

**PROGRAM INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: 53291

Operation Name	Environmental Sustainability and Energy Sector (ESES) DPL2
Region	Europe and Central Asia
Sector	General water, sanitation and flood protection sector (35%); Power (35%); Renewable energy (15%); General energy sector (15%)
Project ID	P117651
Borrower(s)	Republic of Turkey
Implementing Agency	Under-secretariat of Treasury Inonu Bulvari 06510 Ankara Turkey Contact: Mr. Ozgur Pehlivan, Deputy Director General Tel: 90+312-212-8256 Fax: 90+312-212-8550 ozgur.pehlivan@hazine.gov.tr
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1. Key development issues and rationale for Bank involvement

The proposed Second Environmental Sustainability and Energy Sector (ESES) Development Policy Loan (DPL) supports the development goals articulated in Turkey's Ninth Development Plan and Turkey's transition from crisis management to growth in the recovery while strengthening the framework for long-term sustainable growth across the economy and in the energy sector in particular. Given the tightening electricity and gas supply/demand balances and the sizeable contribution of the energy sector to Turkey's greenhouse gas emissions, energy has been identified as the key sector for continued support. Furthermore, this energy efficiency - energy security - environment nexus is consistent with the energy, climate and environmental goals of the European Union (EU) and effectively contributes to Turkey's EU accession process. The proposed program supports the improved competitiveness and employment pillar and the efficient provision of high-quality public services pillar of the Country Partnership Strategy.

2. Proposed objective

The development objective of the Government's program expected to be supported by ESES DPL2 is to help: (a) integrate principles of sustainable development, including climate change considerations, in key sectoral policies and programs ; (b) improve the effectiveness and efficiency of environmental management processes, in the context of harmonization with the Environmental Acquis of the European Union; and (c) enhance energy security by promoting private sector low-emission investments and operations.

3. Preliminary description

The program expected to be supported by ESES DPL2 is tentatively structured under three pillars: (a) Pillar I - Energy Sector; (b) Pillar II - Climate Change; and (c) Pillar III - Sustainable Environment Management. Pillar I will continue the energy program supported under DPL1 (approved by the World Bank on June 11, 2009), covering energy pricing, electricity markets, renewable energy, energy efficiency, electricity distribution and generation privatization, and possibly also gas supply security and wholesale gas market development. Pillar II supports Turkey's National Climate Change Strategy – approved in December 2009 – following the ratification of the Kyoto Protocol in February 2009. Pillar III supports sustainable environmental management and is focused on sector/sub-sectors where environmental degradation could hamper sustainable development and the transposition of EU Environmental *Acquis*.

4. Environment Aspects

The program expected to be supported by the proposed ESES DPL2 is likely to have significant positive effects on the environment and natural resources. By supporting the Government's National Climate Change Strategy and environmental management and energy sector policies, laws and regulations, the proposed DPL supports Turkey's efforts to strengthen the policy foundations (a) for contributing to the global effort and addressing climate change challenges and mainstreaming climate change considerations in sector policies; (b) to mainstream sustainable development principles and reducing the cost of environmental degradation; and (c) enhancing energy security through private investment low-emission investments and operations. The program is expected to help enhance Turkey's ability to develop and implement environmental policy more effectively.

5. Tentative financing

Source:	(\$m.)
Borrower	0
International Bank for Reconstruction and Development	1000
Total	1000

6. Contact point

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