overall support currently being provided to the electricity sector in Turkey by the Bank in renewable energy, energy efficiency, and electricity distribution and transmission. The project supports the implementation of (i) medium and low voltage distribution network upgrades and expansion; and (ii) technical assistance for implementation supervision and performance monitoring. The project will thus help to improve the distribution system in critical areas, reduce interruptions in supply, expand capacity, and enhance the potential for privatization. Moreover, the investments will enable the distribution network to become more compliant with safety regulations.

Results achieved: Collection efficiency improved in the seven regional companies targeted under the project

- Reduced number and duration of interruptions faced by consumers in the seven regional companies targeted under the project
- New load served in targeted areas to meet increased demand

Implementing Agencies:

Turkish Electricity Distribution Company (TEDAŞ).

Key Development Partners included the European Investment Bank (EIB), which is financing a similar project in parallel.

TURKEY: GAS SECTOR DEVELOPMENT PROJECT

Updated February 2013

Key Dates:
Approved: November 29, 2005
Effective: March 7, 2006
Closing: December 31, 2012

Figures in million US Dollars*:

Financier	Financing
IBRD	325
BOTAS	388
Total Project Cost	713

World Bank Disbursements, million US Dollars*:

Financier	Total	Disbursed	Undisbursed
IBRD	325	225.9	99.1

*** As of February 11, 2013.** ***Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.***

Background and Objectives:

With limited domestic natural gas reserves, Turkey imports 98 percent of its gas. Natural gas consumption has grown rapidly in Turkey since it was first utilized in 1987, with an average annual growth rate of 24 percent, mainly as a means of reducing growth in the usage of the environmentally unsustainable domestic lignite. The largest user of gas is the electricity generation industry (51 percent), followed by industry (32 percent), and households (17 percent). With increasing urbanization (increased electricity and heating use), the demand for natural gas is expected to continue to grow rapidly in the medium term. Turkey obtains its gas supplies through imports, primarily from Russia through two pipelines: one through Bulgaria and the second under the Black Sea. Other major suppliers are Iran (by pipeline), Azerbaijan (by pipeline), Algeria, Nigeria, and spot suppliers (in the form of liquefied natural gas [LNG]). Turkey imported 44 billion cubic meters of natural gas and LNG in 2011. Turkey's unique geographical location placed it as a major gas transit country, exporting into mainland Europe. In addition to the growing in-country demand for gas, this role for Turkey as a transit country is likely to drive the economics of the natural gas market in the medium term.

The project's objective is to increase the reliability and stability of the gas supply in Turkey by putting into place critically needed gas storage and network infrastructure, and supporting the Petroleum Pipeline Corporation (BOTAŞ) in strengthening its operations as a financially stable and commercially managed corporation**.** The project has the following components: (i) an underground gas storage facility, in an underground salt formation close to Tuz Gölü, a salt lake in South Central Turkey; the facility, upon completion, would have a storage capacity of about 960 million cubic meters of working gas and 460 million cubic meters of cushion gas, and the capacity to deliver 40 million cubic meters of gas per day up to 20 days and could be refilled at the rate of 30 million cubic meters per day over a period of 25 days; (ii) network expansion—the project finances the Erzincan compressor station for BOTAŞ, and this station is required to help transmit the increasing volumes of gas expected to be imported from existing and new sources; and (iii) technical advisory support for owner's engineer as well as environment monitoring.

Results achieved:

The project is innovative and very challenging from the technical and procurement points of view, and it has thus taken significantly more time than initially envisaged for the procurement stage to be completed. However, contracts are now well under way. The construction work at the storage project began in 2011, the disbursements ramped up in 2012 as the project made impressive progress, and the project will take eight years to be completed. The Erzincan compressor is at an advanced stage of construction and is expected to be completed by mid-2013. Once the storage project is completed, Turkey is expected to continue to expand storage at the Tuz Gölü site, with the potential to accommodate 10–12 billion cubic meters of storage. The storage project is of critical importance, as it would help Turkey ensure gas supply at peak winter times, avoid the penalties that may stem from take or pay contracts, and develop new transit capacities. Gas storage in salt domes is relatively unique, with few countries, such as the United States, having such facilities.

Implementing Agencies: Petroleum Pipeline Corporation (BOTAŞ).

TURKEY: ISTANBUL SEISMIC RISK MITIGATION AND EMERGENCY PREPAREDNESS PROJECT Updated February 2013

Key Dates:

Approved: May 26, 2005
Effective: February 03, 2006
Closing: December 31, 2014

Figures in million US Dollars*

Financier	*Financing*
IBRD	550.0
Government of Turkey	
Other Donors	
Total Project Cost	550.0

World Bank Disbursements, million US Dollars*:

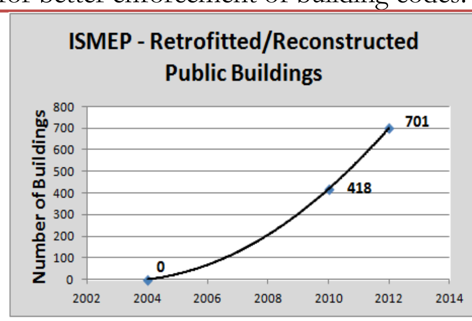
Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	550.0	445	137

*** As of February 12, 2013**
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.
The European Investment Bank (EIB) and **the Council of Europe Development Bank (CEB)** provide parallel financing under the framework of the ISMEP project.

Background and Objectives:

Turkey is highly vulnerable to earthquakes. In 1999, over 17,000 people died in the Marmara earthquake. The economic impact was estimated at about US$5 billion, or roughly 2.5 percent of GNP. Istanbul is particularly vulnerable because of its seismic-prone location on the North Anatolian Fault, high population, and commercial/industrial densities. If a seismic event were to occur in or near Istanbul, the human suffering as well as the social, economic, and environmental impacts could be dramatic, as Istanbul is also a nexus of intercontinental importance and home to approximately 15 million people. An interruption of Istanbul's social, economic, cultural, and financial life would be felt for many years to come. The objective of the project is to improve the city of Istanbul's preparedness for a potential earthquake through enhancing the institutional and technical capacity for disaster management and emergency response, strengthening critical public facilities for earthquake resistance, and supporting measures for better enforcement of building codes.

Results achieved:



- 702 public buildings have been retrofitted or reconstructed, including schools that serve more than 750,000 students and teachers, and hospitals/clinics that serve about 1 million patients annually.
- The back-up Disaster Management Center is operational and the construction of the Istanbul Governorship's main Disaster Management Center was completed.
- A first in Turkey digital inventory of cultural heritage buildings in Istanbul was developed under the authority of the Ministry of Culture and Tourism, as well as the designs for the strengthening and preservation of three historical buildings in Istanbul.
- 450,000 people were trained in disaster preparedness and an estimated 5 million citizens reached via social and public media through the Public Awareness and Neighborhood Community Volunteers programs.
- In the course of the project, 3,630 engineers throughout the country were trained in the seismic retrofitting code, and the two pilot municipalities of Pendik and Bagcilar became the first in Turkey to introduce e-services to their citizens.

Implementing Agency: Istanbul Special Provincial Administration through their Project Coordinating Unit.

TURKEY: RAILWAYS RESTRUCTURING PROJECT
Updated February 2013

Key Dates:
Approved: June 9, 2005
Effective: June 19, 2006
Closing: December 31, 2013

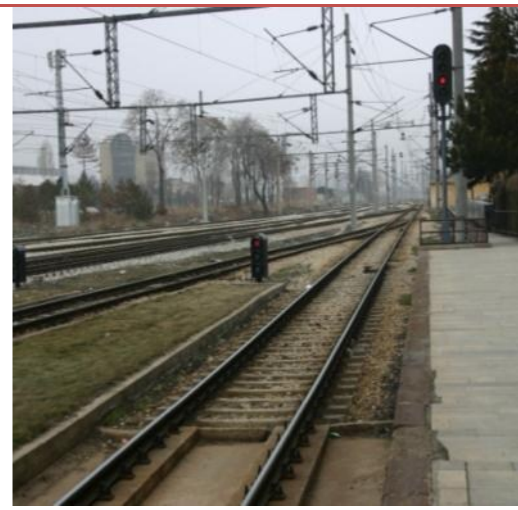
Financing in million US Dollars:

Financier	*Financing*
IBRD	184.7
Government of Turkey	36.3
Other Donors	
Total Project Cost	221

World Bank Disbursements, million US Dollars*:

Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	184.7	129.6	54.1

As of February 6, 2012.** ***Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.



Background and Objectives:
Turkey's geopolitical position as a link between Europe and Asia makes the transport sector crucial for the economic development of the region. Turkey's role both as a transit country and as an origin and destination of freight make the focus on transport extremely important. The restructuring of the transport sector is challenging for two main reasons: (i) strategic decisions have to be taken regarding the optimal transport modal split and the future of the railways; and (ii) the scope and pace of the restructuring of the Turkish State Railways (TCDD) has to be carefully assessed, in compliance with the EU *acquis communautaire* to facilitate Turkey's integration into the EU in the near future.
The project is the first phase of an Adaptable Programmatic Lending (APL) program, whose objective is to improve the financial viability, productivity, and effectiveness of railway operations. The objectives specific to the project are: (i) to improve the effectiveness of railway operations on the Mersin-Toprakkale and Yenice-Boğazköprü railway lines by increasing the capacity and improving service quality; and (ii) to lay the groundwork for restructuring the TCDD by developing experience with financially viable contract arrangements for public services operating at a loss and with infrastructure access pricing.

Results achieved:
The project is meeting its reform objectives related to public service contracts and infrastructure access pricing. TCDD and the Treasury carried out a Public Service Obligation (PSO) pilot in 2009 in which they established an agreement covering service requirements and compensation for a limited number of trains, which has since been expanded, and a draft PSO contract covering optimized service has been prepared. TCDD carried out a pilot in 2009 to prepare a network statement, the document in which railways in the EU define their service, prices, and other terms under which competing railway undertakings can have access to the railway infrastructure.
Activities for the modernization of the railway lines started in late 2009 and signaling for the first group of stations will be commissioned in 2013. Once the infrastructure investments on the railway lines are completed, the project is expected to yield benefits in relieving congestion on the railway lines to and from the port of Mersin so that more of the port traffic can be handled by rail rather than road.
The project is expected to benefit the railway financially by attracting freight traffic and improving network density. It also supports the transformation of TCDD into a commercial and market-oriented railway. Over time, this would improve the railway delivery of both passenger and freight services, as well as reduce the subsidy needs of the railway, freeing public funds for other uses.

Implementing Agencies:
Turkish State Railways (TCDD).
Key Development Partners include the European Union, which has provided financing to Turkish State Railways for support on reform of the railway.

TURKEY: PROJECT IN SUPPORT OF RESTRUCTURING OF HEALTH SECTOR

Updated February 2013

Key Dates:

Approved: June 11, 2009

Effective: September 29, 2009

Closing: July 31, 2013

Figures in million US Dollars*:

Financier	*Financing*
IBRD	75.1
Government of Turkey	
Other Donors	
Total Project Cost	75.1

World Bank Disbursements, million US Dollars*:

Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	75.1	35.2	39.9

As of February 2013.** ***Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Background and objectives:

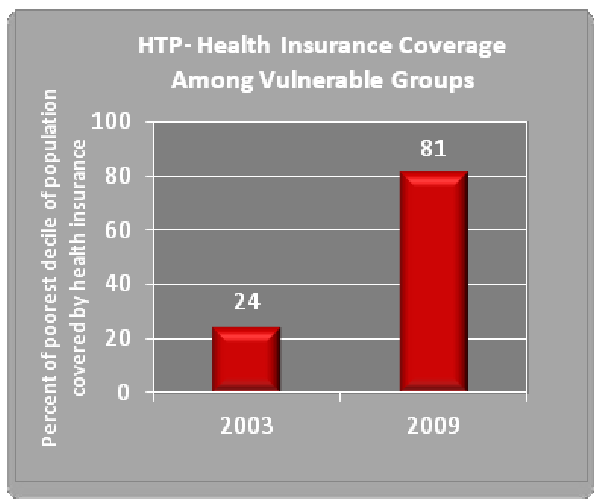
In 2003, the Government of Turkey launched its Health Transformation Program, a 10-year health reform initiative designed to bring Turkey's health indicators in line with other middle-income countries and those in the Organisation for Economic Co-operation and Development (OECD). At the time, Turkey's health financing system was fragmented, contributing to inefficiency and inequity, and insurance coverage for the poor was scarce. Health care in rural areas was expensive and difficult to access.

The World Bank has been supporting the Government's Health Transformation program through a two-phased approach. The first phase, through the Health Transition Project, supported the introduction of the family medicine model, and helped build the capacity of the Ministry of Health (MoH) and the Social Security Institute to expand health insurance coverage and improve family medicine service delivery.

The second phase, through the ongoing Project in Support of Restructuring of Health Sector, supports reforms aimed at increasing hospital autonomy, expanding family medicine services, and further strengthening performance management and pay-for-performance initiatives.

Results achieved:

- In 2003, 24 percent of the population in the poorest income decile had health insurance, compared with 81 percent in 2009.
- The population enrolled with family medicine increased from zero in 15 pilot provinces in 2003, to the entire population in 2010.
- Utilization of primary care services has increased to 3.3 outpatient visits per capita in 2011 compared with 2.1 in 2008.
- Patient satisfaction with primary care services in provinces where family medicine was introduced increased from 69 percent in 2004 to 89.8 percent in 2012.
- Patient satisfaction with health services in public hospitals increased from 41 percent in 2003 to 76 percent in 2011.
- Social security systems were unified, and all hospitals were transferred to the MoH, so people can choose where to be treated.



Implementing Agencies: Ministry of Health and Social Security Institute.

TURKEY: ANATOLIA WATERSHED REHABILITATION PROJECT (GEF TRUST FUND)

Key Dates:

Approved: June 1, 2004
Effective: December 21, 2004
Closing: June 30, 2012

Figures in million US Dollars*:

Financier	*Financing*
IBRD	15.70
Government of Turkey	8.65
Other Donors (GEF)	7.00
Local Community	9.46
Total Project Cost	40.81

World Bank Disbursements, million US Dollars*:

Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	15.70	15.3	.36
GEF	7.00	7.00	0.0

***As of January 2, 2011.**
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Background and Objectives:

Turkey is at risk of being increasingly affected by climate change; indeed, parts of Turkey's rural areas are already suffering from serious natural resource degradation. At the same time, Turkey's status as an EU candidate country calls for important changes in its environmental policy and regulatory framework (EU Directives on Water Resource Use, Nitrates, and Environmental Impact Assessment) and provides opportunities to finance supporting investments.

The project's objective is to support sustainable natural resource management practices in 28 micro-catchment areas in Anatolia and the Black Sea region and thereby raise the incomes of communities affected by resource degradation. The secondary objective of the project, for which Global Environment Facility Trust Fund (GEF TF) resources were secured, is to introduce farming practices that will reduce the discharge of nutrients and other agricultural pollutants into surface and ground water in watersheds draining into the Black Sea. This will be achieved through the introduction of improved manure and nutrient management practices as well as organic farming. Project activities in this area are directly linked to the *Strategic Action Plan for the Protection and Rehabilitation of the Black Sea*.

The project was implemented in six provinces: Samsun, Tokat, Sivas, Kayseri, Corum, and Amasy, and had four components: (1) rehabilitation of degraded natural resources, to help protect key areas from further degradation, erosion, and pollution; (2) income-raising activities, targeted communities offered a menu of activities to raise household incomes in return for participation in conservation activities; (3) strengthening of policy and regulatory capacity towards meeting EU standards to raise awareness among target beneficiaries and other stakeholders of micro-catchment development; and (4) development of an awareness-raising, capacity-building, and replication strategy.

Results achieved:

- Plans are now completed for all 28 targeted micro-catchments and are being implemented in a manner consistent with the overall targets set during preparation. Training in support of organic farming and the marketing of organic products has been conducted in all 28 micro-catchments.
- 90 percent of farmers have adopted nutrient management practices, and institutional and regulatory mechanisms are in place to support a water quality monitoring program.
- 228 square kilometers of degraded micro-catchment areas have been rehabilitated (target was 220 square kilometers).
- Vegetative cover has increased by 74 percent compared to the baselines available at project-start (target was 50 percent). At least 2,500 farmers in micro-catchment areas were provided with training in new agriculture-based income generation/diversification activities.
- Household incomes in participating micro-catchments have increased by 53 percent (target was 40 percent).

Implementing Agencies: General Directorate for Afforestation and Erosion Control (AGM) and Ministry of Environment and Forestry. **Key Development Partners** include the Global Environment Facility (GEF), which cofinanced the project.

TURKEY: LAND REGISTRATION AND CADASTRE DEVELOPMENT PROJECT
Updated February 2013

Key Dates:
Approved: May 11, 2008
Effective: August 13, 2008
Closing: September 30, 2013

Figures in million US Dollars*:

Financier	*Financing*
IBRD	203
Borrower	7.10
Total Project Cost	210.10

World Bank Disbursements, million US Dollars*:

Financier	*Total*	*Disbursed*	*Undisbursed*
IBRD	203	95	97

**** The project will be extended till December 31, 2014.***
*****As of February 12, 2013. Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.***
Note: The "Total" is the loan amount in USD based on the FX rate at the time of approval. At the February 12, 2013 FX rate, the Total loan amount is USD 180.6 million.

Background and Objectives:
Turkey's Ninth Development Plan calls for stable growth, increased competitiveness, and an advanced transformation to an information society, while completing harmonization with the EU. The Government's program puts emphasis on the provision of high-quality public services and continued investment in climate reforms. The Government aims to put into practice e-government systems to improve services, protect the environment, and increase emergency preparedness and disaster risk mitigation. An effective and efficient cadastre and registration system forms a cornerstone of the Government's strategy in these areas by providing accurate and dependable base maps, spatial data, and property information for planners and investors. The Turkish cadastre and registration system is reasonably effective and the registration of property transactions is done speedily in large offices. However, the system needs to be continuously upgraded and modernized to reach the same service level that is found in many European countries. Manual systems that exist in several cadastral and registry offices need to be computerized and paper documents digitized to improve accuracy, consistency, efficiency, and linkage to a national network that can support e-government applications. Property valuation methodologies for taxation need to be upgraded to similar systems in the EU, and institutional responsibilities in this area need to be clarified to provide the framework for property valuation guidelines and grievances procedures. Broader property valuation functions should be developed in line with international standards.
The project's objective is to improve the effectiveness and efficiency of the land registry and cadastre services to support the Government's progress in the e-government agenda. To achieve this objective, the project supports: (i) renovation and updating of cadastre maps to support digital cadastre and land registry information; (ii) increased access to the land registry and cadastre information by public and private entities; (iii) improvements in customer services in land registry and cadastre offices; (iv) improvement in the human resource capacities in the Cadastre and Registration Agency (TKGM); and (v) development of policies and capacity building to introduce best international practices in property valuation.

Key Results Achieved:
The number of cadastre disputes in courts decreased from 4 percent to about 2 percent (of annual transactions) due to improved technology and the consultative nature of the survey methods introduced by the TKGM. For renovated parcels it is even lower, with a ratio of 0.3 percent. The time needed to deliver data has been reduced from one week to two hours. Forty institutions have access to digital cadastral data compared to a baseline of zero. Cadastral renovation is completed in 1 million parcels. More than 115,000 square kilometers of orthophoto maps were produced. Disbursements have reached 52 percent of the total loan amount, as of February 2013.

Implementing Agency:
Turkish Land Registration and Cadastre Agency (TKGM).

Key Development Partners:
The Bank team collaborates closely with specialists from the Food and Agriculture Organization (FAO).

III. TURKEY ONGOING PROJECTS-MIGA

TURKEY: **Baymina Enerji AS-1**
Updated on: March 2013

Key Information

Project ID: 4059
Fiscal year: 2002
Status: Active
Guarantee holder: Tractebel S.A./ BNP Paribas
Investor country: France/ Belgium
Host country: Turkey
Sector: Power
Gross exposure: US$115.4 million
Project type: Non-SIP

Background and Objectives:

The Multilateral Investment Guarantee Agency (MIGA) has issued guarantees to Tractebel S.A. of Belgium and BNP Paribas of France, for the amounts of US$35 million and US$80.5 million, respectively, to cover their US$39 million loan guaranty and US$84.7 non-shareholder loan to Baymina Enerji A.Ş, (Baymina). The guarantees are for 15 years and protect against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.

The project, which is located approximately 40 kilometers to the southwest of Ankara, consists of the construction and operation of a combined cycle power plant, comprising two gas turbines and one steam turbine, delivering a total net capacity of 763 megawatts (MW). The World Bank has been working with the Government of Turkey on its energy sector reform, and MIGA's participation in this project supports this effort and reflects the project's anticipated positive developmental impact. Based on conservative economic growth scenarios, Turkey will need at least 2,000 MW of additional installed capacity per year to meet increased demand. The project, which is due to be commissioned in late 2013, is therefore expected to help meet the increased demand and allow Turkey to both rely less on imported electricity and focus more on natural gas as a fuel source (as part of its national energy strategy).

TURKEY: Baymina Enerji AS-2
Updated on: March 2013

Key Information

Project ID: 4059
Fiscal year: 2003
Status: Active
Guarantee holder: BNP Paribas
Investor country: France
Host country: Turkey
Sector: Power
Gross exposure: US$19.5 million
Project type: Non-SIP

Background and Objectives:

In FY02, MIGA issued guarantees of US$35 million and US$80.5 million to Tractebel S.A. of Belgium and BNP Paribas of France, covering, respectively, their US$39 million loan guaranty and US$84.7 non-shareholder loan to Baymina Enerji A.S. in Turkey. The coverage was offered for up to 15 years and protects against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract. The complex multisource limited recourse financing for this project was nominated Power Deal of the Year for the Europe, Middle-East & Africa region by *Project Finance International*, the industry reference magazine.

In 2012 MIGA provided an additional US$19.5 million in coverage to BNP Paribas, to cover an increase in the amount of the non-shareholder loan. This increase was required by the lenders of the non-shareholder loan portion to cover an increased portion of interest exposure, therefore enhancing the MIGA cover.

The project, which is located approximately 40 kilometers to the southwest of Ankara, consists of the construction and operation of a combined cycle power plant, comprising two gas turbines and one steam turbine, delivering a total net capacity of 763 megawatts (MW). Further details of the project appear in MIGA's 2002 Annual Report.

TURKEY: **Bandirma Port- 1**
Updated on: March 2013

Key Information

Project ID: 7994
Fiscal year: 2010
Status: Active
Guarantee holder: Unicredit AG
Investor country: Germany
Host country: Turkey
Sector: Transportation
Gross exposure: US$55 million
Project type: Non-SIP

Background and Objectives:

MIGA has issued a guarantee of US$55 million to cover UniCredit AG's loan financing the privatization of Bandirma Port in Turkey under a transfer-of-operating-rights scheme for a period of 36 years. MIGA's guarantee covers against the risks of currency inconvertibility and transfer restriction as well as expropriation of funds for a period of 14 years.

Following a competitive tender, Celebi Joint Venture Group was named preferred bidder in May 2008, offering an upfront operating rights fee of US$175.5 million.

The project represents an ongoing process of privatization started by the Government of Turkey in the early 1980s. It aims to introduce openness and competitiveness into the country, increase efficiency in former state-owned enterprises, and promote economic growth.

The privatization of Bandirma Port will introduce a new and experienced management team and best market practices that will improve the productivity and efficiency of the port. In turn, this will strengthen the competitiveness of local exporters in the hinterland by decreasing transportation costs. In particular, better port operations will further stimulate the growth of the region's automotive manufacturing industry as a hub for Central and Eastern Europe. The local economy will also benefit from improved connectivity to international markets, a key infrastructure requirement to attract foreign direct investment. Finally, the new operators of the port will introduce higher standards of operation, including environmental and safety rules in line with national and European Union guidelines.

TURKEY: Bandirma Port-2
Updated on: March 2013

Key Information

Project ID: 7994
Fiscal year: 2011
Status: Active
Guarantee holder: Troy AB
Investor country: Sweden
Host country: Turkey
Sector: Transportation
Gross exposure: US$0.5 million
Project type: Non-SIP

Background and Objectives:

On October 6, 2010, MIGA issued a guarantee of US$522,000 to cover Troy AB's equity investment in the privatization of Bandirma Port in Turkey under a transfer-of-operating-rights scheme for a period of 36 years. MIGA's guarantee covers against the risks of currency inconvertibility and transfer restriction as well as expropriation of funds for a period of 14 years.

Following a competitive tender, Celebi Joint Venture Group was named preferred bidder in May 2008, offering an upfront operating rights fee of US$175.5 million.

The project represents an ongoing process of privatization started by the Government of Turkey in the early 1980s. It aims to introduce openness and competitiveness into the country, increase efficiency in former state-owned enterprises and promote economic growth.

The privatization of Bandirma Port will introduce a new and experienced management team and best market practices that will improve the productivity and efficiency of the port. In turn, this will strengthen the competitiveness of local exporters in the hinterland by decreasing transportation costs. In particular, better port operations will further stimulate the growth of the region's automotive manufacturing industry as a hub for Central and Eastern Europe. The local economy will also benefit from improved connectivity to international markets, a key infrastructure requirement to attract foreign direct investment. Finally, the new operators of the port will introduce higher standards of operation, including environmental and safety rules in line with national and European Union guidelines.

The project is also aligned with the World Bank Group's Country Partnership Strategy for Turkey. Improving transportation infrastructure is a key component of the Bank Group's focus on helping Turkey improve its competitiveness and employment opportunities.

TURKEY: **Kadikoy-Kartal-Kaynarca Metro Project**
Updated on: March 2013

Key Information

Project ID: 9401
Fiscal year: 2011
Status: Active
Guarantee holder: West LB AG, London Branch
Investor country: Germany
Host country: Turkey
Sector: Transportation
Gross exposure: US$409.2 million
Project type: Non-SIP

Background and Objectives:

On April 21, 2011, MIGA issued a guarantee of US$409.2 million for an investment by WestLB AG London Branch, for itself and as agent for a consortium of lenders, in the Kadikoy-Kartal-Kaynarca Metro Project in Istanbul, Turkey. MIGA's guarantee covers principal and interest for a period of up to nine and one-half years against the risk of non-honoring of sovereign financial obligations.

The project will be the first underground metro system on the Asian side of Istanbul. It will also eventually connect with the European side of city. The first phase of the project involves finishing the construction of 22 kilometers of the line from Kadikoy to Kartal, which includes 16 metro stations. The second phase consists of extending the metro line by 4.5 kilometers from Kartal to Kaynarca, the construction of a parking and maintenance area, and the construction of pedestrian subways.

By extending coverage of Istanbul's metro system, the project will help improve urban mobility and reduce travel times and traffic—thereby contributing to increased productivity and private sector-led growth. In addition, the expansion of public transportation in the city will reduce dependence on roads and motorways. This will help reduce pollution and help make Istanbul a more attractive location for residents and business.

The project is aligned with the World Bank Group's Country Partnership Strategy for Turkey. Improving transportation infrastructure is a key component of the Bank Group's focus on helping Turkey improve its competitiveness and employment opportunities.

IV. TURKEY ONGOING PROJECTS-IFC

TURKEY: FIBABANKA AND ABANK BANKING ON WOMEN LOANS

Key Dates:
Approved: Abank in December 2011; Fibabanka in June 2012
Signed: Abank in December 2011; Fibabanka in June 2012

IFC financing* ($ million):

Financier	*Amount*	*Disbursed*	*Undisbursed*
IFC, to Fibabanka	30.0	30.0	0
IFC, to Abank	25.0	25.0	0

*** as of February 2013**
Note: Disbursements may differ from financing due to exchange rate fluctuations at time of disbursement.

Project Description and Objectives:
The International Finance Corporation (IFC) has worked with two banks in Turkey to increase access to finance for women entrepreneurs. First, IFC approached its long-term client Abank, a mid-sized Turkish bank with a strong focus on small and medium-sized enterprises (SMEs), to increase financing to women-owned SMEs. Abank launched the program with a US$40 million credit line, US$15 million of which was mobilized by IFC from FMO, the development bank of the Netherlands. In addition, IFC provided a US$30 million loan to Fibabanka Turkey, of which 50 percent would be on-lent to women-owned SMEs. These investments mark two of the largest loan commitments to women-owned businesses in the region and are expected to boost financial inclusion in Turkey and enable many women to improve their lives.

The innovative financing received extensive media coverage and interest from other development finance institutions (DFIs). Future deals will amplify the benefits of these projects, reaching many more women and SMEs in the region. IFC successfully mobilized additional funds for Abank and Fibabanka from DFI's, further proving IFC's ability to increase regional support for women-owned SMEs.

The partner banks have a strong focus on SME banking and are now concentrating on women-owned enterprises in particular. The banks benefit from targeting this niche segment by launching innovative products and differentiating themselves in the market.

Key Achieved and Expected Results (2015):

- Through these two projects, IFC is expected to support financing to at least 500 additional women-owned SMEs and 4,000 SMEs overall.

Key Partners: IFC team has worked with FMO and the European Fund for Southeast Europe (EFSE) to mobilize additional funds under IFC's Common Terms Agreement for Abank and EFSE. Through the projects, a total of US$35 million has been mobilized from EFSE and FMO.

TURKEY: CPLF-MODERN KARTON

Key Dates:
Approved: November 8, 2012
Signed: December 24, 2012

IFC financing ($ million): 8.0

Financier	*Amount*	*Disbursed*	*Undisbursed*
IFC	8.0	0.0	8.0

Project Description and Objectives:

Even as paper production firms in Turkey look to adapt recent technological advancements that decrease water use in papermaking, water remains one of the most important processing materials in paper production. Its availability, as well as its quality, still influences the selection of a paper plant location, as water is still the scarcest natural resource on earth. In its effort to support climate change mitigation and promote environmental and social sustainability activities, IFC has set up the Cleaner Production Lending Facility to maintain long-term relationships with portfolio clients in good standing. Modern Karton has been an IFC client since the 1990s and is today a major player in the Europe, Middle East, and North Africa (EMENA) region's corrugated paper and cardboard industry, with 600,000 tons of annual production capacity and nearly a third of Turkey's domestic corrugated paper market. The client already maintains low levels of water consumption—estimated at 3.3 cubic meters per ton (m^3/ton) in 2011, a new low for the Turkish paper industry—and was considered a good candidate for wastewater treatment financing.

The project aims to establish a wastewater recovery system with a 15,600 m^3/day treatment capacity before expansion. The system will use the patented system of Veolia Water Solutions & Technologies, the leading global operator of water services. Such a sophisticated system in the Turkish paper industry is likely to have strong demonstration and replication potential, serving as a pioneering investment in the sector with indirect linkages to industry and agriculture.

Key Achieved and Expected Results (2014):

1. The new wastewater recovery system is expected to increase the share of recycled water used in the firm's total daily water consumption to 43 percent.
2. Production capacity will increase 67 percent despite a 3 percent reduction in discharged water.
    - Paper production: 950,000 tons per year
    - Fresh water uptake: 2.3 million m^3/year
    - Treated water discharged: 2.2 million m^3/year

TURKEY: IZMIR METROPOLITAN MUNICIPALITY

Key Dates:
Approved: November 6, 2012
Signed: December 10, 2012

IFC financing* ($ million):

Financier	*Amount*	*Disbursed*	*Undisbursed*
IFC A Loan	58.2	0.0	58.2

*** as of February 27, 2013.**
Note: Disbursements may differ from financing due to exchange rate fluctuations at time of disbursement. No disbursements have taken place as of February 27, 2013.

Project Description and Objectives:

IFC has provided a US$58.2 million loan to the Metropolitan Municipality of İzmir, Turkey's third-largest city, to finance a new traffic management system and the purchase of more than 100 emergency response vehicles and related search and rescue equipment. The traffic system will include a traffic adaptive signal control system covering hundreds of intersections, an expanded fiber-optic network, and a traffic control center.

These projects will promote economic growth by increasing urban mobility and enhancing public safety and security. The investment is part of IFC's strategy to increase support to local governments in Turkey by providing access to long-term financing and helping implement urban infrastructure projects that improve the lives of Turkish citizens. The new traffic system will also reduce greenhouse gas emissions by decreasing congestion, rush-hour delays, travel times, and total fuel consumption.

Expected Results on Project Completion (2015):

- Increased road mobility: Travel times along selected arterial corridors are expected to drop 20 percent.
- Expanded reach of emergency response service: Population coverage is expected to increase from 3.37 million to 3.77 million citizens.
- Improved emergency response and control times: Average response time per fire call and average time to control fire spread are expected to decrease by 30 seconds and 90 seconds, respectively.

TURKEY: SUPERFILM

Key Dates:
Approved: May 31, 2012
Signed: July 11, 2012

IFC financing ($ million): 45.0

Financier	*Amount*	*Disbursed*	*Undisbursed*
IFC A Loan	45.0	45.0	0

Project Description and Objectives:

IFC invested US$45 million in Superfilm, a subsidiary of Sanko Holding, which is an important relationship in Turkey. Headquartered in the country's southeastern region, Superfilm is the largest packaging film producer in Turkey, with 27 percent market share, and the third largest in the European market, with a total production capacity of 131,000 tons. Turkey IFC supported the company in financing a US$92 million project, including the purchase of US$55 million of new energy efficient machinery and US$37 million in working capital. In Turkey, the film packaging sector is expected to grow 10 percent annually, driven by an expected growth rate (CAGR) of 8 percent in the Turkish food industry. This is a result of several trends, including: (i) a young, expanding population; (ii) the increasing penetration by organized retail; (iii) increasing disposable income; and (iv) the broader participation of women in the workforce in urban areas. In Europe, demand for packaging film is expected to grow at a CAGR of 7 percent. Investing in additional production capacity will enable Superfilm to seize the opportunity offered by favorable market conditions in Turkey and Europe, and added working capital will strengthen its long-term competitive position. Superfilm plans to expand its product range to include environmentally friendly degradable and biodegradable films, twist films, lower density films, and new grade cast films. IFC's long-term funding, which is not readily available in the local market, allows Superfilm to retain its focus on research and development while undertaking the capital investments needed to preserve and potentially improve its position in a fast-expanding market.

The project aims to increase exports and preserve employment in southeastern Turkey, which is a frontier region of the country. Furthermore, Superfilm significantly contributes to indirect employment growth along the food value chain, a priority in Turkey's rural areas. IFC is also helping the company improve its environmental performance and labor safety, and providing long-term funding not readily available in the local market.

Key Achieved and Expected Results (2020):

- IFC's loan has been fully disbursed and Superfilm has acquired the energy-efficient machinery planned under the project.
- The company is expected to keep its employee total at 550, yet double export revenues between 2011 and 2020.
- Significantly improved economic and structural (E&S) practices through the implementation of the Economic and Structural Adjustment Program (ESAP).

TURKEY: TSKB SUSTAINABLE ENERGY FINANCE

Key Dates:
Approved: January 30, 2012
Signed: March 27, 2012

IFC financing ($ million): 75.0

Financier	*Amount*	*Disbursed*	*Undisbursed*
IFC A Loan	75.0	25.0	50.0

Project Description and Objectives:

Climate change-related investments are a strategic priority for IFC. In line with this strategy, IFC provided a US$75 million long-term loan to TSKB, the Industrial Development Bank of Turkey, for on-lending to sustainable energy, energy-efficiency, and renewable energy projects. The project also aligns with IFC's financial markets strategy for Turkey, which aims to reduce harmful emissions by working with key financial institutions and partners. The project is expected to yield additional CO_2 emission reductions of 0.18 million tons per year.

In terms of development impact, the project is expected to generate a range of environmental and economic benefits related to the development of sustainable energy finance and investment. The project will boost sustainable energy investments across all industry sectors, improve the competitiveness of the Turkish economy by increasing the number of sustainable energy end-users and lenders, and improve the local and global environment by reducing emissions of greenhouse gases and other pollutants as well as the country's dependence on imports of fossil fuels and natural gas.

Expected Results on Project Completion (2016):

- Estimated annual savings of 0.18 million tons of CO_2 per year by the end of the five-year period in 2016, in addition to a baseline of 6.77 million tons CO_2 per year in 2010.
- TSKB's sustainable energy portfolio will grow to US$2.2 billion, from a baseline of US$1.5 billion at the end of 2010.
- Energy-efficiency lending for SMEs should reach US$50 million outstanding, from a baseline of zero at the end of 2010.