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INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP FRAMEWORK**

**FOR
THE REPUBLIC OF TURKEY
FOR THE PERIOD FY18-FY21**

February 13, 2020

**Turkey Country Management Unit
Europe and Central Asia Region**

**The International Finance Corporation
Europe and Central Asia Region**

The Multilateral Investment Guarantee Agency

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The date of the last Country Partnership framework FY18-FY21 was August 29, 2017.

FISCAL YEAR

[2020]

CURRENCY EQUIVALENTS

[1 USD = 5.98 TRY (01/31/2020)]

ABBREVIATIONS AND ACRONYMS

ASA	Advisory Services and Analytics	IFC	International Finance Corporation
AIIB	Asian Infrastructure Investment Bank	IFI	International Financial Institution
BOTAS	Boru Hatlari ile Petro Tasima A.S.	IPF	Investment Project Financing
CE	Citizen Engagement	ISKUR	Public institution for employment services
CEM	Country Economic Memorandum	MFD	Maximizing Finance for Development
CLR	Completion and Learning Review	MIGA	Multilateral Investment Guarantee Agency
CPF	Country Partnership Framework	MSMEs	Micro, Small, and Medium Enterprises
CPS	Country Partnership Strategy	NPLs	Non-Performing Loans
CTF	Clean Technology Fund	OIZ	Organized Industrial Zones
DP	Development Plan	PIU	Project Implementation Unit
DPL	Development Policy Lending	PPIAF	Public-Private Infrastructure Advisory Facility
DRM	Disaster Risk Management	PLR	Performance and Learning Review
ECA	Europe and Central Asia	PPP	Public-Private Partnership
ESF	Environmental and Social Framework	RAS	Reimbursable Advisory Services
EU	European Union	RETFs	Recipient-Executed Trust Funds
FDI	Foreign Direct Investment	SCD	Systematic Country Diagnostic
FRiT	Facility for Refugees in Turkey	SCP	Sustainable Cities Program
FY	Fiscal Year	SuTP	Syrians under Temporary Protection
GDI	Graduation Discussion Income	TA	Technical Assistance
GDP	Gross Domestic Product	TANAP	Trans-Anatolian Pipeline
GEF	Global Environment Facility	TOBB	Turkey Union of Chambers
GNI	Gross National Income	UMIC	Upper-Middle-Income Countries
GTFP	Global Trade Finance Program	WB	The World Bank
IBRD	International Bank for Reconstruction and Development	WBG	The World Bank Group

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REPUBLIC OF TURKEY

PERFORMANCE AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP FRAMEWORK

I. INTRODUCTION

1. The Performance and Learning Review (PLR) assesses the implementation to date of the World Bank Group (WBG) Country Partnership Framework FY18-FY21 (CPF) for Turkey¹ and evaluates where it has supported the Government's program and where it is making progress towards the WBG's goals of ending extreme poverty and boosting shared prosperity. Since the CPF was launched in August 2017, Turkey has experienced important political, institutional and socio-economic changes and has witnessed significant macro-financial volatility that resulted in a marked economic growth slowdown. The PLR details that good progress has been made towards achieving many of the CPF objectives, which is particularly noteworthy given the challenging country circumstances. The PLR confirms that CPF objectives remain valid for the most part and proposes some amendments to reflect the changes in country circumstances, client demand and program evolution. The WBG is using the flexibility embedded in the CPF design to make adaptations to the program at this PLR stage to take into account progress achieved, to allow for more time to implement programs and to respond to new issues. In addition, during the CPF, the Government launched its 11th Development Plan (DP, 2019-2023) and its New Economic Program (2018-21) and the PLR ensures continued alignment between these client strategies and the WBG program.

2. The relevance of the CPF's three focus areas – 1) Growth, 2) Inclusion and 3) Sustainability – is confirmed in the PLR. Amendments are proposed to some of the objectives and indicators within these areas to reflect where the adapted program will focus and the appropriate scale of ambition going forward. Under Growth, the emphasis on stronger macro-economic and fiscal management has become more important given the economic volatility experienced by Turkey in the past couple of years. Under Inclusion, the challenge of increasing equitable access to jobs and services to boost human capital and attenuate poverty in the midst of economic volatility is heightened, exacerbated by the need to support at least 4 million refugees² living in Turkey (about 90% of whom are Syrian). Under Sustainability, Turkey has recently reaffirmed its commitment to scale up its actions on addressing climate change and has requested international support for this, and the PLR responds accordingly. While IFC's own-account program is expected to be in line with amounts projected at the time of the CPF, it will be lower than in recent years due to less favorable market conditions and heightened political and economic risk. Turkey is MIGA's largest country exposure globally; as a result, MIGA will be selective in exploring project opportunities in the context of high additionality and development impact.

3. The PLR assesses Turkey's progress towards IBRD graduation³ given that its Gross National Income (GNI) per capita is above the Graduation Discussion Income (GDI) threshold. The SCD had highlighted the importance of enhancing the quality of Turkey's institutions, a pre-requisite for IBRD graduation, and the CPF outlined that the program would focus on the governance and institutional issues in sectors where the WBG is most active. The PLR notes that this focus remains central to the program going forward, with a continued sectoral approach to addressing governance and institutional challenges

¹ Report # 11096-TR discussed by the Executives Directors on August 29, 2017

² The Syrian refugees in Turkey are given a special official status called Syrians Under Temporary Protection (SuTPs) and the report uses the term "refugees" for all others, regardless of country of origin

³ The Graduation Discussion Income threshold is \$6,795. Turkey's GNI per capita (Atlas method) was \$10,420 in 2018 (data.worldbank.org), down from a high of \$12,560 in 2014. The exchange rate depreciation in 2018 and 2019 will further decrease the GNI per capita for the next couple of years.

for effective government policies (further elaborated in Section V below). IBRD support to Turkey remains important because: (i) Turkey continues to face a challenging economic context, with decreasing rather than increasing income per capita in dollar terms; (ii) it has the greatest number of poor people in the ECA region; (iii) it is hosting the largest number of refugees in the world and thus providing a critical global public good; and (iv) the government faces high borrowing costs partly due to relatively under-developed financial sector institutions and a challenging macroeconomic environment, thus creating more difficult access to international capital markets. Market access for private sector financing of long-term investments is limited by high risk perceptions. These elements underscore the need for the WBG to continue supporting Turkey and assist it in IBRD graduation.

4. The PLR proposes extending the CPF by two years to encompass FY22 and FY23. The PLR recognizes that the program is being implemented in a satisfactory manner, despite the difficult country circumstances. The WBG has carefully managed its engagement in Turkey as regards the shift in the use of IBRD instruments during the CPF period and adjusting IFC's program to the evolving situation of the private sector in the country. The CPF would benefit from additional time for implementation so that a critical mass of CPF results can be achieved, while also creating the space for the WBG to work with Turkey to deepen engagement in areas that are important for IBRD graduation. Turkey continues to face economic headwinds and the private sector has been severely impacted. The IFC program would, therefore, benefit from having a more stable environment in order to develop a full program, as would be required for a new CPF. Furthermore, the Government has requested the WBG to align the CPF period with Turkey's 11th DP, that itself covers the 2019-2023 period.

II. MAIN CHANGES IN COUNTRY CONTEXT

Changes in Political and Institutional Context

5. During the CPF implementation period, Turkey's political context changed significantly with the adoption of a new Constitution for an executive Presidential system and a major reorganization in Government. It carried out broad governmental and institutional changes that have moved it from a parliamentary system to an executive Presidential system. These changes included abolishing the Prime Minister's office and several ministries, mandating that all ministries be under the control of the president and transferring some of the parliament's oversight functions to the presidency. The state of emergency put in place nationwide after the failed coup attempt of July 2016 was lifted in July 2018, although some of the emergency decree laws remain effective to date. Domestic and international observers have raised concerns about the weakening of institutions.

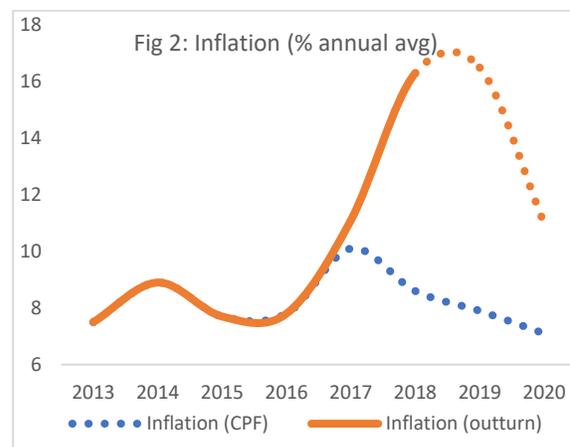
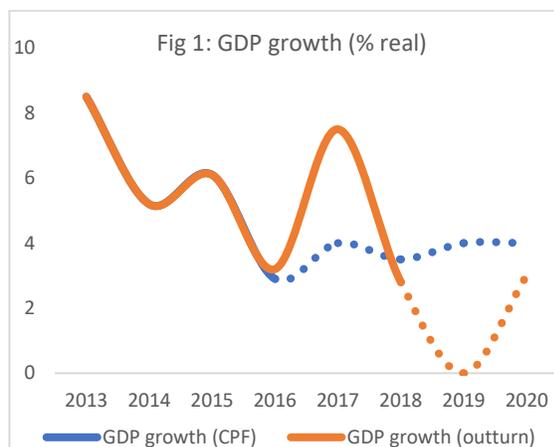
6. The influx of Syrian refugees has continued during the CPF implementation period; making Turkey the largest refugee-hosting country and creating some social unease. Turkey remains a recognized global leader in its refugee response, hosting more refugees than any other country in the world (there are approximately 4 million refugees in Turkey, of which 3.6 million are Syrians⁴). Only 2.5 percent of the total Syrian population in Turkey is living in refugee camps, with the rest living predominantly in the south-east regions (mainly Gaziantep and Sanliurfa) and across big municipalities (Istanbul, Izmir, Bursa, Adana, Mersin and Hatay). Turkey offered most refugees access to housing, education, health facilities, a limited number of work permits, and some monetary social assistance managed jointly by the UN. At the start of the influx in 2013 until late 2016, Turkey largely financed the response from its own resources. As of 2016, and with an increasing number of refugees, the European

⁴ The Syrians in Turkey are given a special status called Syrians Under Temporary Protection - SuTPs

Union (EU) committed Euro 6 billion (in two tranches of Euro 3 billion each) to Turkey to support its efforts through direct support to Government services and through targeted projects administered by partner development agencies, including the WBG. This funding has been channeled through the EU's Facility for Refugees in Turkey (FRiT).

Changes in Key Economic Developments

7. The CPF implementation period has been marked by a time of economic volatility. A strong policy stimulus helped counter a mid-2016 downturn caused by the effects of the failed coup attempt of July 2016 and external shocks. With the contribution of ongoing policy stimulus, economic growth accelerated from 3.2 percent in 2016 to 7.4 percent in 2017. By end 2017, annual inflation jumped to 11.1 percent from 7.8 percent in 2016 (Figure 2) and the current account deficit widened to 5.6 percent of GDP from 3.8 percent in 2016. By May 2018, a combination of policy responses and growing international tensions accelerated capital outflows and currency pressures.



8. By August 2018, the situation came to a head with a market crash that produced strong ripple effects across the economy. The Lira-US Dollar exchange rate fell to 60 percent below its value in January 2018 and Turkey had some of the highest market risk indicators among emerging markets. Inflation rose sharply (peaking at 25 percent annually in October 2018), the economy contracted in the second half of 2018, unemployment rose (jumping from 10 percent in January 2018 to 14 percent by mid-2019 - Figure 3), and banks' asset quality deteriorated.

9. Elevated debt, including external exposure, of Turkish corporates and banks added stress to the economy. Among emerging markets, Turkey has one of the highest corporate debt to GDP ratios, rising from 56 percent of GDP in 2014 to over 75 percent in 2018 Q3, driven almost entirely by foreign exchange denominated debt. Leverage and economic downturn combined into a sharp rise in liquidity and solvency risks for corporates.

10. A combination of policy and other factors helped to gradually reduce external market pressures at the end of 2018. Firstly, a significant tightening in monetary policy and the release of a New Economic Program (in September 2018) helped gradually restore market confidence. This enabled banks to secure much needed refinancing, though private banks also responded rationally by cutting lending and reducing their external exposure. By mid-2019, developed markets' monetary policy also turned more accommodative, which further helped to ease external market pressures. Whilst higher costs of financing throughout 2018 H2 and 2019 H1 created pressures for firms, a combination of debt restructuring for

large enterprises, extensions of the Credit Guarantee Fund for SMEs, and credit stimulus by state banks helped to smooth the short-term transition.

Table 1: Key Macroeconomic Indicators and Projections

	2016	2017	2018	2019 e	2020 f	2021 f
Real GDP growth, at constant market prices	3.2	7.5	2.8	0.0	3.0	4.0
Private Consumption	3.7	6.2	0.0	1.0	2.2	3.3
Government Consumption	9.5	5.0	6.6	3.0	2.6	1.8
Gross Fixed Capital Investment	2.2	8.2	-0.6	-11.5	6.5	9.5
Exports, Goods and Services	-1.9	12.0	7.8	7.2	4.0	4.5
Imports, Goods and Services	3.7	10.3	-7.8	-9.1	6.5	9.0
Real GDP growth, at constant factor prices	3.1	7.9	3.1	0.0	3.0	4.0
Agriculture	-2.6	4.9	1.9	2.3	2.0	2.0
Industry	4.6	9.2	0.4	-3.0	3.5	4.0
Services	3.2	7.6	4.6	1.2	2.9	4.2
Inflation (Consumer Price Index, on average)	7.8	11.1	16.3	15.2	11.0	9.0
Current Account Balance (% of GDP)	-3.8	-5.6	-3.5	-0.8	-3.1	-3.8
Net Foreign Direct Investment (% of GDP)	1.3	1.0	1.2	0.9	1.1	1.1
Fiscal Balance (% of GDP)	-1.4	-1.8	-2.4	-2.9	-2.1	-1.7
Debt (% of GDP)	28.3	28.2	30.2	32.1	32.5	32.4
Primary Balance (% of GDP)	0.6	0.1	-0.2	0.6	0.4	0.4
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{ab}	9.9	9.2	9.0	9.1	9.0	8.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.

Notes: e = estimate, f = forecast.

(a) Calculations based on ECAP/OV harmonization, using 2011-HICES, 2017-, and 2018-HICES. Actual data: 2018. Nowcast: 2017-2018. Forecast are from 2019 to 2021.

(b) Projection using point-to-point elasticity (2015:2017) with pass-through = 1 based on GDP per capita in constant LCU.

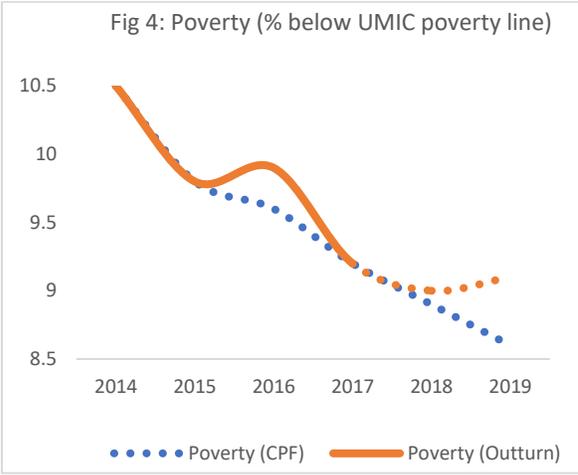
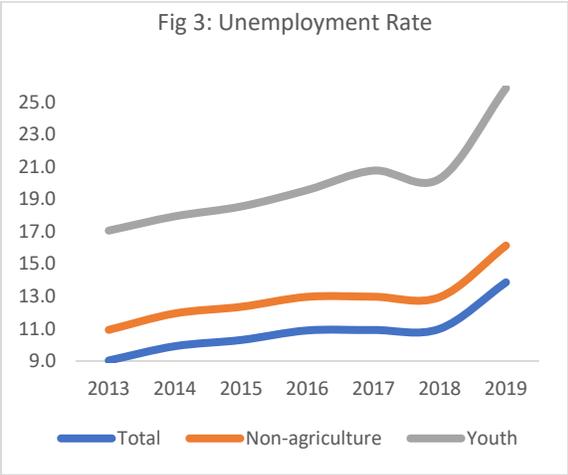
11. Low levels of public debt have afforded Turkey fiscal space to respond to the downturn. Tax collections in 2018 declined, which was partly offset by expenditure adjustments, particularly to capital, goods and services. At the same time, public transfers, including social assistance spending for poorer households, also accelerated. The fiscal deficit rose from 2.4 percent of GDP in 2018 to an estimated 3 percent in 2019. The fiscal deficit could have been higher if it were not for a windfall in non-tax receipts. Turkey maintained access to external finance over this difficult economic period, though at less favorable conditions. Government Eurobond issuances increased by nearly 45 percent in 2019 compared to 2018; average cost of funding remained similar, but average maturity fell from around 16 to 6 years between 2017 and 2019. Government external debt rose from 30 percent of GDP to an estimated 32 percent between 2018 and 2019, in part driven by exchange rate effects.

12. State Owned Banks in Turkey continue to play a key role. They account for around 46 percent of outstanding corporate loans and 40 percent of outstanding retail loans. As credit expansion has significantly slowed down during the downturn, State Owned Banks have tried to fill the gap; over 2019, State Owned Bank credit expanded by around 15 percent compared to 3 percent for private banks. In terms of prudential indicators, State Owned Banks' capital adequacy ratio is around 16.5 percent (vs. 19.1 percent for private banks) whilst the Non-Performing Loans' ratio is around 3.6 percent (vs. 6.6 percent for private banks). Official NPLs are low but credit risk is higher as reflected in loans under close watch (Stage 2 loans).

13. Growth resumed by early 2019 on the back of fiscal and credit stimuli, but markets remained volatile in the first half of 2019. This was a challenging period marked by declining foreign exchange reserves, uncertainty over the Istanbul local elections (that had to be run twice), political tensions with the US, and regional conflict. These shocks have posed challenges to the overall policy framework.

14. Despite ongoing fragilities, external market pressures have declined and the economy is recovering. The current account has turned positive, banks have reduced their foreign exchange debt, and forex reserves have gradually recovered. Inflation has started to come down, which has prompted the Central Bank to cut interest rates. As a result, credit growth has resumed, driven mostly by consumer rather than commercial credit in line with low investment demand.

15. Economic developments over the CPF implementation period have increased pressures on low income households. The slowdown in the economy has increased unemployment from 10.9 percent to 13.9 percent between June 2018 and June 2019 (Figure 3); the non-agricultural unemployment rate rose to 16.2 percent from 12.9 percent. The highest job losses were in the agriculture and construction sectors, where low-income households comprise most of the workforce. Similarly, youth unemployment rose to 25.8 percent from 20.2 percent a year earlier. These trends are putting upward pressure on the incidence of poverty, which has remained steady at around 9 percent for the last three years (Figure 4).



16. Medium-Term Prospects: Turkey is projected to have a gradual recovery in the medium-term with risks tilted to the downside. Inflation is projected to fall to high single digits in the medium term. Poverty is expected to increase in 2019, before declining gradually over the medium-term. The pace and sustainability of the current incipient recovery will depend in great part on reducing economic uncertainty and restoring investor confidence. Key to restoring confidence and reducing Turkey’s risk premia is strengthening external buffers. Though Turkey’s reserves are adequate compared to possible short-term calls, it nevertheless remains vulnerable to external market pressures.

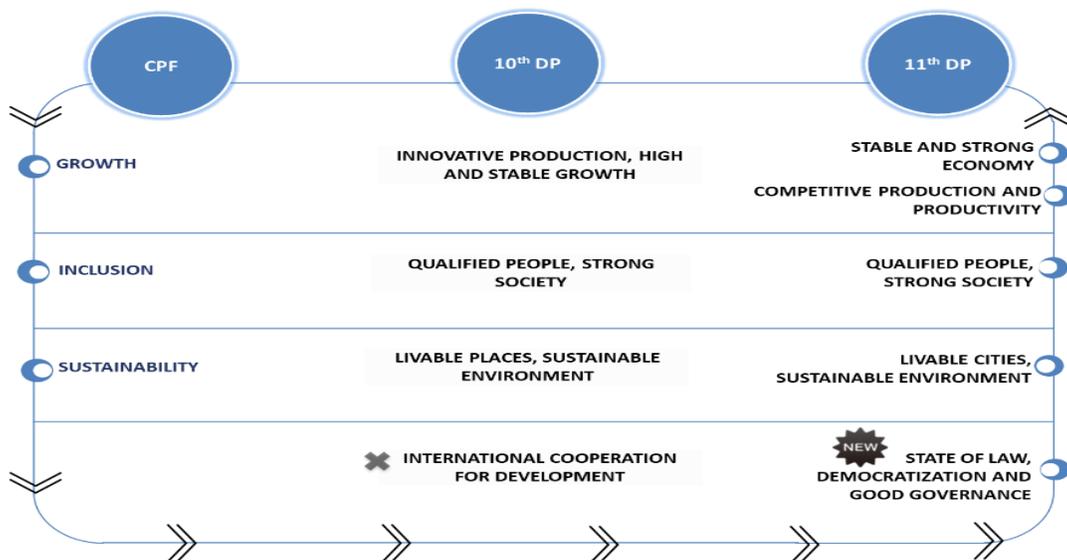
17. Monetary policy going forward will be critical to reducing risk premia and strengthening external buffers, but monetary authorities have a complex balance to strike. Recent progress in disinflation has prompted the Central Bank to cut its policy rate from 24 percent to 11.25 percent between June 2019 and January 2020. An overly expansionary monetary policy could fuel currency pressures and further stress corporate and bank balance sheets. Market interventions to accelerate credit expansion could delay recovery (given existing leverage, short-term finance and low demand) and exacerbate financial instability. Corporate debt overhang in Turkey is likely to be an important drag on private investment over the medium-term. Addressing this challenge will require a holistic approach to dealing with distressed assets in the banking sector. It will also require efforts to increase access to long-term finance including through the development of capital markets.

18. Effective use of available fiscal space can play a useful role in supporting Turkey’s economic recovery. Turkey experienced economic turmoil in 2018 H2 with more fiscal space compared to selected peer countries in comparable recessions in recent years. Analysis of how fiscal space evolves under different macroeconomic scenarios suggests that Turkey can absorb limited shocks. The effectiveness of Turkey’s countercyclical response will not only depend on the level on the composition of the stimulus. In the short-term, an acceleration in transfers has supported the fiscal multiplier. But transfers need to be timely, targeted and timebound. Going forward, addressing revenue and expenditure efficiency challenges will be critical to support medium-term growth objectives and sustain fiscal policy as an important anchor of economic stability in Turkey.

19. The CPF had highlighted macroeconomic risks which ultimately materialized, but the extent of the ensuing economic shock was greater than expected. This has had three important implications. Firstly, fiscal policy has been more expansionary, and therefore government borrowing requirements have been higher than expected at the time of the CPF. Secondly, access to external financial markets has been more costly, particularly for banks due to increased risk premia and tightening global monetary policy until more recently. Thirdly, the Government has had the dual challenge of sustaining a short-term recovery with a challenging external environment and firms weighed down by debt, while needing to address priority structural reforms to accelerate productivity growth. All these had important implications for the CPF period to date.

New Development Plan

20. The CPF was fully aligned with Turkey’s overarching development goals as outlined in its 10th Development Plan (DP for 2014-2018). The DP diagnosed the key challenges that Turkey needed to overcome to escape the “middle income trap” and succeed in becoming a high-income country. The 10th DP was built on four high level objectives: (1) Innovative Production, Stable, and High Growth; (2) Qualified Individuals and Strong Society; (3) Livable Places and Sustainable Environment; and (4) International Cooperation for Development. The first three of these objectives included a set of 25 Transformation Programs that outlined in more detail the reforms to be pursued and the types of investments to be made.



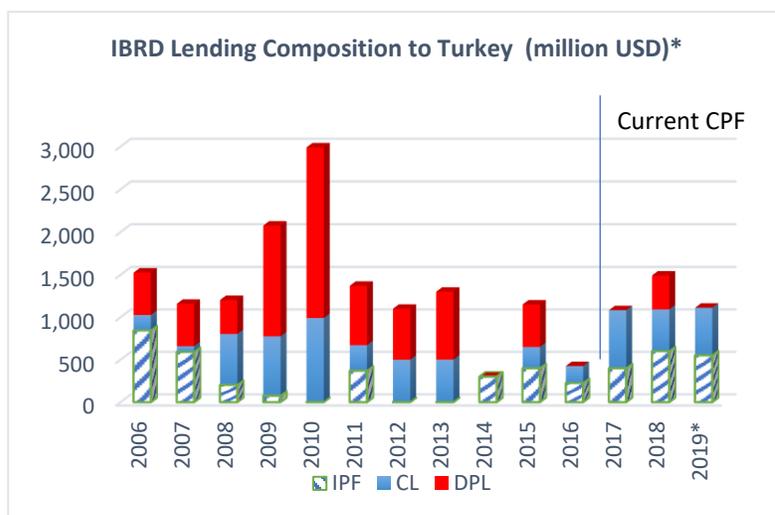
21. In July 2019, Turkey launched its 11th DP for the 2019-2023 period, which sets out the longer-term structural reforms to be pursued to address the country’s development challenges. The objectives of the plan were defined within the framework of a stable export-oriented growth model that focuses on efficiency with the industrial sector playing a dominant role. The focus areas are generally the same as the previous DP, although the fourth pillar of the 10th DP; “International Cooperation For Development” has been replaced by a new pillar; “State of Law, Democratization, and Good Governance”. The consistency in strategic approach between the 10th and 11th DPs confirms that the three focus areas under the CPF remain valid. As part of the Government’s DP, the Government also launched its New Economic Program for 2019-2021 in September 2018 which sets out the economic policy responses to restore stability and the longer-term structural reform to strengthen Turkey’s economic performance.

III. SUMMARY OF PROGRAM IMPLEMENTATION

Lending and Investments

22. During the CPF period to date, the planned IBRD lending pipeline has been fully delivered (Annex 5⁵). IBRD lending delivery totaled \$3.85 billion including investment operations in energy, access to finance, municipal development, disaster and climate resilience, and water sectors. The average annual IBRD lending delivery for FY17-18-19 at US\$1.3 billion was aligned with that envisaged in the CPF annual lending targets of between US\$1–1.5 billion.

23. The CPF implementation followed through on its promise to bring in a greater mix of lending instruments into the program, with six new investment project financing (IPFs), one development policy lending (DPL) on Resilience Growth and Inclusion (RIG, FY18), and one credit line operation. In parallel, more investment financing was mobilized through the FRiT in the human development areas where demand for IBRD lending had been low. Perhaps most notable has been the delivery of two IPFs—Disaster



Risk Management in Safe Schools and Irrigation Modernization—that allowed the WBG to follow up its long-standing analytical and policy dialogue in these critical areas with important IBRD investments and mobilization of other resources (GEF to Irrigation, Clean Technology Fund for the Public Buildings Energy Efficiency, the EU FRiT to Safe Schools). The program also included the Partnership for Market Readiness (PMR) Program (trust fund of \$3 million) which is an important initiative in preparing the grounds for Turkey to potentially participate in international carbon markets. The CPF had noted the lesson learnt from the previous CPS about the need for a selective, persistent and supportive engagement and this was realized with the delivery of these operations, which built on the trust established with the Government over long-term dialogue and brought the full value-added of the WBG with technical and financial

⁵ The previous CPS covered the FY12-16 period and the current CPF covers the FY18-21 period. The FY17 program was technically not covered by either the CPS or the CPF. However, because the CPF proposed a lending envelope that covered a five year period FY17-21, we include FY17 lending in this assessment.

resources. The volatility in the overall macroeconomic framework did not provide a conducive framework for further DPL support beyond the RIG in FY18 and preparation work of a follow-up DPL was put on hold during FY19 pending stronger macroeconomic performance.

24. The performance of the IBRD portfolio in Turkey also strengthened in a sustained way. There are now 16 IBRD operations, two GEF-financed projects and six trust-funded (recipient-executed trust funds, RETFs) projects in the portfolio for a combined total of \$4.88 billion. Portfolio indicators were consistently strong with a low-level of risk, record high disbursements, and satisfactory closing of seven lending operations (including RETFs). A stand-out operation for swift implementation was the Trans-Anatolian Pipeline project (\$400 million) that was approved before the CPF in December 2016 and fully disbursed by end of FY18.

25. Overall IFC delivered on its program expectations with large investment programs in FY17 and FY18, and a significantly smaller program in FY19 reflecting heightened risks and a focus on portfolio management. The CPF expected IFC's own-account investment program to be \$600-800 million p.a. which was met on average with some variability for a cumulative delivery total of US\$3,250 m (FY17: \$1,348m, FY18: \$1,127m, FY19: \$275m, FY20 to date: \$500m). IFC also committed US\$938 million to Turkish banks under its short-term Global Trade Finance Program (GTFP) in FY18, broadening access to finance for companies. However, FY19 saw a significantly reduced program of \$275 million, reflecting elevated financial risks, increased focus on portfolio management, reduced demand from clients and increased global risk aversion. As a result, in FY19, IFC's committed portfolio in Turkey decreased by close to 25% reflecting a sharp reduction in the GTFP program due to import compression and lower demand for import finance. Portfolio risk deteriorated with Non-Performing Loans (NPLs) contained to a few assets while debt risk-adjusted return remained among the highest in IFC's global portfolio.

26. Turkey continued to be MIGA's largest gross exposure by country, representing about 13 percent of MIGA's portfolio. As of end FY19, MIGA's gross exposure totaled about US\$3 billion across 15 projects: five in the infrastructure sector, where MIGA supported urban transport projects via its non-honoring sub-sovereign guarantees to the municipalities of Istanbul and Izmir; four in the financial sector, concentrated in three operations in support of Turk Exim, where MIGA deployed its non-honoring SOE product; and six in the services sector, where MIGA provided Political Risk Insurance guarantees in the context of the Health PPP program for the construction and operations of new hospital facilities. In the period of the CPF, in FY18/19, MIGA underwrote new guarantees of US\$618 million in the financial sector.

Partnerships, Leveraging and WBG Synergies

27. The volume and number of Trust-funded projects in the Bank's Turkey portfolio increased, mainly driven by the EU Facility for Refugees in Turkey (FRiT) engagement. The partnership established with the EU around the FRiT has had a significant impact on the WBG's portfolio: as part of the first tranche of FRiT funding, the Bank was successful in securing three critical projects – one in Education for \$153 million and two in Social Protection and Jobs for a combined \$55.5 million. This allowed it to re-engage with investments in the human development areas for the first time in many years in Turkey to support refugees and Turkish citizens equally. The successful experience to date of designing and administering these three FRiT-funded projects meant that the Bank secured a further €713 million for five projects from the second tranche of FRiT (to be delivered in FY20) and mobilized a further €320 million in IBRD as co-financing for two of these projects. Equally important is that the engagement with the Ministries on these projects has facilitated sector-wide dialogue to strengthen, opening potential new opportunities for the WBG going forward. The Bank has also stepped up coordination with UN agencies and key bilateral

institutions on the human development and inclusion agenda, notably on education disaster risk management (with KfW), social entrepreneurship community of practice (with EBRD and UN agencies) and active labor market programs (with UN agencies).

28. The WBG continued to mobilize cofinancing from development partners. Building on the successful cofinancing of the TANAP project (FY17) with the Asian Infrastructure Investment Bank (AIIB), the WBG team worked closely with AIIB to mobilize its cofinancing of the Gas Storage Expansion project (FY18). The EU provided €25 million in cofinancing to the Sustainable Cities series of projects (FY17, FY19). As noted above, the project proposals prepared by the WBG team for financing under the second tranche of the FRiT were able to secure not just FRiT financing, but also created demand for IBRD financing.

29. Turkey continued to champion Maximizing Finance for Development. The Sustainable Cities Series of Projects (SCP), which was established as part of a joint implementation plan, continues to serve as a means for the World Bank and IFC to regularly dialogue on ‘upstream’ TA and to ensure IBRD lending does not displace commercial financing. The Bank and IFC continue to work closely on opportunities to build the enabling environment for private sector involvement, for example under the Bank implemented work on municipal finance self-assessments, capital investment planning, and PPP pipeline development financed by Public-Private Infrastructure Advisory Facility (PPIAF). The Bank and IFC teams recently conducted a city solutions workshop for Izmir, a key IFC client for over a decade, at the Barcelona Smart City Summit in November 2019, which helps the city in scoping out its smart city strategy.

Progress Towards Corporate Commitments

30. In the CPF implementation to date, all projects approved have been fully compliant with the Citizen Engagement (CE) corporate requirements for citizen-oriented design and beneficiary feedback indicators. The Quality of CE as measured by the ECA CE Quality Index has improved over the period with a number of projects incorporating promising citizen engagement (DRM, Irrigation). However, there is much to be done, especially in the urban and finance sectors, to ensure citizen engagement feeds into quality at design stage and supports implementation through the capacity building of PIUs (Annex 4 provides more details on how CE is being implemented and what support is being planned to strengthen this going forward).

31. Similarly, gender has been mainstreamed across the CPF implementation to date in three ways. First, most projects and ASA have incorporated gender-sensitive monitoring to identify barriers related to women’s access and participation to finance, jobs and services (such as the Turkey Jobs Diagnostic). Second, the RIG DPL has supported the adoption of specific policies to improve gender outcomes, notably the introduction of tax incentives for private nursery schools and reform to the labor law making labor market programs more flexible for women. These reforms, while modestly implemented to date, have helped open the dialogue for broader improvements needed. Third, under the CPF Growth and Inclusion Pillars, dedicated project investments to increasing women’s access to finance and employment are under implementation, such as the Equitable Access to Finance Project, the Employment Support Project, and the newly-designed Social Entrepreneurship and Cohesion Project (to be approved in FY20). Despite these initial steps, more support to policy implementation and investments at the sectoral level will be needed to significantly impact gender outcomes, especially in regions to the South and East as well as those with high refugee populations, where gender outcomes lag even further behind.

32. IFC has supported the enhancement of women’s participation in Turkey’s economy. IFC worked with Turkish banks to provide financing for women entrepreneurs under its Banking on Women program,

launched a program to support women in supply chains, and engaged in efforts to increase the number of women on company boards. In particular, as part of IFC's program in Turkey to boost financial inclusion for women entrepreneurs, in 2018 IFC invested \$75 million in a private sector gender-linked bond dedicated to financing enterprises and companies owned or managed by women. This has been the first gender bond issued among private banks globally. The investment is in partnership with the Women Entrepreneurs Opportunity Facility (WEOF), launched by IFC through its Banking on Women Program, and Goldman Sachs' *10,000 Women* initiative.

33. The climate co-benefits of the portfolio averaged 40% of new commitments in FY17-18-19. In FY19, it was especially high at 76% due to the client's focus on sustainable development operations in DRM, irrigation and sustainable cities. This was a significant improvement over the 8% recorded in FY18 and the 37% in FY17.

Progress toward achieving CPF Objectives

Focus Area 1: Growth

CPF Objective 1: Increased Fiscal Space

34. Progress under this objective was impacted by economic developments. Though the share of direct tax revenues in total tax revenues increased from 29.2% in 2015 to 35.9% in 2019, with a target of 40% for 2021, this was not related to reform efforts. The RIG DPL, Tax Policy ASA, and the Fiscal Reform Program were designed to support the authorities' efforts. Fiscal space enabled the Government to respond to the 2018-2019 economic downturn; but the medium-term fiscal strategy now needs to rebuild buffers for sustainability in the face of any future shocks. The Bank has substantially increased and deepened macro-fiscal analysis and TA over the CPF implementation period. However, progress on policy dialogue has been limited by recent reorganization and turnover in Government. More is needed to build a common understanding with the Government on the adequacy of the macroeconomic policy framework. There was progress on the other CPF indicator - establishment of a monitoring system for internal controls in public administration - whereby 70% of central Government institutions' data is now included in the software. The RIG DPL, together with Programmatic Governance TA, supported this achievement through TA activities.

CPF Objective 2: Enhanced Access to Finance to Underserved Segments

35. There has been progress under this objective, even in the face of macro-financial challenges which constrained growth and deepening of the financial sector. This CPF Objective is a core focus of both IBRD and IFC programs and all indicators with respect to supporting the extension of financial services to MSMEs and people are either on track or have already been surpassed. The engagement through IBRD-financed lines of credit and IFC's menu of services and investments supported improvements in access to longer-term financing (including Islamic Financing) for MSMEs, export-oriented SMEs, large enterprises engaged in domestic supply chains and other underserved segments. However, Turkey also experienced a sustained credit boom in the run up to the mid-2018 economic shock, which has contributed to financial sector vulnerabilities. As planned in the CPF, the Bank supported post-FSAP TA to support financial stability. More is needed for financial sector deepening that is in line with Turkey's development aspirations. There has been strong progress on the number of private pension members which the program supported under the RIG DPL.

CPF Objective 3: Enhanced Competitiveness and Employment in Selected Industries

36. Despite the economic slowdown and increase in national unemployment, progress under this objective has been positive. This CPF has two result indicators— employment supported by IFC clients (and its gender disaggregated indicator with respect to female employment) and employment supported by IFC equity funds investees. IFC operations in the manufacturing sector were responsible for the generation of more than 50,000 jobs of which around 10,000 are female employment, reflecting satisfactory progress towards target values for the two indicators. In addition, progress on employment supported by IFC equity funds has been favorable with the generation of almost 17,000 jobs, very close to the CPF target value for this indicator. Supplementary indicators measuring IFC contribution under this objective include the number of students reached by IFC clients and its gender disaggregated indicator which have experienced solid progress.

Focus Area 2: Inclusion

CPF Objective 4: Increased Effectiveness of Social Assistance

37. Progress under this objective has been mixed, with a need to adjust the indicators to reflect the Bank’s actual engagement areas. Around the time of the start of the CPF, the Government had a “Social Assistance Vision 2023” reform in its agenda, which included the consolidation of demographically-targeted programs and the introduction of a poverty-targeted income-support program with higher benefit levels to better protect those in need. The Bank team was supporting this agenda through ASA. However, in the midst of the broader constitutional changes, the Government postponed the reform. As a result, the coverage of the poverty gap has increased only slightly from 9.9% to 10.6%, falling short of the 20% target. Progress has been made on the availability of five new indicators of monetary and non-monetary welfare and inclusion, which is directly attributable to the Bank’s continued engagement on poverty analytics, the suite of tools for social assistance program, and monitoring. The Bank has started dialogue on new risk-sharing models⁶ for bridging the non-contributory and contributory social protection (social security) schemes, linked to productivity and welfare among vulnerable, informal workers. The Bank has also been assessing the impact of minimum wages on employment outcomes, employment subsidy programs, and severance pay. As such, the links between social assistance, employment and social insurance schemes will be increasingly important moving forward.

CPF Objective 5: Increased Labor Force Participation of Women and Vulnerable Groups

38. Progress under this objective has been mixed. An important improvement in female labor force participation was achieved (it reached 34.2 percent in 2018, up from 31.5 percent in 2015), which is particularly noteworthy given the overall difficult economic environment of Turkey and growing unemployment. On the contrary there was a worsening of the NEET rate despite many incentive schemes to increase youth participation in labor markets and in vocational training. The continued influx of refugees has also had an impact on this indicator and on overall labor market dynamics. During the CPF period, the Bank’s support evolved from TA and non-lending operations into investment operations financed by the FRiT and new demand for IBRD financing. This evolution was expected at CPF time, although the scale of the Bank’s work under the FRiT was not clear at that time because the second tranche of FRiT funding had not yet been released. The partnership between the WBG-EU around the FRiT has allowed the WBG to play a greater role in responding to the refugee crisis, particularly through the FRiT-financed projects on active labor market programs and entrepreneurship pilot support, both striving for increasing female participation. Combined with the policy reforms supported by the RIG DPL

⁶ Global workshop on Changing Nature of Work held in Ankara, November 2019, with support and involvement from Turkey Social Security Institution (SGK).

and analytic support mentioned above, the Bank's engagement in female and youth inclusion increasingly reflects a combination of targeted investments and longer-term policy changes.

39. Due to economic developments, slow progress has been observed on the IFC support to the generation of direct employment in the manufacturing sector in the less developed regions of the country. The economic activity slowdown reached all areas of the country, negatively affecting the credit demand for private sector investments in the less developed regions. In addition, more conservative IFC portfolio management in a context of strong macroeconomic volatility and the need for greater selectivity have been reflected in a lower than planned increase of the IFC portfolio in less developed regions, which has been reflected in jobs generated by IFC clients in these regions, far from the target values defined in the CPF. However, the recently committed large facility for financing MSMEs and women entrepreneurs in the 22 provinces most affected by the SuTP influx should contribute to achieving this objective. The project aims at enabling local MSMEs, SuTPs and Turkish citizens to grow their businesses and have better access to opportunities and markets.

CPF Objective 6: Strengthened Performance of the Education and Health Sectors

40. There was mixed progress under this objective with improvements on the education indicator but modest progress made on the health indicators by IBRD and IFC. The indicator on increasing the percentage of school enrolment of SuTP children is firmly on track although the WBG's program was only a relatively small part in the overall Government and donor response to the refugee crisis and hence the attribution to the WBG's program calls for this indicator to be revised. After a long-term engagement on DRM issues through ASA and trust funds, the Bank delivered the DRM in Schools Project (FY19, \$300m) and administered the FRIT-financed Education Infrastructure for Resilience Project (FY17, \$153m), both of which are ensuring safe learning environments for children that are resilient to earthquake and climate disasters, energy efficient, disability and gender inclusive. Alongside both projects, community outreach has remained a priority. The Bank's Health sector project has helped boost access to Healthy Living Centers, a notable innovation combining community-based services with preventative care. However, other components under the project have faced implementation challenges which resulted in the project's restructuring in late 2019. As such, the indicators related to health will be adjusted to more accurately capture results. The performance of the IFC portfolio in healthcare through Public Private Partnerships (PPPs) has been modest as the focus has shifted from the increase of PPP projects in the sector to the assessment of the existing investments. Patients attended by hospitals under PPP agreements in 2018 reached 2.4 million, far from the target value of 14 million envisaged in the CPF.

Focus Area 3: Sustainability

CPF Objective 7: Improved Reliability of Energy Supply and Generation of Green Energy

41. The progress under this CPF objective has been satisfactory: four of the five indicators are either achieved or on track. This has been supported by a long-term engagement and a concentrated WBG program in the energy sector, especially through (i) investments in the areas of energy security (TANAP and Gas Storage Expansion projects), (ii) operations in renewable energy (Geothermal Development and Renewable Energy Integration projects) and energy efficiency (SME Energy Efficiency, Energy Efficiency in Public Buildings), (iii) ASA activities in all areas; and (iv) IFC renewable energy portfolio and power generated and distributed. The key milestones such as installed renewable energy capacity and renewable energy generated through IBRD financed projects are almost fully achieved. The gas trading platform has been established and is up-and-running although the number of players in the gas market is small. Due

to the recent financial challenges among corporates in Turkey, out of the US\$47 billion of outstanding debt held by Turkey's electricity generation and distribution companies, approximately US\$5 billion needs to be restructured (preliminary agreements are in place for \$2.5 billion of this debt). This had an impact on the indicators that were decided at the time of the CPF preparation, such as "generation and distribution clients reached", causing it to be off-track.

CPF Objective 8: Improved Sustainability and Resilience of Cities

42. This objective is also showing good progress. One of the best performing projects in the portfolio is the Land Registry Project which has already surpassed its target indicator (set for 2021), achieving a 98% service satisfaction rate. The long-term investment in dialogue and analytics around sustainable cities came to fruition with the delivery of the Sustainable Cities Program (SCP) which to date includes two operations (FY17 and FY18) and an additional financing (FY19). The joint IFC-WB implementation plan for the SCP has been critical to help the Government modernize the municipal framework for financing and investment, including through PPPs. This is a core aspect of the MFD framework at the country and sector level with mechanisms for coordinating and sequencing WBG activities in support of private sector-oriented reform and investment programs (see para 28). The resilience of cities and public schools was also supported through the IBRD financed DRM in Safe Schools project and the FRIT-financed Education Resilience project. The Global Facility for Disaster Reduction and Recovery (GFDRR, in place at the time of the CPF, has enabled the Government to assess disaster and climate risks to critical infrastructure and organized industrial zones, and will enable the Ministry of Environment and Urbanization (MoEU) to assess gaps and build capacity in the assessment and management of urban resilience. IFC's program evolved favorably as investments in urban transport (metro and rail) increased the number of passengers and reduced average travel time. However, due to financial stress faced by IFC clients, projects on urban solid waste management had a modest performance

CPF Objective 9: Increased Sustainability of Infrastructure Assets and Natural Capital

43. This objective was the least well-defined at the time of the CPF, given that dialogue was nascent in some areas covered here and the direction of the program was unknown. The energy savings were a notable success, supported through the WBG's broad program in energy (as noted under CPF Objective 7 above). The engagement in the Agriculture sector was supported by two critical pieces of ASA – one on producers' organizations and another on food price inflation – as well as dialogue that continued to focus on ways for Turkey to narrow the urban-rural divide which is critical to poverty, unemployment and lack of competitiveness. The update to the Forest Sector Review underpinned a growing dialogue around natural resources management, that has resulted in a request for a new investment project (FY21) for integrated landscape management in the Bolaman region. The CPF had left open the option of considering indicators for this objective at the time of the PLR and this is now detailed in Section V below.

IV. EMERGING LESSONS

44. To date, most of the envisaged risks in the CPF have materialized, but the flexible design of the program allowed it to adapt to respond, whereby most of the CPF objectives have remained on track. The WBG's comparative advantage contributed to sustaining a robust engagement and dialogue with the Government, even under a significantly changed country context. As the CPF design is based on the SCD and Turkey's Development Plans, most of its objectives remain relevant. The program continued to balance its intended strategic focus on the long-term development plans of Turkey with a flexible approach to respond to emerging needs. At times that balance was tilted more towards the flexible side,

when the reform program lost momentum and focus, thus rendering it difficult to deliver broader sector-wide strategic lending that had been hoped for in areas such as education. The recent macroeconomic developments and their impact on IFC's portfolio have made evident the need for integrating macroeconomic and market risk assessment into the IFC program. In some cases, the CPF objective indicators faced attribution issues given the very small scale of the WBG program in a country the size of Turkey, which points to the need for addressing this issue going forward.

45. The significant time and efforts that were deployed during the previous CPS period to diversify the WBG's program came to fruition in this CPF, with the WBG's lending program moving into supporting DRM and sustainable cities, areas where lending had not been focused in the recent past but where ASA and dialogue had been sustained over a long time-frame. This followed the recommendation of the CLR of the previous CPS that the WBG program focus on sectors where relationships already exist, programming has been successful and expressed client demand is high. The lesson learnt is for the program to ensure continuity in these areas going forward given that the relationships in these areas have already been built and there is clear commitment from the client (this also underpins the rationale for continuing with most of the CPF Objectives). IFC portfolio diversification in terms of clients, sectors and instruments lessened risks associated with macroeconomic volatility and GDP growth slowdown.

46. Diverse use of WBG instruments helped the program to be engaged in critically important development areas although there are challenges that come in parallel with this diversification. As the CPF was implemented, the lesson emerged that diversifying the menu of instruments in Turkey could be successful in selected areas where there was clear commitment from the client. For the first time, the WBG mobilized a successful RAS to engage on the Business Environment Reform agenda, with notable results for Turkey's ranking in the Doing Business index. Use of other RETFs helped to engage in Climate Change and Disaster Risk Management and provided much-needed analytic and technical support to Government programs in these areas. Mobilization of CTF and GEF resources complimented engagement in the geo-thermal and irrigation projects. The dialogue and global analytics prepared in the context of the Human Capital Project also served to nurture the relationship in the health and education sectors. The use of the credit line instrument has become more targeted to vulnerable groups, with the Inclusive Access to Finance Project (May 2018) focusing on female-owned firms and less developed regions impacted by the refugee influx. However, these instruments (as well as the FRiT, described in the next paragraph) have posed challenges in implementation because of the time needed to develop an understanding of WBG procedures in counterpart institutions that are not used to dealing with the WBG. This, in turn, imposed high costs of supervision on the Bank's team and carries the risk of slower disbursement in earlier years of projects' implementation periods.

47. The WBG team showed pro-activity in engaging with the Government and the EU on the refugee agenda through the FRiT, but under-estimated the burden placed on the program by the new FRiT-financed projects. Because the Government took the decision not to borrow from IFIs to respond to the refugee influx, the Bank's team adapted to that context and pursued the opportunity presented by the FRiT instrument to design and administer investment projects in support of Government efforts. With three FRiT-financed projects already underway and five more to be approved in FY20, the experience has provided the lesson that the WBG can add value and play a role if it is agile and maximizes partnerships. This is especially important in the critical refugee agenda that has a significant global public good. The lesson also emerged of the importance of bringing a development approach that targets Turkish citizens equally with the SuTPs and refugees, to enhance social cohesion and assure greater sustainability. The FRiT opportunity also served to strengthen further the WBG-EU relationship both in Turkey and in the ECA

region. However, in the project preparation phase, the Bank's teams are stretched because the funds provided as part of the Trust Fund framework for administering the FRIT do not flow until after project approval, meaning that internal Bank resources must be used to prepare these projects; this has placed a heavy burden on teams to do more with existing fixed resources.

48. The impact of the ASA program was not as significant as expected. As planned in the CPF, the WBG continued to deliver a broad program of ASA with the goal of responding to clear client demand and focused on areas that underpinned WBG's financing engagement. Good efforts were made in this regard. However, overall there is room for improvement to increase the impact of ASA. The lessons learnt are to assure client ownership of ASA sufficiently up-front and to agree on the dissemination beyond Government to other partners and beneficiaries.

49. Relationship building with stakeholders and beneficiaries also contributed towards impact although much more needs to be done on citizen engagement. The relationships established with the Turkey Union of Chambers (TOBB) helped in tackling the Business Reform agenda for the private sector. This new form of RAS business, jointly implemented by semi-private TOBB and the Government, emerged as an innovative and effective approach to create impact IFC also signed a MOU with the Turkish Industry and Business Association (TUSIAD) focusing on knowledge sharing and sustainability. The TANAP project received an international award for "Leadership in Community Service and Corporate Social Responsibility" given in recognition of its role in benefiting communities in project areas. The program, however, lagged significantly in citizen engagement in the first couple of years of implementation although this is now improving in FY20 with more focus on the design of mechanisms that engage project beneficiaries proactively and on the capacity building of PIUs.

V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP FRAMEWORK

50. As reaffirmed by the 11th DP, the CPF's three focus areas – 1) Growth, 2) Inclusion and 3) Sustainability remain relevant given their strong alignment with the Government's priorities and the progress being made so far. However, adjustments to two CPF objectives and revision of indicators are needed to reflect the changed country context and development challenges. Under the Growth focus area, the emphasis on stronger macro-economic management has become more important given the economic volatility experienced by Turkey in the past couple of years: CPF Objective 1 is thus proposed for revision to reflect better how the program has evolved. Another evolution during CPF implementation has been Turkey's recent strong commitment to scale up its actions on addressing climate change, for which it has requested WBG and international support; this necessitates a revision of CPF Objective 9, which was loosely defined at CPF time, in order to capture how the WBG program will deepen its engagement in this critical area. The institutional weaknesses identified in the SCD/CPF, call for a renewed focus on institutional strengthening, particularly as part of the IBRD graduation process.

51. Turkey's GNI per capita is above the IBRD Graduation Discussion Income (GDI) threshold. The program in the PLR accordingly focuses on two important aspects: (1) establishing key institutions for economic and social development; and (2) enhancing domestic economic and financial markets to allow for more stable and predictable access to international credit markets. The SCD had identified Turkey's institutions as a priority challenge. The CPF program going forward describes how activities can focus on institutional strengthening under each of the CPF objectives that (i) address key institutional challenges to shared prosperity (Inclusion Focus Area); (ii) deliver global public goods (climate change covered under the Sustainability Focus Area and refugee agenda covered under the Inclusion Focus Area), and (iii) help build resilience and create the conditions for increased private sector financing of the economy and

scaled-up IFC engagement when conditions permit (Growth Focus Area). In parallel to financing, a key aspect of the program will be to become more selective in delivering good quality ASA that informs effective government policies and underpins reform dialogue where possible.

52. Continued improvements in Turkey’s policies and institutions will be required to lower the cost of accessing credit markets. Market perceptions of risk have remained high in Turkey since mid-2018, contributing to low investor sentiment and higher costs of borrowing on capital markets⁷. Credit rating agencies rate Turkish sovereign debt a couple of notches below investment grade, with the most recent downgrades in July 2019, citing policy and institutional weaknesses. This provides a strong rationale for continued WBG involvement given that market access for private sector financing can’t yet play a bigger role due to high risk perceptions and financial sector institutions that are not able to cover all segments.

Focus Area 1 – Growth

CPF Objective 1: Revised from “Increased Fiscal Space” to “Contribute to Strengthened Policies that Boost Economic Stability”

53. Turkey is prone to pronounced volatility in economic growth, which calls for policy reforms that support economic stability and resilience. The Bank has significantly increased and deepened short-term economic monitoring including advice on appropriate economic policy responses that reduce volatility and build resilience to future shocks. Activities include a new series of Turkey Economic Monitors, more regular dialogue with key institutions of economic governance, post-FSAP TA, Fiscal TA, targeted analysis of household employment and welfare, and a review of institutional changes. This work has been shared with the Government, private sector and other stakeholders, which has promoted debate. The program intends to follow up on the outcome of this analytical work to build policy dialogue on more systematic reforms and strengthen capacity within macroeconomic and financial institutions. A live policy matrix is being developed to capture both short and medium-term actions to help track progress on priority reforms and identify entry points for support. Revised result indicators reflect the areas the Bank proposes to engage with respect to institutional building measures.

CPF Objective 2: Enhanced Access to Finance to Underserved Segments (unchanged from CPF)

54. Turkey’s financial sector remains critical to growth, even more important since the mid-2018 downturn, and the WBG program here continues to deliver coordinated support. Deepening and diversifying the financial sector, achieving financial stability, increasing financial inclusion, access to long-term finance, and stronger financial institutions are all important drivers for sustainable growth and remain the objectives of the ongoing ASA and Financial Sector operations currently under implementation in the WB-IFC portfolios. In addition, the Bank is developing innovative instruments to support access to finance for exporters, with a planned Long Term Export Finance Guarantee operation (FY20) that seeks to address market failures in that segment. IFC has a solid portfolio for MSMEs and exporters which is expected to expand as soon as economic and credit market conditions improve. The strengthening of financial sector institutions will take the form of a set of ASA that includes TA on municipal bond markets, TA on financial stability, and continued ASA on Financial Inclusion.

⁷ Credit Default Swap (CDS) rates have declined from a peak of around 500 basis points (month average) in May 2018 but remain high at around 300 basis points in late 2019. More recently, short-term bond yields have started to decline from a peak of 24-25 percent in August 2018 and June 2019 to around 15 percent in late 2019. CDS further dropped to 238 basis points in February 2020.

CPF Objective 3: Enhanced Competitiveness and Employment in Selected Industries (unchanged from CPF)

55. Turkey's experience of declines in productivity growth and competitiveness since the Global Financial Crisis remains a key issue and it now faces the dual challenge of sustaining its short-term recovery whilst accelerating potential output through more investments, innovation, and productivity. The Bank's and IFC's respective programs continue to address this challenge as outlined in the CPF, through a focus on policy reforms, institutional strengthening and selective investments. The Bank's Country Economic Memorandum on Productivity identifies a range of potential policy reforms and a new flagship report on Turkey's participation in Global Value Chains and Trade aims to promote international competitiveness of Turkish firms and deepen economic integration. IFC's program aims at helping to increase Turkey's competitiveness and trade integration through improvements in critical logistical transportation infrastructure (ports) and investments in the manufacturing, agriculture and services sectors to increase productivity and innovation. The Bank and IFC are working jointly with the Government on a key institutional reform bolstering capacity to implement reforms in the area of business regulations, as part of IFC's regular Advisory Services and through the first successful Bank RAS in Turkey for support to Doing Business reforms. As proposed in the CPF, the Bank is preparing a Green Organized Industrial Zones project (OIZ, planned for FY21) to promote OIZ efficiency and productivity and strengthen the Ministry of Industry and Technology's capacity to lead on the green industry agenda. IFC targets improvements in critical logistical transportation infrastructure (ports) and investments in the manufacturing sector to increase productivity. Some revisions to the results matrix reflect the more advanced stage of these engagements.

Focus Area 2 – Inclusion

CPF Objective 4: Increased Effectiveness of Social Assistance (unchanged from CPF)

56. The focus here remains on strengthening the evidence-base for policies that ensure greater inclusion and on improving efficiency and effectiveness in social assistance. Some adjustment to the program is needed because progress on the poverty gap (which was the CPF indicator) was greatly challenged by Turkey's strained economic context and by the postponement of a poverty targeted income-support program which limited the scope of Bank support. The ASA is shifting to take into account this changed policy context and to address institutional strengthening issues. The focus is now on TA, knowledge sharing and capacity building for Government institutions involved in social assistance and employment services to strengthen the links between the two, so as to enhance the possibilities of social assistance beneficiaries to find income generation opportunities and thus promote sustainable exits from poverty and from the need to receive social aid. Second, to increase efficiency, there is a need to strengthen institutional capacity for developing the evidence base for social assistance programming, thereby improving its performance in protecting the poor and vulnerable. New indicators reflect ongoing work, focusing on social assistance being managed based on evidence (in terms of targeting and information systems), and on ensuring mechanisms to refer eligible social assistance beneficiaries to employment agency are operating.

CPF Objective 5: Increased Labor Force Participation of Women and Vulnerable Groups (unchanged from CPF)

57. This objective seeks to bring more women, youth and vulnerable groups into the labor market, as outlined in the CPF, with amendments proposed to indicators to better capture results attributable to the WBG program. Ongoing and planned labor market projects financed through WBG and EU FRIT

financing will support this area, benefiting Turkish citizens, refugees and other vulnerable groups such as women and youth. The Bank will continue the support planned in the CPF to the public institution for employment services (ISKUR) to strengthen its capacity and effectiveness in helping job seekers. The program will also consider an expanded ASA to develop a more robust evidence base on how to promote social cohesion outcomes in the communities where SuTPs reside, such as through the FRiT Social Entrepreneurship and Social Cohesion Project. Given the lesson learnt on attribution issues, the indicator of increased female labor force participation is being dropped and replaced by indicators that can be more closely linked to the WBG's actual program.

CPF Objective 6: Strengthened Performance of the Education and Health Sectors (*unchanged from CPF*)

58. This objective remains relevant but indicators are being adjusted to capture the Bank's engagement more accurately. As noted earlier, the engagement in this CPF Objective area evolved differently from what was originally envisaged and, therefore, adjustments are needed to better capture WBG support. The Bank's DRM in Schools Project, and the FRiT-financed Education Infrastructure for Resilience Project are building or retrofitting schools to ensure seismic resilience and safe learning environments for children. The health indicator is also adjusted to reflect the revised focus of the Bank-financed Health project that was restructured in FY20. Scaling up the Bank's support to education and health remain important given the increasing attention paid to the global Human Capital Index (HCI) as Turkey's initial ranking on the HCI lags most OECD countries (the PISA results on education that were released in December 2019 will help increase this ranking because Turkey showed a significant improvement in its PISA scores). The strengthened relationships with counterparts in these sectors have been the result of strong analytic and policy support during the first phase of the CPF. In health, a robust ASA and IBRD project provide a strong foundation for further engagement. In education, policy dialogue and analytics on the quality of education are being scaled up, and new lending and/or TA here could be possible to support the Ministry of National Education's capacity for implementing its Education Vision 2023 that focuses on early childhood education, vocational and technical training, school-based management and competitive skills. Prospects for expanding IFC healthcare PPP projects are expected to be limited due to the Government's review of hospital PPPs suggesting the need to downward adjust the target for the indicator on number of patients attended by hospitals functioning under PPP contracts.

Focus Area 3 – Sustainability

CPF Objective 7: Improved Reliability of Energy Supply & Generation of Green Energy (*unchanged*)

59. This objective remains relevant with satisfactory progress achieved to date on many of the indicators due to the continued strong IBRD lending and implementation performance. The program outlined at the time of the CPF will be continued and most of the indicators are on track and therefore remain relevant, although some minor adjustments are needed. The indicator from CPF Objective 9 on energy savings is moved to this objective, thus regrouping all energy related impacts together. The WBG engagement in the energy sector is supporting the capacity of the Ministry of Energy and other energy institutions to prioritize and select more sustainable and green energy with further IBRD investments planned in FY20/21 through an Additional Finance for the Renewable Energy Integration Project, Rooftop Solar Project, and Additional Finance for Geothermal Development. Opportunities for expanding IFC portfolio on renewable energy will depend on the country's economic prospects and demand projections for the next years as well as government reforms including the establishment of support mechanisms for renewable energy, enhancements in regulatory framework and pricing and the resolution of the debt overhang in the sector. IFC will continue to finance energy efficiency investments through financial

institutions and in its investments in the manufacturing sector. In the outer years of the CPF period, WBG engagement could be considered in municipal energy efficiency, energy efficiency in generation, clean production and resource efficiency, demand side response and smart energy systems, waste to energy and offshore wind.

CPF Objective 8: Improved Sustainability and Resilience of Cities (unchanged from CPF)

60. This objective remains relevant and indicators are on track due to the strong delivery of IBRD and IFC financing. The joint IBRD and IFC Sustainable Cities platform has been critical for the MFD approach in Turkey; it is an important institution building effort helping the Government modernize the municipal framework for financing and investment, including through PPPs. A Municipal Services Improvement Project in Refugee Affected Areas – to be jointly financed by IBRD and FRiT – will be delivered in FY20 and will specifically support select municipalities which are hosting sizeable numbers of refugees. In line with the Joint Implementation Plan (JIP) cascade approach, IFC intends to continue its selective focus on municipalities that have stronger balance sheets and the capacity to raise funds independently from the Government. This objective is also dependent upon institutional reforms and the broadening of financing tools available to municipalities. The WBG program will continue to focus on institutional strengthening, through TA supported by the Sustainable Cities EU IPA funds (administered by the Bank and implemented by Ilbank) and through PPIAF, the capacity of municipalities to identify bankable projects, creditworthiness to access capital markets, develop financing, and secure international resources for urban infrastructure that benefits residents.

61. Urban Resilience will continue to be a central element of the WBG program. A Programmatic ASA was approved in 2018, with a total funding of \$1 million (from GFDRR and the Japanese Government) to support the capacity of institutions (such as Iller Bank, the municipal development bank) that are charged with the mandate for building urban resilience at both national and municipal levels. Building on this TA, the Government has requested an Urban Resilience Project which would establish a long-term framework and platform for investments in climate and disaster resilient urban services and protective infrastructure, housing, public buildings and public spaces, as well as urban development planning that considers long term disaster and climate risk. This Project will support the Government to identify options for sustainable financing given the scale of disaster and climate risks, including options for private sector funding and potential collaboration with IFC and other IFIs.

CPF Objective 9: Revised from “Increasing Efficiency of Infrastructure Assets and Natural Resources” to “Strengthened Results Under Climate Action Agenda”

62. The program will take advantage of the flexibility of the CPF to propose a stepped-up engagement based on the recent request by Government for greater partnership with the WBG and other partners on addressing climate change. Two specific avenues of engagement under this objective are proposed: (1) the Government has requested IBRD investments in operations that have a strong climate focus, such as Public Buildings Energy Efficiency FY20, Renewable Energy Integration Project Additional Finance FY20, Rail Connectivity FY20, Geothermal Development (FY21), Rooftop Solar FY21, and Integrated Landscape Project FY21. All these operations include components supporting institutional strengthening of Ministries and other agencies in the energy, agricultural and forestry sectors; and (2) the CPF can consider expanding into other new lending engagements, which would be based on the WBG’s ASA and ongoing dialogue and assessed as clear priorities (Climate Smart Agriculture, renewable energy such as hydropower, urban and coastal resilience, water resource management). Because these projects

are either under preparation or proposed for later years of the CPF, it is premature now to formulate a specific results indicator.

Greater Focus on Cross-Cutting Issues

63. Citizen Engagement (CE): The Turkey program still has some way to go to enhance the quality of CE in ongoing and new operations especially through building capacity in PIUs to strengthen monitoring of CE. This fits with the 11th DP which includes a focus on democratization in all institutions and organizations and reinforcing participation, transparency and accountability in public administration at all levels. Annex 4 sets out a detailed roadmap planned for the rest of the CPF that includes (a) developing sector-specific strategies in the urban and financial sectors, (b) seeking a greater focus on cohesion and participation at the community level that engages poor, marginalized and vulnerable populations and builds capacity of relevant local institutions for participatory development, and (c) developing a more comprehensive approach for the FRiT-funded projects. To emphasize the importance of CE in the program, a new indicator has been added to the results framework.

64. The new WBG ESF: The new ESF came into play in Turkey during the CPF implementation and the focus has been on ensuring sufficient client capacity for implementing the new ESF requirements. While progress on introducing the new ESF has been acceptable, the capacity of counterparts to implement the ESF needs to be enhanced. There is a need for more emphasis on building capacity in the areas of labor and Occupational and Health Standards (OHS), community health and safety, and addressing the needs of vulnerable groups. In particular, OHS has proved challenging both in the WBG's program and more generally in Turkey. The WBG's supervision teams have been vigilant in this regard and action plans are being rolled out to address OHS deficiencies, especially as regards the safety of workers on construction components of IPFs. The new ESF brings more opportunities to enhance the country's environmental and social frameworks both at policy and institutional levels. Strengthening institutional practices can include assisting counterparts to build and enhance Environmental and Social Management Systems, and trainings on specific topics for project units at the portfolio level.

65. Consolidating ASA for greater impact. As noted in the Lessons Learnt section above, during the CPF to date, the Turkey program has significantly streamlined its ASA to ensure sharper focus on a few select areas that focus on institution building and solidify business development through analytics that underpin the financing program. However, assessing impact of the ASA program has been difficult (ref. para 47). In order to address this, the outreach associated with the ASA will go beyond traditional dissemination of reports and will entail direct engagement and purposeful policy dialogue with relevant counterparts and policy-makers in order to better leverage the policy implications of ASAs. During the preparation of ASA, the WBG teams will engage regularly with client counterparts to ensure ownership and collaboration. Selection of ASA topics will be guided by areas where the WBG can add value and influence select policies and institutions which would have development impact. The economic and institutional analysis in the ASA will be used as input for the future Systematic Country Diagnostic (SCD)

Implementation Period and Lending Envelope

66. The PLR proposes extending the CPF by two years to encompass FY22 and FY23. As noted in the Introduction section above, results still need to be achieved in some areas that would be facilitated by a longer implementation period. The challenges that Turkey has faced during the CPF implementation to date are likely to persist as regards facing continued economic headwinds and difficulties for the private sector to expand and thrive (which naturally has an impact on IFC's program): extending by 2 years will

allow the WBG program to respond better to these challenges. Turkey has also requested stepped up support within this CPF for addressing climate change and additional time is needed to be able to deliver on this, especially because support will be delivered in coordination with other development partners. Greater alignment with Turkey's own development plan would also be possible with an extension because the 11th DP covers the 2019-2023 period. It would be beneficial to have more time to implement the ongoing program and strengthen Turkey's institutions, as well as allow for sufficient time to prepare a new CPF that is based on a well-articulated SCD that will, in turn, be informed by an in-depth institutional and governance assessment.

67. The program going forward would maintain the same scale of ambition as outlined in the CPF with annual financial commitments of between \$1.0 and \$1.5 billion. This means that the full CPF program for the FY 17-23 period will be between \$7 billion and \$10.5 billion although actual lending volumes will depend on client demand, choice of instrument, overall performance of the CPF, IBRD's financial capacity and demand from other IBRD borrowing countries.

VI. RISKS TO CPF PROGRAM

68. At the time of CPF preparation, the overall risk to achieve the CPF objectives was assessed as moderate and this PLR proposes to maintain the same risk rating. The assessment at the time of the CPF already reflected the complicated political and governance context, both domestically and regionally, as well as increased risks from macroeconomic vulnerabilities, including in the financial sector. In the CPF implementation to date, most of the envisaged risks materialized. As an overall Risk-Mitigation strategy, the CPF put a strong emphasis on a flexible program that could be adapted to respond to the country context and that regularly assesses implementation progress. IBRD adopted the risk mitigating measure to adapt the program to focus on areas of strength in the ongoing portfolio which involved delivering operations where dialogue and analytics were already well advanced (Sustainable Cities, DRM, Irrigation) or where engagement was building on an existing portfolio of operations (energy sector). In addition, a DPL series beyond the Resilience, Inclusion and Growth DPL (FY18) was not delivered because the overall macroeconomic environment wasn't sufficiently robust. IFC's program has evolved in the face of these risks and high volatility: its investment program was significantly reduced in FY19 while recovering in Q1 and Q2 FY20. MIGA's program remained flexible and adapted to the evolving macroeconomic conditions and political context. Given that Turkey represents MIGA's largest country exposure, MIGA has been selective in its engagement with the Government and private sector partners to ensure strong additionality and development impact for projects. The same flexible approach will be continued for the remainder of the CPF period.

69. The political and governance context in Turkey changed significantly with broad governmental and institutional changes introduced including the adoption of a new Constitution outlining a Presidential system and a major reorganization in Government. Now that these changes are in place, it is expected that Government's attention can be redirected to carrying out its planned reform program articulated in the 11th DP and NEP and that greater consistency in policies will become gradually the norm again. Nevertheless, there is still room for improvement in the political decision making process and in coordination across Government. In parallel, the geopolitical environment of the subregion continues to pose challenges, particularly as regards recent military developments in Syria and the volatility of Turkey's relationships with the EU, US, and Russia. Despite this context, Turkey has shown itself to be remarkably resilient in the face of these challenges. The overall risk rating for political and governance risks is maintained as Substantial. Risk Mitigation: The WBG will continue to monitor these risks closely and ensure the program responds accordingly. Already, the ASA program is stepping up in the areas of

institutional strengthening including PFM reforms. Any future DPL engagement will be carefully considered and calibrated to the circumstances, both in volume and in policy content. Expectations in this regard will remain modest, given the overall concern regarding the challenges that Turkey’s institutions have encountered over the last few years. The next SCD, to be prepared in advance of the future CPF, would include a comprehensive institutional and governance assessment.

Risk categories	Rating
1. Political and governance	Substantial
2. Macroeconomic	Substantial
3. Sector strategies and policies	Moderate
4. Technical design of project or program	Low
5. Institutional capacity for implementation and sustainability	Substantial
6. Fiduciary	Low
7. Environment and social	Moderate
8. Stakeholders	Moderate
Overall	Moderate

70. Though Turkey has restored near-term macroeconomic stability, the economic outlook remains subject to high degrees of uncertainty. The pace and sustainability of recovery will depend on reducing uncertainty and restoring investor confidence. A big part of this will be determined by the adequacy of Turkey’s macro policy framework and broader institutional reforms, which in the near term should help rebuild external buffers, support bank and corporate deleveraging, and promote an effective fiscal policy stimulus. Domestic policy aside, there is high uncertainty and fragility in the global economic outlook, which will also impact on Turkey given the important role of external finance in the economy. The overall macroeconomic risk is therefore maintained as Substantial. Risk Mitigation: The WBG intends to further intensify economic policy monitoring, analysis and dialogue with the intent of supporting clarity, credibility and communication of the policy and institutional framework that is central to reducing uncertainty and risk premia. The scaling up of short-term economic analysis has contributed to increased exchanges with key institutions of economic governance and the private sector. As noted earlier, the Bank is developing a live policy matrix as a regular basis for dialogue with the authorities and a means for establishing a common understanding on economic policy priorities.

71. Institutional capacity in Turkey has been negatively affected by the changes in the country context and this risk rating is now elevated to Substantial and the risk on sector strategies and policies is also elevated to Moderate. The new Government structure in Turkey has only recently been put in place and is not yet operating smoothly. Moreover, the new 11th DP was launched only in summer 2019 and implementation is still not yet in full swing. Lack of progress in sectoral reforms has resulted in the risk on sector strategies and policies being increased from Low to Moderate. Risk Mitigation: The CPF program will focus on those areas where there is a sufficient level of capacity and commitment, usually meaning areas where the WBG team has built the engagement gradually through ASA and policy dialogue. Greater supervision support to operations is already being delivered to respond to capacity constraints. In areas where the more ambitious sectoral reforms are either not fully clear or have stalled – such as the financial and energy sectors – the program will both leverage the support provided by ongoing and planned investment projects and will tailor ASA to remain engaged in policy dialogue at a sector-wide higher level. IFC will continue to exercise selectivity and diversify its portfolio in terms of clients, sectors and instruments to lessen risks.

VII. ANNEXES

Annex 1. Updated CPF Results Matrix (basis for Completion & Learning Review self-evaluation)

FOCUS AREA 1: GROWTH		
CPF Objective 1: Contribute to Strengthened Policies that Boost Economic Stability		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><i>Total number of bank loans to corporates restructured under the new financial restructuring framework⁸</i> Baseline: 0 (2018) Target: 200 (2023)</p> <p><i>Improved transparency of public sector for contractual commitments</i> Baseline: There is no integrated financial management system that completely captures contractual commitments from public procurements (2018) Target: The Integrated Financial Management System is fully operational and accessible by Central Government institutions to capture the contractual commitments from public procurements (2022)</p>	<p>New corporate debt restructuring framework established to deal with problem assets in the banking system Baseline: No (2017) Target: Yes (2020)</p> <p>The Bank's recommendations on tax expenditures backed by technical analyses published in Public Finance Review Baseline: No (2017) Target: Yes (results discussed with Gov't and published, 2021)</p> <p>Program budgeting initial implementation is started following the completion of background study for the facilitation of the move to program budgeting. Baseline: No program budgeting / No manual for program classification, costing and evaluation (2019) Target: Draft manual for program classification, costing and evaluation (2021) Central Government Budget Law proposal prepared in line with program budgeting structure (2022)</p> <p>Background study completed for the facilitation of the monitoring and reporting of government contractual commitments Baseline: None (2017) Target: Roadmap for the monitoring of public procurement commitments (2020)</p>	<p>Planned IBRD Lending: Long-Term Export Guarantee (FY20) DPL (FY22, FY23) Institutional Efficiency (FY22)</p> <p>Approved IBRD Lending: Resilience, Inclusion and Growth DPL</p> <p>Planned ASA: Institutional Governance Review Programmatic Public Finance Review</p> <p>Ongoing/Delivered ASA: Turkey Economic Monitor (Ongoing) Fiscal Reform Program (Ongoing) Financial Sector TA – FSAP follow up (Ongoing) Turkey Micro-Monitoring (Ongoing) Policy Formulation and PFM ASA (Ongoing) Turkish Court of Accounts TA (Ongoing) ECA PFM TF (Completed) Internal Audit SAFE TF (Completed)</p>

⁸ The debt restructuring framework includes debt processed under the Framework Agreement and ad hoc restructurings carried out directly by banks. This indicator only covers restructuring under the Framework Agreement, which restructures SME loans (less than TL 25 million) and large enterprise loans (above TL 25 million).

CPF Objective 2: Enhanced Access to Finance to Underserved Segments

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><i>People, MSMEs and exporters reached with IFC financial services⁹</i> Baseline: 2.2 million people (2015) Target: 3,6 million (2023) <i>Of which women owned SMEs reached (number)</i> Baseline: 27,000 (2015) Target: 100,000 (2023)</p> <p><i>MSMEs and exporters served by banks benefiting from IBRD financial intermediary loans</i> Baseline: 116,000 (2016) Target: 480,000 (2023)</p> <p><i>Number of women-inclusive¹⁰ enterprises financed under IBRD lines of credit</i> Baseline: 0 (2017) Target: 80 (2023)</p>	<p>Volume of outstanding MSME loan portfolio of IFC clients IFC Baseline: \$30.5 billion (2015) IFC Target: \$55 billion (2023) Of which women owned MSMEs Baseline: \$130 million (2015) Target: \$215 million (2023)</p> <p>Volume of outstanding MSME and export loan portfolio of IBRD Clients IBRD Baseline: \$ 49.5 billion (2019) IBRD Target: \$53 billion (2023)</p>	<p>Planned IBRD Lending: Long-Term Export Guarantee (FY20) Green OIZ (FY21) Capital Markets/LT Finance/Pension Reform (FY23)</p> <p>Approved IBRD Lending: SME III Long Term Export Finance Inclusive Access to Finance MSME & LESCOF Resilience, Inclusion and Growth DPL</p> <p>Planned ASA: CEMs Programmatic Public Finance Review Financial Inclusion TA</p> <p>Ongoing / Delivered ASA: CEM on Trade and Global Value Chains (Ongoing) Financial sector deepening TA (Ongoing) Doing Business RAS (Ongoing) Management quality, innovation and trade in services TA (Ongoing) Trade Policy TA (Ongoing) Financial Inclusion TA (Ongoing) Procurement Reform TA (Ongoing) CEM on productivity (Completed) Manufacturing-led Services Growth TA (Ongoing) Competitiveness TA (Ongoing)</p> <p>IFC Committed Lending: IFC long term funding to banks to be on-lent to MSMEs and Women Owned SMEs:</p>

⁹ The indicator is defined in the WBG Corporate Scorecard (2015).

¹⁰ Women-inclusive enterprises, defined as: (i) owned by women (i.e., with at least one female shareholder with properly documented representative and managing powers); or (ii) managed by women (i.e., with at least one female C-level manager or with at least 25% female representation in mid-level management); or (iii) employing a ratio of women that is higher than the average ratio observed in the respective sector.

		<p>(a) Senior and subordinated loans to top tier as well as second tier banks; (b) Local currency SME covered bonds with banks; (c) private equity funds that invests equity in high-growth SMEs and mid-cap companies; (d) GTFP program, which aims at enhancing the country's competitiveness by supporting export-oriented sectors; (e) Supply chain finance</p> <p>IFC Advisory: Business environment and FDI-local firm linkages TA (Ongoing) Green Organized Industrial Zones (Green OIZ) advisory project (Ongoing)</p> <p>MIGA: Guarantee of non-honoring of a financial obligation of a state-owned enterprise (NHFO-SOE) for Turkish Eximbank</p>
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CPF Objective 3: Enhanced Competitiveness and Employment in Selected Industries

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><i>Employment supported by IFC clients (manufacturing, telecom, technology, agribusiness)</i> Baseline: 39,400 (2015) Target: 60,000 (2023)</p> <p><i>o/w Female Employment supported</i> Baseline: 7,860 (2015) Target: 14,000 (2023)</p> <p><i>Employment supported by IFC equity funds investees</i> Baseline: 15,000 (2015) Target: 20,000 (2021)</p> <p><i>Improvement in Composite Doing Business Score</i> Baseline: 69.1 (2015) Target: > 78 (2021)</p>	<p>Students reached by IFC clients: Baseline: 11,500 (2015) Target: 15,000 (2023)</p> <p>o/w Female Students reached Baseline: 6,200 (2015) Target: 7,500 (2023)</p>	<p>Planned IBRD Lending and EU FRiT Grants: Formal Employment Creation for Refugees and Turkish Citizens (W/FRiT) (FY20) Green OIZ (FY21) DPL (FY22, FY23)</p> <p>Approved IBRD Lending Innovative Access to Finance Resilience, Inclusion and Growth DPL</p> <p>Planned ASA: Regional Disparities ASA Subnational Governance ASA Technology and Knowledge for Export Digital Economy Assessment</p> <p>Ongoing / Delivered ASA: Regulatory environment and job opportunities in SuTP-affected regions (Ongoing) Fiscal Instruments for Regional Imbalances (Ongoing)</p>

		<p>Poverty & Inequality Impacts of Fiscal Policy ASA (Ongoing) Response to Refugee Crisis ASA (Ongoing) Social Assistance ASA (Ongoing) At-Risk Youth ASA (Ongoing)</p> <p>IFC Committed Investments: Investments in manufacturing, telecom & IT, and agribusiness sectors. Major industrial conglomerates and large Tier I corporates Tier II corporates and local market leaders with close links to exports or investments in product and process innovation Investments in private equity funds and other collective investment vehicles focused on high-growth, high value-added sectors. Trade finance.</p>
FOCUS AREA 2: INCLUSION		
CPF Objective 4: Increased Effectiveness of Social Assistance		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><i>Number of social assistance beneficiaries referred to employment services.</i> Baseline: 0 (2017) Target: 800,000 (2022)</p> <p><i>Social protection performance indicators related to benefit levels, equity and coverage included in MOFLSS M&E system for evidence-based program management.</i> Baseline: No (2017) Target: Yes (2022)</p>	<p>Social Assistance Assessment is publicly disseminated Baseline: No (2019) Target: Yes (2020)</p>	<p>Planned IBRD Lending: DPL (Sustainable and Inclusive Growth Series) (FY21)</p> <p>Approved IBRD Lending Resilience, Inclusion and Growth DPL</p> <p>Ongoing / Delivered ASA: Poverty Reduction Strategy and Social Assistance Reform TA on Multi-dimensional poverty and inequality indicators Disability and aging study</p>
CPF Objective 5: Increased Labor Force Participation of Women & Vulnerable Groups		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><i>Increased number of women placed in jobs by ISKUR</i> Baseline: 435,317 in 2018</p>	<p>Increased number of women benefiting from active labor market programs</p>	<p>Planned IBRD Lending and EU FRiT Grants:</p>

<p>Target: 900,000 by 2023</p> <p><i>Increased number of youth placed in jobs by ISKUR</i> Baseline: 161,035 male; 81,492 female youth in 2015 258,796 male; 171,817 female youth in 2018 Target: 450,000 male; 400,000 female youth by 2023</p> <p><i>Direct employment supported by IFC clients in less developed regions</i> Baseline: 38,000 (2015) Target: 45,000 (2023) (Gender disaggregated data being collected)</p>	<p>Baseline: 202,439 in 2015 Target: 600,000 by 2023</p> <p>Increased number of Vulnerable Groups registered in ISKUR with the support of IBRD operations Baseline: 0 in 2016 Target: 20,000 in 2021 (Vulnerable groups refers to SuTPs, refugees and Turkish citizens) Improved work permit IT system fully operational for Vulnerable Groups in regions/provinces with high presence of refugees Baseline: No (2016) Target: Yes (2021)</p> <p>Increased number of youth in ALMPs Baseline: 74,748 male and 76,172 female (15-24) in ALMPs (2015) Target: 150,000 male and 200,000 female (15-24) in ALMPs (2023)</p>	<p>Formal Employment Creation for Refugees and Turkish Citizens (W/FrIT) (FY20) EU FRIT Agriculture Employment Support Project (FY20) EU FRIT Social Entrepreneurship Project (FY20) EU FRIT ISKUR+ (FY20) Human Capital Project (FY22) Approved IBRD Lending or EU FRIT grant financing: Resilience, Inclusion and Growth DPL EU FRIT Employment Support Project EU FRIT Education Resilience Project EU FRIT Small Grants Project</p> <p>Planned ASA: Modernizing SPL Systems Skills for 21st Century Jobs, Welfare and Informality Productive Ageing</p> <p>Ongoing / Delivered ASA: Jobs Trust Fund SIDA TF Poverty and Equity lens on labor markets, including Regional disparities Migration management for education Syrian refugee crisis response NEET study Pilot of SE Skills and Evaluation Quality of Jobs: Minimum Wage and Informality Jobs Analytics for TA and Labor Market Monitoring</p> <p>IFC Committed Lending: Turkey Bank Facility for SuTP affected regions IFC Gender Program Financing women-owned companies Financing private sector companies which have footprints in lagging regions.</p>
CPF Objective 6: Strengthened Performance of the Education and Health Sectors		
<p>CPF Objective Indicators</p> <p><i>Number of students, teachers and staff having access to schools constructed or retrofitted by IBRD operations</i> Baseline: 0 (2017) Target: 320,000 (2023)</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p> <p>Planned IBRD Lending: Human Capital Project (FY22)</p> <p>Approved IBRD Lending:</p>

<p>Percent of households that receive from health workers counselling or education related to healthy living Baseline: 10% in 2015 Target: 50% in 2022 (at end of IBRD project)</p> <p>Number of Patients Served through IFC health sector clients Baseline: 0 (2015) Target: 3.0 million (2023) (Gender disaggregated data being collected)</p>	<p>Percent of users of Health Living Centers satisfied with ease of access to Healthy Living Centers and/or responsiveness of services to users' individual needs Baseline: 50% in 2016 Target: 80% in 2022</p>	<p>Health Sector project (on-going) EU FRIT Education Resilience Project</p> <p>Planned ASA: Equitable and Efficient Health Systems Learning Quality Road Map: ECE, TVET, 21st Century Skills and School Management</p> <p>Ongoing / Delivered ASA: Turkey obesity case study Documenting Turkish experience in tobacco use control Poverty and Equity lens on nutrition and education, including Regional Disparities SABER- Education Management Information System Assessment</p> <p>IFC Committed Investments: Investments in PPPs in health sectors (4 hospitals) Health Project Bonds Supporting private sector healthcare companies, especially in specialized health services</p>
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FOCUS AREA 3: SUSTAINABILITY

CPF Objective 7: Improved Reliability of Energy Supply and Generation of Green Energy

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Renewable electricity generation as percentage of total generation (%). Baseline: 31.5% in 2015 Target: 35% in 2022</p> <p>Total power generation and distribution clients reached (IFC) (millions) Baseline: 4.33 (2015) Target: 7.0 (2023)</p> <p>Increased capacity of gas storage (bcm).</p>	<p>Installed renewable energy capacity financed through IBRD Projects (MW) and generated through IBRD (MWh) Baseline: 0 in 2016 Target: 250 MW in 2023 and 1,500,000 MWh in 2023</p> <p>Wind energy generated from plants connected to substations funded under REIP (MWh/year) Baseline: 0 in 2016 Target: 1,980 in 2022</p> <p>Power generated (GWh) through IFC financial services Baseline: 16,700 (2015) Target: 35,000 (2023)</p> <p>Improved transparency of wholesale gas trading through the establishment of Gas Trading Platform</p>	<p>Planned IBRD Lending: Rooftop solar (FY21) Geothermal Add. Finance (FY21) Energy Efficiency in Public Buildings Add. Finance (FY23)</p> <p>Approved IBRD Lending: Gas Sector Dev. Project Renewable Energy Int. Project SME Energy Eff. Project Priv. Sector Renewable Energy & Energy Eff. Project TANAP Geothermal Development project Gas Storage Expansion Project Public Building Energy Efficiency Renewable Energy Add. Finance</p>

<p>Baseline: 2.8 bcm in 2016 Target: 3.8 bcm in 2021</p> <p><i>Gas imports through TANAP (bcm/annum).</i> Baseline: 0 in 2016 Target: 5 in 2022</p> <p><i>Cumulative energy savings achieved through WBG-financed energy sector projects (MWh).</i> Baseline: 1,116,000 in 2016 Target: 11,500,000 in 2022</p>	<p>Baseline: No in 2016 Target: Yes in 2023</p> <p>Enactment of the amendment to the Natural Gas Market Law for improved legal and regulatory framework Baseline: No in 2016 Target: Yes in 2023</p>	<p>Planned ASA: Energy Sector Transition (comprehensive review for the Turkey energy transition (FY22) EE assessment for hydro power, battery storage assessment, gas distribution EE, energy planning and modelling, EE & RE campaigns (FY20) Planning and R&D for transmission, and capacity building for BOTAS, TEIAS and EMRA (FY24) Off-shore wind site preparation (FY24) Energy audits of public buildings, development of program procedures, gender gaps analysis and action plan (FY20) Geothermal declining CO2 emissions assessment (FY20) Rooftop solar- financing mechanisms (FY20) Off-Shore wind roadmap (FY21) Generation planning, smart grid and commercial financing (FY20) Coal transition (FY21/22)</p> <p>Ongoing / Delivered ASA: Rooftop Solar PV Assessment Discoms analysis EU/IPA Energy Sector Technical Assistance Program</p> <p>IFC Committed Investments: Financing for distribution, and gas infrastructure such as import terminals, storage, and distribution. Local currency financing and currency swaps to mitigate currency risk Commercializing Sustainable Energy Financing Program (CSEF) to boost energy efficiency for SMEs through leasing companies and Green Buildings Green Mortgage/Green Building</p> <p>IFC Advisory: Joint IBRD/IFC advisory program disseminated IFC's EDGE certification tool</p>
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CPF Objective 8: Improved Sustainability and Resilience of Cities

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><i>Improved service delivery and expanded access to digital land registry and cadaster information</i> <i>Increased customer satisfaction at national level</i> Baseline: 85% in 2016 Target: 95% in 2022</p> <p><i>Number of additional people benefitting from improved urban infrastructure through IBRD and IFC financing (number in millions)</i> Baseline: 0 (2017) Target: 1.3 (2023) <i>(Gender disaggregated data to be collected)</i></p> <p><i>Increased resilience of cities through number of disaster resilient public buildings retrofitted, reconstructed, or newly constructed through IBRD operations.</i> Baseline: 0 (2019) Target: 300 (2023)</p> <p><i>Percentage improvement in the quality of CE as measured through the CE Quality Index</i> Baseline: 33% (in FY19) Target: 60% of projects approved for the remainder of the CPF are of high quality. (Average of FY20-FY21-FY22)</p>	<p>Pilots of mass property valuation completed, and new property valuation policy Informed Baseline: No (2016) Target: Yes (2021)</p> <p>Improve planning capacity of and access to targeted municipal services through adoption of sectoral, spatial and capital investment plans in four municipalities Baseline: 0 in 2016 Target: 10 sectoral plans adopted in at least 8 municipalities by 2023</p> <p>Sustainable urban transport planning adopted in selected cities/municipalities Baseline: 0 (2018) Target: 2 cities/municipalities (2021)</p> <p>Average travel time (min) in urban public transportation (tramway and metro) (IFC) Baseline: 45 (2015) Target: 25 (2021)</p> <p>Urban waste water treated by IFC clients (Mm³) Baseline: 0 (2015) Target: 3,000,000 (2023)</p> <p>Turkey Disaster Management Strategy and Turkey Risk Reduction Plan adopted Baseline: No (2016) Target: Yes (2023)</p> <p>Percentage of concrete actions from the CE Country Roadmap completed Baseline: 0 (2019) Target: 5 (2022)</p>	<p>Planned IBRD Lending and EU FRIT Grants: Municipal Services Project (FY20, IBRD and FRIT) Improving Rail Connectivity (FY20) Urban Resilience (FY21)</p> <p>Approved IBRD Lending: Land Registry Project Sustainable Cities 1, 2, AF projects Disaster Risk Management in Schools DRM in Schools</p> <p>Planned ASA: Urban mobility, intelligent transport system and promotion of multi-model transport system (FY21) Sustainable urban transport planning (FY22/23) Intelligent highways (FY21/22)</p> <p>Ongoing / Delivered ASA: Housing study TA under the DRM GFDRR Grant EU/IPA Grant for Sustainable Cities</p> <p>IFC Committed Lending: Municipal infrastructure investments in metropolitan cities including Istanbul and Izmir.</p> <p>IFC Advisory: Cities platform (ongoing)</p>

CPF Objective 9: Strengthened Results Under Climate Action Agenda

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><i>Annual GHG emissions either reduced or avoided through the WBG program (tonnes/year)</i> Baseline: 40,000 in 2016 Target: 1,000,000 IBRD reduced, 350,000 reduced IFC, 750,000 avoided at country-level through adopting GB standards (2023)</p> <p><i>Area provided with new/improved irrigation or drainage services (Ha)</i> Baseline: 0 (2019) Target: 50,000 ha (2023)</p>	<p>The National Intelligent Transport Systems (ITS) strategy operationalized Baseline: No (2017) Target: Yes (2022)</p> <p>Length of modernized irrigation network (Kilometers, Custom) Baseline: 0 (2019) Target: 1520 km (2023)</p> <p>Water users provided with improved irrigation service Baseline: 0 (2019) Target: 15,000 (2023)</p> <p>Number of projects incorporating or adapting to engage citizens in climate change Baseline: 0 (2019) Target: 3 (2022)</p>	<p>Planned IBRD Lending: Integrated Landscape Mgmt (Bolaman Basin) (FY21) Green Organized Industrial Zones (FY21) Climate Smart Agriculture (FY22) Water Conservation (FY22) Integrated Landscape Mgmt 2 (Black Sea Basins) (FY23)</p> <p>Approved IBRD Lending: Renewable Energy Int. Project SME Energy Eff. Project EU/IPA Energy Project Irrigation Rehabilitation Project Public Building Energy Eff. Project</p> <p>Planned ASA: Green Growth Climate Smart Agricultural Practices</p> <p>Ongoing / Delivered ASA: Forestry Study CEM on Productivity</p> <p>IFC Committed Investments: IFC financing to support resource efficiency projects IFC provision of long term loans to financial intermediaries to support RE/EE projects IFC investments and advisory in modern, energy efficient municipal infrastructure (public transportation, water, waste water, street lighting, energy efficient buildings etc)</p> <p>IFC Advisory: Green buildings and industrial zones (ongoing)</p>

Annex 2. Changes to the Original CPF Results Matrix

FOCUS AREA 1: GROWTH		
Objective in the Original CPF Matrix	Revised Objective	Description of the Changes
CPF Objective 1: Increased Fiscal Space	CPF Objective 1: Contribute to Strengthened Policies that Boost Economic Stability	Objective is revised to align with the changes in the economic and governance contexts. The revisions to the objectives aim to capture the WBG's support to strengthening policies and institutions to boost economic stability.
Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p>Objective Indicators:</p> <p><i>Share of direct tax revenues in total tax revenues.</i> Baseline: 29.2% in 2015 Target: 40% in 2021 (Note: the baseline represents the share of tax on income and profit in total tax revenues.)</p> <p><i>Establishment of a monitoring system for internal controls in public administration</i> Baseline: No monitoring software populated with information (2016) Target: 70% of central government institutions data included in the monitoring software (2018)</p>	<p>Dropped</p> <p>Dropped</p> <p>New indicator: <i>Total number of bank loans to corporates restructured under the new financial restructuring framework¹¹</i> Baseline: 0 (2018) Target: 200 (2023)</p> <p>New indicator: <i>Improved transparency of public sector for contractual commitments</i> Baseline: There is no integrated financial management system that completely captures contractual commitments from public procurements (2018)</p>	<p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. New indicators are being added to accurately capture the contribution of Bank's support.</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. New indicators are being added to accurately capture the contribution of Bank's support.</p> <p>The Bank provides active support to Government in establishing the new financial restructuring framework through the technical assistance. The new indicator captures the direct contribution of Bank's support on this agenda.</p> <p>The Bank provides support to Government through the Background study completed for the facilitation of the monitoring and reporting of government contractual commitments. The new indicator captures the direct contribution of Bank's support on this agenda.</p>

¹¹ The debt restructuring framework includes debt processed under the Framework Agreement and ad hoc restructurings carried out directly by banks. This indicator only covers restructuring under the Framework Agreement, which restructures SME loans (less than TL 25 million) and large enterprise loans (above TL 25 million).

	Target: <i>The Integrated Financial Management System is fully operational and accessible by Central Government institutions to capture the contractual commitments from public procurements (2022)</i>	
<p>Supplementary Progress Indicators:</p> <p>Improved income tax legislative framework through enacting a new law, which combines corporate income tax and personal income tax legislations and broadens the tax base. Baseline: No (2016) Target: Yes (2017)</p> <p>Publication of a new risk management guideline for public administration Baseline: No (2016) Target: Yes (2019)</p> <p>Publication of a new internal audit strategy paper 2017-2019 Baseline: No (2016) Target: Yes (2017)</p>	<p>Dropped</p> <p>Dropped</p> <p>Dropped</p> <p>New indicator: New corporate debt restructuring framework established to deal with problem assets in the banking system Baseline: No (2017) Target: Yes (2020)</p> <p>New indicator: The Bank's recommendations on tax expenditures backed by technical analyses published in Public Finance Review Baseline: No (2017) Target: Yes (results discussed with authorities and published, 2021)</p> <p>New indicator: Program budgeting initial implementation is started following the completion of background study for the facilitation of the move to program budgeting.</p>	<p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. New indicators are being added to accurately capture the contribution of Bank's support.</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. New indicators are being added to accurately capture the contribution of Bank's support.</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. New indicators are being added to accurately capture the contribution of Bank's support.</p> <p>The Bank provides technical assistance to Government in its efforts to establish the debt restarting framework.</p> <p>The new indicator aims to capture the contribution of the Bank's support in Turkey's tax expenditure efficiency.</p> <p>The new indicator captures the updating of Objective 1 in line with the contribution of Bank's support.</p>

	<p>Baseline: Work is ongoing for full implementation of program budgeting. A manual is published on program classification and performance information. Programs and sub-programs for central government institutions are constituted and published. The infrastructure of e-budget system has been revised substantially in line with program budgeting approach and performance programs for 2020 are prepared. (2019)</p> <p>Target: Draft manual for costing and evaluation (2021) Central Government Budget Law proposal for 2021 prepared in line with program budgeting structure (2022)</p> <p>New indicator: Background study completed for the facilitation of the monitoring and reporting of government contractual commitments</p> <p>Baseline: None (2017)</p> <p>Target: Roadmap for the monitoring of public procurement commitments (2020)</p>	<p>The background study will aim to inform policy makers to establish an integrated financial management system to monitor the public procurement commitments.</p>
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CPF Objective 2: Enhanced Access to Finance to Underserved Segments

Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p>Objective Indicators:</p> <p><i>People, MSMEs and exporters reached with IFC financial services</i> Baseline: 2.2 million people (2015) Target: 4.1 million (2019) <i>Of which women owned MSMEs reached (number)</i> Baseline: 27,000 (2015) Target: 28,500 (2019)</p> <p><i>MSMEs and exporters reached with IBRD financial services</i> IBRD Baseline: 116,000 (2016) IBRD Target: 232,000 (2020)</p> <p><i>Increase in number of private pension members</i> Baseline: 2016: 6.6 million Target: 2020: 7.5 million (2020)</p>	<p><i>People, MSMEs and exporters reached with IFC financial services</i> Baseline: 2.2 million people (2015) Target: 3.6 million (2023) <i>Of which women owned MSMEs reached (number)</i> Baseline: 27,000 (2015) Target: 100,000 (2023)</p> <p><i>MSMEs and exporters served by banks benefiting from IBRD financial intermediary loans</i> Baseline: 116,000 (2016) Target: 480,000 (2023)</p> <p>Dropped</p> <p>New indicator:</p>	<p>Indicator is revised to reflect more realistic target value due to economic slowdown and financial sector in stress resulted in credit crunch in 2019. Modest recovery is expected for 2020 and the target year is adjusted in line with the CPF period. However, the targeted number of women owned MSMEs are achieved and surpassed. Therefore, the target value for women owned MSMEs is revised upwards.</p> <p>The wording of the indicator is revised to be clear that it seeks to capture of all MSMEs and exporters served by IBRD client banks, not just those directly benefiting from Bank's projects. Target year is aligned with the CPF period and the target value is revised upwards.</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. New indicators are being added to accurately capture the contribution of Bank's support.</p>

<p>(Gender disaggregation data is being collected and will be provided at the PLR)</p>	<p><i>Number of women-inclusive enterprises financed under IBRD lines of credit</i> Baseline: 0 (2017) Target: 80 (2023)</p>	<p>The new indicator captures the contribution of Bank's support to women-inclusive firms to enhance competitiveness and employment.</p>
<p>Supplementary Progress Indicators:</p> <p>Enhancing extended loan maturities to firms benefiting from IBRD financial sector credit lines Baseline: N/A (indicator linked to WB financial sector credit lines starting implementation) Target: >1</p> <p>Volume of outstanding MSME loan portfolio of IFC clients IFC Baseline: \$30.5 billion (2015) IFC Target: \$60 billion (2019) <i>Of which women owned MSMEs</i> Baseline: \$130 million (2015) Target: \$220 million (2019)</p> <p>Volume of outstanding MSME loan portfolio and export loan portfolio of IBRD Clients IBRD Baseline: \$14.5 billion (January 2016) IBRD Target: \$29 billion (2020)</p> <p>Increase in outstanding corporate debt securities portfolio (US\$ billion) Baseline: 2016: US\$58 billion Target: 2020: US\$70 billion</p> <p>Increase in number of firms quoted in the stock exchange Baseline: 2016: 381 Target: 2020: 450</p> <p>Increase in portfolio size of institutional investors Baseline: 2016: TL 105 billion Target: 2020: TL 150 billion</p>	<p>Dropped</p> <p>Volume of outstanding MSME loan portfolio of IFC clients IFC Baseline: \$30.5 billion (2015) IFC Target: \$55 billion (2023) <i>Of which women owned MSMEs</i> Baseline: \$130 million (2015) Target: \$215 million (2023)</p> <p>Volume of outstanding MSME and export loan portfolio of IBRD Clients IBRD Baseline: \$49.5 billion (2019) IBRD Target: \$53 billion (2023)</p> <p>Dropped</p> <p>Dropped</p> <p>Dropped</p>	<p>Indicator is dropped as this has been considered as an output level contribution. .</p> <p>Indicator is revised to reflect more realistic target value due to economic slowdown and financial sector in stress resulted in credit crunch in 2019. Modest recovery is expected for 2020 and the target year is adjusted in line with the CPF period.</p> <p>The baseline and target years revised to align with the CPF period. The values are revised accordingly.</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey.</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey..</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey.</p>

CPF Objective 3: Enhanced Competitiveness and Employment in Selected Industries

Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p>Objective Indicators:</p> <p><i>Employment supported by IFC clients (manufacturing, telecom, technology, agribusiness)</i> Baseline: 39,400 (2015) Target: 59,000 (2019) <i>o/w Female Employment supported</i> Baseline: 11,000 (2015) Target: 12,000 (2019)</p> <p><i>Employment supported by IFC equity funds investees (#)</i> Baseline: 15,000 (2015) Target:17,000 (2019)</p>	<p><i>Employment supported by IFC clients (manufacturing, telecom, technology, agribusiness)</i> Baseline: 39,400 (2015) Target: 60,000 (2023) <i>o/w Female Employment supported</i> Baseline: 7,860 (2015) Target: 14,000 (2023)</p> <p><i>Employment supported by IFC equity funds investees (#)</i> Baseline: 15,000 (2015) Target: 20,000 (2021)</p>	<p>The target year is adjusted in line with the CPF period and the value is revised accordingly. For the female employment, the baseline value is corrected to 7,860 as 2 projects exited from the portfolio in 2015. The target year is adjusted in line with the CPF period and the target value is revised upwards accordingly.</p> <p>The target year is adjusted in line with the CPF period and the target value revised upwards accordingly.</p>
<p>Supplementary Progress Indicators:</p> <p>Students reached by IFC clients: Baseline: 11,500 (2015) Target: 19,700 (2019) <i>o/w Female Students reached</i> Baseline: 6,200 (2015) Target: 8,800 (2019)</p> <p>Farmers reached by IFC agribusiness clients: Baseline: 5,400 (2015) Target: 10,900 (2019)</p>	<p>Students reached by IFC clients: Baseline: 11,500 (2015) Target: 19,700 (2021) <i>o/w Female Students reached</i> Baseline: 6,200 (2015) Target: 8,800 (2021)</p> <p>Dropped</p>	<p>The target year is adjusted in line with the CPF period.</p> <p>The indicator is dropped as the expected results have not been achieved and no substantial progress is expected in the CPF period.</p>

FOCUS AREA 2: INCLUSION

CPF Objective 4: Increased Effectiveness of Social Assistance

Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p><i>Objective Indicators:</i></p> <p><i>Increased impact of social assistance on the poverty gap.</i> Baseline: 9.9% coverage of poverty gap Target: 20% coverage of poverty gap</p> <p><i>Increased availability of monetary and non-monetary indicators of welfare and inclusion</i> Baseline: No indicator available Target: 10 different monetary/non-monetary indicators available</p>	<p>Dropped</p> <p>Dropped</p> <p>New indicator: <i>Number of social assistance beneficiaries referred to employment services.</i> Baseline: 0 (2017) Target: 800,000 (2022)</p> <p>New indicator: <i>Social protection performance indicators related to benefit levels, equity and coverage included in MOFLSS M&E system for evidence-based program management.</i> Baseline: No (2017) Target: Yes (2022)</p>	<p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. A new indicator is being added to accurately capture the contribution of Bank's support.</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. A new indicator is being added to accurately capture the contribution of Bank's support.</p> <p>New indicator is added to better reflect and capture the Bank's direct contribution in facilitating employment of the most vulnerable. (<i>Vulnerable groups refers to SuTPs, refugees and Turkish citizens</i>)</p> <p>New indicator is added to better capture the Bank's direct contribution in increased effectiveness of social protection.</p>
<p>Supplementary Progress Indicators:</p>	<p>New indicator: Social Assistance Assessment is publicly disseminated Baseline: No (2019) Target: Yes (2020)</p>	<p>New indicator is added to better capture the ongoing technical assistance contribution to this objective.</p>

CPF Objective 5: Increased Labor Force Participation of Women & Vulnerable Groups

Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p>Objective Indicators:</p> <p><i>Increased Female Labor Force Participation</i> Baseline: 31.5% in 2015 Target: 35% by 2018 (10th DP target), 41% by 2023 (National Employment Strategy target)</p> <p><i>Increased youth participation in labor force</i> Baseline: Youth (15-19) Not In Education, Employment or Training (NEET): Male 11.3%, Female 21.9% (2015) Target: Reduce NEET by 10%</p> <p><i>Increased rate for SuTP who have a work permit among eligible SuTPs of work-age population (gender disaggregated)</i> Baseline: 8,000 out of 900,000 (<1%) eligible SuTP work-age population has a work permit (2016). Target: 5% increase (2021), o/w 25% are women</p> <p><i>Direct employment supported by IFC manufacturing clients in southeast regions</i> Baseline: 38,000 (2015) Target: 43,000 (2019)</p>	<p>Dropped</p> <p>New indicator: <i>Increased number of women placed in jobs by ISKUR</i> Baseline: 435,317 in 2018 Target: 900,000 by 2023</p> <p>Dropped</p> <p>New indicator: <i>Increased number of youth placed in jobs by ISKUR</i> Baseline: 161,035 male; 81,492 female youth in 2015 258,796 male; 171,817 female youth in 2018 Target: 450,000 male; 400,000 female youth by 2023</p> <p>Dropped</p>	<p>LFP is a broader level indicator nation-wide and the indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey.</p> <p>New indicator is intended to measure the achievements in improving the employment of women in Turkey. This indicator is directly attributable to Bank's active and planned operations.</p> <p>Indicator is dropped because of lack of a direct attribution by the Bank operations in Turkey. A new indicator is being added to accurately capture the contribution of Bank's support.</p> <p>New indicator is intended to measure the achievements in improving the employment of youth in Turkey. This indicator is directly attributable to Bank's active and planned operations.</p> <p>The baseline was subsequently revised to 5,000 and the latest figure for work permits among SuTPs is 92,754 for end-2019. However, this Indicator is dropped due to an increased number of SuTPs who are living in Turkey, thus changing the proportionality of the SuTPs holding a work permit compared to the total number of SuTPs. It was also necessary to capture more than just the SuTPs and include other refugees and Turkish citizens, in line with the Bank's longer-term development focused approach to the refugee crisis. FRIT-2 approach has also shifted in that direction. The indicators under Objective 5 and Objective 6 (education) include refugees, SUTPs and Turkish citizens, by referring to them as 'vulnerable groups'.</p> <p>Indicator is revised to exclude the wording "manufacturing" to include employment by IFC services</p>

<p><i>(Gender disaggregated data being collected)</i></p>	<p><i>Direct employment supported by IFC clients in less developed regions</i> Baseline: 38,000 (2015) Target: 45,000 (2023) <i>(Gender disaggregated data being collected)</i></p>	<p>clients and revised to capture less developed regions. The target year is aligned with the CPF period and the target value is revised upwards accordingly.</p>
<p>Supplementary Progress Indicators:</p> <p>Early childhood education and care enrolment rates Baseline: 1.209.106 (National Education Statistics, Formal Education 2015/16) Target: Increase of 10% over baseline</p> <p>Number of youth in ALMPs Baseline: 74,748 male and 76,172 female (15-24) currently in ALMPs (2015) Target: Increase of 10% over baseline</p>	<p>Dropped</p> <p>Increased number of youth in ALMPs Baseline: 74,748 male and 76,172 female (15-24) in ALMPs (2015) Target: 150,000 male and 200,000 female (15-24) in ALMPs (2023)</p> <p>New indicator: Increased number of women benefiting from active labor market programs Baseline: 202,439 in 2015 Target: 600,000 by 2023</p> <p>New indicator: Increased number of Vulnerable Groups registered in ISKUR with the support of IBRD operations Baseline: 0 in 2016 Target: 20,000 in 2021</p> <p>New indicator: Improved work permit IT system fully operational for Vulnerable Groups in regions/provinces with high presence of refugees Baseline: No (2016) Target: Yes (2021)</p>	<p>Indicator is dropped due to difficulties in attributing to the WBG program.</p> <p>Indicator is revised to include target year and the value is represented as nominal rather than percent rate.</p> <p>New indicator is intended to measure the achievements in improving the employability of women in Turkey. This indicator is directly attributable to Bank's active and planned operations.</p> <p>New indicator is intended to measure the improvement in coverage of ISKUR registry among the vulnerable groups. The changes in the indicators were made to cover the refugees, SuTPs and Turkish citizens, in line with Bank's development focused approach. FRIT-2 approach has also shifted in that direction. The indicators under Objective 5 and Objective 6 (education) include refugees, SUTPs and Turkish citizens, by referring them as `Vulnerable groups`</p> <p>New indicator is intended to measure the Bank's contribution in improving the work permit system (including its IT infrastructure) to ensure improved system for vulnerable groups including refugees, SUTPs and Turkish citizens.</p>

CPF Objective 6: Strengthened Performance of the Education and Health Sectors

Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p>Objective Indicators:</p> <p><i>Increased percentage of formal school enrolment of SuTP children aged 6-15</i> Baseline: 469,495 children accessing education (149,439 in formal education and 320,056 in temporary education centers: ratio is 32%) Target: 600,000 children accessing education (40% in formal education), 50-50 split of male-female children</p> <p><i>Improvement of primary and secondary prevention of non-communicable diseases (NCDs)</i> Baseline (2015): 10% change of target population using services of Healthy Living Centers Target: 50%</p> <p><i>Number of Patients Served through IFC health sector clients</i> Baseline: 0 (2015)</p>	<p>Dropped</p> <p>New indicator: <i>Number of students, teachers and staff having access to schools constructed or retrofitted by IBRD operations</i> Baseline: 0 (2017) Target: 320,000 (2023)</p> <p>Dropped</p> <p>New indicator: <i>Percent of households that receive from health workers counselling or education related to healthy living</i> Baseline: 10% in 2015 Target: 50% in 2022 (at end of IBRD project)</p> <p><i>Number of Patients Served through IFC health sector clients</i> Baseline: 0 (2015)</p>	<p>Indicator is dropped to cover broader range of beneficiaries. A new indicator is being added to accurately capture the contribution of Bank's support. The changes in the indicators were made to cover the refugees, SuTPs and Turkish citizens, in line with Bank's development focused approach. FRIT-2 approach has also shifted in that direction. The indicators under Objective 5 and Objective 6 (education) include refugees, SUTPs and Turkish citizens, by referring them as 'vulnerable groups'</p> <p>New indicator is intended to measure the increased access to schooling, including vulnerable groups, through direct attribution of the Bank operations in Turkey.</p> <p>Since the coverage policy of healthy living center is changed, the target became irrelevant. This indicator is dropped from the Health System Strengthening and Support Project (HSSSP – P152799) in the recent restructuring.</p> <p>The baseline year is aligned with the project timeline and the target year is aligned with the CPF period. The target was surpassed in 2018. Therefore, the target value is revised upwards. Indicator was dropped from the supplementary progress indicator to convert it as a CPF objective indicator.</p> <p>Target value revised downward since there are some delays in the projects and the target year is aligned with the CPF period. Operations are expected to begin in 2020.</p>

<p>Target: 14.0 million (2019) (Gender disaggregated data being collected)</p>	<p>Target: 3.0 million (2023) (Gender disaggregated data being collected)</p>	
<p>Supplementary Progress Indicators:</p> <p>Number of additional schools rehabilitated or constructed under EU FRIT-financed project Baseline: 0 (2016) Target: 56 (2020)</p> <p>Percent of households that receive from health workers counselling or education related to healthy living Baseline: 10% in 2016 Target: 11% in 2020 (at end of IBRD project)</p> <p>Percent of users of Health Living Centers satisfied with ease of access to Healthy Living Centers and/or responsiveness of services to users' individual needs Baseline: 50% in 2016 Target: 70% in 2020</p>	<p>Dropped</p> <p>Dropped</p> <p>Percent of users of Health Living Centers satisfied with ease of access to Healthy Living Centers and/or responsiveness of services to users' individual needs Baseline: 50% in 2016 Target: 80% in 2022</p>	<p>Indicator is moved under the objective 8.</p> <p>Indicator is moved to Objective 6 as CPF indicator.</p> <p>The target was surpassed in 2019. Therefore, the target value is revised upwards and the target year is revised according to project end year.</p>

FOCUS AREA 3: SUSTAINABILITY

CPF Objective 7: Improved Reliability of Energy Supply and Generation of Green Energy

Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p>Objective Indicators:</p> <p><i>Renewable electricity generation as percentage of total generation (%).</i> Baseline: 31.5% in 2015 Target: 33% in 2021</p> <p><i>Value of loans provided by IFC clients to renewable projects</i> Baseline: \$38m (2015) Target: \$66m (2019)</p> <p><i>Total power generation and distribution clients reached (IFC) (millions)</i> Baseline: 4.33 (2015)</p>	<p><i>Renewable electricity generation as percentage of total generation (%).</i> Baseline: 31.5% in 2015 Target: 35% in 2022</p> <p>Dropped</p> <p><i>Total power generation and distribution clients reached (IFC) (millions)</i></p>	<p>Target year revised to align with the CPF period. The value is revised upwards accordingly.</p> <p>Indicator is dropped since it is considered as an output level indicator.</p> <p>Target value is revised upwards in line with extended CPF closing date.</p>

<p>Target: 6.89 (2019)</p> <p><i>Increased capacity of gas storage (bcm)</i> Baseline: 2.8 bcm in 2016 Target: 3.8 bcm in 2021</p> <p><i>Gas imports through TANAP (bcm/annum)</i> Baseline: 0 in 2016 Target: 5 in 2021</p>	<p>Baseline: 4.33 (2015) Target: 7.0 (2023)</p> <p>Unchanged</p> <p><i>Gas imports through TANAP (bcm/annum)</i> Baseline: 0 in 2016 Target: 5 in 2022</p> <p>New indicator: <i>Cumulative energy savings achieved through WBG-financed energy sector projects (MWh).</i> Baseline: 1,116,000 in 2016 Target: 11,500,000 in 2022</p>	<p>Indicator revised to align with the CPF period.</p> <p>The indicator was originally listed under the objective 9. Within the new Results Framework design, this is now mapped under Objective 7 and the target year is aligned with the CPF period. Target value is revised upwards accordingly.</p>
<p>Supplementary Progress Indicators:</p> <p>Installed renewable energy capacity financed through IBRD Projects (MW) Baseline: 0 in 2016 Target: 116 MW in 2021</p> <p>Renewable energy generated through IBRD (MWh/year) Baseline: 0 in 2016 Target: 200,000 (2017)</p> <p>Wind energy generated from plants connected to substations funded under REIP (MWh/year) Baseline: 0 in 2016 Target: 1.743 in 2018</p> <p>Power generated (GWh) through IFC financial services Baseline: 16,700 (2015) Target: 34,600 (2019)</p>	<p>Installed renewable energy capacity financed through IBRD Projects (MW) and generated through IBRD (MWh) Baseline: 0 in 2016 Target: 250 MW in 2023 and 1,500,000 MWh in 2023</p> <p>Dropped</p> <p>Wind energy generated from plants connected to substations funded under REIP (MWh/year) Baseline: 0 in 2016 Target: 1,980 in 2022</p> <p>Power generated (GWh) through IFC financial services Baseline: 16,700 (2015)</p>	<p>Indicator is revised to include renewable energy generated through IBRD. Target year revised to align with the CPF period. The value is revised upwards accordingly.</p> <p>Indicator is dropped to be merged with the previous indicator.</p> <p>Target year revised to align with the CPF period. The value is revised upwards accordingly.</p> <p>The target value and date has been carried forward in line with the CPF end date.</p>

<p>Restructuring of BOTAS Baseline: No in 2016 Target: Yes in 2021</p> <p>Improved and more transparent wholesale gas trading through the establishment of Gas Trading Platform Baseline: No in 2016 Target: Yes in 2021</p> <p>Improved legal, regulatory and institutional environment in the Turkey gas market through the enactment of the amendment to the Natural Gas Market Law Baseline: No in 2016 Target: Yes in 2021</p>	<p>Target: 35,000 (2023)</p> <p>Dropped</p> <p>Improved transparency of wholesale gas trading through the establishment of Gas Trading Platform Baseline: No in 2016 Target: Yes in 2023</p> <p>Enactment of the amendment to the Natural Gas Market Law for improved legal and regulatory framework Baseline: No in 2016 Target: Yes in 2023</p>	<p>This indicator is dropped due to lack of attribution to WBG program.</p> <p>The wording of the indicator is revised to be clear and the target year is aligned with the CPF period.</p> <p>The wording of the indicator is revised to be clear and the target year is aligned with the CPF period.</p>
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CPF Objective 8: Improved Sustainability and Resilience of Cities

Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p>Objective Indicators:</p> <p><i>Improved service delivery and expanded access to digital land registry and cadaster information</i> <i>Increased customer satisfaction at national level</i> Baseline: 85% in 2016 Target: 95% in 2021</p> <p><i>Number of additional people benefitting from improved urban infrastructure through IBRD and IFC financing (number in millions)</i> Baseline: 3.3 (2015) Target: 4.7 (2019) <i>(Gender disaggregated data to be collected)</i></p> <p><i>Increased resilience of cities through number of disaster resilient public buildings retrofitted, reconstructed, or newly constructed through IBRD and FRIT financing</i> Baseline: 0 Target: 110 by 2021</p>	<p><i>Improved service delivery and expanded access to digital land registry and cadaster information</i> <i>Increased customer satisfaction at national level</i> Baseline: 85% in 2016 Target: 95% in 2022</p> <p><i>Number of additional people benefitting from improved urban infrastructure through IBRD and IFC financing (number in millions)</i> Baseline: 0 (2017) Target: 1.3 (2023) <i>(Gender disaggregated data to be collected)</i></p> <p><i>Increased resilience of cities through number of disaster resilient public buildings retrofitted, reconstructed, or newly constructed through IBRD operations</i> Baseline: 0 (2019) Target: 300 (2023)</p>	<p>The target year is adjusted in line with the CPF period.</p> <p>The baseline and target values in the original result framework included the Municipal Services project baseline and target values. As the MSP project exited before the CPF approval, the actual values do only represent the actual values reached through the active IFC/IBRD lending operations. Therefore, the baseline and actual values are revised to include the IBRD SCP projects only in addition to IFC investments.</p> <p>Indicator revised to include newly approved IBRD operations. The target year is adjusted to the CPF period and the value is revised upwards.</p>

	<p>New indicator: <i>Percentage improvement in the quality of Citizen Engagement as measured through the CE Quality Index</i> Baseline: 33% (in FY19) Target: 60% of projects approved for the remainder of the CPF are of high quality. (Average of FY20-FY21-FY22)</p>	<p>New indicator is intended to measure the improved quality of Citizen engagement of Bank's operations in Turkey.</p>
<p>Supplementary Progress Indicators:</p> <p>Pilots of mass property valuation completed, and new property valuation policy Informed Baseline: No (2016) Target: Yes (2020)</p> <p>Improve planning capacity of and access to targeted municipal services through adoption of sectoral, spatial and capital investment plans in four municipalities Baseline: 0 in 2016 Target: 10 sectoral plans adopted in at least 4 municipalities by 2021</p> <p>Sustainable urban transport planning adopted in selected cities/municipalities. Baseline: 0. Target: 2 cities/municipalities</p> <p>Average travel time (min) in urban public transportation (tramway and metro) (IFC) Baseline: 45 (2015) Target: 25 (2019)</p> <p>Urban waste water treated by IFC clients (Mm³) Baseline: 0 (2015) Target: 4,470,000 (2019)</p> <p>Urban solid waste treated by IFC clients (tons managed/year) Baseline: 0 (2015) Target: 133,000 (2019)</p>	<p>Pilots of mass property valuation completed, and new property valuation policy Informed Baseline: No (2016) Target: Yes (2021)</p> <p>Improve planning capacity of and access to targeted municipal services through adoption of sectoral, spatial and capital investment plans in four municipalities Baseline: 0 in 2016 Target: 10 sectoral plans adopted in at least 8 municipalities by 2023</p> <p>Sustainable urban transport planning adopted in selected cities/municipalities Baseline: 0 (2018) Target: 2 cities/municipalities (2021)</p> <p>Average travel time (min) in urban public transportation (tramway and metro) (IFC) Baseline: 45 (2015) Target: 25 (2021)</p> <p>Urban waste water treated by IFC clients (Mm³) Baseline: 0 (2015) Target: 3,000,000 (2023)</p> <p>Dropped</p>	<p>The target year is adjusted in line with the CPF period.</p> <p>The target year is adjusted in line with the CPF period and the target value revised upwards accordingly.</p> <p>Indicator is revised to include baseline and target years.</p> <p>The target year is aligned with the CPF period.</p> <p>Target value revised downward since there are some delays in the projects and the target year is adjusted in line with the CPF period.</p> <p>The indicator is dropped as the expected results have not been achieved and no substantial progress is expected in the CPF period.</p> <p>Indicator is revised to include the target year that aligns with the CPF period.</p>

<p>Turkey Disaster Management Strategy and Turkey Risk Reduction Plan adopted Baseline: No in 2016 Target: Yes</p>	<p>Turkey Disaster Management Strategy and Turkey Risk Reduction Plan adopted Baseline: No (2016) Target: Yes (2023)</p> <p>New indicator: Percentage of concrete actions from the CE Country Roadmap completed Baseline: 0 (2019) Target: 5 (2022)</p>	<p>New indicator is intended to measure the achievements under the CE roadmap.</p>
Objective in the Original CPF Matrix	Revised Objective	Description of the Changes
<p>CPF Objective 9: Increased sustainability of infrastructure assets and natural capital</p>	<p>CPF Objective 9: Strengthened Results Under Climate Action Agenda</p>	<p>CPF Objective 9 was noted in the original CPF as being very much a tentative set of possible engagements to reflect where the program was in early stages. Therefore, the change to the objective was expected and this is now being more clearly defined.</p>
Indicator in the Original CPF Matrix	Revised Indicators	Description of the Changes
<p>Objective Indicators:</p> <p><i>Cumulative energy savings achieved through WBG-financed energy sector projects (MWh).</i> Baseline: 1,116,000 in 2016 Target: 6,000,000 in 2021</p> <p><i>Annual GHG emissions either reduced or avoided through the WBG program (tonnes/year)</i> Baseline: 40,000 in 2016 Target: 844,400 IBRD reduced, 373,000 reduced IFC, 600,000 avoided at country-level through adopting GB standards (2021)</p>	<p>Moved</p> <p><i>Annual GHG emissions either reduced or avoided through the WBG program (tonnes/year)</i> Baseline: 40,000 in 2016 Target: 1,000,000 IBRD reduced, 350,000 reduced IFC, 750,000 avoided at country-level through adopting GB standards (2023)</p> <p>New indicator: <i>Area provided with new/improved irrigation or drainage services (Ha)</i> Baseline: 0 (2019)</p>	<p>The indicator is moved under Objective 7.</p> <p>Indicator revised to align with the CPF period and the target values revised accordingly.</p>

	Target: 50,000 ha (2023)	New indicator is intended to measure the direct impact of Bank's active lending operations in improvement of Turkey's irrigation/drainage system.
<p>Supplementary Progress Indicators:</p> <p>Carbon market policy options delivered to and considered by the Government <u>The following indicators – or other relevant ones - could be considered at the time of the CPF PLR if these areas are developed as part of the WBG program:</u></p> <p>The National Intelligent Transport Systems (ITS) strategy operationalized Baseline: No Target: Yes.</p> <p>Changes to the Forest Law, regulations or policies to promote greater private sector investment participation in harvesting and development of plantations. Baseline: Minimal Target: 2 or more pilot areas covered</p>	<p>Dropped</p> <p>The National Intelligent Transport Systems (ITS) strategy operationalized Baseline: No (2017) Target: Yes (2022)</p> <p>Dropped</p> <p>New indicator: Length of modernized irrigation network (Kilometers, Custom) Baseline: 0 (2019) Target: 1520 km (2023)</p> <p>New indicator: Water users provided with improved irrigation service Baseline: 0 (2019) Target: 15,000 (2023)</p> <p>New indicator: Number of projects incorporating or adapting to engage citizens in climate change Baseline: 0 (2019) Target: 3 (2022)</p>	<p>The indicator is dropped as the expected results have not been achieved and no substantial progress is expected in the CPF period.</p> <p>Indicator is revised to include baseline and target years.</p> <p>The indicator is dropped as the expected results have not been achieved and no substantial progress is expected in the CPF period.</p> <p>New indicator is intended to measure the modernized irrigation network in Turkey financed by the Bank.</p> <p>New indicator is intended to measure the increased number of beneficiary farmers through the IBRD lending.</p> <p>New indicator is intended to measure the improved participation of citizens in climate change discussions.</p>

Annex 3. Progress on the Original CPF Results Matrix

FOCUS AREA 1: GROWTH				
CPF Objective 1: Increased Fiscal Space				
CPF Objective Indicators	Progress to Date	Supplementary Progress Indicators	Progress to Date	WBG Program
<p><i>Share of direct tax revenues in total tax revenues.</i> Baseline: 29.2% in 2015 Target: 40% in 2021 (Note: the baseline represents the share of tax on income and profit in total tax revenues.)</p>	<p>On Track 35.9% (2019H1) (12-month rolling) Although it is close to the target, the progress was not achieved in the proposed way. The main reason behind the increase in share of direct tax revenues is the reduced amount of indirect taxes collected due to slowdown in economic activity rather than an increase in direct tax collection.</p>	<p>Improved income tax legislative framework through enacting a new law, which combines corporate income tax and personal income tax legislations and broadens the tax base. Baseline: No (2016) Target: Yes (2017)</p>	<p>Off Track No measurable progress (September 2019)</p>	<p>Approved Lending:</p> <ul style="list-style-type: none"> Resilience, Inclusion and Growth DPL <p>Completed ASA:</p> <ul style="list-style-type: none"> Tax policy advice Turkey - Programmatic Governance
<p><i>Establishment of a monitoring system for internal controls in public administration</i> Baseline: No monitoring software populated with information (2016) Target: 70% of central government institutions data included in the monitoring software (2018)</p>	<p>On Track Manuals are prepared, monitoring system is being developed (September 2019)</p>	<p>Publication of a new risk management guideline for public administration Baseline: No (2016) Target: Yes (2019)</p> <p>Publication of a new internal audit strategy paper 2017-2019 Baseline: No (2016) Target: Yes (2017)</p>	<p>On Track Guidelines are prepared, publication is awaiting (September 2019)</p> <p>Achieved The target has been publicized in 2017.</p>	<p>Approved Lending:</p> <ul style="list-style-type: none"> Resilience, Inclusion and Growth DPL <p>Completed ASA:</p> <ul style="list-style-type: none"> Tax policy advice Turkey - Programmatic Governance Public Financial Management Deepening the implementation of public sector internal audit reforms ECA PFM TF Internal audit SAFE TF
CPF Objective 2: Enhanced Access to Finance to Underserved Segments				
CPF Objective Indicators	Progress to Date	Supplementary Progress Indicators	Progress to Date	WBG Program

<p><i>People, MSMEs and exporters reached with IFC financial services</i> Baseline: 2.2 million people (2015) Target: 4.1 million (2019)</p> <p><i>Of which women owned MSMEs reached (number)</i> Baseline: 27,000 (2015) Target: 28,500 (2019)</p> <p><i>MSMEs and exporters reached with IBRD financial services</i> IBRD Baseline: 116,000 (2016) IBRD Target: 232,000 (2020)</p> <p><i>Increase in number of private pension members</i> Baseline: 2016: 6.6 million Target: 2020: 7.5 million (2020) (Gender disaggregation data is being collected and will be provided at the PLR)</p>	<p>On Track 3.2 million (2018)¹²</p> <p>Achieved and Surpassed 79,538 (2018)</p> <p>Achieved and Surpassed 458,071 (2019)</p> <p>Achieved and Surpassed Voluntary participation members: 6.8 million (October 2019); Female: 2.8 million, Male: 4.0 million Auto-enrollment members: 5.3 million (October 2019); Female: 1.8 million, Male: 3.5 million (The data is disclosed separately for each item, and there might be overlaps. Total number of members are not disclosed) (Source: Pension Monitoring Center)</p>	<p>Enhancing extended loan maturities to firms benefiting from IBRD financial sector credit lines Baseline: N/A (indicator linked to WB financial sector credit lines starting implementation) Target: >1</p> <p>Volume of outstanding MSME loan portfolio of IFC clients IFC Baseline: \$30.5 billion (2015) IFC Target: \$60 billion (2019) <i>Of which women owned MSMEs</i> Baseline: \$130 million (2015) Target: \$220 million (2019)</p> <p>Volume of outstanding MSME loan portfolio and export loan portfolio of IBRD Clients IBRD Baseline: \$14.5 billion (January 2016) IBRD Target: \$29 billion (2020)</p> <p>Increase in outstanding corporate debt securities portfolio (US\$ billion) Baseline: 2016: US\$58 billion Target: 2020: US\$70 billion</p> <p>Increase in number of firms quoted in the stock exchange Baseline: 2016: 381 Target: 2020: 450</p> <p>Increase in portfolio size of institutional investors Baseline: 2016: TL 105 billion</p>	<p>On Track Average IBRD loan maturities are longer than the average maturity of the market loan. (September 2019)</p> <p>On Track \$48.2 billion (2018)¹³</p> <p>On Track \$190 million (2018)¹⁴</p> <p>Achieved \$49.5 billion (2019)</p> <p>On Track US \$ 63,2 billion (Source BIS) (October 2018)</p> <p>Off Track 378 (Source: World Federation of Exchanges) (May 2019)</p> <p>Achieved TL 166,7 billion (Source: TAKAS Bank) (2018)</p>	<p>Approved Lending:</p> <ul style="list-style-type: none"> • Innovative Access to Finance • SME III • Long Term Export Finance • Inclusive Access to Finance • MSME & LESCF • Resilience, Inclusion and Growth DPL <p>Completed ASA:</p> <ul style="list-style-type: none"> • Financial sector deepening TA: Focus on sukuk and alternative capital markets instruments • Pension Supervision, Regulation • Turkey FSAP Update <p>IFC lending:</p> <ul style="list-style-type: none"> • Capital market development - investments in municipal, eurobond and local currency bond markets. • Securitization products to increase depth and competition in the banking sector. • Hedging instruments to mitigate interest rate and currency risk. Risk mitigation and capital relief tools for domestic and international banks. • Long-term finance to banks and NBFIs (leasing and factoring companies, and distressed asset platforms) to expand financing to under-served segments • Supply chain finance solutions.
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¹² The value includes the active and CPF period exited loans.

¹³ The value includes the active and CPF period exited loans.

¹⁴ The value includes the active and CPF period exited loans.

		Target: 2020: TL 150 billion		IFC Advisory: <ul style="list-style-type: none"> Municipal bond market development (with IBRD) MIGA: <ul style="list-style-type: none"> Guarantee of non-honoring of a financial obligation of a state-owned enterprise (NHFO-SOE) for Turkish Eximbank
CPF Objective 3: Enhanced Competitiveness and Employment in Selected Industries				
CPF Objective Indicators	Progress to Date	Supplementary Progress Indicators	Progress to Date	WBG Program
<i>Employment supported by IFC clients (manufacturing, telecom, technology, agribusiness)</i> Baseline: 39,400 (2015) Target: 59,000 (2019)	On Track 52,441 (2018) ¹⁶	Students reached by IFC clients: Baseline: 11,500 (2015) Target: 19,700 (2019)	On Track 17,675 (2018) ¹⁷	Approved Lending: <ul style="list-style-type: none"> Resilience, Inclusion and Growth DPL
<i>o/w Female Employment supported</i> Baseline: 7,860 ¹⁵ (2015) Target: 12,000 (2019)	On Track 9,938 (2018)	<i>o/w Female Students reached</i> Baseline: 6,200 (2015) Target: 8,800 (2019)	On Track 8,390 (2018)	Completed ASA: <ul style="list-style-type: none"> CEM on productivity Business environment and FDI-local firm linkages Management quality, innovation and trade in Services Regulatory environment and job opportunities in SuTP-affected regions Enhancing competitiveness and greening OIZs Services Trade and GVC analysis Turkey Programmatic Trade Task Turkey Productivity CEM Business Environment and Innovation Leveraging Producer Organizations to Improve the Efficiency of Agri-Food Value Chains in Turkey
<i>Employment supported by IFC equity funds investees (#)</i> Baseline: 15,000 (2015) Target: 17,000 (2019)	On Track 16,896 (2018)	Farmers reached by IFC agribusiness clients: Baseline: 5,400 (2015) Target: 10,900 (2019)	Off Track 5,636 (2018) ¹⁸	

¹⁵ Due to the completed operations in 2015, the baseline values are corrected. The correct baseline value would be 7,860.

¹⁶ The value includes the active and CPF period exited loans.

¹⁷ The value includes the active and CPF period exited loans.

¹⁸ No active operations since 2017. Numbers corresponds to projects ended in 2015 and 2016

				<ul style="list-style-type: none"> • TA on Determinants of Food Price Inflation <p>IFC Advisory:</p> <ul style="list-style-type: none"> • IFC Corporate Governance advisory project <p>IFC investments:</p> <ul style="list-style-type: none"> • Investments in manufacturing, telecom & IT, and agribusiness sectors. • Support for vocational training. • Investments in private equity funds and other collective investment vehicles focused on high-growth, high value-added sectors. • Trade finance.
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FOCUS AREA 2: INCLUSION

CPF Objective 4: Increased Effectiveness of Social Assistance

CPF Objective Indicators	Progress to Date	Supplementary Progress Indicators	Progress to Date	WBG Program
<p><i>Increased impact of social assistance on the poverty gap.</i> Baseline: 9.9% coverage of poverty gap (2017) Target: 20% coverage of poverty gap (2021)</p> <p><i>Increased availability of monetary and non-monetary indicators of welfare and inclusion</i> Baseline: No indicator available (2017) Target: 10 different monetary/non-monetary indicators available (2021)</p>	<p>Off Track 10.6% coverage of poverty gap (2017)</p> <p>On Track 5 indicators are available. 1. Monetary poverty 2. Inequality of opportunity 3. Incidence of taxes and transfers on poverty and inequality 4. Multi-dimensional poverty 5. Human capital accumulation</p>			<p>Approved Lending:</p> <ul style="list-style-type: none"> • Resilience, Inclusion and Growth DPL <p>Completed ASA:</p> <ul style="list-style-type: none"> • Poverty Reduction Strategy and Social Assistance Reform • Disability and aging study • Determinants of Poverty and Shared Prosperity Trends in Turkey • TA on Social Assistance, including to Refugee Populations (ESSN) • Social Assistance to Refugees - Assessing the rollout of the largest humanitarian cash transfer program in the world

				<ul style="list-style-type: none"> • Turkey Social Assistance Review • National Poverty Reduction Strategy • Impact of Taxes and Transfers on Poverty and Inequality
CPF Objective 5: Increased Labor Force Participation of Women & Vulnerable Groups				
CPF Objective Indicators	Progress to Date	Supplementary Progress Indicators	Progress to Date	WBG Program
<p><i>Increased Female Labor Force Participation</i> Baseline: 31.5% in 2015 Target: 35% by 2018 (10th DP target), 41% by 2023 (National Employment Strategy target)</p> <p>Increased youth participation in labor force Baseline: Youth (15-19) Not In Education, Employment or Training (NEET): Male 11.3%, Female 21.9% (2015) Target: Reduce NEET by 10%</p> <p><i>Increased rate for SuTP who have a work permit among eligible SuTPs of work-age population</i> Baseline: 8,000 out of 900,000 eligible SuTP work-age population has a work permit (2016) This baseline has subsequently been revised to 5,000 Target: 5% increase (2021), o/w 25% are women</p> <p><i>Direct employment supported by IFC manufacturing clients in southeast regions</i> Baseline: 38,000 (2015)</p>	<p>On Track 34.2% (2018), 11th Development Plan reduced the 2023 target to 38.5%.</p> <p>Off Track Male: 13.0% (2018), Female: 22.2% (2018); Total: 17.4% (2018) Although there are many incentive schemes to increase youth and female participation in labor markets as well as in vocational education, NEET rates have been increasing over the years.</p> <p>Achieved 92,754 (2019) Women disaggregated data not disclosed (non-verified) and goal of 25% is considered high given female SuTPs very low participation rate in labor market</p> <p>On Track</p>	<p>Early childhood education and care enrolment rates Baseline: 1.209.106 (National Education Statistics, Formal Education 2015/16) Target: Increase of 10% over baseline</p> <p>Number of youth in ALMPs Baseline: 74,748 male and 76,172 female (15-24) currently in ALMPs (2015) Target: Increase of 10% over baseline</p>	<p>On track 1,564,813 (National Education Statistics, Formal Education 2018/19)</p> <p>Achieved The increase in the number of male beneficiaries of ALMP aged 15-24: 37.1% (2015-2018) The increase in the number of female beneficiaries of ALMP aged 15-24: 49.5% (2015-2018) The increase in total number of youth benefited from ALMPs : 43.3% (2015-2018)</p>	<p>Approved Lending:</p> <ul style="list-style-type: none"> • Resilience, Inclusion and Growth DPL • EU FRIT Small Grants Project • EU FRIT Employment Support Project <p>Completed ASA:</p> <ul style="list-style-type: none"> • IPA for ISKUR, Jobs Trust Fund SIDA TF • Poverty and Equity lens on labor markets • NEET study • Pilot of SE Skills and Evaluation • Quality of Jobs: Minimum Wage and Informality • Turkey Jobs Analytics & Dialogue • Minimum Wage Simulation Tool • Assessing the effects of the 2016 Minimum Wage increase on formal job creation in Turkey • SE Skills for Employability in Turkey • Quality of Jobs: Better Labor Policy and More Innovation • Helping Turkey Refugee Response • Qualitative Assessment of Syrians' Employment and Livelihood Opportunities and Challenges in Turkey • Policy Dialogue and Research on Syrian Displacement in Turkey

<p>Target: 43,000 (2019) (Gender disaggregated data being collected)</p>	<p>38,832 (2018)¹⁹; Female: 7,072 (2018)²⁰</p>			<p>IFC:</p> <ul style="list-style-type: none"> • IFC Gender Program • Financing women-owned companies • Financing private sector companies which have footprints in lagging regions.
<p>CPF Objective 6: Strengthened Performance of the Education and Health Sectors</p>				
<p>CPF Objective Indicators</p>	<p>Progress to Date</p>	<p>Supplementary Progress Indicators</p>	<p>Progress to Date</p>	<p>WBG Program</p>
<p><i>Increased percentage of formal school enrolment of SuTP children aged 6-15</i> Baseline: 469,495 children accessing education (149,439 in formal education and 320,056 in temporary education centers: ratio is 32%) Target: 600,000 children accessing education (40% in formal education), 50-50 split of male-female children</p> <p><i>Improvement of primary and secondary prevention of non-communicable diseases (NCDs)</i> Baseline (2015): 10% change of target population using services of Healthy Living Centers Target: 50%</p> <p><i>Number of Patients Served through IFC health sector clients</i></p>	<p>On Track 571,019 children accessing education: 531,416 in public schools, 24,474 in open education²¹ and 15,159 in temporary education centers: ratio is 97% Male: 51% and Female: 49% (October 2019)</p> <p>Off Track Since the coverage policy of healthy living center is changed, the target became irrelevant. This indicator has been dropped from the Health System Strengthening and Support Project in the 2019 restructuring.</p> <p>Off Track 2.4 million (2018)²²</p>	<p>Number of additional schools rehabilitated or constructed under EU FRIT-financed project Baseline: 0 (2016) Target: 56 (2020)</p> <p>Percent of households that receive from health workers counselling or education related to healthy living Baseline: 10% in 2016 Target: 11% in 2020 (at end of IBRD project)</p> <p>Percent of users of Health Living Centers satisfied with ease of access to Healthy Living Centers</p>	<p>On Track 12 schools added to MoNE's inventory (October 2019)</p> <p>Achieved and Surpassed 40.5% (based on Household Health Survey conducted in 2018).</p> <p>Achieved and Surpassed 84.1% (2019)</p>	<p>Approved Lending:</p> <ul style="list-style-type: none"> • Health Sector project (on-going) • Education Resilience Project (FRIT) • DRM in Schools <p>Completed ASA:</p> <ul style="list-style-type: none"> • Turkey obesity case study • Poverty and Equity lens on nutrition and education, including Regional Disparities • Disability and aging study • Health expenditure projection actuarial model TA • Political Economy of Health Reform and Assessment of the Utilization of Primary Care • Analysis of PISA-TIMSS • Teacher training and primary education reform TA • Turkey Higher Education Modernization Technical Assistance • Turkey Education Technical Assistance

¹⁹ The value includes the active and CPF period exited loans.

²⁰ The value includes the active and CPF period exited loans.

²¹ Open Education refers to middle school and high schools which correspond to the age group range 10- 17.

²² Value in 2018 corresponds to 3 out of the 7 projects. 4 hospitals are still not operating and are expected to begin operations in 2020.

Baseline: 0 (2015) Target: 14.0 million (2019)	(Gender disaggregated data not disclosed)	and/or responsiveness of services to users' individual needs Baseline: 50% in 2016 Target: 70% in 2020		IFC: <ul style="list-style-type: none"> Investments in innovative financial structures such as health Project Bonds Supporting private sector healthcare companies, especially in specialized health services
FOCUS AREA 3: SUSTAINABILITY				
CPF Objective 7: Improved reliability of energy supply and generation of green energy				
CPF Objective Indicators	Progress to Date	Supplementary Progress Indicators	Progress to Date	WBG Program
<i>Renewable electricity generation as percentage of total generation</i> Baseline: 31.5% in 2015 Target: 33% in 2021	On Track 32% (2018)	Installed renewable energy capacity financed through IBRD Projects (MW) Baseline: 0 in 2016 Target: 116 MW in 2021	Achieved 183 MW (2019)	Approved Lending: <ul style="list-style-type: none"> Gas Sector Dev. Project Renewable Energy Int. Project SME Energy Eff. Project Priv. Sector Renewable Energy & Energy Eff. Project TANAP Geothermal Development project Gas Storage Expansion Project Public Building Energy Efficiency Completed ASA: <ul style="list-style-type: none"> Rooftop Solar PV Assessment DISCOM analysis EU/IPA Energy Sector Technical Assistance Program Operational and Financial Sustainability of Electricity Distribution Companies in Turkey Rooftop Solar PV Assessment IFC:
<i>Value of loans provided by IFC clients to renewable projects</i> Baseline: \$38m (2015) Target: \$66m (2019)	On Track \$49 million (2018) ²³	Renewable energy generated through IBRD (MWh/year) Baseline: 0 in 2016 Target: 200,000 in FY2017	Achieved 1,268,448 MWh/year (2019)	
<i>Total power generation and distribution clients reached (IFC) (millions)</i> Baseline: 4.33 (2015) Target: 6.89 (2019)	On Track 6.45 million (2018) ²⁴	Wind energy generated from plants connected to substations funded under REIP (MWh/year) Baseline: 0 in 2016 Target: 1,743 MWh in 2018	Achieved 1,890 MWh (2019)	
<i>Increased capacity of gas storage (bcm)</i> Baseline: 2.8 bcm in 2016 Target: 3.8 bcm in 2021	On Track 2.8 (2019)	Power generated (GWh) through IFC financial services Baseline: 16,700 (2015) Target: 34,600 (2019)	On Track 24,727 (2018) ²⁵	

²³ The value includes the active and CPF period exited loans.

²⁴ The value includes the active and CPF period exited loans.

²⁵ The value includes the active and CPF period exited loans.

<p>Gas imports through TANAP (bcm/annum) Baseline: 0 in 2016 Target: 5 in 2021</p>	<p>On Track 2.5 (2019)</p>	<p>Restructuring of BOTAS Baseline: No in 2016 Target: Yes in 2021</p> <p>Improved and more transparent wholesale gas trading through the establishment of Gas Trading Platform (GTP) Baseline: No in 2016 Target: Yes in 2021</p> <p>Improved legal, regulatory and institutional environment in the Turkey gas market through the enactment of the amendment to the Natural Gas Market Law Baseline: No in 2016 Target: Yes in 2021</p>	<p>No progress The restructuring has not been completed yet. (2019)</p> <p>Achieved IPA Phase II is directly working on the issue, GTP has been established in September 2018 and operational. (2019)</p> <p>On Track A draft has been prepared. Final political decision is needed for the enactment. (2019)</p>	<ul style="list-style-type: none"> • IFC financing for distribution, and gas infrastructure such as import terminals, storage, and distribution. • IFC support for new financing instruments – local currency financing and currency swaps to mitigate currency risk
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CPF Objective 8: Improved sustainability and resilience of cities

CPF Objective Indicators	Progress to Date	Supplementary Progress Indicators	Progress to Date	WBG Program
<p><i>Improved service delivery and expanded access to digital land registry and cadaster information</i> <i>Increased customer satisfaction at national level</i> Baseline: 85% in 2016 Target: 95% in 2021</p> <p><i>Number of additional people benefitting from improved urban infrastructure through IBRD and IFC financing (number in millions)</i> Baseline: 3.3 (2015) Target: 4.7 (2019) <i>(Gender disaggregated data to be collected)</i></p>	<p>Achieved and Surpassed 98% (2019)</p> <p>On Track IFC: 0.8m (2018) / IBRD: 0²⁶ Gender disaggregated data is not disclosed.</p>	<p>Pilots of mass property valuation completed, and new property valuation policy Informed Baseline: No (2016) Target: Yes (2020)</p> <p>Improve planning capacity of and access to targeted municipal services through adoption of sectoral, spatial and capital investment plans in four municipalities Baseline: 0 in 2016 Target: 10 sectoral plans adopted in at least 4 municipalities by 2021</p>	<p>Achieved Pilots of mass property valuation are completed. Draft regulations are prepared. (2019)</p> <p>On Track Currently working under SCP1 to prepare 10 sector plans in 10 municipalities (all Integrated Urban Water Management Plans), 10 Capital Investment Plans for municipalities and utilities (SCP1) and 4 Capital Investment Plans (PPIAF). (2019)</p>	<p>Approved Lending:</p> <ul style="list-style-type: none"> • Land Registry Project • Sustainable Cities 1, 2, AF projects • Disaster Risk Management in Schools <p>Completed ASA:</p> <ul style="list-style-type: none"> • Housing study • EU/IPA Grant for Sustainable Cities • Resilient Urban Regeneration • Turkey Land Sector - Improving State Land Management and Assessing the Feasibility of TDRs • Key Agricultural Product Risk Assessment

²⁶ The baseline and target values in the original result framework included the Municipal Services project baseline and target values. As the MSP project exited before the CPF approval, the actual values do only represent the actual values reached through the active IFC/IBRD lending operations.

<p><i>Increased resilience of cities through number of disaster resilient public buildings retrofitted, reconstructed, or newly constructed through IBRD and FRIT financing</i></p> <p>Baseline: 0 Target: 110 by 2021</p>	<p>On Track Operationalization of 12 schools have been officially completed. (October 2019)</p>	<p>Sustainable urban transport planning adopted in selected cities/municipalities. Baseline: 0. Target: 2 cities/municipalities</p> <p>Average travel time (min) in urban public transportation (tramway and metro) (IFC) Baseline: 45 (2015) Target: 25 (2019)</p> <p>Urban waste water treated by IFC clients (Mm³) Baseline: 0 (2015) Target: 4,470,000 (2019)</p> <p>Urban solid waste treated by IFC clients (tons managed/year) Baseline: 0 (2015) Target: 133,000 (2019)</p> <p>Turkey Disaster Management Strategy and Turkey Risk Reduction Plan adopted Baseline: No in 2016 Target: Yes</p>	<p>Achieved Necessary capacity is developed for sustainable urban transport planning. Two cities; Izmir and Kocaeli have submitted proposals for SUMP (2019)</p> <p>On Track 37 (2018)</p> <p>Off Track 1,971,535 (2018)²⁷</p> <p>Achieved 176,700 (2018)</p> <p>On Track Turkey Risk Reduction Plan (TRRP) has already been informed by the World Bank ASA on Turkey Disaster Risk Management Strategy. TRRP is planned to be ratified in 2020 as it is endorsed in 11th Development Plan.</p>	<ul style="list-style-type: none"> • Lifeline Utilities Risk Assessment and Business Continuity Planning in Tuzla Organized Zone • High-level Critical Infrastructure Risk Assessment in the Region of Çukurova • Turkey: Housing the Bottom 40% • Sustainable Urban Water Supply and Sanitation - Phase 2 <p>IFC:</p> <ul style="list-style-type: none"> • Cities platform – advisory services • Municipal infrastructure investments in metropolitan cities including Istanbul, Izmir, Antalya, Bursa and additional cities commensurate with their creditworthiness
CPF Objective 9: Increased sustainability of infrastructure assets and natural capital				
CPF Objective Indicators	Progress to Date	Supplementary Progress Indicators	Progress to Date	WBG Program

²⁷ Project delayed.

<p><i>Cumulative energy savings achieved through WBG-financed energy sector projects (MWh). Baseline: 1,116,000 in 2016 Target: 6,000,000 in 2021</i></p> <p><i>Annual GHG emissions either reduced or avoided through the WBG program (tonnes/year) Baseline: 40,000 in 2016 Target: 844,400 IBRD reduced, 373,000 reduced IFC, 600,000 avoided at country-level through adopting GB standards (2021)</i></p>	<p>Achieved and Surpassed 10,666,937 MWh (September 2019)</p> <p>On Track 396,608 tons of CO2/year (IBRD) (2019) 95,500 tons of CO2/year (IFC) (2018)</p>	<p>Carbon market policy options delivered to and considered by the Government</p> <p><u>The following indicators – or other relevant ones - could be considered at the time of the CPF PLR if these areas are developed as part of the WBG program:</u></p> <p>The National Intelligent Transport Systems (ITS) strategy operationalized Baseline: No Target: Yes.</p> <p>Changes to the Forest Law, regulations or policies to promote greater private sector investment participation in harvesting and development of plantations. Baseline: Minimal Target: 2 or more pilot areas covered</p>	<p>Off Track</p> <p>Off Track The ITS strategy has not been finalized and adopted by the Ministry of Transport and Infrastructure. (2019)</p> <p>Off Track Forest Sector Note delivered including the relevant draft regulations. However, there is no progress in the government side to process any legislative change into the existing law. (2019)</p>	<p>Approved Lending:</p> <ul style="list-style-type: none"> • Renewable Energy Int. Project • SME Energy Eff. Project • EU/IPA Energy Sector TA Project • Irrigation Rehabilitation Project • Public Building Energy Eff. Project <p>Completed ASA:</p> <ul style="list-style-type: none"> • Forestry Study • Turkey: Analytical Support to Financing and Implementing ENRM-specific SDGs • Support to Air Quality Management in Turkey • Support to updating forest sector review • Support Effective Logistics Services through Improved Connectivity in Turkey • Technical assistance to Turkey on agriculture sector issues • Natural Capital Accounting • Environmental and Natural Resources Management Programmatic TA <p>Leveraging Producer Organizations to Improve the Efficiency of Agri-Food Value Chains in Turkey IFC:</p> <ul style="list-style-type: none"> • IFC financing to support resource efficiency projects • IFC provision of long-term loans to financial intermediaries to support RE/EE projects • IFC investments and advisory in modern, energy efficient municipal infrastructure (public transportation, water, waste water, street lighting, energy efficient buildings etc) • IFC advisory on green buildings and industrial zones
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Annex 4. Citizen Engagement

In Turkey, citizen engagement corporate requirements are being implemented in a context where voice and accountability is considered to be declining. During the CPF period, Worldwide Governance Indicators for Voice and Accountability for Turkey show a decline in the percentile rank from 30 in 2016 to 25.1 in 2019.²⁸ Despite the strength of Turkish civil society, the shift from a parliamentary to an executive presidency brought with it changes in the enabling environment. Presidential Decrees No.17 and 18 (2018) abolished the Department of Associations and established a Directorate General for Relations with Civil Society under the Ministry of Interior, and the proposed new mechanism for civil society participation, the Civil Society Consultation Council, has yet to be established. With an increasing number of NGOs supporting the refugee crisis as service providers, there is a change in the profile of support and function provided by the non-governmental sector, impacting on long-term capacity.

In this context however, during this CPF period (FY18-20) efforts were stepped up to embed citizen engagement in all IPFs and improve citizen engagement quality in the Turkish portfolio. 100% (6) of FY18-19 projects were fully compliant with both citizen engagement requirements (citizen-oriented design and beneficiary feedback indicator), however Turkey is only 50 percent compliant for reporting credible progress for FY16 projects (cf. 97% for ECA Average). A PLR review of the quality of the citizen engagement at design measured four attributes of citizen engagement of the six projects approved in the CPF period²⁹: 2 of the 6 (33%) projects meet, in full, the criteria for depth and frequency of engagement, are open to a range of feedback, and provide for multiple channels (cf. 48% ECA average). As such Turkey's portfolio lags behind the countries in the region for the quality of citizen engagement (at design) with a CE quality score of 1.88 compared to ECA average 2.25 (16th out of 19 countries ranked). There is much room for improvement in the use of active engagement mechanisms that ensure an interface for dialogue between citizens/beneficiaries and service providers/government agencies. To ensure more pro-active implementation, earlier in projects, capacity building support will be prioritized in the remainder of the CPF.

The Turkey Irrigation Modernization Project (P158418) prepared in FY18-19 includes promising citizen-oriented designs that could serve as a model for other sectors. The Project includes support to Water User Associations (WUAs) through (i) annual WUA consultations in which results are discussed feedback incorporated in the final design of schemes; (ii) a national program for WUA's capacity-building for water management to enhance the effectiveness of WUAs, and (iii) taking forward current efforts to develop a web-based, participatory water use monitoring platform for WUAs to enhance participation and ownership of the beneficiary communities. The IA will also conduct beneficiary satisfaction surveys to measure performance on project outcomes (e.g. land consolidation, water availability, timeliness, etc.) designed to ensure that gender-disaggregated feedback is collected. A functional multi-level GRM is also managed and institutionalized by the implementing agency.

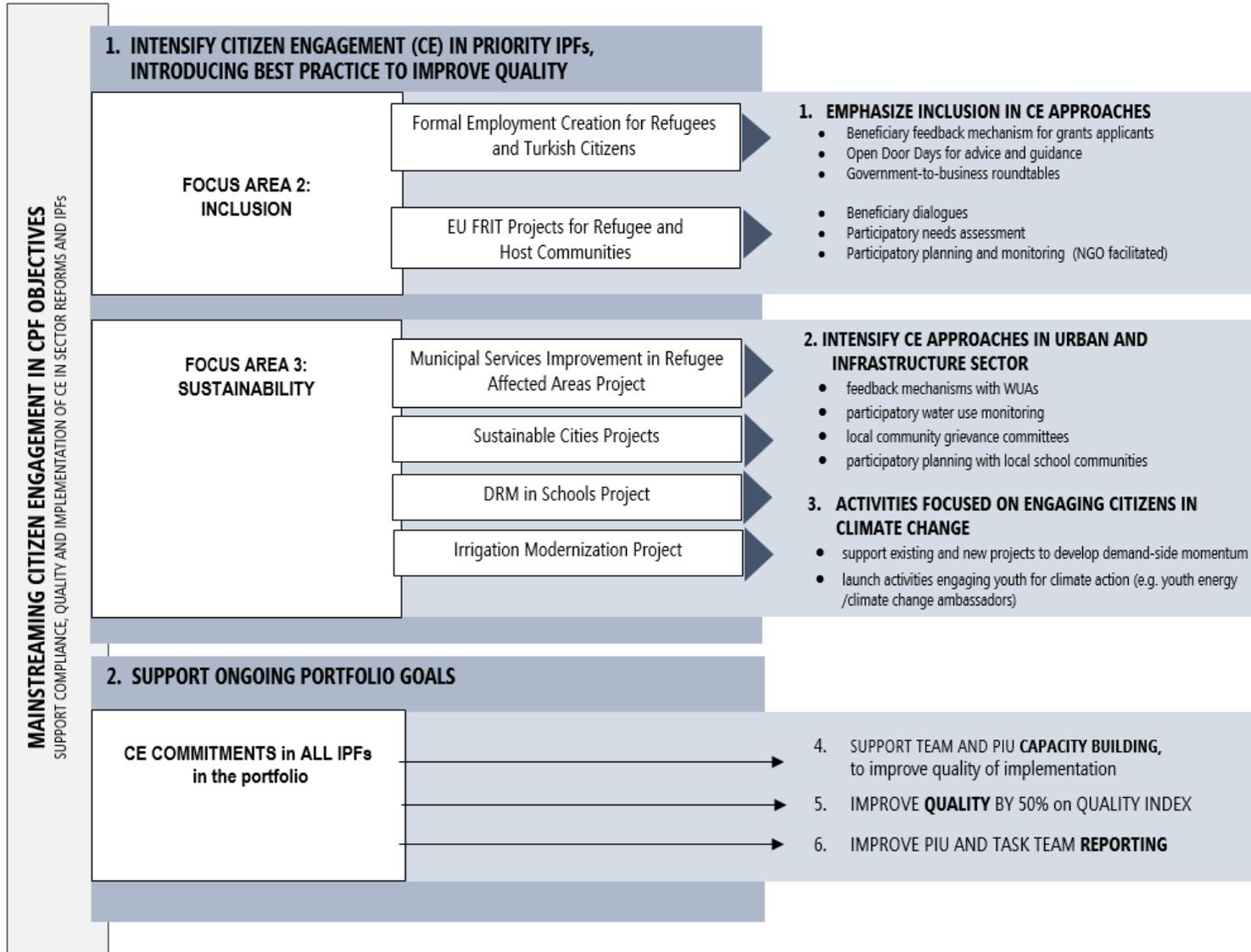
²⁸ World Governance Indicator 2019 (<https://info.worldbank.org/governance/wgi/Home/Reports>)

²⁹ (1) Openness (if feedback is unrestricted and allows citizens to engage on any issue); (2) Depth (if citizens are engaged in decision-making, or there is an interactive platform for dialogue); (3) Opportunity (if multiple CE channels are available for citizens to provide feedback and at least one encourages active participation); and (4) Frequency (how often citizens can engage).

Citizen Engagement Country Roadmap to address gaps

2 OVERALL GOALS to enhance quality and implementation

6 CONCRETE ACTIONS



Annex 5. CPF IBRD Lending Approvals (Planned and Actual)

	CPS FY17-21 Planned	IBRD US\$m		CPS FY17-21 Actual	IBRD US\$m
FY17	Long Term Finance		FY17	Long Term Export Finance	300
	Education (FRiT)			Education Infrastructure and Resilience (FRiT)	153.2
	Labor Market Integration (FRiT)			Delivered in FY18 as Employment Support Project for SUTPs (RETF)	
	Geothermal Development			Geothermal Development	250
	Trans-Anatolian Natural Gas Pipeline Project			Trans-Anatolian Natural Gas Pipeline Project	400
	Sustainable Cities Series of Projects			Sustainable Cities Series of Projects (1)	132.8
	Sub-total	1,000 - 1,500		IBRD Sub-total	1,082.8
				Grant Sub total	153.2
FY18	Education: Youth-at-Risk (IPA)		FY18	<i>Dropped</i>	
	SuTPs Employment Support & Entrepreneurship (FRiT)			SuTPs Employment Support & Entrepreneurship (FRiT)	53.4
	Sustainable Cities Series of Projects			Sustainable Cities Series of Projects (2)	91.1
	Gas Storage Expansion Project			Gas Storage Expansion Project	600
	Turkey - Resilience, Inclusion and Growth DPF			Turkey - Resilience, Inclusion and Growth DPF	400
				Inclusive Access to Finance	400
	Sub-total	1,000 - 1,500		IBRD Sub-total	1,492
				Grant Sub total	53.4
FY19	Financial Sector		FY19	Delivered in FY18 as Inclusive Access to Finance	
	Social Inclusion			<i>Dropped</i>	
	Disaster Risk Mgmt.			National Disaster Risk Management Project – Safe Schools	300
	Irrigation			Turkey Irrigation Modernization	252
	Energy Efficiency			Turkey Irrigation Modernization (GEF)	2
				Pipelined for FY20	
				Development of Businesses and Entrepreneurship for SUTPs (FRiT)	2
				Partnership for Market Readiness 2 Project (RETF)	2
				Sustainable Cities 2 AF	560
	Sub-total	1,000 - 1,500		IBRD Sub-total	1,115
				Grant Sub total	6
				Total Actual (FY17-18-19)	3,689

		IBRD US\$m		Planned for Remaining Period of CPF	IBRD US\$m
FY20			FY20	Energy Efficiency in Public Buildings	150
				Renewable Energy Integration Additional Finance	325
				Municipal Services Improvement Project in Refugee Affected Areas IBRD	150
				FRiT	155
				Improving Rail Connectivity	350
				Formal Employment Creation for Refugees and Turkish Citizens IBRD	343
				FRiT	85
		Long-term Export Finance Guarantee	250		
		Sub-total	1,000 - 1,500	IBRD Sub-total	1,568
				Grant Sub total	240
FY21			FY21	Green Organized Industrial Zones	
				Integrated Landscape Mgmt (Bolaman Basin)	
				Geothermal Additional Finance	
				Rooftop Solar Energy	
				Urban Resilience	
				DPL-1	
		Sub-total	1,000 - 1,500	Sub-total	1,000 - 1,500
FY22				Climate Smart Agriculture	
				Institutional Efficiency	
				Human Capital Project	
				Water Conservation	
			Sub-total	1,000 - 1,500	Sub-total
FY23			FY23	Integrated Landscape Mgmt 2 (Black Sea Basins)	
				Energy Efficiency in Public Buildings Add. Finance	
				DPL-2	
				Capital Market/LT Finance/Pension Reform	
				Sub-total	1,000 - 1,500
		Total Planned	4,000 - 6,000	Total CPF Envelope	7,000- 10,500

Annex 6. CPF ASA Deliveries (Actual)

CPF Planned	CPF Actual	FY
GROWTH		
Financial Sector Programmatic ASA including WBG-IMF Financial Sector Assessment (FSAP), pensions, capital markets	Pension Supervision, Regulation	FY17
	Turkey FSAP Update	
	Services Trade and GVC analysis	FY18
	Turkey Programmatic Trade Task	
	Turkey Productivity CEM	
Governance Programmatic TA	Turkey - Programmatic Governance	FY18
	Public Financial Management	FY19
	Deepening the implementation of public sector internal audit reforms	
Business Environment and Innovation ASA and TA	Business Environment and Innovation	FY17
	Enterprise Survey and Implementation	
	26 Regional ICA Reports	
	Turkey Investment Climate and Innovation	
	Turkey Regional Investment Climate Assessment Reimbursable Advisory Service	
Justice Sector TA		FY17-FY19
Tax Policy Advice		FY17-FY19
Distributional Impacts of Fiscal Policy	Turkey CEM Investment	FY17
INCLUSION		
Education: (1) analysis of PISA and TIMS results; (2) teacher training and primary education reform support; (3) migration management	Turkey Higher Education Modernization Technical Assistance	FY17
	Turkey Education Technical Assistance	FY19
Poverty and equity lens on labor, education and nutrition	Determinants of Poverty and Shared Prosperity Trends in Turkey	FY17
	TA on Social Assistance, including to Refugee Populations (ESSN)	FY18
Labor markets and skills: (1) quality of jobs, minimum wage and informality TA; (2) study on Not in Education Employment or Training (NEET); (3) Socio-Emotional Skills	Turkey Programmatic Jobs-Activation	FY18
	Turkey Jobs Analytics & Dialogue	
	Minimum Wage Simulation Tool	
	Assessing the effects of the 2016 Minimum Wage increase on formal job creation in Turkey	FY19
	SE Skills for Employability in Turkey	
Syrian Refugee Crisis Response: harmonization strategy, knowledge generation, impact studies	Quality of Jobs: Better Labor Policy and More Innovation	
	Helping Turkey Refugee Response	FY17
	Qualitative Assessment of Syrians' Employment and Livelihood Opportunities and Challenges in Turkey	FY17
	Policy Dialogue and Research on Syrian Displacement in Turkey	FY18
	Social Assistance to Refugees - Assessing the rollout of the largest humanitarian cash transfer program in the world	
Poverty Reduction Strategy and Social Assistance Reform TA	Turkey Social Assistance Review	FY17
	National Poverty Reduction Strategy	FY18
	Impact of Taxes and Transfers on Poverty and Inequality	FY19
Health; (1) expenditure projection actuarial model TA; (2) health reform and assessment of the utilization of primary care; (3) obesity study	Obesity Study	FY17
	Turkey Modeling of Public Health Expenditure	FY18
	Global and national practices of integrated care models report	FY19
Disability and Aging Study		

CPF Planned	CPF Actual	FY
SUSTAINABILITY		
Energy Programmatic ASA, including EU-financed IPA	Operational and Financial Sustainability of Electricity Distribution Companies in Turkey	FY17
Sustainable Cities TA	IBRD-IFC Joint Implementation Program for Sustainable Cities in Turkey	FY17
	Resilient Urban Regeneration	FY19
Support to SDG Implementation	Turkey: Analytical Support to Financing and Implementing ENRM-specific SDGs	FY18
	Support to Air Quality Management in Turkey	FY19
Disaster Risk Management TA	Turkey Land Sector - Improving State Land Management and Assessing the Feasibility of TDRs	FY19
	Key Agricultural Product Risk Assessment	FY19
	Lifeline Utilities Risk Assessment and Business Continuity Planning in Tuzla Organized Zone	FY19
	High-level Critical Infrastructure Risk Assessment in the Region of Çukurova	FY19
Forest Sector Review	Support to updating forest sector review	FY17
Sustainable, Efficient and Safe Transport	Support Effective Logistics Services through Improved Connectivity in Turkey	FY19
	Turkey Private Public Partnership Diagnostic Study	
Rooftop Solar PV Assessment	Rooftop Solar PV Assessment	FY18
PPP Advisory and PPP RAS	Dropped	FY17-FY19
Housing Study	Turkey: Housing the Bottom 40%	FY17
Additional ASA Delivered (not planned in the CPF)	Technical assistance to Turkey on agriculture sector issues	FY17
	Sustainable Urban Water Supply and Sanitation - Phase 2	
	Natural Capital Accounting	
	Environmental and Natural Resources Management Programmatic TA	FY18
	Leveraging Producer Organizations to Improve the Efficiency of Agri-Food Value Chains in Turkey	FY19

Annex 7. Planned ASA³⁰

GROWTH
Institutional Governance Review Programmatic Public Finance Review CEMs Regional Disparities ASA Financial Inclusion TA Subnational Governance ASA Technology and Knowledge for Export
INCLUSION
Education Quality Review Skills for the 21 st Century Gender and Female Labor Force Participation Modernizing SPL Systems Equitable and Efficient Health Systems Productive Ageing
SUSTAINABILITY
Climate Smart Agriculture Energy Sector Review and Energy Transition Green Growth and Climate Finance Urban Mobility Digital Economy Assessment
SYSTEMATIC COUNTRY DIAGNOSTIC

³⁰ Additional ASA can be considered when there's a strong client demand and responsive

Annex 8. Statement of IFC's Committed and Outstanding Portfolio

Investment Portfolio (IFC Own Account) (2015-2020)

*Amounts in US\$M; Data as of – Jan 31,2020

Client Name	Industry Group Sector Level 1	Committed Portfolio - IFC Own Account	Outstanding Portfolio - IFC Own Account
Akbank TK	Financial Markets	339.6	339.64
RSF SMBC ECA	Financial Markets	250.0	203.49
Ronesans Holding	Tourism, Retail, Construction & Real Estates (TRP)	215.0	215
Garanti Bankasi	Financial Markets	213.4	213.37
Yapi Kredi Bank	Trade Finance	143.9	143.95
TSKB	Financial Markets	138.3	138.26
Gama Enerji	Infrastructure	126.0	104.03
Alternatifbank	Trade Finance	115.9	115.91
Unit Investment	Infrastructure	112.7	112.65
ACWA Guc	Infrastructure	107.6	107.63
Isbank	Financial Markets	105.0	105
Alternatifbank	Financial Markets	102.7	102.73
Akfen Energy	Infrastructure	100.0	100
TUPRAS A-S	Manufacturing	99.0	99
Etilik Health	Health, Education, Life Sciences	97.5	76.49
Odea Bank	Financial Markets	94.1	94.12
Yapi Kredi Bank	Financial Markets	88.4	88.38
Antalya Muni	Infrastructure	88.3	88.3
Elazig Health	Health, Education, Life Sciences	86.5	86.49
Seker Bank	Financial Markets	83.9	83.9
Mersin Port	Infrastructure	79.5	79.74
AKCEZ	Infrastructure	78.6	76.22
OEDAS	Infrastructure	75.8	47.33
YM HoldCo	Tourism, Retail, Construction & Real Estates (TRP)	73.4	73.42
Izmir Muni	Infrastructure	64.9	64.87
Istanbul MMI	Infrastructure	59.6	59.6
Enerjisa	Infrastructure	50.9	50.94
Actera III	Collective Investment Vehicles	50.0	0
Assan Aluminyum	Manufacturing	49.5	49.5
Kremna Elektrik	Infrastructure	45.7	43.59

Client Name	Industry Group Sector Level 1	Committed Portfolio - IFC Own Account	Outstanding Portfolio - IFC Own Account
Asyaport	Infrastructure	44.1	32.14
Adana Health	Health, Education, Life Sciences	44.0	43.95
Fibabanka	Financial Markets	42.9	42.86
Abraaj Turkey I	Collective Investment Vehicles	39.8	26.59
Hexagon KA	Infrastructure	38.4	35
Kayseri Health	Health, Education, Life Sciences	37.2	35.73
Martur	Manufacturing	31.9	31.92
MNT	Health, Education, Life Sciences	29.1	29.15
Izsu	Infrastructure	28.0	28.05
QNB Finansleasing	Financial Markets	28.0	28.04
Soda Sanayii	Manufacturing	24.9	24.87
NOBEL ILAC	Health, Education, Life Sciences	23.6	23.61
Earlybird	Collective Investment Vehicles	23.4	2.18
Burgan Turkey	Financial Markets	22.2	22.22
Rotor Elektrik	Infrastructure	20.5	20.52
Taxim Capital I	Collective Investment Vehicles	18.5	8.79
Trakya Cam	Manufacturing	17.3	17.33
Mediterra II	Collective Investment Vehicles	16.6	6.13
Unitim	Manufacturing	15.3	15.25
Hepsiburada.com	Other CDF Sectors	15.0	15
Netafim Israel	Agribusiness & Forestry	15.0	0
Yapi Kredi Lease	Financial Markets	14.2	14.22
Cimko Cimento	Manufacturing	9.8	9.85
Astra Dorms	Health, Education, Life Sciences	8.8	8.84
OzU	Health, Education, Life Sciences	7.7	7.73
Revo Capital	Collective Investment Vehicles	6.0	4.76
Sise ve Cam	Manufacturing	5.7	5.68
Recordati Ilac	Health, Education, Life Sciences	5.5	5.49
Superfilm	Manufacturing	3.5	3.46
Mediterra I	Collective Investment Vehicles	3.2	2.21

Client Name	Industry Group Sector Level 1	Committed Portfolio - IFC Own Account	Outstanding Portfolio - IFC Own Account
EAS Solutions	Telecom, Media, and Technology	2.8	2.76
Sanko Tekstil	Manufacturing	1.9	1.92
FIGO	Financial Markets	1.3	0.35
Garanti Bankasi	Trade Finance	0.5	0.49
Turkven I	Collective Investment Vehicles	0.4	0.38
Turkven II	Collective Investment Vehicles	0.0	0
FIT Solutions	Financial Markets	0.0	0
NASCO	Manufacturing	0.0	0
Fibabanka	Trade Finance	0.0	0
Seker Bank	Trade Finance	0.0	0
Total Committed Portfolio (IFC Own Account)		3,983.0	3,721

Annex 9. Selected Indicators of Bank Portfolio Performance and Management

As of February 12, 2020

Indicator	FY17	FY18	FY19	FY20
Portfolio Assessment				
Number of Projects Under Implementation ^a	12.0	15.0	14.0	14.0
Average Implementation Period (years) ^b	3.7	3.9	4.2	3.9
Percent of Problem Projects by Number ^{a, c}	25.0	6.7	14.3	7.1
Percent of Problem Projects by Amount ^{a, c}	13.2	2.9	19.0	3.0
Percent of Projects at Risk by Number ^{a, d}	25.0	6.7	14.3	7.1
Percent of Projects at Risk by Amount ^{a, d}	13.2	2.9	19.0	3.0
Disbursement Ratio (%) ^e	37.3	54.8	18.0	6.6
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	155	8
Proj Eval by IEG by Amt (US\$ millions)	30,172.0	2,921.7
% of IEG Projects Rated U or HU by Number	25.0	12.5
% of IEG Projects Rated U or HU by Amt	15.0	2.2

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
- b. Average age of projects in the Bank's country portfolio.
- c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
- d. As defined under the Portfolio Improvement Program.
- e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
- * All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 10. Operations Portfolio (IBRD/IDA and Grants)

As of January 31, 2020

Closed Projects 193

IBRD/IDA*

Total Disbursed (Active)	2,291.31
of which has been repaid(1)	346.09
Total Disbursed (Closed)	32,697.92
of which has been repaid	23,512.58
Total Disbursed (Active + Closed)	34,989.24
of which has been repaid	23,858.67
Total Undisbursed (Active)	2,513.79
Total Undisbursed (Closed)	0.03
Total Undisbursed (Active + Closed)	2513.822639

Active Projects

Project ID	Project Name	Last PSR		Fiscal Year	Original Amount in US\$ Millions				Difference Between Expected and Actual Disbursements ^a		
		Supervision Rating			IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
		Develop ment	Implementation Progress								
P157683	DRM in Schools	S	S	2019	300.0	0.0		0.0	300.0	16.7	0.7
P162762	Energy Efficiency in Public Buildings	S	S	2020	150.0	0.0		0.0	150.0	1.6	0.0
P093765	GAS SECT DEVT	S	MS	2006	725.0	0.0		0.0	79.7	-320.3	-320.3
P162727	Gas Storage Expansion Project	S	MS	2018	600.0	0.0		0.0	495.9	49.5	0.0
P167363	GEF Turkey Irrigation Modernization	#	S	2019	0.0	0.0	2.0	0.0	1.6	-0.3	0.0
P152799	Health System Strengthening & Support	MS	MU	2016	134.3	0.0		0.0	92.3	92.1	23.2
P163225	Inclusive Access to Finance	MS	MS	2018	400.0	0.0		0.0	274.0	-10.4	0.0
P106284	Land Regis & Cadastre Modernization Proj	S	S	2008	293.6	0.0		15.0	50.7	-2.1	38.3
P156252	Long Term Export Finance	S	S	2017	300.0	0.0		0.0	0.0	-43.3	0.0
P144534	Renewable Energy Integration	MS	MS	2014	300.0	0.0		0.0	29.5	126.9	650.2
P128605	Sustainable Cities	MS	MS	2017	132.8	0.0		0.0	110.5	29.7	0.0
P161915	Sustainable Cities Project 2	S	MS	2018	652.1	0.0		0.0	625.6	-20.7	18.0
P151739	Turkey Geothermal Development Project	S	S	2017	250.0	0.0		0.0	52.0	-33.4	0.0
P158418	Turkey Irrigation Modernization	S	S	2019	252.0	0.0		0.0	251.9	7.4	0.0
Overall Result					4,489.8	0.0	2.0	15.0	2,513.8	-106.7	410.1

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.