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**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**INTERNATIONAL FINANCE CORPORATION**

**MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**COUNTRY PARTNERSHIP FRAMEWORK**

**FOR**

**THE REPUBLIC OF TÜRKIYE**

**FOR THE PERIOD FY24-FY28**

**March 12, 2024**

**Türkiye Country Management Unit  
Europe and Central Asia**

**International Finance Corporation  
Middle East, Central Asia, Türkiye, Afghanistan, and Pakistan**

**The Multilateral Investment Guarantee Agency**

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

**CURRENCY EQUIVALENTS**

US\$ 1.00 = 30.35 TRY (as of 01/31/2024)

**FISCAL YEAR**

January 1 – December 31

**ABBREVIATIONS**

ASA	Advisory and Analytical Services	IFI	International Financial Institutions
CBAM	Carbon Border Adjustment Mechanism	IPF	Investment Project Financing
CCDR	Country Climate and Development Report	MIGA	Multilateral Investment Guarantee Agency
CLR	Completion and Learning Review	MOU	Memorandum of Understanding
COVID-19	Coronavirus Disease 2019	MSMEs	Micro, Small and Medium Enterprises
CPF	Country Partnership Framework	NCD	Non-Communicable Disease
CPSD	Country Private Sector Diagnostics	NEET	Not in Education, Employment or Training
ECA	Europe and Central Asia Region	NDC	Nationally Determined Contribution
e-GP	e-Government Procurement	OIZ	Organized Industrial Zones
ESF	Environmental and Social Framework	PASA	Programmatic Advisory Services and Analytics
ESMS	Environmental and Social Management Systems	PCM	Private Capital Mobilization
EU	European Union	PFM	Public Financial Management
FY	Fiscal Year	PforR	Program for Results
GDP	Gross Domestic Product	PIU	Project Implementation Unit
GVC	Global Value Chain	PLR	Performance and Learning Review
Ha	Hectare	PPP	Purchasing Power Parity <i>or</i> Public Private Partnership
HCI	Human Capital Index	SCD	Systematic Country Diagnostic
HLO	High-Level Outcomes	SDG	Sustainable Development Goal
IBRD	International Bank for Reconstruction and Development	SuTPs	Syrians under Temporary Protection
IFC	International Finance Corporation	TRY	Turkish lira

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## I. INTRODUCTION

1. **Türkiye's development achievements over the past two decades have been remarkable.** Real gross domestic product (GDP) growth averaged 5.4 percent between 2002 and 2022 resulting in income per capita (in real terms) more than doubling over the same period. Growth was accompanied by rapid poverty reduction; the poverty rate (\$6.85 2017 purchasing power parity -PPP) decreased by more than half from above 20 percent in 2007 to 7.6 percent in 2021. On the sustainability front, the country has managed to relatively decouple growth from greenhouse (GHG) emissions and maintain per capita emissions below the Organization for Economic Co-operation and Development (OECD) and European Union (EU) averages (Annex 1, Figures 1-4). The country ratified the Paris Agreement in 2021 and has been committed to net zero emissions by 2053.

2. **Yet, to ensure that these positive trends continue and are sustained over time, Türkiye will need to address several emerging challenges on the growth, poverty and inclusion, and sustainability fronts.** First, the combination of a difficult macroeconomic situation in the aftermath of the COVID pandemic and declining total factor productivity (TFP) since the mid-2010s<sup>1</sup> raise questions about medium-term growth prospects. Second, the speed of poverty reduction has slowed since 2016, as increases in inequality have offset the poverty gains from continued strong growth. Third, Türkiye suffers from an emissions intensive industrial base, continued reliance on fossil fuels, carbon-intensive transport, and inefficient buildings. The country's carbon intensive manufacturing sector exposes it to both risks and opportunities when the EU (which represents 41 percent of Turkish exports) starts implementing the Carbon Border Adjustment Mechanism (CBAM) in 2026. Fourth, its geographic, climatic, and socioeconomic conditions leave Türkiye particularly vulnerable to the impacts of climate change, making adaptation a high priority.

3. **Türkiye is currently addressing the effects of the earthquakes that hit the country on February 6, 2023.** With magnitudes of 7.8 and 7.5, the earthquakes were followed by thousands of aftershocks and another 6.7 magnitude earthquake on February 20. According to official statistics, they caused more than 50,000 casualties, injured 107,000 people, damaged or destroyed 1.9 million housing units, and displaced 3.3 million people, of whom 2 million needed shelter. An assessment<sup>2</sup> conducted by the Government of Türkiye with support from the EU, the United Nations (UN), and the World Bank Group (WBG) estimated the recovery and reconstruction needs associated with the earthquakes at around \$81.5 billion. Risks also remain high with about 70 percent of its population living in first- and second-degree seismic zones.

4. **This Country Partnership Framework (CPF) presents the WBG strategy to deliver impactful solutions at greater scale and speed in Türkiye over FY24-FY28.** The CPF is fully aligned with the WBG mission of ending extreme poverty and promoting shared prosperity on a livable planet and with the Government of Türkiye's 12<sup>th</sup> National Development Plan (NDP) 2024-2028. It aims to accelerate progress towards the Sustainable Development Goals (SDGs) and support recovery and reconstruction from recent shocks. The CPF outlines how the WBG will further scale up impact in one of its largest country portfolios to meet priority country and global challenges. As of December 2023, Türkiye was in the top three International Bank for Reconstruction and Development (IBRD) countries by active portfolio size, the third largest country exposure for the International Finance Corporation (IFC), and the third largest country portfolio for the Multilateral Investment Guarantee Agency (MIGA). IBRD, IFC and MIGA plan to further scale up impact in Türkiye, working as One WBG through purposeful collaboration, coordination, and deployment of collective knowledge and instruments.

5. **The CPF is consistent with the IBRD graduation policy.** Türkiye is an Upper Middle-Income

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<sup>1</sup> According to staff calculations, factor productivity has been declining, a view consistent with the findings of the academic literature. However, estimates are sensitive to assumptions and data used in calculations and, admittedly, Government estimates differ from those presented here.

<sup>2</sup> <https://www.sbb.gov.tr/wp-content/uploads/2023/03/Turkiye-Recovery-and-Reconstruction-Assessment.pdf>

Economy (GNI per capita of \$10,490 in 2022, Atlas method), above the graduation discussion income (GDI) threshold. In this context, given the critically important role of global public goods, this CPF accompanies Türkiye in its efforts to address global challenges, notably climate change mitigation and adaptation, energy transition, and enabling digitalization. For example, to support Türkiye's decarbonization and just transition agenda, the WBG program is active in areas such as green finance, the scaling up of renewable energy, and rail infrastructure investments. In turn, Türkiye continues to access external capital markets, although on costly terms. Sovereign Eurobond yields escalated from 4.2 percent in February 2020 to around 8.5 percent in November 2023, having reached 9.9 percent in November 2022. Similarly, Credit Default Swap (CDS) spreads are now around 300 bps, having peaked at 862 bps in July 2022. Against this background, the CPF will help the country mobilize private capital, and improve the investment climate through institutional reforms such as those included in the recently unveiled 57-point action plan of Türkiye's Investment Environment Improvement Coordination Council. Moreover, in order to avoid the so-called middle-income trap, it will be important to strengthen institutions to correct existing divergences (with high income countries) in a set of institutional indicators. This aim is highlighted in the government's medium-term development plan in areas such as regulatory quality and the need to strengthen digital government. The institutional improvements embedded across CPF objectives will improve the delivery of key public services (e.g., energy, rail transport, water, and sanitation), institutional capacity for job creation, and institutional enablers for green finance.

6. **The CPF is analytically grounded in the FY24 Systematic Country Diagnostic (SCD) and the Country Climate and Development Report (CCDR) which in turn has informed the country's NDP and National Energy Plan (NEP).** It builds on the Completion and Learning Review (CLR) in Annex 3, which distills the lessons learned implementing the CPF for FY18-21 (Report No. 11096-TR). That CPF was extended by two years following a Performance and Learning Review (PLR) (Report No. 142353-TR). The extension provided additional time to achieve a critical mass of CPF results, deepen policy dialogue and engagement in important areas, and align the new CPF to the 12th NDP.

## II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

### A. Social, Economic and Political Context

7. **Türkiye held presidential elections in May 2023, alongside parliamentary elections to elect the 600 members of the National Assembly.** President Recep Tayyip Erdogan of the Justice and Development Party (AKP) won the presidential elections for a new 5-year term. In the Assembly, the People's Alliance led by AKP won with a majority of 323 seats, followed by the Nation Alliance (212 seats) and the Labor and Freedom Alliance (65 seats). After the country holds municipal elections in March 2024, there will be a 4-year period when policy making is not expected to be affected by electoral considerations.

8. **The country's strategic geographic location as a door to the Black Sea and a bridge between Europe and Asia has elevated the profile of Türkiye in recent regional conflicts.** Türkiye, because of its geographical and diplomatic position as well as its own socio-economic interests, has turned into a key interlocutor between Russia and Ukraine, helping secure global shipments of food through Turkish straits. Also, the conflict in Syria led to an inflow of Syrians under Temporary Protection (SuTPs) into Türkiye (3.2 million in 2024) and to an agreement with the EU to support SuTPs and their host communities while preventing irregular migration into the EU. Indeed, Türkiye's efforts to support the SuTPs have been significant. The country is also a key stakeholder for the Middle Corridor which represents, an important Asia-Europe route for improved transport and trade connectivity.

9. **The development of the private sector is key for Türkiye's transition to high-income status.** The private sector constitutes 98 percent of the country's top 500 firms in terms of turnover and it accounts for 78 percent of investment. It is also the largest employer in the country, as about 85 percent of

employees work in private companies,<sup>3</sup> with Small and Medium Enterprises (SMEs) employing 72 percent of the overall workforce. SMEs also generate more than 50 percent of gross value added.<sup>4</sup> Türkiye's ability to build a productive, sustainably growing economy depends on the capacity of SMEs to expand, adopt the latest technologies, innovate, and participate in global value chains.

10. **Türkiye's private sector –particularly SMEs– faces several critical challenges, which hinder firms' ability to upgrade to higher value-added and high-technology activities.** One important barrier is limited access to finance for SMEs, including for research and development investment, which is a driver of TFP growth. While Türkiye's financial sector has grown significantly in recent years and real interest rates were negative, in 2019 access to finance was the top constraint reported by firms in the World Bank Enterprise Survey. Availability of an educated workforce was also among the top challenges reported by firms, which weakens their ability to innovate and absorb new technologies. Connectivity also needs attention to facilitate participation in global value chains, as Türkiye's ranking on the World Bank's Logistics Performance Index (LPI) fell from 27<sup>th</sup> in 2012 to 38<sup>th</sup> in 2023. Finally, micro, small and medium enterprises (MSMEs) and start-ups face high costs of doing business as they are treated as other corporations, inhibiting their ability to expand.

11. **COVID-19 is still present in the policy agenda.** Türkiye successfully mobilized to respond to the health and socio-economic effects of the pandemic, and quickly intensified infrastructure investments for COVID-19 screening and treatment. Indeed, it was among the first countries to launch its vaccination program, administering at its peak more than 1.5 million doses per day. The government's policy response also helped cushion the blow for businesses and households, and Türkiye was among the few emerging-market economies that did not experience negative economic growth in 2020. Türkiye is working to build on the recent experience with enhanced pandemic preparedness in both monitoring and response.

12. **Climate change is having a significant effect on Türkiye and impacting policy making.** Türkiye has experienced a growing exposure to climate-related disaster risks. A serious drought occurred in the central and eastern regions of the country during the 2020/2021 agricultural season, whereas flooding in the Black Sea region in 2021 caused the loss of many lives, and significantly damaged or destroyed public and private infrastructure. Also in 2021, forest fires in the Mediterranean Region, considered amongst the worst in the country, burnt around 1,700 square kilometers of forest. The outbreak of sea mucilage in the Marmara Sea affected sea life, damaged the fishing industry, and threatened to impede the only shipping access to the Black Sea. Although carbon intensity and energy efficiency have improved in recent years, total emissions have increased, and Türkiye ranks 15<sup>th</sup> among countries in annual GHG emissions, up from 18<sup>th</sup> in 2019. The country is responding to these challenges with adaptation and mitigation interventions, such as the Water Efficiency Campaign initiated in January 2023.

13. **Türkiye ratified the Paris Agreement in October 2021, committing to net zero emissions by 2053, and advancing plans for resilient decarbonization.** In July 2021, the government released its Green Deal Action Plan<sup>5</sup> to help transition towards a sustainable and resource efficient economy and prepare for the comprehensive changes envisaged by the European Green Deal. Local and global events have also led to increasing awareness of climate change impacts and the need for reduced emissions. In December 2022, the government issued the NEP with targets to massively scale-up renewables and flexibility resources by 2035. The 12<sup>th</sup> NDP lays out a comprehensive agenda to transform Türkiye's economy in line with climate goals, with a focus on immediate actions until 2028.

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<sup>3</sup> European Commission, Türkiye 2020 Report, [https://neighbourhood-enlargement.ec.europa.eu/system/files/2020-10/turkey\\_report\\_2020.pdf](https://neighbourhood-enlargement.ec.europa.eu/system/files/2020-10/turkey_report_2020.pdf).

<sup>4</sup> OECD, SME Policy Index: Western Balkans and Türkiye, 2022.

<sup>5</sup> <https://ticaret.gov.tr/data/60f1200013b876eb28421b23/MUTABAKAT%20YE%C5%9E%C4%B0L.pdf>.

## B. Recent Economic Developments

14. **Türkiye’s rapid growth in recent decades (4.1 percent in per capita terms on average over 2002-22) made it the 25<sup>th</sup> fastest growing country in the world over that period.** While the COVID-19 pandemic had a negative impact on growth, Türkiye still managed to have positive growth in 2020 (1.9 percent). This performance was largely due to the government’s economic response to the pandemic, focusing on loosening monetary policy and rapid credit expansion. Moreover, supported by domestic and external demand, Türkiye achieved double-digit GDP growth in 2021 (11.4 percent) and maintained significant momentum in 2022 (5.5 percent) and 2023 (4.5 percent).

15. **However, the policy framework that ensured strong economic performance also heightened macroeconomic risks and created vulnerabilities in the economy, which have been compounded by the effects of other recent shocks.** The country has been affected by persistently high inflation in recent months (67 percent in February 2024 after having peaked at 85.5 percent in October 2022) and the Turkish lira has depreciated sharply (192 percent against the dollar between January 2021 and February 2024). This was accompanied by a decline in Central Bank reserve buffers, which started to recover after the May 2023 elections. But even before the emergence of these challenges, there were concerns about growth prospects given: (i) declines in the contribution of total factor productivity to growth (down to 0.4 percentage points over 2016-2022 from 1.2 percentage points over 2004-2015); (ii) the trend and composition of investment, which since 2010 was mainly driven by residential and commercial property construction (i.e., a construction boom), despite a decline in recent years; and (iii) food price inflation diverging from global trends over the last ten years in Türkiye – also being higher than the overall inflation.

**Table 1. Türkiye: Key Economic Indicators**

	2020	2021	2022	2023	2024f	2025f	2026f
<b>Real GDP growth, at constant market prices</b>	1.9	11.4	5.5	4.5	3.1	3.9	4.7
Private Consumption	3.2	15.4	18.9	12.8	1.7	3.4	4.1
Government Consumption	2.2	3.0	4.2	5.2	2.1	2.4	2.1
Gross Fixed Capital Formation	7.3	7.2	1.3	8.9	3.7	4.5	5.0
Exports	-14.5	25.1	9.9	-2.7	5.4	5.8	6.4
Imports	6.8	1.7	8.6	8.7	2.4	6.4	5.5
<b>Real GDP Growth, at constant factor prices</b>	1.2	11.9	6.5	4.5	3.1	3.9	4.7
Agriculture	5.7	-2.9	0.6	-0.2	1.5	1.6	2.1
Industry	1.1	13.0	0.9	3.7	3.5	4.9	5.6
Services	0.8	13.1	9.7	4.7	3.1	3.6	4.7
<b>Inflation (CPI), avg.</b>	12.3	19.6	72.3	53.9	57.2	27.5	15.7
<b>Current Account balance (% of GDP)</b>	-4.4	-0.9	-5.4	-4.2	-3.3	-2.6	-2.3
<b>Net Foreign Direct Investment (% of GDP)</b>	0.6	0.9	1.0	0.7	1.3	1.4	1.4
<b>Fiscal Balance (% of GDP)</b>	-3.9	-2.6	-0.8	-5.4	-5.2	-3.8	-2.9
<b>Debt (% of GDP)</b>	39.4	40.4	30.8	29.7	29.9	31.5	32.7
<b>Primary Balance (% of GDP)</b>	-1.1	0.0	1.4	-2.5	-1.7	0.0	0.5
<b>Upper middle-income poverty rate (USD 6.85 in 2017 PPP)</b>	9.8	7.6	7.8	7.8	7.9	7.8	7.8

Source: World Bank Macro Poverty Outlook for Türkiye, October 2023, and WB estimates. Notes: f = forecast. For inflation, realized value used for 2023. Poverty calculations based on SILC data from the TURKSTAT, actual data: 2020-2021, nowcast: 2022, forecasts are from 2023 to 2026.

16. **The heterodox policies introduced before May 2023 to stabilize the lira, reduce dollarization, and direct credit to selected sectors also led to distortions in the financial sector.** In that context, banks and corporations grew more sensitive to exchange rate volatility and liquidity risks because of their reduced, yet still considerable, amount of foreign exchange (FX) denominated liabilities. The introduction of extensive regulatory forbearance, including a relaxation of the nonperforming loan (NPL) classification criteria and the option for banks to apply a more favorable FX rate when calculating risk-weighted assets and capital adequacy ratio, has somewhat shielded the banking sector. But this added a layer of complexity to the policy adjustment efforts.

17. **Following the May 2023 elections, the Government has taken steps towards normalizing the economy in a gradual way in order to manage risks associated with the adjustment process.** This includes monetary policy tightening, with interest rates increasing from 8.5 percent in May to 45 percent in January 2024, the unwinding of distortive financial regulations, and fiscal revenue measures to curtail the fiscal deficit. Markets are reacting positively with 5-year CDSs declining from above 500 basis points (bps) in May 2023 to around 300bps in March 2024, two of the major rating agencies upgrading their outlook to positive recently, and one of them (Fitch) upgrading the credit rating (to B+) on March 8, 2024. The authorities are also contemplating how to complement these actions with structural reforms that may help with growth prospects going forward. These efforts will need to be sustained and supported in the coming months because the monetary, fiscal and macro-prudential challenges and associated economic vulnerabilities were of such magnitude that despite the significant progress, there is some road ahead.

18. **The economy is expected to slow this year as it continues to adjust from the previous policy stance, followed by an expected acceleration in growth in outer years.** After growing by 5.5 percent in 2022 and 4.5 percent in 2023, Türkiye's economic growth is projected to initially slow to 3.1 percent in 2024 before recovering to 3.9 percent in 2025 and 4.7 percent in 2026. In response to the recent monetary tightening, inflation should decline gradually supporting higher investment and growth as well as further progress on poverty and inequality. Fiscal consolidation after 2024 (when the earthquakes recovery and reconstruction efforts will peak), macro-financial stabilization alongside lira depreciation, and policy support to exporters should also further narrow the current account deficit. Poverty is projected to stay at 7.8 percent in the next few years.

19. **Future growth prospects will also be affected by developments associated with the global climate change agenda.** The EU CBAM is perhaps the most tangible example. The EU will place a fee on the import of certain emissions intensive products to create a level playing field for domestic producers subject to the EU emissions trading system. The CBAM applies to a select group of the most emissions intensive and trade exposed sectors, although it is likely to expand to other sectors over time. It entered into application in its transitional phase in October 2023 and the permanent system will enter into force beginning in 2026. Türkiye is a large producer of emissions intensive products (5<sup>th</sup> largest cement producer and 8<sup>th</sup> largest steel producer), and the EU is Türkiye's largest trading partner, absorbing 41 percent of Türkiye's total goods exports. Initially, the iron and steel sector is of most concern: 39.6 percent of Türkiye's likely covered exports in this sector are absorbed by the EU at a value of around \$7.5 billion. Aluminum is also exposed with 58 percent of exports going to the EU. However, Türkiye could capitalize on progress in decarbonizing its power sector, its proximity to EU markets, and strong existing trade relationships to grow its exports to the EU if it decarbonizes its industrial base ahead of other countries.

20. **Türkiye's tourism industry, a major contributor to GDP and the most important source of export revenue, is being impacted by climate change.** Regional distribution of tourism activity and investment is closely correlated with climate risk. For example, Antalya Province, accounting for almost half of the country's tourism accommodation, suffers from the most frequent meteorological disasters of any province, with over 370 events recorded between 2010 and 2021. The hotel sector faces an especially acute decarbonization challenge due to the long asset-life of most hotel properties. This concentration of tourism infrastructure offers opportunities to invest collectively in climate adaptation and mitigation measures, sharing the costs and risks among a range of stakeholders. For policymakers and private actors, the challenge is to sustain the sector's growth while reducing emissions, reinforcing climate resilience, and offering innovative value propositions for less carbon intensive, climate resilient tourism products.

### **C. Poverty Profile, Shared Prosperity, and Livable Planet**

21. **The impressive growth record of Türkiye over the last two decades was accompanied by**



**significant gains in poverty reduction.** According to the SCD, this was largely related to the performance of the labor market, which over the past 15 years generated more than 11 million jobs and was accompanied by real wage increases. As a result, the share of households living below the international poverty line of \$6.85/day in PPP terms declined from 20 percent in 2007 to 7.6 percent in 2021. This was also accompanied by a similar reduction in chronic poverty. While 24.3 percent of households were poor every year between 2005 and 2008, only 10.7 percent were poor every year between 2016 and 2019. The fraction of vulnerable households also declined, albeit by a smaller margin: from 24.8 percent in 2007 to 18.1 percent in 2021. The poverty gap and poverty severity, calculated based on the \$6.85/day poverty line, fell by approximately 67 percent during the same period.

22. **However, increases in inequality since 2015 have offset the poverty gains from the high growth rate.** The Gini coefficient in 2021 (0.46) exceeded the 2020 level (0.43). This was translated into the poverty dynamics: poverty and chronic poverty have remained largely stable since the mid-2010s despite the high growth rate as the increases in inequality have offset the poverty gains from growth. The evolution of shared prosperity is similar: between 2009 and 2016 growth in the incomes of the bottom 40 percent of the income distribution exceeded overall growth in incomes. However, the trend somewhat reversed between 2016 and 2020.

23. **The observed increase in income inequality has taken place even though some indicators of inclusion improved in recent years.** Indeed, while *regional inequalities* persist (several regions, including some of the provinces most affected by the February 2023 earthquake, have poverty rates that exceed the national average), they have been reduced in recent decades. Likewise, informal employment declined from close to 50 percent to below 30 percent over the past 15 years. *Female labor force participation* increased from 21 percent to 35 percent between 2005 and 2022, though it remained below the average participation rates in comparable countries such as upper-middle income countries (55 percent) and the Europe and Central Asia Region (50 percent). In this context, staff analysis for this CPF suggests that the increase in income inequality is related to the evolution of employment in the agriculture and construction sectors. Both agriculture and construction tend to employ low skill workers and hence employment growth in these sectors tends to reduce inequality. However, since 2015, when aggregate employment increased by 165.5 percent, employment in agriculture and construction declined by 9.2 and 3.74 percent respectively. More recently, high inflation is likely to have also played a role as it has disproportionately affected the lower deciles of the income distribution.

24. **Türkiye's geographic, climatic, and socioeconomic conditions make it highly vulnerable to the impacts of earthquakes, climate change, and other environmental hazards, making adaptation and resilience high priorities.** The earthquakes in February 2023 were a tragic reminder of Türkiye's high exposure and vulnerability to seismic hazards. Over 70 percent of the country's population and 80 percent of its GDP are in seismic risk zones, including its largest metropolis and major economic hub Istanbul. Climate change is expected to aggravate the pressure exerted by extreme events posing multidimensional risks to welfare and livelihood security. Türkiye has started to lay a solid foundation for building resilience and addressing depletion of natural resources through planning and policy development, including institutional arrangements at various levels of government and in various sectors. In addition, incentives for earthquake resilient reconstruction of existing non-resilient building stock and long-term, affordable local currency financing to enable residential reconstruction are much needed.

25. **The Turkish economy's high carbon intensity provides both a challenge and an opportunity for its economic transformation and global impact.** Türkiye's transition to clean, renewable energy, while boosting energy efficiency and decreasing the share of fossil fuels in electricity generation, will require significant policy reform and investment, both public and private. At the same time, the country's energy transition will be critical for Türkiye's ability to maintain and enhance the competitiveness of its exports

since a rapid decarbonization of its power sector would allow it to out-compete more emissions-intensive producers while reducing harmful air pollution.

#### **D. Development agenda**

26. **In line with the previous discussion, the FY24 SCD considers policy options to (i) sustain productivity growth by enhancing competitiveness and macroeconomic sustainability; (ii) enhance inclusion by expanding access to quality jobs for vulnerable groups and providing more equitable access to quality social services; and (iii) improve resilience to natural hazards, promote environmental sustainability, and address climate change challenges.**

- The SCD emphasizes the need to restore macroeconomic sustainability including reducing inflation to increase allocative efficiency; developing domestic sources of long-term finance; addressing barriers to firm entry, exit, and competition to enhance firm productivity; and improving the quality of education to elevate the level of human capital. The SCD also highlights the productivity opportunities created by the need to transition towards environmentally sustainable and green growth.
- The SCD also considers options that address both growth and inclusion and that aim to continue increasing the female labor force participation; expand the coverage and improve quality of vocational education and training opportunities; and introduce mechanisms for the formalization of employment and legal coverage of vulnerable groups (including SUTPs).
- And, building on the CCDR, the SCD recommends the implementation of several actions aimed at improving water management and preservation; expanding the adoption of climate smart agricultural technologies; reducing carbon intensity by switching power generation towards renewables; and increasing energy efficiency in the transport and housing sectors. The SCD also recommends actions to increase the country's resilience against earthquakes.

27. **Progress on growth, inclusion and sustainability will be accelerated by further strengthening key institutions.** The SCD concludes that one of the primary drivers of Türkiye's rapid transition towards upper middle-income status in the first decade of the 21<sup>st</sup> century was the institutional changes introduced. Going ahead, as noted previously (para. 5), the country will need to continue pursuing a reform agenda of strengthening regulatory and other institutional effectiveness.

### **III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK**

#### **A. Government Program and Medium-term Strategy**

28. **The 12<sup>th</sup> National Development Plan (NDP) 2024-28 was approved by parliament and became effective on November 1, 2023.** The plan envisions "a stable, strong and prosperous Türkiye, that is environment-friendly, resilient to disasters, produces high value added based on advanced technology, shares income equitably in the century of Türkiye". It is built around five pillars: (i) stable growth, strong economy; (ii) competitive production through green and digital transformation; (iii) skilled human, strong family, healthy society; (iv) disaster-resistant living spaces, sustainable environment; and (v) democratic good governance based on justice.

29. **The NDP also identifies key global developments and trends that inform the strategy, several of which align closely with the WBG global challenges, demonstrating their relevance in the context of Türkiye.** Of the global challenges in the NDP, the green transition, energy security, food security and efficient water use, and the digital transition align most closely with those that have been identified in the WBG Evolution Roadmap as the areas of focus over the next few years.

#### **B. Lessons incorporated from previous World Bank Group Country Partnership Framework**

30. **Lessons learned from implementing the previous CPF, included in the recently completed CLR, have been incorporated into this CPF.** A significant lesson learned is the need to further improve implementation efficiency and effectiveness in WBG engagement, which is also an important focus of the Evolution Roadmap. Key areas include:

- **Improve implementation speed by enhancing replicability and scalability.** The CLR highlighted the need to enhance the balance between delivery of new programs and implementation of the ongoing portfolio. This CPF will focus on designing scalable and programmatic approaches informed by the best country and global knowledge. With greater attention to replicability and scalability, new programs will help to place less strain on Project Implementation Unit (PIU) capacity.
- **Strengthen client implementation capabilities through capacity upgrading of skills and systems.** Rapid expansion of the portfolio has placed increased demands on the capacity of PIUs. To support PIUs, extended training programs will be offered under the Türkiye PIU Academy at regular intervals.
- **Use greater selectivity when applying the emergency tag.** Its overuse disrupted standard pipeline delivery and needlessly burdened essential central government institutions and WB teams such as environmental and social, procurement, and financial management. This CPF will make strategic, but selective, use of the crisis preparedness and response toolkit, to ensure Türkiye has greater access to rapid response support when crises occur, while minimizing disruptions to the portfolio. The emergency tag will be applied more selectively under this CPF.
- **Explore a more diverse array of instruments.** Instrument choice is critical for establishing an agile, tailored-to-requirements, and outcome-driven interaction with an upper middle-income client. This CPF will seek to expand the diversity of instruments in use, e.g., results-based investment project financing (IPF), programs for results (PforRs), development policy financing, and guarantees.
- **Design a more realistic CPF results framework,** factoring in the longer time horizons needed to address complex, interlinked challenges. The CPF results framework has undergone extensive consultation to ensure realistic targets and timelines, as well as alignment with the Corporate Scorecard indicators endorsed by the Board (aligned indicators are tagged in the CPF results framework). Some indicators aggregate results across multiple projects, including across IBRD, IFC and MIGA. Results are disaggregated wherever feasible by gender and SuTPs.
- **Deepen partnerships.** The WBG has positioned itself as an effective convener and coordinator of international financial institutions (IFIs), especially in areas of climate change and earthquake recovery and reconstruction. The CPF will deepen partnerships with IFIs and other development partners, building on the successful experiences under the previous CPF.
- **Increase focus on private capital mobilization through a One WBG approach.** This CPF articulates how IBRD, IFC and MIGA will leverage their respective instruments and comparative advantages to prioritize improving access to private capital and long-term finance, including green loans.

### C. Proposed World Bank Group Country Partnership Framework

#### Selectivity

31. **The WBG will engage selectively in Türkiye to ensure impact.** Three selectivity filters will guide Türkiye's engagement to ensure impact: (i) alignment with the Government strategic priorities of the 12<sup>th</sup> NDP; (ii) alignment with the development priorities identified in the SCD, CCDR, the draft Country Private Sector Diagnostic (CPSD), and analytical work undertaken under the previous CPF; and (iii) alignment with the WBG's comparative advantage, including to address the strategic global challenges in the Evolution Roadmap. In certain sectors, the CPF also applies a spatial lens to support recovery from recent economic setbacks, notably the February 2023 earthquakes. The CPF's design has been shaped by stakeholder consultations. In-country consultations validated the strategic directions of the CPF, including with civil society organizations, academia, development partners and the private sector. In addition to aligning with

the WBG's comparative advantage, this CPF leverages partnerships through co-financing and parallel financing for critical investments (e.g., potential AIIB parallel financing for the Middle Corridor).

32. **This CPF is also shaped by the existing portfolio.** This CPF inherits a large operational portfolio, much of which will be completed in the first half of this CPF cycle. The PLR will offer an opportunity to revisit the selectivity of the CPF and –if feasible– reduce the number of CPF objectives. Moreover, the CPF is striving for greater selectivity at the objective and sectoral level. For instance, in transport the WBG focus will be on modernizing the logistics sector, but there are no plans to support road infrastructure investments given the CPF aim of decarbonizing the transport sector. Likewise, over the CPF period no additional financing in social assistance/social services delivery/preschool education is anticipated given that the Government is working on those with other development partners.

### **Overview of the WBG Strategy**

33. **The CPF is structured around three high level outcomes (HLOs):** (i) high and sustainable productivity growth; (ii) inclusive services and jobs; and (iii) strengthened resilience. The CPF is underpinned by the cross-cutting theme of accelerating digitalization, in line with Türkiye's NDP vision of digitalization as an enabler for growth, enhanced service delivery, and strengthened resilience. The three HLOs, nine objectives, and cross-cutting theme are fully aligned with the 12<sup>th</sup> NDP and the WBG mission.

34. **The CPF is aligned with the new strategic approach to country engagement in support of the WBG Evolution Roadmap, notably with respect to the following issues: driving impact and outcomes at scale; scaling support to address country-specific challenges while tackling global challenges; and enhancing private capital mobilization through greater collaboration as One WBG.**

35. **The CPF is driving impact and outcomes at scale** while aligning with the Corporate Scorecard to ensure a unified focus on key outcomes across IBRD, IFC and MIGA, manage with evidence, and communicate results. Indicators in the results matrix are outcome oriented, with strong alignment with the Corporate Scorecard. The focus on impact at scale will be supported by a move towards a programmatic approach in the CPF implementation, by offering scalable and programmatic approaches informed by the best of country and global knowledge. Türkiye will be part of two separate regional MPAs in the energy sector (ECA Renewable Energy Scale-up -ECARES- MPA and the Energy Efficiency in ECA MPA) to help standardize energy efficiency project designs, accelerate renewable energy transition, define clear trajectories for further market development, and thus achieve scale and impact through private capital mobilization. Also, the Bank is taking a programmatic approach to climate adaptation and progressively covering complementary areas such as irrigation efficiency, climate smart agriculture, forest fires prevention, reuse of treated water, and flood and drought management.

36. **By scaling up the WBG's support to Türkiye's engagement to address country-specific development constraints and challenges, this CPF is also contributing to tackling global challenges** across the programs (Figure 1 shows the CPF alignment with the global challenges and the Results Framework with the corporate scorecard tagged). Climate change adaptation and mitigation and energy transition feature most prominently with relevance across all three HLOs, reflecting the country's own priorities of the green transition (including transition risks) and energy security in Türkiye's 12<sup>th</sup> NDP, driven by both economic and environmental imperatives. Enabling digitalization is addressed in this CPF through the cross-cutting theme of accelerating digitalization. Pandemic prevention and preparedness, access to safely managed water supply, and food and nutrition security are also covered in this CPF, with focused, selective engagement within one or two HLOs. Fragility and refugees are addressed by the support provided to the SUTPs and hosting communities through several ongoing or planned projects.

37. **IBRD, IFC and MIGA have improved their private capital mobilization in recent years.** As an example, only in FY24: (i) IBRD approved a €600 million Green Export guarantee, the \$150 million Green

Finance project, and the \$600 million Accelerating the Market Transition for Distributed Energy project, which aim to leverage additional private finance for investment in technology adoption, efficiency, and emission reduction; (ii) MIGA guarantees are seeking to mobilize up to \$300 million of private finance; and (iii) the IFC target is to mobilize around \$1 billion. Leveraging expertise and financial support in partnership with other development partners is also being pursued to increase the coverage and impact of planned development programs.

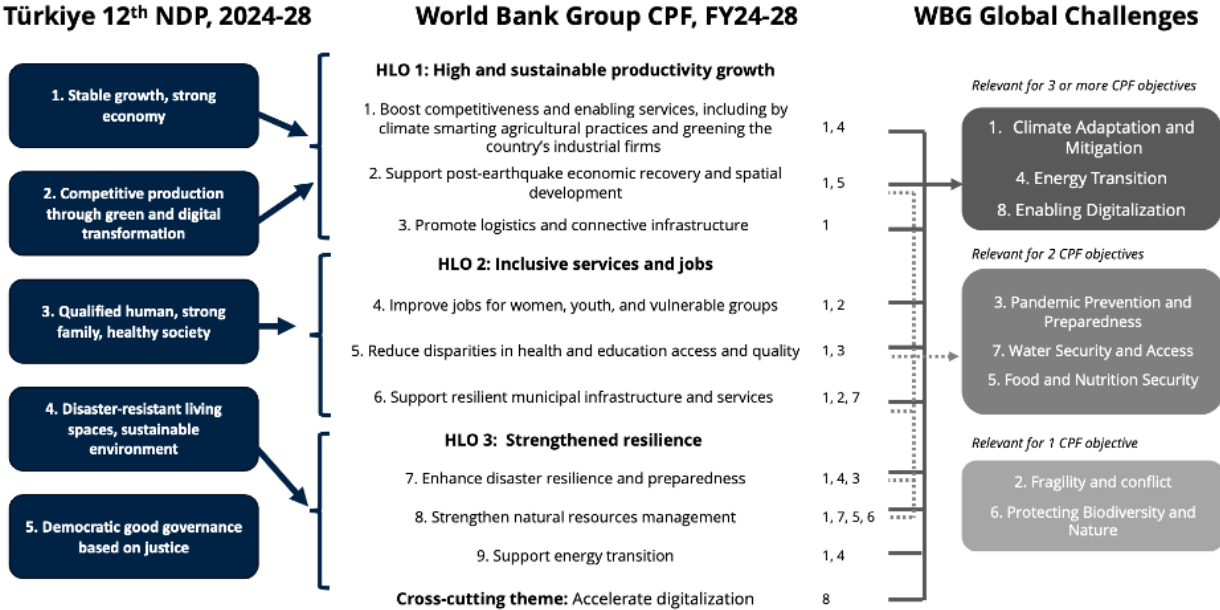
**38. Going forward, the CPF will enhance the WBG's focus on mobilizing private capital by (i) ensuring a better and more strategic coordination as One WBG within selective, key sectors; and (ii) the introduction of new instruments in the program.** IBRD, IFC, and MIGA are aligned to deliver this CPF as One WBG, in accordance with maximizing finance for development (MFD) and 'Cascade' principles. This is the result of extensive consultation and collaboration throughout the development of this CPF. Four areas have been prioritized for maximizing synergies across these institutions in the next CPF period: (a) Türkiye's exporters and green exports (Objective 1), (b) restoration and recovery of earthquake-affected private sector activities (Objective 2); (c) municipal infrastructure and services (Objective 6) including resilient green future cities; and (d) the energy transition at the heart of decarbonization (Objective 9) with a focus on scaling-up energy efficiency, enabling renewable energy with a modern grid, and e-mobility. They will include a strong focus on private capital mobilization and enabling, including through help to increase access to finance for private operators.

**39. IBRD, IFC and MIGA are also introducing new instruments to mobilize private capital.** As an example, IBRD recently approved an operation that will contribute to the creation of an equity fund that will attract private investment to build equity in firms trying to green their operations. Similarly, a guarantee provided to Eximbank will mobilize private capital to support firms adjusting to the requirements of the EU CBAM. In this context, IFC could provide advisory and financing to exporting firms adjusting to the requirements of the EU CBAM. Furthermore, IFC will (i) aim to expand its funding risk sharing coverage by adding new private banks to allow a greater number of exporting SMEs to match their trade-related working capital needs; (ii) explore with IBRD the use of sovereign loans to act as either first loss tranche or economic viability gap filler, to enhance the bankability of priority industries in Türkiye; (iii) aim to reduce borrowing costs in local currency for priority municipal investments, including with IBRD's potential policy dialogue with the Government on ways to promote local currency borrowing at the municipal level; and (iv) continue to invest in and strengthen the venture capital and private equity space in Türkiye. MIGA is also looking to deploy new applications of its instruments in Türkiye. MIGA is seeking to support short-term liquidity needs of exporters and increasing availability of credit by extending its first Trade Finance guarantee in the country and potentially through its capital optimization product. In its turn, IFC can also leverage MIGA products more effectively to de-risk debt and equity capital market instruments of exporters.

**40. The Bank will partner with Türkiye over the CPF period to strengthen institutions and development outcomes.** IBRD is already engaged to institutionalize its Environmental and Social Management System (ESMS) with the Ministry of Environment, Urbanization and Climate Change therefore contributing to the sustainability of development outcomes. Indeed, the Bank's ESMS has already been adopted by a key public agency (Ilbank) while others are considering taking the same step. With the Public Procurement Agency, the Bank is supporting the government's plans to enhance the electronic Government Procurement system to improve the accountability of procurement across public institutions. The Bank is also responding to requests for technical assistance from the Ministry of Treasury and Finance to improve the transparency and efficiency of public finances through the institutionalization of enhanced integrated public financial management information system (IPFMIS) and of spending reviews. And with the regional administrations and with key central government departments tasked to

oversee regional development public investment projects, the Bank will further incentivize institutional effectiveness by deploying a results-driven programmatic approach to key investments.

**Figure 1. Alignment of CPF with National Priorities and WBG Global Challenges**



**High Level Outcome 1: High and sustainable productivity growth**

41. **The need to rebalance the country’s growth model, which over the past two decades has mainly relied on factor accumulation, towards greater and sustainable reliance on productivity is at the core of the first HLO.**<sup>6</sup> The CPF includes three objectives under HLO1 to support this rebalancing: (i) boost competitiveness and enabling services, including by climate smarting agricultural practices and greening the country’s industrial firms; (ii) support post-earthquake economic recovery and spatial development; and (iii) promote logistics and connective infrastructure. Increased competitiveness also requires a skilled workforce as well as the provision of employment support, which are addressed under HLO2.

**CPF Objective 1: Boost competitiveness and enabling services, including by climate smarting agricultural practices and greening the country’s industrial firms.**

42. **Productivity improvements are needed in agriculture.** Agriculture is an important sector of Türkiye’s economy (the country is one of the world’s top ten agricultural producers) but needs improvement relative to other middle-income countries. It is also being significantly affected by climate change and will dramatically benefit from the expansion of new climate-smart agronomic practices and improved water management systems. The 12<sup>th</sup> NDP highlights the interlinkages of strengthening food security with sustainable use of land and water resources, increasing productivity through the use of new technologies of inputs, and reducing the effects of climate change.

43. **The greening of the Turkish industrial sector is also an opportunity to increase productivity and rebalance the country’s growth model.** The CCDR highlights how climate action is critical for growth in Türkiye to be sustainable, both economically and environmentally, and how higher productivity and the fight against climate change can go hand in hand. Indeed, an acceleration in green transformation efforts will not only support Türkiye’s climate commitments but also help improve firm productivity, develop new

<sup>6</sup> Although in the long run growth will need to come increasingly from total factor productivity (TFP), growth dividends could also be achieved by making growth and job opportunities more inclusive, which is a focus of HLO2.

industries, and mitigate risks from the global transition to a low carbon future. Türkiye has a strategic geographic position at a time when global value chains are nearshoring but needs to urgently build on progress to decarbonize its power sector to maintain and enhance competitiveness, particularly in EU markets. One incentive in this regard is the EU's CBAM which will be effective in 2026. Given that certain manufacturing sectors in Türkiye are more carbon intensive than the EU average, exports of affected sectors to the EU market could drop considerably if decarbonization efforts were delayed. On the upside, early investments in green technologies could give Turkish firms a lead to compete internationally and increase exports, especially in markets where firms already have a competitive advantage (e.g., solar energy) to further create jobs and potentially out-compete more emissions-intensive producers.

44. **OIZs, which have played an important role in Türkiye's strategy to accelerate productivity, can also support the greening of the industrial sector.** The basic idea behind the country's OIZ is to reduce logistics costs, operate as a "one-stop shop" resulting in less bureaucracy, and eliminate uncertainties on the investment environment (time and costs for licenses, permits, and supervisions). In 2018, 36.5 percent of Türkiye's total exports were carried out by companies operating in OIZs – an indication of OIZs' integration in global value chains and positive productivity dynamics. Significant gains are possible by transitioning to "Green OIZs" through green infrastructure investments.

45. **In addition, access to affordable long-term finance is needed to undertake investments to innovate and adopt new technologies as well as to green the country's firms.** Long-term finance contributes to faster growth, greater welfare, and stability by: (i) reducing rollover risks for borrowers, lengthening the horizon of investments and improving performance; and (ii) allowing for long-term investments, which are needed particularly for the green transition, climate resilience, and job creation.

46. **Within sectors and within firms, productivity may also be hindered by skill shortage and suboptimal allocation of talent across jobs and industries.** Consequently, concerted actions aimed at increasing access and quality of education and labor market participation of currently excluded groups, which are covered under HLO2, will also help boost productivity growth.

47. **The CPF will support efforts to strengthen the competitiveness and environmental sustainability of industry and agriculture.** Working as one WBG, IBRD and IFC will step up their work on industrial zones. The existing IBRD and IFC (in terms of OIZs) portfolios will carry forward work to: (i) increase the efficiency, competitiveness and environmental sustainability of industrial firms and select OIZs; and (ii) strengthen capacity for sustainable and competitive agricultural growth and promote the use of climate-smart agriculture in targeted regions. The planned IBRD pipeline and IFC creating markets pipeline will introduce new investments for the green transition with a focus on green exports and firms' emissions reduction. In close coordination with IBRD and IFC, MIGA will seek to support private sector development and competitiveness by utilizing its political risk instruments to mobilize much needed foreign direct investments toward highly impactful projects that promote inclusive, sustainable growth.

48. **The CPF will also prioritize improving access to private capital and longer-term finance, including sustainable financing instruments.** IBRD projects will help expand climate financing in Türkiye's capital markets, crowd in private capital for achieving its Updated First NDC targets, and improve access to longer-term finance, including long-term green loans, for enterprises. Specifically, the ongoing IBRD's Green Finance Project and the IBRD Green Export Project will prioritize private capital mobilization for green objectives. IFC will continue providing direct and mobilized financing, including green and other climate-linked financings, introducing improvement in inclusivity of vulnerable groups where applicable, to competitive Turkish private entities. In addition, IFC will explore local currency funding options for logistics and energy distribution companies predominantly operating domestically, with an emphasis on agribusiness companies. IFC will also support the development of capital and private equity markets by utilizing its anchor investor position. MIGA will support increasing access to finance for export-oriented

firms in Türkiye. MIGA's existing projects with Türk Eximbank have provided both medium and long-term funds to the Turkish export sector, with a focus on SMEs. Going forward, complementing IBRD and IFC interventions, MIGA will explore new opportunities to deploy its political risk guarantees for short-term trade finance facilities to support export-oriented SMEs, medium-high technology firms and women owned firms, as well as to provide broader access to finance to underserved segments.

49. **IBRD, IFC and MIGA are working jointly to support Türkiye's exporters and green exports from different angles.** IBRD will support Eximbank's long-term funding and exporter's decarbonization through the Green Export Project. MIGA is identifying opportunities to support Eximbank's short-term funding/trade finance to support green and high technology exports. IFC is looking into plastic and waste circularity and how to decarbonize related value chains. IFC is also exploring opportunities to finance exporters willing to decarbonize their operations (especially in light of the upcoming CBAM regulation) and to scale up trade finance solutions for private commercial banks. This combined strategy will support the public policy objectives of Türkiye's transition to a more sustainable, productivity-driven growth model, which heavily relies on increasing exports, helps correct Türkiye's current account deficit, and contributes to the decarbonization of the economy.

50. **The WBG's knowledge work and policy dialogue will be critical for restoring and maintaining macroeconomic sustainability and mitigating the macroeconomic risks that could jeopardize the achievement of HLO1.** It is imperative to maintain intensive monitoring of and dialogue on macro-financial conditions, while also analyzing structural challenges and opportunities. This mitigates risks to the program and individual operations. Core and extended analytics are critical in this regard, as is readiness to engage in dialogue and technical assistance when requested by the authorities. This CPF will support: (i) expenditure review to improve the efficiency of public spending and revenue collection; (ii) transparent, effective, and evidence-based policymaking through macro-financial monitoring; (iii) mitigation of macro, seismic, and climate risks to financial stability; and (iv) analysis of the costs and benefits of modernizing Türkiye/EU Customs Union to increase trade and investment flows.

#### **CPF Objective 2: Support post-earthquake economic recovery and spatial development**

51. **Beyond the tragic human cost, the February 2023 earthquakes caused significant damage to productive capacity and disrupted economic activity.** In addition to damaged infrastructure and basic services, labor shortages restrain the pickup in business activities in the earthquake-affected areas, notably manufacturing of final and intermediate goods for Türkiye's consumption and exports. In the short-term, MSMEs need increased access to finance to overcome the consequences of recent shocks, averting the closure of otherwise viable MSMEs. An estimated 132,092 MSMEs (approx. 28 percent of all MSMEs in the earthquake affected areas) have either suffered damages and/or loss of income, and these damaged MSMEs employed 346,000 workers. The earthquakes also damaged or destroyed the buildings and other real estate of approximately 27 small industrial estates, which employed approximately 22,000 workers. The earthquakes affected area accounted for nearly one eighth of Türkiye's total agricultural exports (approx. \$35.2 billion in 2023) and hosted around 14 percent of the national farm holdings. The impacts risk reversing the gains made by Türkiye on regional spatial development and convergence. Opportunities remain to leverage existing public investment programs in rural areas on small-scale irrigation systems, improved market access for agricultural and livestock producers, and the tourism potential to deliver regional development outcomes of growth and employment.

52. **The CPF will carry forward the ongoing work to support economic recovery in earthquake-affected areas and to support the wider objective of spatial development.** IBRD's program will continue to: (i) provide short-term working capital and investment support to affected firms through private commercial banks; (ii) support the reconstruction of damaged productive assets including small industrial estates; (iii) enhance agri-food productive capacity and supply chain flows; and (iv) improve institutional



capacity of regional administrations to manage more effective and resilient rural infrastructure investments and to harness economic development growth potential.

53. **IBRD and IFC teams have been coordinating their response to the February 2023 earthquakes to support the restoration and recovery of affected private sector activities.** IBRD and IFC worked together to formulate a response plan which started with joint analytics (IFC supported IBRD on the assessment of damages led by the Government of Türkiye). IBRD approved a \$450 million project in June 2023 (Post Earthquake MSME Recovery project) to support the business continuity and sustainable growth of viable MSMEs that had suffered damages in the earthquake-affected provinces. The project provides reimbursable financing to cover operational expenses of affected MSMEs. In parallel, IFC approved a \$600 million project in July 2023 (Türkiye Earthquake Response Banks) to provide unsecured loans to five private banks and a \$150 million loan to a leading industrial group operating in Türkiye's earthquake-affected provinces to help creating jobs, increasing disaster resilience, and enhancing competitiveness. This will enable the Banks to meet immediate liquidity needs brought forth by the retail and MSME loan deferrals/restructurings in the aftermath of the earthquakes and to help them extend new loans to bankable MSMEs. Additionally, in April 2023, MIGA increased its guarantees to US\$70 million in support of the expansion of the Gaziantep Hospital, which started operations in November 2023.

54. **IFC will complement IBRD support by working on securing private sector funding for both early relief and long-term reconstruction efforts.** IFC seeks to deploy approximately \$1 billion over the next two years to support relief and reconstruction efforts and will channel funding through its longstanding private partners in the financial, manufacturing, and infrastructure sectors. In addition to the project approved in July 2023, IFC is also looking to support an important local manufacturer operating in the earthquake affected zone to create employment opportunities, enhance competitiveness, and improve sustainability practices. The IFC pipeline includes new projects for reconstruction of critical private sector infrastructure in the earthquake-impacted region, which will strengthen climate adaptation.

55. **In coordination with IFC and IBRD, MIGA will seek opportunities to support sustainable economic recovery in the earthquake-affected areas.** Since 2017, MIGA has supported the construction of a state-of-the-art hospital complex, which comprises seven different hospitals, with dedicated units for General, Intensive, Oncology, Children, and Psychiatric care. In addition to the April 2023 increase in its guarantees, going forward, MIGA will seek to use its political risk insurance and trade finance guarantees to de-risk investment projects in the earthquake-affected areas aiming to re-build better and promote sustainable economic activity.

### **CPF Objective 3: Promote logistics and connective infrastructure**

56. **Better connectivity and logistical performance are essential to securing future economic competitiveness while decarbonizing.** Türkiye's position at the western terminus of the Middle Corridor transporting freight between East Asia, Central Asia, and Europe is significant to trade and growth prospects for both the country and the region, placing logistics at the forefront of its strategic goals. However, Türkiye's logistics sector has significant room for improvement. Moreover, logistics in Türkiye are still highly dependent on trucking. Rail freight captures only about 4 percent of all ton-km transported, significantly less than in the US, EU, China, Brazil, or Mexico for example. Compounding the problem is the fact that only 16 out of 210 ports in Türkiye have railway connections at the "last mile." For example, a railway connection to Istanbul's Ambarlı container port complex, which handled 3.2 million TEUs in 2022 (26 percent of national port throughput), is yet to be completed. The 12<sup>th</sup> NDP prioritizes transportation investments focusing on freight transportation in order to transition to a railway-connected multi-modal system, reduce environmental impacts from transportation, and improve road traffic safety. It also highlights the need to clarify authorities and responsibilities among institutions, and to improve legislation, alongside developments in the physical infrastructure.

57. **Improvements in transport services could significantly impact the final costs of inputs, products and services.** Innovation in logistics—notably efficiency improvements and technological upgrading—is key for boosting competitiveness in industry and agriculture (link with CPF Objective 1). Further development of the ports sector to improve governance, last-mile and hinterland connectivity, efficiency, and readiness for low- and zero-carbon bunker fuels will be necessary to maintain Türkiye’s logistical performance and ability to serve its climate-conscious customers. There are significant climate risks to the road and rail networks, and at least two of Türkiye’s main airports and seaports are exposed to flooding risks. Studying the risks to the network would help increase resilience in mobility and logistics.

58. **The CPF will accompany Türkiye to promote logistics and an efficient connective infrastructure while reducing transport costs and emissions.** IBRD’s pipeline builds on ongoing support to improve the rail sector and its role in domestic and international logistics vs. the current dominant truck-based system. IFC will continue to invest in port and logistics projects aimed at boosting sector competitiveness and green transformation. IFC is well-aligned with IBRD on its strategic engagements in the transport sector, which include electrification of transport systems, creation of markets on rail freight and intermodal transport connectivity and decarbonization of shipping lines/port terminals. Similarly, MIGA projects with the municipalities of Izmir and Istanbul for sustainable mass transport support this CPF objective.

### **High Level Outcome 2: Inclusive services and jobs**

59. **The second HLO focuses on income dynamics which have been exacerbated by recent shocks (e.g., February 6<sup>th</sup> earthquakes) impacting disproportionately poor and vulnerable populations.** Investments in human capital utilization have also proven to contribute to increased productivity and economic growth (HLO1). In this regard, the CPF includes three objectives aiming at this HLO: (i) improve jobs for women, youth, and vulnerable groups; (ii) reduce disparities in health and education access and quality; and (iii) support resilient municipal infrastructure and services.

### **Objective 4: Improve jobs for women, youth, and vulnerable groups**

60. **Recent economic growth is yielding fewer higher-quality jobs and remains less inclusive for women, youth, and vulnerable groups, including SuTPs, members of host communities, and those under higher risk due to the green and digital transitions.** As already noted, Türkiye’s female labor force participation increased significantly between 2005 and 2022 to 35 percent, but it remains well below the participation rate of comparable countries. Youth not in education, employment or training (NEET) aged 15 to 29 has been stagnant at 27 percent since 2015, with youth women representing three out of four youth NEET and a third of NEET living in the earthquake regions. While significant progress in receiving SuTPs has been made by Turkish institutions, bottlenecks persist, requiring further policy reforms and support for strengthening the inclusion and economic participation of SuTPs as well as members of and host communities. For those who are active, high levels of unemployment and informality remain, afflicting those who are already the most vulnerable. All of which is compounded by severe internal and external shocks (i.e., high inflation, climate change, pandemics, earthquakes), which make employment and livelihood promotion even more difficult. The 12<sup>th</sup> NDP anticipates the demand for low-skilled jobs to decrease sharply in the context of the green and digital transition, elevating the need for continuous education and skills development for a just transition.

61. **The CPF will promote increased access to better employment and livelihoods opportunities for all, especially women, youth, and vulnerable groups, including SuTPs, through improved and strengthened systems, programs and services.** IBRD will carry forward ongoing work and engage in additional support for: (i) improving employability, livelihood opportunities and formal employment conditions for women, youth, and SuTPs; (ii) carrying out knowledge work on skills for green jobs, and supporting the operationalization of labor market programs for the green and digital transition; (iii)

implementing activities to promote livelihoods through community driven and participatory programs; and (iv) strengthening institutional capacity to assess demand for skills, support job creation and entrepreneurship in selected localities with high incidence of SuTPs and evaluate results. For IFC and MIGA, job creation will continue to be a cross-cutting area in almost all its investments in the real and financial sector. In the financial sector, the focus is on sustainable and inclusive job creation through on-lending for MSME's and women entrepreneurs.

#### **Objective 5: Reduce disparities in health and education access and quality**

**62. Over the past few decades, Türkiye developed robust systems for service delivery that have led to relatively strong human capital development.** This is especially true in terms of access to schooling and primary health care as well as healthcare coverage and financial protection. In addition, according to the latest Program for International Student Assessment (PISA) results, although Europe experienced a decline from 2018, Türkiye managed to maintain the same performance in math and improved in science despite COVID-19 school closures, highlighting the positive impact of digital investments. Yet, challenges remain in terms of equity and quality of services. For example, there is low overall enrollment in Early Childhood Education (12 percent of 3-year-olds and 30 percent of 4-year-olds), affecting school learning, particularly for vulnerable children. Indeed, Türkiye is in the top 10 countries with the largest academic performance gaps across schools, with important inequalities across socio-economic status and geography (lagging learning outcomes in eastern region and in rural areas). Moreover, according to the latest PISA results, overall, students in Türkiye continue to score less than the OECD average in mathematics, reading and science. PISA results also revealed that a high percentage of students do not reach the minimum proficiency levels in these subjects. Finally, Türkiye's health care model needs to shift its emphasis from curative to preventative care, and with an aging population, from communicable to non-communicable diseases (NCDs), while maintaining a focus on pandemic prevention and preparedness. For Türkiye to leapfrog and accelerate human capital, it will be essential to ensure increased equitable access to quality public services, particularly health and education.

**63. The February 2023 earthquakes had a devastating impact on health and education services which need to be restored as a matter of urgency.** About 31 percent of hospitals and many primary-level health care centers, public health laboratories, and vaccine warehouses in the affected areas sustained substantial damages; at the same time, demand for disability and mental health care increased drastically in the aftermath of the earthquakes. Similarly, over 900 education buildings in the affected areas were either destroyed or damaged and undamaged education buildings were temporarily repurposed as emergency shelters.

**64. The CPF will support the restoration and improvement of education and health services with a focus on enhancing equity and quality for underserved communities.** IBRD will carry forward ongoing work and engage further to: (i) restore services in earthquake-affected areas; (ii) improve primary and secondary prevention of selected NCDs and strengthen health systems capacity to provide geriatric care; (iii) enhance education system capacity to provide equitable access to quality education; and (iv) ensure the relevance of the education system and its ability to produce skills required in the current and future labor market. These measures are expected to contribute to poverty reduction.

**65. MIGA will continue to support Türkiye's health sector by providing guarantees to foreign investors in specialized health services, and through financial innovation to help create alternative market solutions for health infrastructure financing.** At present, MIGA supports 6 hospitals in Türkiye in the provinces of Gaziantep, Elazig, Yozgat, Bursa, Adana and Istanbul. Jointly these projects have supported the construction of over 9,000 modern and specialized hospital beds. MIGA will remain open to support investments into Türkiye's health public private partnership (PPP) program by providing political risk insurance guarantees for the construction and operation of new health facilities.

## Objective 6: Support resilient municipal infrastructure and services

66. **Türkiye’s urbanization has facilitated growth, job creation, and improved living standards.** However, as the urban population has more than tripled from around 19 million in 1980 to over 65 million in 2022, cities have sprawled creating challenges for the environment and municipal and social services. Issues have also emerged around long-term financing for municipal infrastructure (water, sanitation, wastewater, stormwater/drainage, solid waste, urban transport, emergency/firefighting). Coverage of piped water and sewage networks is relatively high in Turkish municipalities, but more than 40 percent of water is distributed untreated. Moreover, a significant proportion of wastewater is discharged into the environment untreated, presenting risks to public health and damaging the environment. Air pollution from transport and residential energy use is also a growing problem, emerging as the largest environmental risk factor for human health, estimated to cause more than 41,000 premature deaths per year in Türkiye. Expansion of public transport systems will be required to increase access to jobs and services, boost productivity, accelerate transport electrification, avoid over-reliance on private vehicles, and stem congestion and other negative environmental and economic impacts from urban transport. Improved urban planning frameworks that combine urban design with various aspects of municipal planning such as sustainable mobility, energy efficiency, water and waste management are needed to ensure efficient use of land and other natural resources and deliver efficient and sustainable municipal infrastructure. In addition, the February 2023 earthquakes caused extensive damage to water supply and sanitation infrastructure. Critical emergency response facilities, such as municipal fire stations, suffered widespread collapse or severe damage which adversely affected disaster response and service provision.

67. **The CPF will support restoring and expanding access to climate and disaster-resilient municipal infrastructure and services.** IBRD will carry forward investments focused on: (i) improving integrated forward-looking urban and infrastructure planning in cities; (ii) restoring and expanding access to safely managed water supply, wastewater, and solid waste management services; (iii) restoring and strengthening municipal buildings and infrastructure, including emergency services; (iv) strengthening urban mobility planning and expanding high-quality public transport services; and (v) expanding stormwater management and sustainable urban drainage. IFC’s pipeline in municipal services seeks to enhance citizens’ access to public services, such as wastewater treatment and public transportation, and is exploring options for scaling the rollout of geothermal heat-pumps and developing surface geothermal for district heating and cooling. Collectively, IBRD, IFC and MIGA are working to improve urban mobility planning and sustainable transport services, including electric buses and other Electric Vehicles (EVs).

68. **There is strategic alignment, complementarities, and synergies between IFC, MIGA and IBRD engagements in Türkiye’s urban and municipal sector in accordance with the MFD and ‘Cascade’ principles.** IFC and MIGA’s focus has been on direct engagements to support sustainable infrastructure development with creditworthy municipalities (and municipal companies and utilities providers) that can borrow without the backing of a sovereign guarantee. IBRD primarily supports cities that are not yet able to borrow on commercial, non-sovereign backed terms via direct and indirect public lending and policy advice, technical assistance, and capacity building. A closely coordinated approach between IBRD and IFC in the municipal sector, enables the WBG to structure optimal interventions matching client needs.<sup>7</sup>

69. **Best practice collaboration between IBRD and IFC in the municipal space will be continued in the new CPF period.** In addition to the Cascade principles that have been followed over the past CPF periods in financing municipalities, IFC will explore possibilities in financing the private sector, directly or through Municipal PPPs, in the areas that will be identified with the Green and Future Cities (GFC) Project

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<sup>7</sup> Following the earthquake and floods in Izmir in 2020-2021, IFC connected city officials with IBRD to explore needs to support the city’s recovery and rebuilding. Support is provided under the IBRD Türkiye Earthquake Floods and Wildfires Emergency Reconstruction Project approved in 2022.

of IBRD. A similar approach is also being planned for supporting the e-mobility development of cities in Türkiye (exploration of alternative PPP structures for e-buses rollout). IFC is exploring ways to encourage Turkish municipalities to convert their diesel buses to electric buses, which will require significant upfront investment. Following the IFC-supported pilot municipalities, IBRD is exploring the possibility of launching a sovereign-backed financing program and offering the necessary technical assistance to support the purchase of electric buses in other cities where private sector participation is unlikely.

**70. Investments in municipal infrastructure need to be accompanied by support to strengthen the institutional capacity of municipalities and associated utilities to implement infrastructure works and adequately operate and maintain assets.** The draft CPSD emphasized the necessity of greater operational coordination among central bodies to enable municipalities to pursue collectively determined objectives. While water, wastewater, and solid waste management services are provided by municipalities, achieving national and international goals requires translating policies proposed at central or supranational levels into feasible local strategies. IBRD dialogue to improve institutional capacity of regional administrations noted above could also support efforts on this front.

### **High Level Outcome 3: Strengthened resilience**

**71. The high vulnerability of Türkiye to natural disasters and other shocks is reflected in HLO3, which seeks to strengthen the country's resilience.** Resilience is essential for economic stability and prosperity, and in Türkiye has several dimensions: earthquakes, climate change-related disasters, and public health emergencies and shocks. To help build resilience and preparedness to shocks, the CPF includes three objectives covering several dimensions: (i) enhance disaster resilience and preparedness; (ii) strengthen natural resources management; and (iii) support energy transition.

#### **Objective 7: Enhance disaster resilience and preparedness**

**72. Natural disasters, climate change, and pollution are having dramatic impacts on welfare, livelihoods, natural resources, biodiversity, and the sustainability of the country's growth model.** The country's risk profile is dominated by seismic risk, as 70 percent of its population live in seismic zones, while it is increasingly exposed to hydrometeorological events. In addition, fueled by climate change, the frequency, intensity, and impact of extreme events have increased in recent years including flooding, extreme heat, wildfires, storms, and drought events. Climate models project this trend to continue, with more recurrent and intense heatwaves, wildfires, droughts, and floods, which along with sea-level rise, will be more acutely felt in urban areas.

**73. Disasters and climate change adversely affect poverty and place additional burdens on the Turkish government's budget, reducing the fiscal space available for development programs.** Earthquakes and floods present the main fiscal risks related to disasters, which –taken together– could increase to \$1.6 billion in annual average GDP losses in the long run. Although the overall magnitude of disaster impacts remains manageable for Türkiye's economy over the long term, large-scale events generate short-term welfare costs and significant increases in transient poverty. Under the pillar of “disaster-resilient living spaces, sustainable environment,” the 12<sup>th</sup> NDP prioritizes efforts to strengthen the resilience of settlement areas and communities to disasters, protect the environment, improve quality of living in urban and rural areas and reduce regional development disparities.

**74. The CCDR highlights that climate and geological risks affect households unequally.** There is a strong spatial overlap between poverty, and natural disasters, and extreme climate events such as wildfires, which are expected to become more frequent as temperatures rise. Moreover, poorer families are most likely to live in buildings vulnerable to collapse or severe damage in an earthquake. Poverty density is also high in three of the country's highest-risk areas—Istanbul, and the Van and Agri subregions in the east—which account for over 15 percent of the country's poor people. Flood risk is widespread.

However, some regions, such as Antalya, Adana, and Hatay on the Mediterranean coast, and the more developed but highly populated Istanbul subregion, demonstrate relatively higher vulnerability. Along the Mediterranean coast, a 200-year flood could push 100,000 people into poverty.

75. **The scale of the challenge is further compounded by limited financial protection and ex-ante actions to reduce risks, which are required to protect people, communities, and the economy and ensure rapid recovery.** Türkiye's insurance industry needs improvement to reach its potential. Mandatory earthquake insurance is not available for buildings not compliant with building codes. The seismic retrofitting and reconstruction of residential buildings in Türkiye that were constructed prior to 2000, when stronger seismic codes were introduced, is estimated to cost in the order of \$400 to 600 billion. Lower and middle-income homeowners need increased access to finance the ex-ante structural strengthening (which can also be coupled with energy efficiency improvements) of their structurally unsafe residences. Sound planning of the built environment, centered on strengthening preparedness and response systems and mainstreaming risk reduction principles, is critical for creating resilient cities and avoiding costly impacts of disasters on lives, livelihoods, basic services, buildings, and infrastructure.

76. **Türkiye also needs to ensure increased response and preparedness for future public health emergencies and pandemics.** It will thus be important to strengthen emergency services that can provide immediate support to shock-affected populations, especially in lower income neighborhoods, in the provinces most impacted by the 2023 earthquakes, and in communities affected by the influx of SuTPs. For example, as a result of COVID-19 and the 2023 earthquakes, Türkiye lost approximately 1.25 years of schooling, which affected the poorest and most vulnerable students.

77. **The CPF will support disaster resilience and preparedness, with a focus on natural disasters, climate change and public health emergencies and shocks.** IBRD and IFC will continue to support resilient retrofitting and reconstruction of collapsed, damaged, and vulnerable housing, schools, public buildings, and other buildings alongside measures to improve energy efficiency, scale up of renewable energy, facilitate modernization (including for fire safety and sanitation), and support universal access. Specifically, IBRD will continue to: (i) strengthen capacities of municipalities and utilities to prepare for, and respond to, multi-hazard risks and climate change; (ii) support disaster insurance and risk transfer solutions and strengthen financial resilience against disaster risk; (iii) enhance flood and drought management; and (iv) improve the preparedness of the health sector to sustain access to services during public health emergencies and shocks. IFC will support the financial sector to increase its capacity to assess climate risk to enhance its ability to support its clients to address climate change and physical hazards.

78. **In close coordination with IFC and IBRD, MIGA will utilize its political risk mitigation instruments to support projects that aim to rebuild better and to provide comprehensive solutions to market demand for preparedness efforts.** In FY23, MIGA supported construction of the Gaziantep Hospital complex which is expected to reach full operations in July 2024. The 1,875-bed complex will consist of a general hospital, a women and children's hospital, and a cardiovascular and oncology hospital. Up to 19,000 patients a day are expected to seek health services when the complex is operational. It will be a low-carbon and climate-resilient health care facility that includes modern seismic standards. These types of projects could be replicated in this CPF, subject to client demand and conducive market conditions.

#### **Objective 8: Strengthen natural resources management**

79. **Despite successful reforestation efforts, climatic and human-induced factors put pressure on land, soil, forests, and water resources.** Pollution of air, water and land, particularly from growing urban agglomerations, degrade the natural capital that serves as input for economic growth and contribute to health problems that increase morbidity and lower labor productivity. The combination of geographical, topographic, climatic, and soil characteristics, combined with unsuitable farming practices, makes Türkiye

prone to erosion and landslides. Climate change is expected to exacerbate land degradation through soil erosion, fertility loss, biodiversity loss, and nutrient depletion, with negative impacts on agriculture and livestock productivity, forestry, and the soil's capacity to serve as carbon sink. Türkiye needs to mainstream sustainable forest management to enhance carbon sinks and manage climate risks (especially wildfires), with investment in landscape restoration through reforestation, forest and grassland rehabilitation, cropland management, and wetland conservation.

**80. Increasing water use, pollution and climate change pose significant risks to Türkiye's water security.** According to the CCDR, over two-thirds of the country's 25 river basins face severe water scarcity. By 2023, Türkiye's total water consumption will be 112 billion cubic meters, comprising 72 billion for irrigation, 18 billion for domestic use, and 22 billion for industry. Increasing drought severity has exacerbated groundwater depletion, with water levels dropping by more than two meters in river basins such as Konya, threatening the long-term sustainability of agriculture and contributing to the occurrence of massive sinkholes. The 2020/21 drought left several reservoirs around major cities with their lowest water storage levels in 15 years: Istanbul's reservoir levels fell to less than 20 percent of capacity in early 2021, putting water supply services at high risk for the city's 16 million customers and other users, including industry. Climate change-related warming of the Marmara Sea, combined with widespread pollution from the discharge of untreated industrial and domestic wastewater, fertilizers and pesticides has also contributed to the mucilage crisis that threatens aquatic life, tourism, and fisheries.

**81. The CPF will support efforts to strengthen natural resources management, with a focus on water security and sustainable forests.** IBRD will carry forward support for: (i) strengthening land administration and management; (ii) increasing resilience of forests and people to wildfires; (iii) improving efficiency, reliability, and inclusiveness of irrigation and wastewater services and reuse; (iv) promoting sustainable, competitive agricultural growth; (v) promoting city greening and nature-based solutions to reduce urban heat and flooding; and (vi) strengthening institutional capacity for integrated fire management, water circularity management, point source pollution reduction, and integrated flood and drought risk management. The IBRD pipeline will increase support for green cities and climate-smart agriculture through support for rebuilding Türkiye's agri-food sector. IFC aims to work with private afforestation investments in Türkiye and with municipalities on water, wastewater, and waste circularity management. This work relates to three of the WBG global challenges: food and nutrition security; water security and access; and protecting biodiversity and nature. In these areas, MIGA will enhance collaboration with IFC and IBRD to scale up support, including through programmatic engagements to mobilize foreign private capital for green investments.

#### **Objective 9: Support energy transition**

**82. Transitioning to clean, renewable energy, while boosting energy efficiency and gradually retiring fossil fuels is critical to mitigating climate change, building resilience to volatile energy prices and lowering energy costs.** Türkiye suffers from a large, emissions-intensive industrial base, high use of fossil fuels, carbon-intensive transport, and inefficient buildings. Achieving net-zero emissions by 2053 will require significant policy reform and investment but will generate considerable economic benefits and improve the country's resilience. The energy transition will also be critical for Türkiye's ability to maintain and enhance the competitiveness of its exports since a rapid decarbonization of its power sector would allow it to out-compete more emissions-intensive producers while reducing harmful air pollution, as described in Objective 1. The 12<sup>th</sup> NDP also highlights the importance of energy security that links to the global challenge of sustainable energy access, especially given regional conflict and uncertainty.

**83. As the center of growth and agglomeration economies, cities are critical for emissions reductions in Türkiye.** This is particularly the case for improving energy efficiency of the building stock and supporting a modal shift to low or zero emission public transit and smart green urban mobility as well

as integrating green solutions to municipal infrastructure management (links with HLO2). Sound planning of the built environment and land development is needed to avoid locking in high-emission urban growth.

**84. During COP28 the Government announced an ambitious plan to expand solar PV and wind power capacity by 60GW by 2035.** By putting downward pressure on electricity costs and mitigating exposure to fossil fuel price volatility, decarbonization of the power sector through renewables will further improve industrial competitiveness, exports, and growth in Türkiye (link with HLO1). According to Türkiye's 2022 National Energy Plan, total coal-fired power capacity will increase to 24.3 GW by 2035 (assuming no carbon capture). However, deep decarbonization implies Türkiye has to retire most of its coal power plants by 2040, build no new coal plants, and replace the energy with cleaner, affordable, and reliable alternatives. WBG support will only cover a fraction of investment needs, and therefore needs to be highly strategic in its targeting to influence: (i) national policies, to incentivize private investments on a national scale and (ii) national investment programs that can be scaled up to drive change, such as, for example, on the transmission needs associated to the additional renewable generation capacity.

**85. The CPF will support Türkiye's energy transition, in alignment with the WBG global challenge of energy transition, efficiency and access.** IBRD, IFC, and MIGA will step up their support to increase renewable energy generation, modernize transmission and distribution networks, and promote EV charging infrastructure networks, and methane emissions abatement. This includes ongoing IFC support for modernization of distribution networks and reconstruction of critical infrastructure in earthquake affected areas. To help Türkiye's energy transition, IFC is exploring ways to develop and finance surface geothermal rollout for district heating and cooling. Such projects would help Türkiye's energy transition and support its "just" transition by preserving quality jobs and converting them from fossil fuel to zero emission surface geothermal solutions. Similarly, IFC will explore the opportunity to abate methane emissions in Türkiye. IFC will also help mobilize funding for Toroslar Elektrik Dağıtım AS to rebuild critical electricity network. MIGA will continue to support Uludağ Elektrik Dağıtım A.Ş. (UEDAS) and Limak Uludağ Elektrik Perakende Satış A.Ş. (UEPSAS) aimed at strengthening the quality of the electricity supply and its overall reliability in the southern Marmara region. IBRD will scale up support to: (i) enhance energy efficiency especially in the building stock; (ii) scale-up renewable energy including through distributed PV and battery energy storage, power grid enhancements to integrate renewables at transmission level, hydropower rehabilitation, and pumped hydropower storage systems; (iii) support development and implementation of city climate plans, and GHG reductions for municipal infrastructure and services such as through distributed energy solutions; (iv) support efforts aimed at greening the financial sector (banking and capital markets) and mobilizing private capital for clean energy; and (v) improve the policy environment for climate mitigation, including through the emissions trading system.

**86. The CPF will also carry forward work to improve the policy environment for energy transition and more broadly climate mitigation through its knowledge and policy dialogue.** Ongoing analytical work including on decarbonization of maritime transport, sustainable urban mobility, energy, plastic and waste circularity, and green growth are building a new foundation for further engagement in climate change mitigation. Work under the Green Growth PASA is helping to build the capacity of the government to undertake climate strategy planning, evidenced by the increased prominence of climate action in the 12<sup>th</sup> NDP. Ongoing work under the Financial Resilience PASA and by the financial sector regulators aim at greening the financial sector, which can help channel financing for climate mitigation purposes.

#### **Cross-cutting theme: Accelerate Digitalization**

**87. While digitalization in the economy and society continues to improve, the 2022 Digital Transformation Index Report for the country and the Government's NDP call for investment for both business and government.** Türkiye's significant strides in improving Digital Government has led to an increase in the use of government digital services by the public; however, opportunities remain for fuller



automation in data exchange to facilitate private enterprise. Digital transformation can greatly increase productivity and global value chain participation for instance through process optimization; boosting workplace productivity; improving customer satisfaction; and bringing new business perspectives.

88. **Similar to readying themselves for the EU green deal, Turkish firms need to anticipate the challenges and opportunities of the EU's Digital Europe Program.** Internet usage is on par with other EU countries and Turkish firms have been catching up with EU peers in the adoption of digital tools. However, firms' adoption of productivity-enhancing digital technology, especially when it comes to cloud services and enterprise software, is still below EU averages. About 68 percent of adults use their financial institution accounts to make or receive digital payments, below the average in upper-middle-income economies. Usage of digital payments can be used as a proxy for the adoption of Fintech solutions.

89. **Digitalization of government for improved effectiveness and efficiency is highlighted in the 12<sup>th</sup> NDP.** The improvements of digital government are expected to range from improvements in public financial management (advance the IT infrastructure of revenue, expenditure, and accounting systems, and strengthen public procurement to further prioritize digitalization in line with international norms and standards) to improved digitalization for public service delivery and strengthening digital skills.

90. **The following are a few examples of how the WBG will help accelerate digitalization across the CPF:** (i) improve the digital business ecosystem, strengthen market competition, and promote the adoption of climate-smart agricultural technologies (HLO 1); (ii) support seismic and climate-resilient urban planning informed by spatial data (HLO 3); (iii) extend hybrid education opportunities to reach all schools and accessibility of telehealth consultations to improve learning and health outcomes (HLO 2); (iv) engage on financial inclusion and Fintech (HLO 1); (v) engage with venture capital funds to support investments in digital enterprises; (vi) support digital advancement in energy, transport, industry and buildings (HLO 1 and 3); and (vii) continue to support digitalization and modernization of the land cadaster nationwide (HLO 3). Eight indicators relevant to this cross-cutting theme of accelerating digitalization have been tagged with a dedicated marker in the CPF results framework.

## **D. Implementing the CPF**

### **Financial Envelope and Core Principles informing CPF Implementation**

91. **The CPF will be implemented jointly by IBRD, IFC, and MIGA, building on a current portfolio of over \$17 billion in active operations.** IBRD's active portfolio consists of 28 operations with net commitments of \$10.9 billion (of which \$8.3 billion undisbursed), placing Türkiye in the top three IBRD countries by active portfolio size. IFC committed exposure is around \$5.3 billion, making Türkiye IFC's third largest country exposure globally. With a total exposure of around \$2 billion (as of December 2023), Türkiye is also MIGA's third largest country portfolio, representing 7 percent of its total portfolio.

92. **The indicative financing envelope for the first three years of the CPF (FY24-26) is \$18 billion.<sup>8</sup>** This is expected to consist of \$6 billion from IBRD, \$9 billion from IFC contingent on market developments and client demand (combination of long term and short term financing and mix of funding from IFC's own balance sheet with funds mobilized from other investors), and up to \$3 billion to be mobilized from MIGA short-term guarantees. Thus, about two-thirds of the tentative program will support the private sector.

93. **The CPF will continue fostering synergies between IBRD, IFC, and MIGA to leverage impact as One WBG.** Coordination was particularly close among the three institutions in the emergency phase of the February 2023 earthquakes and during the design of the financial package for the first three years of CPF implementation. Looking ahead, coordination will be particularly relevant in sectors such as energy

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<sup>8</sup> Actual volumes for FY24-28 depend on Türkiye's borrowing needs, the IBRD/IFC/MIGA financial capacity, demand from other borrowers/clients, and global economic and financial developments.

(i.e., offshore wind, green hydrogen, geothermal solutions, including for heating and cooling, smart grids, and methane emissions abatement), transport (i.e., e-mobility, e-buses), green buildings, health, digital (i.e., whole sale broadband to enable further development of digital economy development of TowerCo business), OIZ and greening export value chains, municipal services, growth equity and venture capital funds, finance, climate change, and earthquake reconstruction and preparedness. In coordination with IBRD and IFC, MIGA will utilize its instruments to mobilize foreign direct investments, increase access to finance particularly for export-oriented firms; to enhance competitiveness and stimulate job creation, and support investments in energy, transport, and health.

94. **The CPF will further harness existing partnerships and support new partnership frameworks.** The WBG has worked with a set of development partners to increase the amount of finance available for climate change in Türkiye. In October 2021 a memorandum of understanding (MoU) was signed between Türkiye and IBRD, IFC, France, Germany, EBRD, and the UN to provide \$3.15 billion in additional loans, including \$2 billion in additional IBRD resources. In bringing together key development partners, the Climate MoU has facilitated coordination among parties as well climate action in Türkiye. Following the 2023 earthquakes, WBG partnered with EU and the UN to support the Government in assessing the damages and needs for reconstruction. For the Emergency Recovery and Reconstruction Project, IBRD worked closely with other IFIs that are providing or planning to provide parallel co-financing – including notably JICA, CEB (Bank of Council of Europe), IsDB, EIB, EBRD, and the OPEC fund—in the areas of health, municipal infrastructure, and housing. This CPF will continue these partnerships and explore additional engagement with AIIB (already present in the energy sector), build upon the MoU with the Islamic Bank, and further partnerships with other key bilateral development partners.

95. **Reflecting lessons learned, a consolidated and robust program of ASA will be an essential part of the WBG program.** This will contribute upstream to informing the Government’s thinking on national plans and policies in a wide variety of areas such as unemployment, clean energy transition and green growth, social inclusion, refugees, skills and entrepreneurship, and seismic, disaster and climate resilience. Ongoing core ASAs inform on the causes of high and increasing unemployment rate despite high growth and recent upward trends in poverty and inequality in Türkiye. In addition, extended core ASAs will provide an overarching framework for greening the recovery of Türkiye’s economy from the pandemic and earthquakes, and an assessment of labor policies that shape human capital utilization.

#### **Financial Management, Procurement, and Government Systems**

96. **The World Bank will proactively offer support to further strengthen the public procurement system.** The Government through its Public Procurement Agency (PPA) has shown strong interest to further strengthen the public procurement system. During the next CPF period, the Bank will actively pursue opportunities for collaboration and support to the Government in procurement reform. Areas of possible engagement include: (i) conducting MAPS assessment of the public procurement system; (ii) assessment of the national e-Government Procurement (e-GP) system to generate greater cost efficiency and also for ascertaining the e-GP system’s adequacy for use in Bank-financed projects; (iii) enhancement of the existing e-GP system (including modules for contract management, bidders’ database, granular M&E data analytics, Red Flag system); (iv) promoting Sustainable Public Procurement through enabling implementation of green and inclusive procurement; and (v) use of advance procurement in both Bank and Government financed projects to speed up contracting.

97. **The Bank will streamline procurement processes, build capacity of implementing agencies, and support selective use of the country procurement system.** The Bank will focus on facilitating procurement implementation through broader portfolio level efforts which may include: (i) further strengthening project readiness (e.g., timely establishment of PIUs, budget allocation, technical designs, land acquisition, E&S safeguards); (ii) building capacity particularly of financial intermediaries managing

decentralized procurement (e.g., municipal level dispersed investments) and new implementing agencies; (iii) encouraging use of qualified government staff in core PIU; (iv) supporting the Government's initiatives for further improving their project management systems including budgeting, payment and approval processes; and (v) enhancing systematic monitoring and evaluation of project performance.

98. **Investment lending in Türkiye relies on country systems in almost all areas of financial management.** These include budgeting and planning, flow of funds, accounting and financial reporting, the internal control framework, and external audit. A comprehensive system, Integrated Public Financial Management System (KBYS), keeping the accounting records of all central government institutions and preparing consolidated government financial statistics and statements is in place and aligned with many of the key principles of good international practice. Nevertheless, there is room for improvement, especially in relation to implementation at the institutional level. The Ministry of Treasury and Finance (MoTF) has published standards, methodologies, and manuals to guide public institutions in developing and maintaining their own financial control systems. However, the internal control harmonization functions would be given a more prominent role in the overall functions.

99. **Even though the basic components are in place, implementation of internal controls are impacted by capacity and ownership issues.** The Internal Audit Coordination Board (IACB) acts as the Central Harmonization Unit for the internal audit function but would benefit from organizational independence and resources to effectively fulfill its mandate. The effectiveness of the internal audit function in Türkiye is further affected by the lack of clarity between the internal audit and inspection organization and functions. Given the World Bank's heavy reliance on use of country systems in financial management, the efforts of the Government to further improve its PFM systems are critical. The MoTF has plans to prepare a comprehensive Public Financial Management Strategy which would provide the World Bank with an opportunity to develop a systematic approach to its support to the Government in this area. Efforts for implementing program-based budgeting and enhanced PFM systems will be particularly relevant for potential use of PforR as a lending instrument in Türkiye.

### **Managing Program Implementation**

100. **A priority of the scaled-up program will be to help clients strengthen their implementation and portfolio management capacity.** The scale up of the IBRD portfolio under the previous CPF placed increased demands on PIUs. Learning from this, the CPF will support timely PIU capacity building through regularizing a PIU Academy, including on environmental and social monitoring and reporting. Ilbank, the Ministry of Environment, Urbanization and Climate Change (MoEUCC), the Ministry of Health (MoH), TKYB, the Ministry of Industry and Technology (MoIT), and the Ministry of Agriculture and Forestry (MoAF) have become IBRD's top borrowers in Türkiye, with an exposure of \$8.3 billion and an undisbursed balance of \$6.7 billion (81 percent). The WBG will use a variety of instruments to enhance institutional capacity to implement and manage their expanding portfolio. Ilbank will benefit from a EUR 36.5 million Technical Assistance (TA) Facility provided through EU Programs: the Instrument for Pre-Accession (IPA) and the Facility for Refugees in Turkey (FRIT) programs of the EU. A major objective of this TA is to assist sub-project preparation, monitoring, and supervision of activities in earthquake-affected provinces.

101. **The CPF will rely on a variety of instruments and increase the menu of financing options in the country.** IBRD's portfolio at the end of the previous CPF included only IPFs. Going forward, the menu of options is expected to include results-based instruments such as IPFs with Performance Based Conditions (PBCs), PforRs, and guarantees. As indicated in para. 35, a move towards a programmatic approach will enhance impact at scale by offering scalable and programmatic approaches informed by the best country and global knowledge. Development Policy Financing will be considered based on government demand, the evolving macroeconomic policy framework, and the strength of the government's program.

#### IV. MANAGING RISKS TO THE CPF PROGRAM

102. **The overall risk to the program proposed for the CPF period is assessed as Substantial (Table 2).** Risks substantially likely to materialize relate to: (i) macroeconomic; (ii) political and governance; (iii) environmental and social vulnerabilities; and (iv) institutional capacity for managing environmental and social risks.

- **Macroeconomic:** High inflation and large current account deficits are key macroeconomic vulnerabilities which pose risks to Türkiye’s growth in the short-term. Following the May 2023 elections, the government has started to take significant steps towards normalizing the economy, including monetary policy tightening, the unwinding of distortive financial regulations, and fiscal revenue measures to curtail the fiscal deficit. The gradual approach followed by the government is working but it will require patience and perseverance and need to be sustained in the coming months. Additional measures to mitigate macroeconomic risks include WBG dialogue with the government structured around the biannual Türkiye Economic Memorandum and specific areas where the authorities request support.
- **Political and governance:** As noted above, recent steps signal momentum on institutional strengthening (para. 40) that will be supported by the Bank, therefore somewhat mitigating this risk. Moreover, the government’s own reform plans aim to address some of the institutional indicators divergences with the group of high-income countries. Yet, the risk of the reform momentum waning could impact Türkiye’s ability to mobilize private capital (including foreign direct investment). This risk will be reviewed in the PLR and if the pace of reforms matches the momentum signalled in recent months, the rating may be improved.
- **Addressing environmental and social vulnerabilities:** Geographic, climatic, and socioeconomic conditions make Türkiye highly vulnerable to the impacts of climate change, and natural disasters. Environmental and social risks could slow implementation or even roll back the gains achieved by the WBG program. This risk will be mitigated by: maintaining high climate co-benefits (including adaptation) across the portfolio; and prioritizing investments that strengthen Türkiye’s resilience to natural disasters, shocks, and environmental risks.
- **Institutional capacity for managing environmental and social risks:** Implementation capacity constraints to manage environmental and social risks may overload PIUs. Measures to mitigate this risk include: (i) improving ESMS in key ministries and financial intermediary institutions for compliance with international environmental and social standards; (ii) providing additional capacity building to PIU staff through dedicated training; (iii) moving towards selective use of country systems; and (iv) supporting the “PIU Academy” and developing dedicated environmental and social training courses.

**Table 2. Risk Ratings Matrix**

Risk Category	Rating
1. Political and Governance	S
2. Macroeconomic	S
3. Sector Strategies and Policies	M
4. Technical Design	L
5. Institutional Capacity for Implementation and Sustainability	S
6. Fiduciary	M
7. Environmental and Social	S
8. Stakeholders	M
9. Other	
<b>OVERALL</b>	<b>S</b>

(H = High; S = Substantial; M = Moderate; L = Low)

## **Annexes**

**Annex 1: Additional figures on economic progress and risks**

**Annex 2: CPF Results Matrix**

**Annex 3: Completion and Learning Report**

**Annex 4: Selected Indicators of Bank Portfolio Performance and Management**

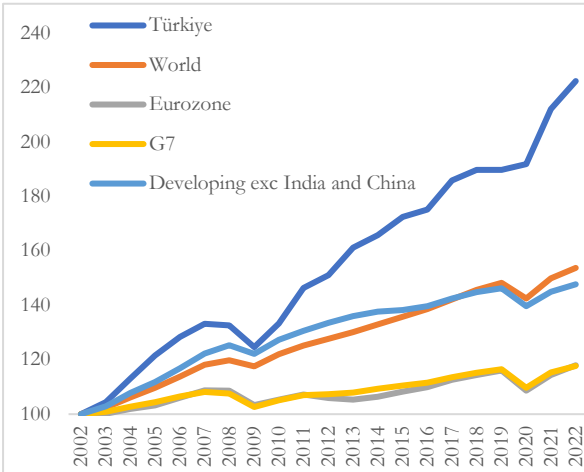
**Annex 5: Operations Portfolio (IBRD/IDA and Grants)**

**Annex 6: Statement of IFC's Held and Disbursed Portfolio**

**Annex 7: MIGA's Guarantee Portfolio**

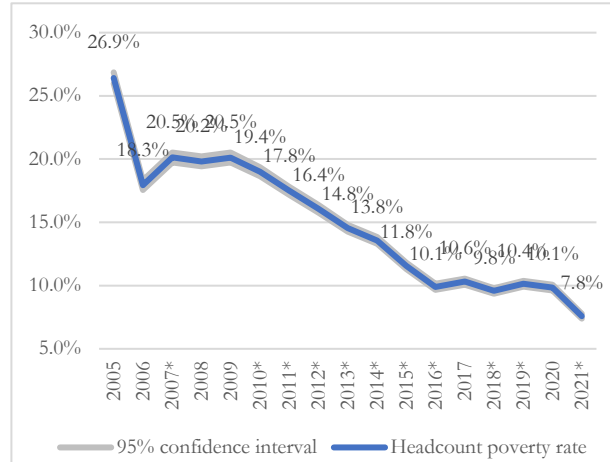
## Annex 1: Additional figures on economic progress and risks

### 1. GDP per capita relative to 2002 levels

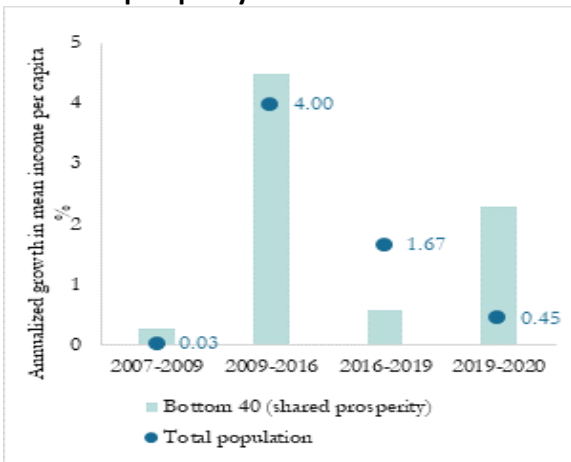


Source: Authors' calculations using data from World Bank WDI. Note: GDP in constant PPP (2017 international \$).

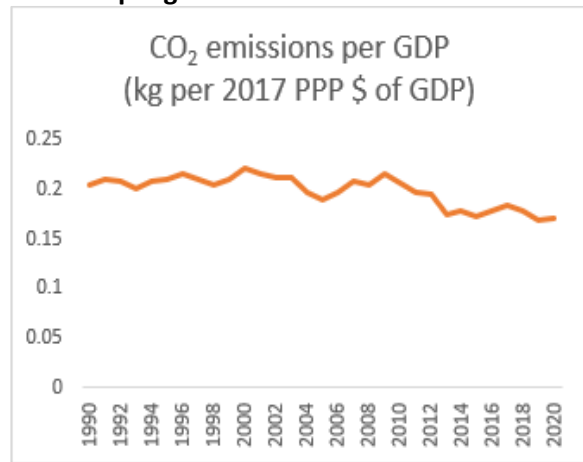
### 2. Poverty rate 2006-2020 (under 6.85 \$/head (2017 PPP))



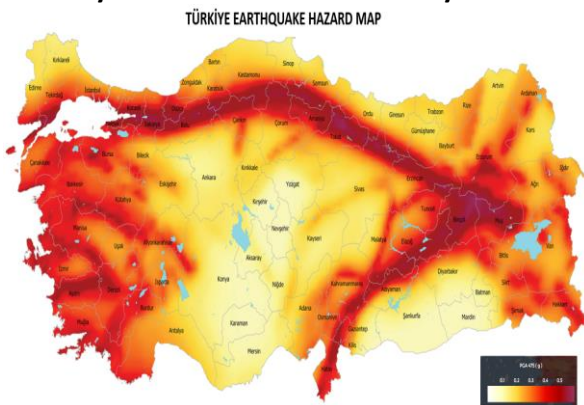
### 3. Shared prosperity 2007-2020



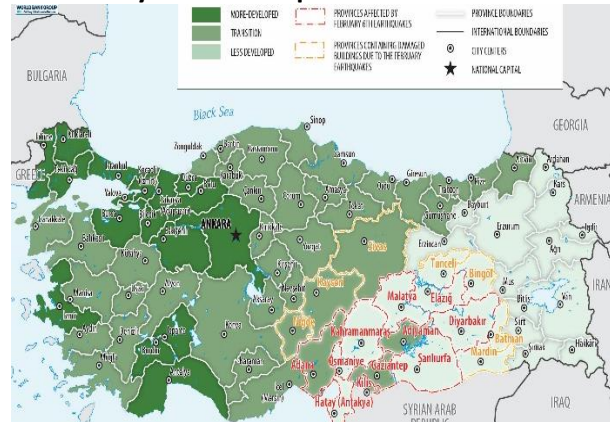
### 4. Decoupling Growth and Emissions



### 5. Türkiye's 70% seismic vulnerability



### 6. February 2023 Earthquake effected areas



## Annex 2: CPF Results Matrix

High Level Outcome 1 (HLO 1) – High and Sustainable Productivity Growth		
The previous CPF was built around three focus areas: (1) Growth; (2) Inclusion; and (3) Sustainability. This HLO carries forward the focus on growth.		
High-level Outcome Indicators	Data source	Current value
<i>Contribution of total factor productivity to growth</i>		0.4% (average for 2016-2022)
<i>Share of full employment within the formal sector</i>	Turkstat/TÜİK	
<i>Labor income growth among bottom 40%</i>		
<p><b>High Level Outcome description</b></p> <p><b>Rationale:</b> Türkiye needs to balance its accumulation-led growth model with a greater reliance on productivity-led growth if it is to achieve its long-term development goals. Regulatory and competition reforms are needed to boost the productivity. Transport infrastructure and logistics deficiencies and persistent inflation have driven up production costs and broader macroeconomic conditions have negatively impacted investment including in productivity enhancing innovation and technology. The tragic February 2023 earthquakes disrupted economic activity but provide an opportunity to create better production processes. Accelerated green transformation to deliver on Türkiye’s ambitious climate commitments, could also improve firm productivity, help develop new industries, reduce reliance on imported energy, and mitigate risks from the global transition to a low carbon future.</p> <p><b>WBG engagement</b> contributes to this HLO by:</p> <ul style="list-style-type: none"> <li>• Boosting competitiveness and enabling services;</li> <li>• Supporting post-earthquake economic recovery and spatial development; and</li> <li>• Promoting logistics and connective infrastructure.</li> </ul> <p>Work under HLO1 is complemented by investments in HLO2 (inclusive services and jobs), while HLO3 (strengthened resilience) mitigates the economic and physical impact of shocks on HLO1.</p> <p><b>Associated Sustainable Development Goals (SDG):</b> (i) <b>SDG 1</b> (no poverty); (ii) <b>SDG 4</b> (quality education) (iii) <b>SDG 5</b> (gender equality); (iii) <b>SDG 7</b> (affordable and clean energy); (iv) <b>SDG 8</b> (decent work and economic growth); (v) <b>SDG 9</b> (industry, innovation, and infrastructure); (vi) <b>SDG 10</b> (reduced inequalities); (vii) <b>SDG 13</b> (climate action)</p>		
<b>CPF Objective 1: Boost competitiveness and enabling services, including by climate smarting agricultural practices and greening the country’s industrial firms</b>		
Objective builds on previous CPF’s Objective 3: Enhanced Competitiveness and Employment in Selected Industries and 2: Enhanced Access to Finance to Underserved Segments.		
<p><b>Intervention Logic:</b> Türkiye’s challenge in factor productivity growth is driven primarily by the fact that the transition between sectors (structural transformation) has slowed, while sector- and within firm productivity growth has been slow to pick up. Underlying constraints to this productivity growth include the regulatory environment for business, innovation and skills, trade integration, and financial and other enabling services sectors, as well as sector specific challenges such as the dominance of small-holdings in agriculture, and the need to prepare industry for the Carbon Border Adjustment Mechanisms (CBAMs). Access to affordable domestic long-term finance remains a key constraint to the competitiveness and growth of the private sector. Developing domestic sources of long-term finance through a more diversified financial sector (including green loans, equity funds, and green capital market instruments), addressing financial sector vulnerabilities, and improving governance will be important policy priorities.</p> <p><b>Lessons learned and new knowledge at the program level:</b> Innovation performance by company size shows that large Turkish companies have the most crucial role in private investment in research and development, but even innovation numbers for large Turkish firms are below those in comparator countries.</p>		

**WBG ongoing and planned engagement:**

- Strengthening the competitiveness and environmental sustainability of industry and agriculture;
- Supporting regulatory reforms to enable competitive, well-regulated markets that incentivize efficient resource allocation and reduced greenhouse gas emissions;
- Improving access to private capital and long-term finance, including green loans, for enterprises; and
- Supporting Türkiye’s exporters and green exports.

**Key risks and mitigation:** It is important to regain momentum on Türkiye’s structural reform agenda to raise the potential of the economy. The program allows for structural reform dialogue through project design in sectors such as greening industry, agriculture, urban, connective and energy infrastructure, and through core analytics like the country economic memoranda that dig deep on trade, factor markets and productivity.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 1.1: Share of OIZs that attract new investments (%)</b>                      Baseline [2023]: 0                      Target [2028]: 30 <b>CC</b>                      Source: Turkey Organized Industrial Zones Project</p> <p><b>Indicator 1.2: Farmers adopting climate-smart agricultural technologies (number)</b>                      Baseline [2023]: 0                      Target [2028]: 42,500 (of whom 10,375 female) <b>CC G D</b>                      Source: TUCSAP, Agri-food Sector Recovery &amp; Rebuilding in Türkiye’s Earthquake Affected Provinces</p> <p><b>Indicator 1.3: Amount of private capital mobilized for green investments (amount)</b>                      Baseline [2023]: 0                      Target [2028]: 1.3 billion <b>CC CS</b>                      Source: Green Finance Project; Green Export Project; Geothermal Development; Scaling-Up Distributed Photovoltaics</p>	<p><b>SPI 1.1: Number of export oriented small and medium enterprises and export oriented mid-caps financed (number)</b>                      Baseline [2023]: 210                      Target [2026]: 500, of which 50 are women-owned/-led <b>G</b>                      Source: Long Term Export Finance Guarantee; Green Export Project</p> <p><b>SPI 1.2: Area prepared for climate-resilient greenhouse infrastructure (Ha)</b>                      Baseline [2023]: 0                      Target [2026]: 179 <b>CC</b>                      Source: TUCSAP</p>	<p><b>Ongoing Financing:</b>  <b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Türkiye Green Industry Project (P179255)</li> <li>- Turkey Organized Industrial Zones Project (P171645)</li> <li>- Turkey Climate Smart and Competitive Agricultural Growth Project (TUCSAP, P175011)</li> <li>- Long Term Export Finance Guarantee (P171448)</li> <li>- Formal Employment Creation Project (P171766)</li> <li>- Geothermal Development (P151739)</li> <li>- Green Finance Project (P178274)</li> <li>- Türkiye Irrigation Modernization Project (P158418)</li> <li>- Türkiye Resilient Landscape Integration Project (P172562)</li> </ul> <p><b>Ongoing ASA:</b></p> <ul style="list-style-type: none"> <li>- Turkey Green Growth and Sustainable Recovery (P174569)</li> <li>- Türkiye Climate Action Support (P180448)</li> <li>- Financial Resilience PASA (P500381)</li> <li>- Türkiye Economic Monitor (IO)</li> <li>- Employment and Jobs CEM (P178168)</li> </ul> <p><b>Financing Pipeline:</b>  <b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Green Export Project (181436)</li> <li>- Emissions Reduction Project (P180762)</li> <li>- Türkiye Irrigation Modernization project AF (P181624)</li> <li>- Türkiye Socially Inclusive Green Transition Project (P180173)</li> <li>- Scaling-Up Distributed Photovoltaics Program (P176375)</li> </ul> <p><b>IFC</b></p> <ul style="list-style-type: none"> <li>- Antalya Roads Program (Proj. ID 48616)</li> </ul>



		<ul style="list-style-type: none"> <li>- Green Organized Industrial Zones Project (P607492)</li> <li>- Roll out surface geothermal for district heating and cooling (regional)</li> </ul> <p><b>ASA Pipeline:</b></p> <ul style="list-style-type: none"> <li>- CEM micro-foundations of growth</li> <li>- Spending Review and tax risk analysis</li> <li>- TA on PFM with DG Public Accounts and Public Procurement Agency</li> </ul>
<b>CPF Objective 2: Support post-earthquake economic recovery and spatial development</b>		
Newly introduced CPF objective		
<p><b>Intervention Logic</b></p> <p>Beyond the tragic human cost, the February 2023 earthquakes caused significant damage to productive capacity and disrupted economic activity. Damaged infrastructure, basic services and labor shortages and lack of employment opportunities coincide to restrain the pickup in business activities in the earthquake affected areas, notably manufacturing of final and intermediate goods for Türkiye’s consumption and exports. Farmers and agribusiness need restored stable supply chains, while rebuilding productive assets for the longer term based on back-building-better principles to enhance climate resilience and inclusive growth. Spatial development objectives have a renewed concern, given the earthquakes impacted the provinces in the lagging regions.</p> <p><b>Lessons learned and new knowledge at the program level:</b> Despite some regional convergence, several regions, including some of the provinces most affected by the February 2023 earthquake, have poverty rates that exceed the national average. World Bank flagship analytical work has highlighted the underlying causes for regional disparities, with implications for policy and institutional reforms to support the government’s commitments to public investments for growth and employment in the east and southeast regions,</p> <p><b>WBG ongoing and planned engagement:</b></p> <ul style="list-style-type: none"> <li>• Securing private sector funding for both early relief and long-term reconstruction efforts;</li> <li>• Rebuilding agri-food productive capacity and supply chain flows, strengthening agricultural infrastructure, and strengthening agri-food system resilience in earthquake-affected provinces;</li> <li>• Short-term working capital and investment support to affected firms, and reconstruction of damaged commercial buildings and productive assets;</li> <li>• Improving institutional capacity of regional administrations to manage more effective and resilient rural infrastructure investments and to harness economic development growth potential; and</li> <li>• Financial support to rebuild small industrial estates that have suffered the brunt of the earthquakes</li> </ul>		
<b>CPF Objective Indicators</b>	<b>Supplementary Progress Indicators</b>	<b>WBG Program</b>
<p><b>Indicator 2.1: Share of beneficiary MSMEs that retained or increased their employment within 24 months of receiving reimbursable financing, compared to the average employment during the year before the earthquake (percent)</b></p> <p>Baseline [2023]: 0 Target [2028]: 60 Source: Post-Earthquake MSME Recovery project</p> <p><b>Indicator 2.2: Farmers and agri-enterprises with recovery</b></p>	<p><b>SPI 2.1: Firms benefitting from liquidity support / emergency access to finance</b></p> <p>Baseline [2023]: 283 Target [2026]: 51,000 (of which 7,675 women-owned or women-led) <b>G</b></p> <p>Source: Emergency Firm Support Project, Türkiye: Post-Earthquake Micro, Small and Medium Enterprises (MSME) Recovery project, Formal Employment Creation Project</p> <p><b>SPI 2.2. Number of farmers and agri-enterprises benefiting from</b></p>	<p><b>Ongoing Financing:</b></p> <p><b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Türkiye: Post-Earthquake Micro, Small and Medium Enterprises (MSME) Recovery project (P181068)</li> <li>- Emergency Firm Support Project (P174112)</li> </ul> <p><b>MIGA</b></p> <ul style="list-style-type: none"> <li>- Türk Eximbank I Project (Proj. ID 9416)</li> <li>- Türk Eximbank II Project (Proj. ID 13471)</li> <li>- Türk Eximbank III Project (Proj. ID 14295)</li> </ul> <p><b>IFC</b></p>

<p><b>operating capacity at pre-earthquake levels</b>  Baseline [2023]: TBD  Target [2028]: TBD  Source: Agri-food Sector Recovery &amp; Rebuilding in Türkiye’s Earthquake Affected Provinces</p> <p><b>Indicator 2.3 Reconstruct small industrial sites that have been damaged or destroyed in the February 2023 earthquakes</b>  Baseline [2023]: TBD  Target [2028]: TBD  Source: Resilient Reconstruction of Small Industrial Estates project</p>	<p><b>project support</b>  Baseline [2023]: TBD  Target: [2026]: TBD  Source: Agri-food Sector Recovery &amp; Rebuilding in Türkiye’s Earthquake Affected Provinces</p>	<ul style="list-style-type: none"> <li>- Urban Transport and Water/Wastewater Infrastructure financings with Istanbul, Izmir, and Antalya</li> <li>- EB B3T2 Sub Debt (Proj. ID 46893)</li> </ul> <p><b>Financing Pipeline:</b></p> <p><b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Agri-food Sector Recovery &amp; Rebuilding in Türkiye’s Earthquake Affected Provinces (P181428)</li> <li>- Small Industrial Estates Reconstruction and Regional Economic Recovery (P502837)</li> <li>- Türkiye Regional Development Support Program (P180503)</li> </ul> <p><b>IFC</b></p> <ul style="list-style-type: none"> <li>- Earthquake reconstruction financing for distribution company in impacted region</li> <li>- Ankara Muni WWTP (Proj ID. 45132)</li> <li>- Türkiye Earthquake Response Project FIG (Project ID: 48230)</li> <li>- YKB (Project ID. 48722)</li> </ul> <p><b>Ongoing ASA:</b></p> <ul style="list-style-type: none"> <li>- Türkiye Financial Resilience PASA (P500381)</li> <li>- Turkey Green Growth and Sustainable Recovery (P174569)</li> <li>- Türkiye Climate Action Support (P180448)</li> </ul>
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**CPF Objective 3: Promote logistics and connective infrastructure**

**Newly introduced CPF objective**

**Intervention Logic:** Better connectivity and logistical performance are essential to securing future economic competitiveness while decarbonizing. Its position at the western terminus of the Middle Corridor transporting freight between China and Europe is significant to Türkiye’s trade and growth prospects, placing logistics at the forefront of its strategic goals. However, Türkiye’s logistics sector needs improvement to reach its potential, as evidenced by its downgrading in the World Bank’s Logistics Performance Index (LPI) from 27<sup>th</sup> place in 2012 to 47<sup>th</sup> place in 2018. Türkiye’s most recent LPI rank—for 2022—improved to 38<sup>th</sup> in the world, but this result is still below its 2012 placement, suggesting untapped potential.

**Lessons learned and new knowledge at the program level:** Innovation in logistics –notably efficiency improvements and technological upgrading– is key for boosting competitiveness in industry and agriculture, serving as an engine for productivity-led growth. Further development of the ports sector to improve governance, last-mile and hinterland connectivity, efficiency, and readiness for low- and zero-carbon bunker fuels will be necessary to maintain Türkiye’s logistical performance and ability to serve its climate-conscious customers. Studying the significant climate risks to road and rail networks would increase resilience in mobility and logistics.

**WBG ongoing and planned engagement:**

- Develop railway infrastructure and improve rail sector performance to better capitalize on both the Middle Corridor and the role of rail in domestic logistics;
- Expand the railway connectivity of key nodes at the last mile, including maritime ports, organized industrial zones, and areas of high-volume manufacturing;
- Invest in port and logistics projects, boosting sector competitiveness, synergy with the Middle Corridor, and green transformation;

<ul style="list-style-type: none"> <li>Explore new technologies and growth opportunities in zero-carbon fuels for ships and create world-leading approaches to improving transport network resilience using big data and modeling.</li> </ul> <p><b>Key risks and mitigation:</b> Geopolitical risks of intercontinental freight routes (e.g., Middle Corridor and potential new links to neighboring countries) to be mitigated via bilateral arrangements with the Government of Türkiye. Continued improvements in logistics depend on continued economic growth, which depend largely on Turkish exports to the EU, which is becoming highly carbon conscious. Mitigation will require effective measures to decarbonize Turkish transport and logistics to maintain competitiveness.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 3.1: Average rail freight travel times between Diviği and the Georgia border (logistics efficiency)</b>  Baseline [2023]: 0  Target [2026]: TBD <b>CC</b>  Source: Eastern Türkiye Middle Corridor Railway Development Project (ETMIC)</p> <p><b>Indicator 3.2: Modal share of rail freight transport (logistical and carbon efficiency)</b>  Baseline [2023]: ~4%  Target [2026]: ~5-6% <b>CC</b>  Source: Turkish Statistical Institute, Ministry of Transport and Infrastructure</p>	<p><b>SPI 3.1: Rail freight tonnage market share into/out of Osmaniye OIZ in Çukurova region (percent)</b>  Baseline [2023]: 0  Target [2026]: 10% <b>CC</b>  Source: Rail Logistics Improvement Project</p> <p><b>SPI 3.2. Technical assistance provided to TCDD on alternative operational and management models for rail-embedded logistics centers</b>  Baseline [2023]: No  Target: [2026]: Yes  Source: Rail Logistics Improvement Project</p> <p><b>SPI 3.3: Adoption of preparation documents for potential investments in additional sections of the Middle Corridor within Türkiye</b>  Baseline [2023]: No  Target [2028]: Yes  Source: Rail Logistics Improvement Project</p>	<p><b>Ongoing Financing:</b>  <b>IBRD:</b></p> <ul style="list-style-type: none"> <li>Rail Logistics Improvement Project (P170532)</li> </ul> <p><b>IFC</b></p> <ul style="list-style-type: none"> <li>Marport (Project 47580)</li> </ul> <p><b>Financing Pipeline:</b>  <b>IBRD:</b></p> <ul style="list-style-type: none"> <li>Easter Türkiye Middle Corridor Railway Improvement Project (ETMIC, P179128)</li> </ul> <p><b>IFC:</b></p> <ul style="list-style-type: none"> <li>Engagement with private sector port and logistics companies</li> </ul> <p><b>MIGA</b></p> <ul style="list-style-type: none"> <li>Izmir Marine Transportation Project (Proj. ID 11781)</li> </ul> <p><b>Ongoing ASA:</b></p> <ul style="list-style-type: none"> <li>Green Transport in Türkiye PASA</li> <li>Sustainable Shipping and Ports for Türkiye</li> <li>Supply Chain Resilience Assessment in Türkiye</li> </ul> <p><b>ASA Pipeline:</b></p> <ul style="list-style-type: none"> <li>Logistics clusters</li> </ul>
<p><b>High Level Outcome 2 (HLO 2) – Inclusive Services and Jobs</b></p> <p>This HLO carries forward the previous CPF’s prioritization of inclusion (previously Focus Area 2).</p>		
High-level Outcome Indicators	Data source	Current value
Female labor force participation		35.1% (2022)
Percentage of youth (15-29) not in employment, education, or training		27.2% (2022)
Universal Health Care Service Coverage Index	WHO, Tracking Universal Health Coverage Global Monitoring Reports	76/100 (2021)
<p><b>High Level Outcome Description</b></p> <p><b>Rationale:</b> Türkiye has achieved impressive results on human capital accumulation, but inequalities persist across gender, age, and geography. Moreover, Türkiye’s impressive results on human capital have not translated into strong human capital utilization (i.e., labor market outcomes), especially for women, youth and vulnerable groups,</p>		

including SUTPs. Individuals are also ill-prepared to take advantage of structural megatrends, including the technological revolution and green transition. These challenges have been exacerbated by recent shocks, which have also disproportionately impacted poor and vulnerable populations. The February 2023 earthquakes had a devastating impact on provinces with some of the highest poverty rates and hosting almost half of all SUTPs in Türkiye. They disrupted access to services for many of the 14 million Turkish citizens and 1.8 million Syrians under Temporary Protection living in the affected area.

Highlighting the interconnectedness of this CPF, the 2023 Country Economic Memorandum asserts that the social benefits of Global Value Chains (GVCs) require improved economic infrastructure (HLO1 and 3) and strengthened workforce skills (HLO2) in lagging regions; addressing constraints to female employment (HLO2); and supporting a green transition of the private sector (HLO1).

**WBG engagement** contributes to this HLO by:

- Improving jobs for women, youth and vulnerable groups
- Reducing disparities in health and education access and quality
- Supporting resilient municipal infrastructure and services

**Associated SDGs:** (i) **SDG 1** (no poverty); (ii) **SDG 3** (good health and wellbeing); (iii) **SDG 4** (quality education); (iv) **SDG 5** (gender equality); (v) **SDG 6** (clean water and sanitation); (vi) **SDG 8** (decent work and economic growth); (vii) **SDG 10** (reduced inequalities) (viii) **SDG 11** (sustainable cities and communities) (ix) **SDG 13** (climate action)

**CPF Objective 4: Improve jobs for women, youth, and vulnerable groups**

This objective carries forward the previous CPF’s Objective 5: Increased Labor Force Participation of Women & Vulnerable Groups.

**Intervention Logic:** Recent economic growth is yielding fewer higher-quality jobs, labor productivity is declining, and the jobs transformation remains less inclusive for women, youth, and vulnerable groups, including SUTPs. Türkiye’s female labor force participation of 35 percent remains well below the participation rate of comparable countries. Youth NEET aged 15 to 29 has been stagnant at 27 percent since 2015. While significant progress in receiving SUTPs has been made by Turkish institutions, bottlenecks persist, requiring further policy reforms and support for strengthening the inclusion and economic participation of SUTPs and host communities.

**Lessons learned and new knowledge at the program level:** Ongoing analytical work is generating a deeper understanding of jobs for vulnerable populations and the green transition, learning recovery and quality, and social inclusion issues in Türkiye to inform the WBG strategy, portfolio, and policy dialogue.

**WBG ongoing and planned engagement:**

- Improving employability, livelihood opportunities and formal employment conditions for women, youth, and SUTPs to improve equality and ensure a just transition;
- Carrying out knowledge work on skills for green jobs, and supporting the operationalization of labor market programs for the green transition
- Implementing activities to promote livelihoods through community driven and participatory programs; and
- Strengthening institutional capacity to assess demand for skills, support job creation and entrepreneurship in selected localities with high incidence of SuTP and evaluate results.

**Key risks and mitigation:** The WBG will continue to produce analysis on social inclusion issues to inform policy dialogue and increasing investments that support a socially inclusive, green transition. Access to credit to project beneficiaries in forest villages and rural areas remains a challenge. Schemes that reduce beneficiary contribution are being promoted to mitigate this risk.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Indicator 4.1: Vulnerable households benefitting from improved livelihood opportunities related to sustainable landscape	SPI 4.1: Number of people who have received job and vocational counseling or vocational skills	Ongoing Financing: <i>IBRD</i> - Formal Employment Creation Project (P171766)

<p><b>management (including fire management)</b> Baseline [2023]: 0 Target [2028]: 34,000 <b>CC CS</b> Source: TULIP and Türkiye Climate Resilient Forests Project</p> <p><b>Indicator 4.2: Percentage of beneficiaries (social entrepreneurs and employees) whose earnings have increased as a result of project interventions (disaggregated by gender)</b> Baseline [2023]: 0 Target [2028]: 70 <b>CS</b> Source: Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Turkey Project</p> <p><b>Indicator 4.3: Number of formal jobs created (number, disaggregated by gender)</b> Baseline [2023]: 0 Target [2028]: 22,000 (of whom 30% for women, 50% for refugees) <b>G CS</b> Source: Formal Employment Creation Project and Agricultural Employment Support for Refugees and Turkish Citizens through Enhanced Market Linkages</p> <p><b>Indicator 4.4: Total number of people employed in businesses that received greening support (Number)</b> Baseline [2023]: 0 Target [2028]: TBD <b>CC G</b> (x% women) Source: Türkiye Socially Inclusive Green Transition Project</p>	<p><b>training (disaggregated by gender, refugees, youth)</b> Baseline [2023]: 0 Target [2026]: 36,000 (of whom, 20% women, 50% refugees, 25% youth) <b>G D</b> Source: Support for Transition to Labor Market Project, Formal Employment Creation project</p> <p><b>SPI 4.2: Percentage of social entrepreneurs reporting that: (a) project support services; (b) subgrants, meet their needs (disaggregated by refugees/host communities, location and gender, youth);</b> Baseline [2023]: 0 Target [2026]: 70% and 70% <b>G</b> Source: Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Turkey Project (P171456)</p>	<ul style="list-style-type: none"> <li>- Support for Transition to Labor Market Project (P171471)</li> <li>- Agricultural Employment Support for Refugees and Turkish Citizens through Enhanced Market Linkages (P171543)</li> <li>- Turkey Resilient Landscape Integration Project (TULIP, P172562)</li> <li>- Türkiye Climate Resilient Forests Project (P179345)</li> <li>- Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Turkey Project (P171456)</li> </ul> <p><b>IFC</b></p> <ul style="list-style-type: none"> <li>- IZSU Support (Proj. ID 44190)</li> <li>- Sub debt B3T2 (Proj. 46893)</li> <li>- TSKB (Proj. ID 43845)</li> <li>- Denizbank Agri Digital RSF (Proj. ID 45177)</li> </ul> <p><b>Financing Pipeline:</b></p> <p><b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Türkiye Socially Inclusive Green Transition Project (P180173)</li> </ul> <p><b>Ongoing ASA:</b></p> <ul style="list-style-type: none"> <li>- Strengthening Economic Opportunities for Syrians under Temporary Protection and Turkish Citizens in Selected Localities (P165687)</li> <li>- Türkiye Social Inclusion Analytical Program (P176861)</li> <li>- Turkey Green Growth and Sustainable Recovery (P174569)</li> <li>- Türkiye Climate Action Support (P180448)</li> <li>- Human Capital, Jobs &amp; Gender Assessment (P180222)</li> <li>- Türkiye Employment and Jobs Country Economic Memorandum (P178168)</li> <li>- Analysis of Poverty, Inequality and Wellbeing in Türkiye, Programmatic ASA (P180097)</li> </ul>
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**CPF Objective 5: Reduce disparities in health and education access and quality**

This objective builds on the previous CPF's Objective 6: Strengthened performance of the education and health sectors and Objective 9: Strengthened Results Under Climate Action Agenda

**Intervention Logic**

Over the past few decades, Türkiye developed robust systems for service delivery that have led to relatively strong human capital development. However, challenges remain in terms of equity and quality of services. For example, Türkiye is one of the 10 countries where the gap between schools in reading skills is highest (based on 2018 PISA scores). Türkiye's health care model needs to shift its emphasis from curative to preventative care, and with an aging population, from communicable to NCDs. For Türkiye to leapfrog and accelerate human capital, it will be

essential to ensure increased equitable access to quality health and education. The February 2023 earthquakes had a devastating impact on health and education services, which need restored as a matter of urgency.

**Lessons learned and new knowledge at the program level:** Ongoing and recently completed operational and analytical work on human development revealed that: (i) strengthening primary health care is important for the overall health and wellbeing of the population, but also to effectively respond to acute shocks such as the recent pandemic and other public health emergencies; and (ii) promoting integrated ECE, addressing the country’s significant learning losses, accelerating the enhancement of learning quality, and fostering innovative learning is critical to improve education outcomes for all.

**WBG ongoing and planned engagement:**

- Restoring access to health and education services in earthquake affected areas;
- Improving primary and secondary prevention of selected NCDs and strengthening health systems capacity to provide geriatric care to address the needs of the elderly;
- Strengthening Türkiye’s health system preparedness for public health emergencies;
- Enhancing education system capacity to provide equitable access to quality education;
- Improving institutional capacity for the administration of public investments to deliver better spatial development outcomes and to develop and strengthen information systems;
- Enhancing citizen engagement and participatory process in public service delivery; and
- Providing guarantees to investors in specialized health service providers and through financial innovation to help create alternative capital market solutions for health infrastructure financing.

**Key risks and mitigation:** Investments in public service delivery are not sustainable if critical assets are not resilient to climate and disaster risks. Ensuring resilience of critical buildings – such as hospitals and schools– is important for strengthening public health and community resilience, and the government has already done a lot in this area, such as introducing differentiated seismic design codes based on building use category, but further efforts are needed. The WBG will mitigate this risk by ensuring investments in public service delivery are climate and disaster resilient.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 5.1: People provided with access to restored essential health services (number, gender disaggregated)</b> Baseline [2023]: 0 Target [2028]: 2,914,400 (49.7 percent women) <b>G CS</b> Source: Türkiye Earthquake Recovery and Reconstruction Project</p> <p><b>Indicator 5.2: Number of beneficiaries who had telehealth consultations</b> Baseline [2023]: TBD Target [2028]: TBD <b>CS D</b> Source: Türkiye Preparedness for Public Health Emergencies Project</p> <p><b>Indicator 5.3: Students benefiting from direct interventions to enhance learning</b> Baseline [2023]: TBD Target [2028]: 18 million (x % female) <b>CS</b></p>	<p><b>SPI 5.1: Percentage of Primary Care facilities implementing a minimum set of clinical practice guidelines and protocols for elderly care</b> Baseline [2023]: TBD Target [2026]: TBD Source: Türkiye Preparedness for Public Health Emergencies Project (P180781)</p> <p><b>SPI 5.3: Number of schools constructed/reconstructed with resilient structure in earthquake-affected provinces or high-risk areas (number)</b> Baseline [2023]: 0 Target [2026]: 60 <b>CC</b> Source: Disaster Risk Management in Schools Project</p> <p><b>SPI 5.2: Number of teachers that complete online certified professional development</b></p>	<p><b>Ongoing Financing:</b> <b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Education Infrastructure for Resilience (EU Facility for SuTP, P162004)</li> <li>- Safe Schooling and Distance Education Project (P173997)</li> <li>- Turkey Emergency COVID-19 Health Project (P173988)</li> </ul> <p><b>MIGA</b></p> <ul style="list-style-type: none"> <li>- Türkiye Gaziantep Hospital BLT Project (Proj. ID 11754)</li> <li>- Adana Integrated Health Campus Project (Proj. ID 12118)</li> <li>- Yozgat Education and Research Hospital Project (Proj. ID 12870)</li> <li>- Elazig Integrated Health Campus Project (Proj. ID 12871)</li> <li>- Bursa Integrated Health Care Center Project (Proj. ID 13543)</li> <li>- Ikiteli Hospital Project (Proj. ID 13861)</li> </ul> <p><b>Financing Pipeline:</b> <b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Türkiye Preparedness for Public Health Emergencies Project (P180781)</li> </ul> <p><b>IFC</b></p>

<p>Source: Türkiye Safe Schooling and distance education project</p> <p><b>Indicator 5.4. Percentage of students from the lowest quintile of regional poverty that access distance education system</b></p> <p>Baseline [2023]: 30 percent</p> <p>Target [2028]: 100 percent <b>CS D</b></p> <p>Source: Türkiye Safe Schooling and distance education project &amp; EBA Reporting System and MoNE Data Sources</p>	<p><b>training on distance education (number, per cent women)</b></p> <p>Baseline [2023]: 8,616</p> <p>Target [2026]: 900,000 (59% women) <b>G D</b></p> <p>Source: Safe Schooling and Distance Education Project</p>	<ul style="list-style-type: none"> <li>- Ankara Muni WWTP (Proj ID. 45132)</li> <li>- YKB (Proj. ID 48722)</li> </ul> <p><b>Ongoing ASA:</b></p> <ul style="list-style-type: none"> <li>- Türkiye Social Inclusion Analytical Program (176861)</li> <li>- Human Capital, Jobs &amp; Gender Assessment (P180222)</li> <li>- Analysis of Poverty, Inequality, and Wellbeing in Türkiye, Programmatic ASA (P180097)</li> </ul>
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**CPF Objective 6: Support resilient municipal infrastructure and services**

**Newly introduced CPF objective**

**Intervention Logic:** Türkiye’s urbanization has facilitated growth, job creation, and improved living standards. However, as the urban population has increased, cities have sprawled creating challenges for quality services and issues around long-term financing for municipal infrastructure (water, sanitation, wastewater, stormwater/drainage, solid waste, urban transport, emergency/firefighting) have emerged. Improved spatial and urban planning frameworks that combine the urban design with various aspects of municipal planning such as sustainable mobility, energy efficiency, water and waste management are needed to ensure efficient use of land and other natural resources and deliver efficient and sustainable municipal infrastructure.

**Lessons learned and new knowledge at the program level:** Investments in municipal infrastructure need to be accompanied by support to strengthen the institutional capacity of municipalities and associated utilities to implement municipal infrastructure works and adequately operate and maintain the municipal assets. Greater operational coordination among central bodies is necessary to enable municipal governments to pursue collectively determined objectives. While water, wastewater, and solid waste management services are provided by municipal governments, achieving national and international goals requires translating policies proposed at the central or supranational levels into feasible local strategies.

**WBG ongoing and planned engagement:**

- Supporting sustainable infrastructure development with creditworthy municipalities;
- Improving integrated forward-looking urban and infrastructure planning in cities;
- Restoring and expanding access to safely managed water supply, wastewater, and solid waste management services;
- Restoring and strengthening municipal buildings and infrastructure, including emergency services;
- Expanding stormwater management and sustainable urban drainage; and
- Expanding urban mobility planning and urban transport services, including EVs.

**Key risks and mitigation:** Municipal infrastructure investments are not sustainable if critical assets are not climate and disaster resilient. Resilience needs to be mainstreamed across municipal infrastructure assets, not only for municipal buildings. The Bank’s work under this objective and HLO3 will be critical for mitigating this risk.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 6.1 People provided with access to safely managed, climate resilient sanitation services</b> (number, disaggregated by gender / refugees)</p> <p>Baseline [2023]: 509,160 (254,580 women, 0 refugees)</p> <p>Target [2028]: 5.2 million (2.6 million women, 236,000 refugees)</p> <p><b>CC G CS</b></p>	<p><b>SPI 6.1: Length of water supply, stormwater and sewerage networks constructed, rehabilitated, reconstructed and/or extended with improved resilience</b> (kilometers)</p> <p>Baseline [2023]: 828</p> <p>Target [2026]: 3,706 <b>CC</b></p> <p>Source: Sustainable Cities Project, Sustainable Cities Project 2, and Municipal</p>	<p><b>Ongoing Financing:</b></p> <p><b>IBRD:</b></p> <ul style="list-style-type: none"> <li>- Municipal Services Improvement Project (P169996)</li> <li>- Sustainable Cities (P128605)</li> <li>- Sustainable Cities II (P161915)</li> <li>- Türkiye Water Circularity and Efficiency Improvement Project</li> <li>- Public and Municipal Renewable Energy Project (P179867)</li> </ul>

<p>Source: Sustainable Cities Project, Sustainable Cities Project 2, Municipal Services Improvement Project, and Türkiye Water Circularity and Efficiency Improvement Project, Türkiye Earthquake, Floods and Wildfires Emergency Reconstruction Project (P176608)</p> <p><b>Indicator 6.2: Volume of treated wastewater generated (m3/day)</b>  Baseline [2023]: 200,000  Target [2028]: 1,116,000 <b>CC</b></p> <p>Source: Ankara Muni WWT, IZSU Wastewater Project, Türkiye Water Circularity and Efficiency Improvement Project</p> <p><b>Indicator 6.3: Annual passengers provided with green, urban transport systems</b>  Baseline [2023]: TBD  Target [2028]: 124.7 million <b>CC CS</b></p> <p>Source: Sustainable Cities II, Antalya Tramway Project, MMI Metro Project, Green and Future Cities Project</p> <p><b>Indicator 6.4: People benefitting from restored or improved access to climate and disaster-resilient municipal and central government infrastructure and services (number, gender disaggregated)</b>  Baseline [2023]: 0  Target [2028]: 10,684,000 (of whom 50% women) <b>CC G CS</b></p> <p>Source: Türkiye Earthquake Recovery and Reconstruction Project; Climate and Disaster Resilient Cities Project; Türkiye Earthquake, Floods and Wildfires Emergency Reconstruction Project</p>	<p>Services Improvement Project, Türkiye Earthquake Recovery and Reconstruction Project, Türkiye Earthquake, Floods and Wildfires Emergency Reconstruction Project (P176608)</p> <p><b>SPI 6.2: Municipal roads damaged by floods or wildfires maintained/rehabilitated (km)</b>  Baseline [2023]: TBD  Target: TBD  Source: IFC Antalya Roads Program</p> <p><b>SPI 6.3 Percentage of women’s needs and investment choices that were implemented by selected municipalities and SKIs (Percentage)</b>  Baseline [2023]: 0  Target [2026]: TBD <b>G</b></p> <p>Source: Municipal Services Improvement Project in Refugee Affected Areas</p>	<ul style="list-style-type: none"> <li>- Türkiye Earthquake Recovery and Reconstruction Project (P180849)</li> <li>- Türkiye Earthquake, Floods and Wildfires Emergency Reconstruction Project (P176608)</li> <li>-</li> <li><b>MIGA</b></li> <li>- Ulug Enerji Project (Proj ID 14306)</li> <li>- Limak Uludag Perakende Elektrik Satis Project (Proj. ID 14919)</li> <li>- Uludag Elektrik Dagitim A.S. Project (Proj. ID 14920)</li> <li>- Kadikoy-Kartal-Kaynarca Istanbul Metro Project (Proj. ID 9401)</li> <li>- Izmir Marine Transportation Project (Proj. ID 11781)</li> <li>- Üsküdar Metro Project (Proj. ID 12516)</li> <li><b>IFC/MIGA</b></li> <li>- Izmir Metro Project (Proj. ID 12580)</li> <li>- Izmir Tramway Project (Proj. ID 12240)</li> <li><b>IFC</b></li> <li>- IZSU Wastewater Project (Proj. ID 32078)</li> <li>- Antalya Tramway (Proj. ID 38506)</li> <li>- MMI Metro Project (Proj. ID 37093)</li> <li>- Renewable energy generation / modernization of transmission and distribution network projects</li> <li>- Roll out surface geothermal for district heating and cooling project (regional)</li> <li><b>Financing Pipeline:</b></li> <li><b>IBRD:</b></li> <li>- Green and Future Cities Project (179347)</li> <li>- Pollution Reduction in Marmara Sea (P179244 )</li> <li><b>Ongoing ASA:</b></li> <li>- Turkey Green Growth and Sustainable Recovery (P174569)</li> <li>- Türkiye Social Inclusion Analytical Program (176861)</li> <li>- Human Capital, Jobs &amp; Gender Assessment (P180222)</li> <li>- Analysis of Poverty, Inequality, and Wellbeing in Türkiye, Programmatic ASA (P180097)</li> </ul>
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**High Level Outcome 3 (HLO 3) – Strengthened resilience to shocks**

Playing a more prominent role in this CPF, environmental sustainability and the challenge of reorienting growth towards a more green, resilient, and sustainable pattern are captured under HLO3 along with strengthening resilience to shocks and climate impacts.

High-level Outcome Indicators	Data source	Current value
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Overall rating on climate change mitigation action	Climate Action Tracker	“Critically Insufficient” (2023)
GridTürkiye national electricity grid greenhouse gas emissions factor	Türkiye Ministry of Energy and Natural Resources	5552 kg CO2/MWh (2020 average of operating margin and building margin)
Total direct damage attributed to disasters as percentage of nominal GDP over past 10 years	Emergency Events Database (EM-DAT) for total direct damage; TURKSTAT for nominal GDP	0.38 percent (2013-2023)

**High Level Outcome Description**

**Rationale:** Türkiye’s geographic, climatic, and socioeconomic conditions make it highly vulnerable to the impacts of earthquakes, climate change, and other environmental hazards, making adaptation and resilience high priorities. At the same time, climate change is expected to aggravate the pressure exerted by extreme events and environmental degradation on Türkiye’s physical and natural resource bases, posing multidimensional risks to the welfare and livelihoods of people. Wider availability of domestic and international insurance solutions is needed to improve protection against and speed up recovery after natural disasters, including climate-related events. Despite some recent progress with renewables, Türkiye remains a high emitter. Achieving Türkiye’s climate commitments would yield net economic gains but requires significant policy reform and large public and private investments.

**The WBG contributes to this HLO by:**

- Enhancing disaster resilience and preparedness;
- Strengthening natural resources management; and
- Supporting energy transition.

**Associated SDGs:** (i) **SDG 1** (no poverty); (ii) **SDG 2** (zero hunger) (iii) **SDG 5** (gender equality); (iv) **SDG 6** (clean water and sanitation); (v) **SDG 9** (industry, innovation and infrastructure); (vi) **SDG 10** (reduced inequalities) (vii) **SDG 11** (sustainable cities and communities); (viii) **SDG 13** (climate action); (ix) Life on land

**CPF Objective 7: Support disaster resilience and preparedness**

This builds on the previous CPF’s Objective 8: Improved sustainability and resilience of cities

**Intervention Logic:** Natural disasters, climate change, and pollution are having dramatic impacts on welfare, livelihoods, and the sustainability of the nation’s growth model. The country’s risk profile is dominated by seismic risk, as 70 percent of its population live in seismic zones while it is increasingly exposed to hydrometeorological events. Disasters and climate change directly generate poverty and put an additional burden on the Turkish government’s budget, reducing the fiscal space available for development programs. The CCDR highlights that climate and geological risks affect households unequally. Insurance can help restore livelihoods and rebuild critical infrastructure so that people, communities, and the economy can rebound more quickly. However, Türkiye’s insurance industry needs improvement to reach its potential. Türkiye also needs to ensure increased preparedness for future public health emergencies and pandemics.

**Lessons learned and new knowledge at the program level:** The integration of structural strengthening and EE improvements has been tested in various WBG-financed projects in Türkiye and the ECA region, wherein seismic reduction projects include EE measures alongside structural strengthening and EE projects include some structural improvements, especially in roofs. These functional and energy efficiency upgrades were found to also improve the quality of the learning environment in the schools and health service delivery in the hospitals. Global experience also demonstrates the benefits of investing in preparedness and prevention activities with huge economic return compared to post-reconstruction efforts.<sup>9</sup>

Similarly, WBG-financed projects have moved towards adopting a multi-hazard risk approach consisting of broader assessments that cover both geophysical and climate-related hazards facing buildings and infrastructure assets as well as investments in enhancing multi-hazard resilience of critical public infrastructure across sectors.

<sup>9</sup> <https://www.worldbank.org/en/news/feature/2012/06/06/creating-a-safer-romania>

The PASA on Financial Resilience (P500381) supports related diagnostic work, which includes informing the development of relevant disaster risk finance instruments.

**WBG engagement:**

- Supporting resilient retrofitting and reconstruction of collapsed, damaged and vulnerable housing, schools, public buildings and other buildings alongside measures to improve energy efficiency, scale up renewable energy, facilitate modernization (including for fire safety and sanitation) and support universal access;
- Strengthening capacities of municipalities and utilities to prepare for, and respond to, multi-hazard risks and climate change;
- Supporting disaster insurance and risk transfer solutions and strengthen financial resilience against disaster risk;
- Enhancing flood and drought management; and
- Improving health sector preparedness to sustain access to services during public health emergencies and shocks.

**Green / CC Focus:** Mainstreaming green approaches as part of resilient reconstruction and risk reduction.

**Key risks and mitigation:** Reconstruction and enhanced resilience require government’s strong commitment, resources, and implementation/coordination capacity at the implementing agency level. Stringent enforcement of building codes is vital for new construction. The Bank will continue a strong dialogue with the government in these areas and remain flexible to adjust the program/instruments to support priority areas, including strengthening institutional capacity for regulatory enforcement.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 7.1: Percentage of the population insured against earthquake risk (number)</b> Baseline [2023]: 55 Target [2028]: 65 Source: Financial Resilience PASA</p> <p><b>Indicator 7.2: Vaccine production center acquired WHO pre-qualification (number)</b> Baseline [2023]: No Target [2028]: Yes Source: Türkiye Preparedness for Public Health Emergencies Project</p> <p><b>Indicator 7.3: People living in disaster and climate resilient, reconstructed housing (number, gender disaggregated)</b> Baseline [2023]: 0 Target [2028]: 39,000 (50% female) <b>CC G</b> Source: Türkiye Earthquake Recovery and Reconstruction Project and Climate and Disaster Resilient Cities Project</p> <p><b>Indicator 7.4: Number of beneficiaries (building occupants)</b></p>	<p><b>SPI 7.1: Number of government staff and technical professionals trained in the design and implementation of building retrofitting and renovation (number, gender disaggregated)</b> Baseline [2023]: 0 Target [2028]: 3,500, of whom 30 per cent women) <b>CC G D</b> Source: Seismic Resilience and Energy Efficiency in Public Buildings Project</p> <p><b>SPI 7.2: National disaster risk finance instruments in place (number)</b> Baseline [2023]: 1 Target [2026]: 3 Source: Financial Resilience PASA</p> <p><b>SPI 7.3: Public buildings structurally strengthened and renovated or reconstructed to be disaster and climate resilient and energy efficient (number)</b> Baseline [2023]: 0</p>	<p><b>Ongoing Financing:</b></p> <p><b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Climate and Disaster Resilient Cities Project (P173025)</li> <li>- Seismic Resilience and Energy Efficiency in Public Buildings Project (175894)</li> <li>- Türkiye Earthquake, Floods and Wildfires Emergency Reconstruction Project (P176608)</li> <li>- Türkiye Earthquake Recovery and Reconstruction Project (P180849)</li> <li>- Disaster Risk Management in Schools Project (P157683)</li> <li>- Education Infrastructure for Resilience (EU Facility for SuTP, P162004)</li> </ul> <p><b>IFC</b></p> <ul style="list-style-type: none"> <li>- Housing Finance project with Isbank (Proj. ID 46006)</li> </ul> <p><b>MIGA</b></p> <ul style="list-style-type: none"> <li>- Türkiye Gaziantep Hospital BLT Project (Proj. ID 11754)</li> <li>- Adana Integrated Health Campus Project (Proj. ID 12118)</li> <li>- Yozgat Education and Research Hospital Project (Proj. ID 12870)</li> <li>- Elazig Integrated Health Campus Project (Proj. ID 12871)</li> <li>- Bursa Integrated Health Care Center Project (Proj. ID 13543)</li> </ul>

<p><b>benefitting from disaster resilient Central Government Buildings (number)</b></p> <p>Baseline [2023]: 0</p> <p>Target [2028]: 26,000 <b>CC</b></p> <p>Source: Climate and Disaster Resilient Cities Project; and Seismic Resilience and Energy Efficiency in Public Buildings Project</p>	<p>Target [2026]: 133, of which 20 in earthquake-affected provinces <b>CC G</b></p> <p>Source: Seismic Resilience and Energy Efficiency in Public Buildings Project, Disaster Risk Management in Schools Project</p> <p><b>SPI 7.4: Country area covered by updated, modernized digital cadaster (percentage)</b></p> <p>Baseline [2023]: 80</p> <p>Target [2026]: 90 <b>CC D</b></p> <p>Source: Land management infrastructure for green and sustainable development</p>	<ul style="list-style-type: none"> <li>- Ikiteli Hospital Project (Proj. ID 13861)</li> </ul> <p><b>Financing Pipeline:</b></p> <p><b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Türkiye Preparedness for Public Health Emergencies Project (P180781)</li> <li>- Flood and Drought Management (P179313)</li> </ul> <p><b>Ongoing ASA:</b></p> <ul style="list-style-type: none"> <li>- Turkey Green Growth and Sustainable Recovery (P174569)</li> <li>- Supporting education for recovery from the earthquake emergency towards the implementation of Türkiye’s Vision 2030 (P180190)</li> <li>- Türkiye Financial Resilience PASA (P500381)</li> </ul> <p>Logistical Chain Resilience and Inter-city Mobility Assessment in Türkiye</p> <p><b>ASA Pipeline:</b></p> <ul style="list-style-type: none"> <li>- Improving construction code compliance</li> </ul>
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**CPF Objective 8: Strengthen natural resources management**

This builds on the previous CPF’s Objective 9: Strengthened Results Under Climate Action Agenda

**Intervention Logic:** Türkiye is highly vulnerable to climate impacts – both climate-related hazards that threaten communities and infrastructure (such as flooding) as well as slow onset impacts that exacerbate land degradation, increase water scarcity, and undermine coastal communities. Climatic and human-induced factors continue to put pressure on natural assets including land, soil, forests, biodiversity, and water resources. Many cities in Türkiye will also increasingly suffer the impacts of floods, sea level rise, heatwaves, and other extreme weather events due to climate change paired with rapid urban growth and inadequate planning. Türkiye’s climate change commitments will require significant land resources that need to be carefully managed along with other growing land demands for urban development and agriculture.

**Lessons learned and new knowledge at the program level:** Serving as a platform for policy engagement, the Green Growth PASA built on the CCDR with more in-depth reports, the first published in 2023 on the institutional gaps for adaptation and resilience. Sector specific analyses have also been undertaken, often in conjunction with related projects, such as city-wide disaster risk assessments and analysis of pollution in the Black Sea.

- The WBG contributes to this objective by:**
- Strengthening land administration and integrated land management;
  - Promoting sustainable, competitive agricultural growth;
  - Increasing resilience of forests and people to wildfires;
  - Improving efficiency, reliability and inclusiveness of irrigation and wastewater services and reuse;
  - Promoting city greening and nature-based solutions to reduce urban heat and flooding; and
  - Strengthening institutional capacity for integrated fire management, water circularity management, point source pollution reduction, and integrated flood and drought risk management.

**Key risks and mitigation:** Despite recent improvements, further efforts are needed to enforce environmental legislation, which is a priority to mitigate risks presented by climate change and environmental degradation.

<b>CPF Objective Indicators</b>	<b>Supplementary Progress Indicators</b>	<b>WBG Program</b>
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<p><b>Indicator 8.1: Land area under sustainable landscape management practices / improved climate adaptation management (Hectares [Ha])</b> Baseline [2023]: 1,306 Target [2028]: 150,000 <b>CC</b> Source: TULIP, Agri-food Sector Recovery &amp; Rebuilding in Türkiye’s Earthquake Affected Provinces</p> <p><b>Indicator 8.2: Area benefitting from reduced risks of floods and Early Warning systems (Ha)</b> Baseline [2023]: TBD Target [2028]: TBD <b>CC</b> Source: Flood and Drought Management</p> <p><b>Indicator 8.3: Forest area with increased wildfire resilience in targeted areas (Ha)</b> Baseline [2023]: 0 Target [2028]: 6,800,000 <b>CC</b> Source: Türkiye Climate Resilient Forests Project</p> <p><b>Indicator 8.4. Water users provided with improved irrigation service</b> (number, gender disaggregated) Baseline [2023]: 1,200 Target [2028]: 22,192 (1,039 female) <b>CC G</b> Source: Turkey Irrigation Modernization Project and Türkiye Water Circularity and Efficiency Improvement Project</p>	<p><b>SPI 8.1: National Strategy for Resilient Landscape Integration developed (Yes/No)</b> Baseline [2023]: No Target [2026]: Yes <b>CC</b> Source: TULIP</p> <p><b>SPI 8.2. Annual Water User Associations consultations conducted and results discussed via Devlet Su İşleri’s communication channels</b> (Number) Baseline: 0 [2023] Target: 245 (of which 35 specifically conducted with women) [2026] <b>G</b> Source: Türkiye Irrigation Modernization (P158418)</p> <p><b>SPI 8.3: City-level climate action plans adopted, with consideration for gender and other vulnerable groups mainstreamed (number)</b> Baseline [2023]: TBD Target [2026]: TBD <b>CC G</b> Source: Green and Future Cities Project</p>	<p><b>Ongoing Financing:</b> <b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Turkey Resilient Landscape Integration Project (TULIP, P172562)</li> <li>- Land management infrastructure for green and sustainable development (P179217)</li> <li>- Türkiye Climate Resilient Forests Project (P179345)</li> <li>- Türkiye Water Circularity and Efficiency Improvement Project (P174915)</li> <li>- Türkiye Irrigation Modernization (P158418)</li> <li>- Turkey Climate Smart and Competitive Agricultural Growth Project (TUCSAP, P175011)</li> <li>- Gas Storage Expansion Project (P162727)</li> <li>- Climate and Disaster Resilient Cities Project (P173025)</li> <li>- Seismic Resilience and Energy Efficiency in Public Buildings Project (175894)</li> <li>- Türkiye Earthquake, Floods and Wildfires Emergency Reconstruction Project (P176608)</li> <li>- Sustainable Cities II (P161915)</li> </ul> <p><b>Financing Pipeline:</b> <b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Agri-food Sector Recovery &amp; Rebuilding in Türkiye’s Earthquake Affected Provinces (P181428)</li> <li>- Green and Future Cities Project (P179347)</li> </ul> <p><b>Ongoing ASA:</b></p> <ul style="list-style-type: none"> <li>- Turkey Green Growth and Sustainable Recovery (P174569)</li> <li>- BBSEA: Turning the tide of pollution in the Black Sea (P173334)</li> <li>- Türkiye Climate Action Support (P180448)</li> <li>- Türkiye Financial Resilience PASA (P500381)</li> <li>- Climate Adaptation and Resilience of the Power Sector (P179816)</li> </ul>
<p><b>CPF Objective 9: Support energy transition</b></p>		
<p>Objective builds on previous CPF’s Objective 7: Improved reliability of energy supply and generation of green energy and Objective 9: Strengthened Results Under Climate Action Agenda</p>		
<p><b>Intervention Logic:</b> Türkiye is the 15<sup>th</sup> highest annual emitter globally, up from 18<sup>th</sup> in 2019, with a large emissions intensive industrial base, high use of imported fossil fuels, carbon-intensive transport, and inefficient buildings. By taking action to accelerate its green transformation, Türkiye can minimize the impact of the changing regulatory environment and could increase exports if it can out-compete more emissions-intensive producers while reducing harmful air pollution. By putting downward pressure on electricity costs and mitigating exposure to fossil fuel price volatility, decarbonization in the power sector through renewables is also</p>		

expected to further improve industrial competitiveness, exports, and growth in Türkiye while improving energy security. Cities are also critical in making progress on emissions reductions in Türkiye, particularly improving energy efficiency of the building stock and supporting a modal shift to low or zero emission public transit and smart green urban mobility as well as integrating green solutions to municipal infrastructure management. Sound planning of the built environment and land development is also needed to avoid locking in high-emission urban growth.

**Lessons learned and new knowledge at the program level:** Ongoing analytical work including on decarbonization of maritime transport, sustainable urban mobility, energy, green growth, and plastic and waste circularity are building a new foundation for further engagement in climate change mitigation. Work under the Green Growth PASA is helping to build the capacity of the government to undertake climate strategy planning, evidenced by the increased prominence of climate action in the 12<sup>th</sup> National Development Plan. Ongoing work under the Financial Resilience PASA and by the financial sector regulators aim at greening the financial sector, which can help channel financing for climate mitigation purposes.

**WBG ongoing and planned engagement:**

- Increasing renewable energy generation, modernizing distribution networks, and promoting EV charging infrastructure networks;
- Enhancing energy efficiency especially in the building stock;
- Supporting development and implementation of city climate plans, and greenhouse gas reductions for municipal infrastructure and services;
- Supporting efforts aimed at greening the financial sector (banking and capital markets); and
- Improving the policy environment for climate mitigation, including the emissions trading system.

**Key risks and mitigation:** The possibility of new coal and lignite plants risk locking the country into carbon-intensive infrastructure for decades, undermining decarbonization efforts. As highlighted in the CCDD, Türkiye’s energy transition will have long-term economic benefits, but requires significant policy reform plus large investments from diverse financing sources. The WBG’s support will only ever cover a fraction of these needs, and therefore needs to be highly strategic in its targeting to influence: (i) national policies, to incentivize investments on a national scale and (ii) national investment programs that can be scaled up to drive change.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 9.1: Projected lifetime greenhouse gas emissions reduction from results achieved</b>            Baseline [2023]: 64.96 Mt CO<sub>2</sub>e            Target [2028]: 96.38 Mt CO<sub>2</sub>e <b>CC</b>            Source: Turkey Organized Industrial Zones Project; Renewable Energy Integration / AF; Geothermal Development Project; Public and Municipal Renewable Energy Project; Sustainable Cities 2; Sustainable Cities 2 AF; EE in Public Buildings; Seismic Resilience and EE in Public Buildings; Second EE in Public Buildings; Emissions Reduction Project; Scaling Up Distributed PV Program; Green and Future Cities; Green Finance; Green Export; Green Industry; 10 MIGA projects. Turkey Organized Industrial Zones Project; Renewable Energy Integration and Additional Financing; Geothermal Development Project and Additional Financing; Public and Municipal Renewable Energy Project; EE in Public Buildings (1 and 2); Seismic Resilience and EE in Public Buildings; Industrial Emissions</p>	<p><b>SPI 9.1 National ETS designed and pilot ETS initiated</b>            Baseline [2023]: No            Target [2027]: Yes            Source: Türkiye PMI Carbon Market Development Project</p> <p><b>SPI 9.2: Sites where de-risking studies have been conducted for offshore wind energy generation (number)</b>            Baseline [2023]: 0            Target [2026]: 3 <b>CC</b>            Source: Türkiye - EU IPA Energy Sector Program Phase IV Project - Offshore Wind Support</p> <p><b>SPI 9.3: Number of innovative green efficiency solutions introduced by beneficiary firms (#)</b></p>	<p><b>Ongoing Financing:</b>  <b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Türkiye Partnership for Market Implementation (PMI) Carbon Market Development Project (P180248)</li> <li>- Renewable Energy Integration (P144534)</li> <li>- Turkey Geothermal Development Project (P151739)</li> <li>- Türkiye EU-IPA Energy Sector Program Phase III Project (P173247)</li> <li>- Türkiye - EU IPA Energy Sector Program Phase IV Project - Offshore Wind Support (P179235)</li> <li>- Rail Logistics Improvement Project (P170532)</li> <li>- Turkey Energy Efficiency in Public Buildings (P162762)</li> <li>- Public and Municipal Renewable Energy Project (P179867)</li> <li>- Seismic Resilience and Energy Efficiency in Public Buildings Project (175894)</li> </ul>

<p>Reduction Project; Accelerating the Market for Distributed Energy; Green and Future Cities; Green Export.</p> <p><b>Indicator 9.2 Projected lifetime energy savings (terajoules)</b>  Baseline: 4.08 TJ  Target: 25.95 TJ  Source: Energy Efficiency in Public Buildings; Seismic Resilience and Energy Efficiency in Public Buildings; Second EE in Public Buildings; Organized Industrial Zones; Green Industry; Sustainable Cities 2; Green and Future Cities Energy Efficiency in Public Buildings (1 &amp; 2); Seismic Resilience and Energy Efficiency in Public Buildings; Organized Industrial Zones</p> <p><b>Indicator 9.3: Renewable energy capacity enabled (MW)</b>  Baseline [2023]: 956 MW  Target [2028]: 2,273 MW <b>CC CS</b>  Source: Renewable Energy Integration / AF; Geothermal Development; Accelerating the Market Transition for Distributed Energy; Public and Municipal Renewable Energy; Green and Future Cities.</p>	<p>Baseline [2023]: 0  Target [2028]: 200 <b>CC</b>  Source: Türkiye Green Industry Project</p>	<ul style="list-style-type: none"> <li>- Sustainable Cities II (P161915)</li> <li>- Green Finance Project (178274)</li> </ul> <p><b>IFC</b></p> <ul style="list-style-type: none"> <li>- Port and logistics projects</li> <li>- Renewable energy projects, including surface geothermal heating and cooling</li> <li>- Modernization of distribution network investment projects</li> <li>- Yapi Kredi Leasing (Proj. ID 46788)</li> <li>- GTLP RSF structures (Proj. ID 46777 and 47902)</li> <li>- MAS EV buses</li> <li>- Green OIZ Project (P607492)</li> <li>- Pipeline shallow geothermal project (regional)</li> </ul> <p><b>IFC/MIGA</b></p> <ul style="list-style-type: none"> <li>- Izmir Metro Project (Proj. ID 12580)</li> <li>- Izmir Tramway Project (Proj. ID 12240)</li> <li>- MAS upstream project on plastic circularity 607492</li> </ul> <p><b>MIGA</b></p> <ul style="list-style-type: none"> <li>- Ulug Enerji Project (Proj ID 14306)</li> <li>- Limak Uludag Perakende Elektrik Satis Project (Proj. ID 14919)</li> <li>- Uludag Elektrik Dagitim A.S. Project (Proj. ID 14920)</li> <li>- Kadikoy-Kartal-Kaynarca Istanbul Metro Project (Proj. ID 9401)</li> <li>- Izmir Marine Transportation Project (Proj. ID 11781)</li> <li>- Üsküdar Metro Project (Proj. ID 12516)</li> </ul> <p><b>Financing Pipeline:</b></p> <p><b>IBRD</b></p> <ul style="list-style-type: none"> <li>- Green and Future Cities Project (P179347)</li> <li>- Accelerating the Market Transition for Distributed Energy (P176375)</li> <li>- Eastern Türkiye Middle Corridor Railway Improvement Project (ETMIC, P179128)</li> <li>- Türkiye Energy Efficiency in Public Buildings 2 Project (P500777)</li> <li>- Green Export Project (P181436)</li> <li>- Emissions Reduction Project (P180762)</li> </ul> <p><b>IFC</b></p> <ul style="list-style-type: none"> <li>- Private sector renewable energy projects including surface geothermal for heating and cooling</li> <li>- Pipeline investment in modernization of distribution network project</li> <li>- Methane emissions abatement</li> </ul> <p><b>Ongoing ASA:</b></p>
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		<ul style="list-style-type: none"> <li>- Green Growth PASA (P174569)</li> <li>- Sustainable Urban Mobility in Türkiye (P175806)</li> <li>- Türkiye E-Mobility TA Program (P177079)</li> <li>- Turkey Green Growth and Sustainable Recovery (P174569)</li> <li>- Türkiye Climate Action Support (P180448)</li> <li>- Financial Resilience PASA (P500381)</li> <li>- Energy Transition Program in Türkiye (P173157)</li> </ul>
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<b>G</b>	Gender related indicators <sup>10</sup>
<b>CC</b>	Climate change related indicators
<b>CS</b>	Potential alignment with provisional Corporate Scorecard indicators
<b>D</b>	Relevant to cross-cutting theme of accelerating digitalization

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<sup>10</sup> Gender considerations are integrated into all CPFs according to the provisions of [OP/BP 4.20](#), Gender and Development and the corresponding Guidance.

## Annex 3: Completion and Learning Report

### TÜRKIYE CPF FY18-23 COMPLETION AND LEARNING REVIEW

**Date of CPF:** July 28, 2017, covered period FY18-21 (Report No. 11096-TR)

**Date of PLR:** February 13, 2020, extended CPF to FY23 (Report No. 142353-TR)

**Period covered by the CLR:** FY18-FY23

#### I. INTRODUCTION

**1. This Completion and Learning Review (CLR) assesses the progress made and lessons learned through the World Bank Group (WBG) Türkiye Country Partnership Framework (CPF) for the FY18-21 period, extended to FY23 by the Performance and Learning Review (PLR).** Aligned to the Government's 10<sup>th</sup> National Development Plan and informed by the 2017 Systematic Country Diagnostic (SCD), the CPF aimed to develop strategies, policies, and institutions to assist Türkiye accelerate growth, inclusion and sustainability, and to complete its transition to a high-income country. Given the evolving country context in the first two years of the CPF, the PLR adjusted the WBG's engagement strategy and extended its implementation through FY23 to reflect the Government's 11<sup>th</sup> Development Plan.

**2. The CPF was implemented within a challenging and continuously evolving country context, which included a sweeping governance reform (effective after the CPF approval), the COVID-19 pandemic (after finalizing the PLR), and natural disasters.** Specifically, (a) Türkiye modified its governance system in 2018 from a Parliamentary to a Presidential Republic, and created new institutions; (b) the COVID-19 pandemic; (c) the continuous influx of people fleeing conflicts making Türkiye the largest refugee-hosting country in the world; and (d) the February 6, 2023, catastrophic earthquakes. Additionally, Türkiye ratified the Paris Agreement in 2021, which enabled new WBG financing and non-financing to assist the country address climate change. Given that most of these developments occurred post-PLR, only some were fully reflected in the country strategy documents while others, like the 2023 earthquakes were not and required ad hoc adjustments to the ongoing program. The WBG portfolio grew exponentially to support country efforts to address climate change and respond and recover from the intense shocks. The WBG demonstrated agility, flexibility and capacity to adjust paying particular attention to the sustainability of development outcomes, and assisting institutions and people to build resilience against future crises.

**3. The overall performance of the CPF program is rated *Moderately Satisfactory*.** The rating is based on the aggregate assessment of the nine CPF objectives supported by 29 indicators contributing to three focus areas. They reflect the results of WBG financing, trust funded activities, guarantees, as well as country dialogue, advisory services and analytics (ASA). The CLR also presents complementary indicators to capture the development impact of WBG support in areas that had not been envisaged in the CPF or the PLR. This is motivated by the extent of the shocks experienced during CPF implementation, the fast-changing and urgent priorities, and the need to remain flexible and agile to ensure timely support.

**4. The overall performance of the WBG in designing and implementing the CPF is rated as *Good*.** The WBG's program in Türkiye was relevant to the country's long term development goals and adjusted timely and adequately to context changes in line with the WBG's comparative advantage and country needs. The portfolio grew from US\$3.1 billion to US\$10.9 billion (251 percent increase) and diversified significantly, driven largely by WBG efforts in assisting the Government with the COVID-19 response, the implementation of the climate change Memorandum of Understanding (MoU), and the earthquakes response. Beyond lending, the WB used its convening power to further strengthen partnerships with other international institutions, resulting in an increased volume and number of EU-funded Recipient-Executed Trust Fund (RETF) operations and mobilization of co-financing from the Asian Infrastructure Investment



Bank (AIIB) and Japan International Cooperation Agency (JICA). In 2021, the WBG assumed a leading role in facilitating Türkiye’s signing of a MoU with France, Germany, and the United Nations (UN), to assist the country in developing and rolling out climate policies and action. The International Finance Corporation (IFC) delivered a robust program supporting private sector development, playing a counter-cyclical role, focusing on building critical infrastructure, promoting further integration into global value chains of export-oriented manufacturing, enhancing financial inclusion, and accelerating green transition. For the Multilateral Investment Guarantee Agency (MIGA), Türkiye remained its largest exposure country globally and delivered an impactful program with projects supporting foreign investors in the health, energy, transport, and financial sectors, with a strong focus on climate finance.

**5. The results from the diversification and expansion of the WBG portfolio, especially during the extended CPF period, are only partially captured by the post-PLR results framework (RF) as most of the outcomes will materialize during the next CPF.** IBRD lending commitments during the CPF exceeded US\$12.5<sup>11</sup> billion, but (i) 43 percent of these were approved during the 2-year extension; and (ii) almost half of the end FY23 active lending portfolio of US\$10.9 billion became effective during the last 18 months. Beyond sector investments, the program aimed to strengthen institutions and improve capacity through innovative and intensive training curricula, including the development of the Türkiye Project Implementation Unit (PIU) Academy program, and assistance to help the country tap into capital markets on reasonable terms. Türkiye country program pioneered the preparation of a Country Climate and Development Report (CCDR), which informed the SCD and upcoming CPF.

**Table 1. Ratings of FY18–FY23 CPF Strategic Objectives by Focus Area**

Focus Area/Strategic Objective	Rating
<b>Focus Area 1: GROWTH – Moderately Satisfactory</b>	
Objective 1: Contribute to Strengthened Policies that Boost Economic Stability	Partially Achieved
Objective 2: Enhanced Access to Finance to Underserved Segments	Mostly Achieved
Objective 3: Enhanced Competitiveness and Employment in Selected Industries	Mostly Achieved
<b>Focus Area 2: INCLUSION – Moderately Satisfactory</b>	
Objective 4: Increased Effectiveness of Social Assistance	Partially Achieved
Objective 5: Increased Labor Force Participation of Women & Vulnerable Groups	Mostly Achieved
Objective 6: Strengthened Performance of the Education and Health Sectors	Mostly Achieved
<b>Focus Area 3: SUSTAINABILITY – Moderately Satisfactory</b>	
Objective 7: Improved Reliability of Energy Supply and Generation of Green Energy	Mostly Achieved
Objective 8: Improved Sustainability and Resilience of Cities	Partially Achieved
Objective 9: Strengthened Results Under Climate Action Agenda	Mostly Achieved

## II. PROGRESS TOWARDS CPF DEVELOPMENT OUTCOMES

**6. The progress towards the achievement of CPF development outcome was overall *Moderately Satisfactory*.**<sup>12</sup> The WB program comprised a coherent blend of investment projects and ASAs, complemented by IFC investments and advisory services, and MIGA guarantees. All three focus areas are rated Moderately Satisfactory. Six of the nine Objectives were Mostly Achieved and three Partially Achieved. The targets for 17 of the result indicators were Achieved; 5 were Mostly Achieved, and 6 were Partially Achieved. The targets of 1 indicator were Not Achieved.

### *Focus Area 1: GROWTH (Overall Rating: Moderately Satisfactory)*

<sup>11</sup> Including FY17 lending approvals since FY17 was not covered by any CPF.

<sup>12</sup> Table 1 and Annex 1 provide the assessments summary for all Objectives and indicators. Annex 2 has details on indicators, targets, achievements, and contributing operations, to assess progress of the Focus Areas and individual Objectives.

### **Objective 1: Contribute to Strengthened Policies that Boost Economic Stability (Partially Achieved)**

**7. This CPF indicator was revised in the PLR.** To support this objective, the WB mostly relied on policy advice through Country Economic Memoranda (CEM), the Türkiye Economy Monitor (TEM) series and other ASAs. These efforts supported the restructuring of a significant *number of corporate bank loans applying a new financial restructuring framework*. As of July 2023, 603 loans were restructured, exceeding the initial target of 200.<sup>13</sup> The other indicator related to the Integrated Public Financial Management Information Systems aimed to utilize public resources more efficiently and effectively. This framework was supported by the Public Finance Management Reform Implementation Support Project (P158799). However, the monitoring and reporting of government contractual commitments, which was measured through the indicator on *improved transparency for public sector contractual commitments*, fell short of expectations.<sup>14</sup> At the time, opportunities for engaging the Government on procurement reform and on the country procurement system were limited, including its use in WB-financed projects. The WB's contribution and attribution to this focus area in the second half of the CPF was limited due to the adequacy of the macro-economic framework as a prerequisite for Policy Lending.

### **Objective 2: Enhanced Access to Finance to Underserved Segments (Mostly Achieved)**

**8. WBG efforts contributed to enhance access to finance for underserved segments (women and MSMEs).** IFC operations helped to partially alleviate lending-related constraints by providing loans to commercial banks, including Akbank TK (Project No. 3381), Garanti Bankasi (511503), QNB Finansbank (510236), and DenizBank AS (621859).<sup>15</sup> Several IBRD financial intermediation operations were delivered to reach these segments. With 5.4 million individuals reached, the target of 3.6 million was exceeded. Moreover, MIGA supported Turk Exim in 2015 (Proj. ID 9416), 2016 (Proj. ID 13471) and 2018 (Proj. ID 14295) to increase medium- and long-term financing to the export sector, focusing on MSMEs. Yet, the *number of women-owned SMEs reached by IFC financial services* was only mostly achieved with 85,538 MSMEs against the target of 100,000. Notably, the *number of women-inclusive enterprises financed under IBRD lines of credit* exceeded the target of 80 MSMEs, reaching 474 enterprises by May 2023. The indicator on *MSMEs and exporters served by banks benefiting from IBRD financial intermediary loans*, was partially achieved reaching 50 percent of its target. One of the factors contributing to this was the decision to temporarily halt financial intermediary operations in the second half of CPF, due to perceived risks in macro-fiscal conditions.

**9. Post-PLR, an innovative approach was adopted by financing the underserved segments of the population through grants or reimbursable grants.** These segments were reached via the Small and Medium Scale Industry Development and Support Administration (KOSGEB), the Agricultural Credit Cooperatives (ACC), the Turkish Employment Agency (ISKUR), and by the Development Bank of Türkiye (TKYB), through RETFs, mainly funded by the EU as part of the refugee crisis-response. The original indicator was limited to include *clients served by Banks benefiting from IBRD "financial intermediary" operations*. But given the significant financial commitments through IBRD non-financial-intermediary operations and RETFs, the expansion of this indicator to include the impact of non-financial-intermediary operations' would add 58,853 additional MSMEs and exporters which were directly reached by such operations (for a total of 297,853 MSMEs and thus getting closer to the original target).

### **Objective 3: Enhanced Competitiveness and Employment in Selected Industries (Mostly Achieved)**

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<sup>13</sup> The total amount of debt restructured under the framework agreement reached TRY 142 billion.

<sup>14</sup> Although the Integrated Financial Management System became fully operational, the information from the contractual commitments was captured only after processing the first payment, which was contrary to the original design to assess such information beforehand. <https://muhasebat.hmb.gov.tr/bkmybs-projesinin-amaci>

<sup>15</sup> Respective data can be collected from IFC Development Outcome Tracking System, <https://dotsc.ifc.org/>

**10. All IFC indicators reached or exceeded their targets** – *employment supported by IFC clients in manufacturing, telecom, technology, and agribusiness* reached 135,857 jobs (against a target of 60,000); supported female employment resulted in 40,133 jobs (target of 14,000), and *employment supported by IFC equity funds investees*, reached 22,025 jobs (target of 20,000). Industries supported by IFC intervention are of systemic importance for growth dynamics and job creation. IFC lending has helped companies to expand their business and create more jobs as credit constraint has been alleviated. While there was no specific indicator measuring IBRD's employment support in selected industries, the CPF program has significantly shifted to retain and enhance employment opportunities especially during and after the COVID-19 pandemic. Thus, IBRD lending operations and RETFs, namely the Formal Employment Creation (P171766), Türkiye Rapid Support for Micro and Small Enterprises during the COVID-19 crisis project (P174144), and Long-Term Export Finance Guarantee Project (P171448) contributed to maintaining or creating an additional 90,730 jobs. Rapid Support to MSMEs Project (P174144) aimed to avert the closure of viable Micro and Small Enterprises affected by the COVID-19 crisis, and to maintain their employment levels during the crisis. Among the firms who benefitted, 98 percent have survived and not only maintained their employment level, but also created 66,700 new jobs<sup>16</sup>. The WB program also continued to support the creation of jobs related to the climate change agenda, through the Green Industry Project (P179255) and in the aftermath of the earthquake, Post-Earthquake MSME Recovery project (P181068) focusing on vulnerable groups, such as women, youth, and refugees. However, these two new operations were delivered in late FY23 and only recently became effective. On the competitiveness front, Improvement in Composite Doing Business Score index was set as the relevant indicator with a baseline value of 68.1 in 2015 and a target of 78.0 as of 2021. Although, the Doing Business report was discontinued and the latest available score for Türkiye was 76.8 as of 2020, the country's progress in enhancing competitiveness has been captured by other international indexes, including UN Industrial Development Organization's Competitive Industrial Performance Index where Türkiye's score increased from 0.124 in 2015 to 0.122 in 2021; and overall country ranking went up from 29<sup>th</sup> to 27<sup>th</sup> worldwide<sup>17</sup>.

## **Focus Area 2: INCLUSION (Overall Rating: Moderately Satisfactory)**

### **Objective 4: Increased Effectiveness of Social Assistance (Partially Achieved)**

**11. The WB aimed to reach this objective mainly through programmatic ASAs.** The focus shifted mid-course to account for the change in the policy context to also: (i) strengthen institutions to enhance the possibilities of social assistance beneficiaries to find income-generation opportunities; and (ii) enhance the evidence based social assistance programming. The indicator on the *number of social assistance beneficiaries referred to employment services* surpassed the target and reached 822,000 beneficiaries. But the indicator on *inclusion of social protection performance indicators in the Ministry of Family, Labor, and Social Services (MOFLSS) social assistance monitoring and evaluation (M&E) system for evidence-based program management* was not achieved. Overall, social assistance coverage has been expanded during and after the pandemic period; but CPF indicators focused mainly on the basic definition of social assistance as formulated at the design stage. Indeed, the valuation part of the M&E systems in Türkiye remains a challenge affecting social assistance impact measurement throughout the country.

**12. Over time, the number and budget of social assistance programs has grown to cover a broader range of sources of vulnerability and sustain the living standards of vulnerable populations.** There are about 45 programs with a budget equivalent to 1.5 percent of GDP that help vulnerable groups focusing on poverty, electricity access, health, old-age, disability, and employment risks. Most of them are

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<sup>16</sup><https://operationsdashboard.worldbank.org/project/secure/sap/forms/isr?projid=P174144&stage=IMP&SeqNo:05#statusandkeydecisions-objectiveandratings>

<sup>17</sup> UNIDO Competitive Industrial Performance Index (CIP): <https://stat.unido.org/cip/>

centralized by MOFLSS and ran under an investment stream achievement sheet with 57 million people enrolled in the registry. The programs are flexible to react to changing economic circumstances, which contributed to the expansion of their resources and coverage during the COVID-19 pandemic.

**Objective 5: Increased Labor Force Participation of Women & Vulnerable Groups (Mostly Achieved)**

**13. WBG support aimed to bring more people into the formal labor market to help Türkiye reap the benefits of its demographic dividend.** WB support to ISKUR aimed to strengthen its capacity and effectiveness in helping job seekers, particularly women and youth. The Facility for Refugees in Türkiye<sup>18</sup> (FRIT) Social Entrepreneurship, Empowerment and Social Cohesion Project (P171456) helped promote social cohesion outcomes in communities where Syrians under Temporary Protection (SuTPs) reside. The Employment Support Project for SuTP and Turkish Citizens (P161670) and Support for Transition to Labor Market Project (P171471) helped to finance ISKUR placement programs and trainings. As a result, there was a significant increase in the *number of women and youth placed in jobs by ISKUR*, surpassing the indicator targets for youth, male, and female placements.<sup>19</sup> Although the CPF indicators only focused on placements generated by ISKUR, several IBRD lending operations prioritized employment generation for women and vulnerable groups, adding 43,591 new placements outside ISKUR programs.<sup>20</sup> However, the *direct employment generation supported by IFC clients in less developed regions* did not meet its target (45,000), reaching 38,111 placements. Yet, IFC engagement with lending institutions and firms helped create job opportunities for vulnerable groups, especially for women in lagging regions. Additionally, MIGA projects in the health sector supported 9,759 employees, of which 49.7 percent were women.

**Objective 6: Strengthened Performance of the Education and Health Sectors (Mostly Achieved)**

**14. The CPF focus in the health and education sectors was the promotion of healthy lifestyles, and supporting primary education and teacher training reform effort respectively.** The education aim was in response to the fall experienced in the Program for International Student Assessment (PISA) and Trends in International Mathematics and Science Study (TIMSS) scores for Türkiye. IFC and MIGA continued to support Türkiye's health sector through investments in specialized health service providers, and through financial innovation to help create alternative capital market solutions for health infrastructure financing. However, considering how the engagement in this CPF Objective evolved, the PLR adjusted to realistically capture the impact of WBG support. Several weeks after the PLR was noted by the Board, the COVID-19 pandemic emerged, with significant impacts on Türkiye's economy, health and education sectors.

**15. Despite several unforeseen shocks, the performance of the Turkish health and education sectors remained resilient, which included uninterrupted and inclusive health and education services during the COVID pandemic and the earthquakes.** Educational achievements have increased with PISA and TIMSS recording noticeable improvements between 2015 and 2019 school enrollments are almost universal for all basic levels, and have slowly increased for post-secondary and pre-school education. However, it is difficult to assess the level of achievement under this Objective despite RF revisions at the PLR stage, as the impact of the COVID-19 pandemic on the health and education sectors significantly shifted the needs of the population. The original indicator on the *number of students, teachers, and staff having access to schools constructed or retrofitted by IBRD operations* has been partially achieved, missing its original target (320,000). The Education Resilience Project (P162004) has been satisfactorily

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<sup>18</sup> As part of the EU response to the refugee issue in Turkey, the EU Facility for Refugees in Turkey (FRIT) "FRIT Facility" was established in 2016 to support the EU-Turkey Joint Action Plan of November 2015 and the EU-Turkey Statement of March 2016.

<sup>19</sup> Notably, the number of women placed in jobs by ISKUR reached 1,874,699 against a target of 900,000; the number of youths placed reached 1,190,792 (male youth) and 758,345 (female youth), against targets of 450,000 and 400,000, respectively.

<sup>20</sup> Including Formal Employment Creation Project (P171766), KOSGEB Rapid Access to Finance (P174144), Agricultural Employment Support (P171543).

implemented and supported the construction of 57 schools with 49,000 students, teachers and staff having access to safe schools, which was proved to be among the safest superstructures during the 2023 earthquakes.<sup>21</sup> However, the Disaster Risk Management (DRM) in Schools Project (P157683) did not perform as expected, causing the indicator to fall short of its target. In addition, the WB contributions to achieve the indicator on the *percentage of households that receive counselling or education related to healthy living from health workers* were disrupted for three years due to the COVID-19 pandemic. The Health System Strengthening and Support Project (HSSSP, P152799) was restructured to address the immediate needs of COVID-19 response, and the indicator was replaced with an indicator that tracks the COVID-19 vaccination coverage.

**16. Although the CPF original targets have not been met, the WB support for the Government's COVID-19 response has been significant and is widely regarded as one of the best practices worldwide<sup>22</sup>.** The WB's new emergency lending and restructuring of ongoing programs allowed for 68.9 percent of the Turkish population (57.9 million people) to be vaccinated, surpassing the original target of 50 percent. IBRD assistance helped upgrade the capacity of 173 hospitals to tackle COVID-19 and future pandemics. The *number of patients served through IFC's health sector clients* exceeded its target (3.0 million), reaching 7.9 million (2022), as IFC investment allowed hospitals located in large municipalities to expand further and operate more efficiently, thereby meeting increasing demand for healthcare services during the COVID-19 pandemic. In addition, five MIGA guarantees serving hospitals became fully operational during the CPF period and made it possible by 2022 to serve 10 million people, of which 55 percent were women.

**17. Coordination among WBG institutions was instrumental to support the strengthening of the Turkish health sector and mobilize private capital.** IFC and MIGA supported seven health Public-Private Partnership (PPP) projects in Türkiye, two of which were joint ones. These projects included the development of greenfield modern facilities and the expansion of existing ones. MIGA political risk insurance helped to mobilize international partners, which brought financial and operational strength to the projects, while IFC helped to finance and mobilize additional private capital for undertaking these projects. The outdated structures have been replaced with modern, more energy efficient, and earthquake-resilient healthcare infrastructures and new ones have been developed with these principles. MIGA support to the development of the Gaziantep Hospital, which started operations in October 2023, employs 6,000 people and offers treatment to 9,000 outpatients daily, is an example of WBG private sector solutions to regions facing significant stress due to health emergencies. Overall, the cascading effect of reaching multiple segments of the population in parallel to WB emergency lending and MIGA guarantees, made this Objective the strongest CPF achievement.

### **Focus Area 3: SUSTAINABILITY (Overall Rating: Moderately Satisfactory)**

#### **Objective 7: Improved Reliability of Energy Supply and Generation of Green Energy (Mostly Achieved)**

**18. The Türkiye energy sector continued to increase its reliability by diversifying the source of energy supplies, shifting from fossil fuels into increased and diversified renewable energy generation.** The WB continued its focus on the energy sector, with ASAs, RETFs funded by the EU, IBRD loans supporting geothermal, wind, solar energy generation, and energy efficiency, paving the way for stepped-up private sector engagement supported by IFC and MIGA. IFC contributed to Türkiye's energy security and helped rebalance its energy mix through selective and strategic engagements in the sector. MIGA continued supporting foreign direct investments (FDI) in the renewable space through the provision of political risk insurance guarantees. Türkiye's *renewable electricity generation as a percentage of the total generation*

<sup>21</sup> World Bank Intranet Page: Türkiye Schools Serve as Beacons of Hope <https://worldbankgroup.sharepoint.com/sites/news/Pages/In-Trkiye-Schools-Serve-as-Beacons-of-Hope-06072023-200244.aspx>.

<sup>22</sup> WHO, Türkiye's Response to COVID-19, First Impressions [2020, <https://iris.who.int/handle/10665/335803?locale-attribute=en& .>].

exceeded its CPF target (35 percent), reaching 45 percent by 2022. Similarly, the capacity of gas storage and gas imports through the Trans-Anatolian Natural Gas Pipeline (TANAP), supported by the Gas Sector Development Project (P093765) and the Gas Storage Expansion Project (P162727) met their targets. Cumulative energy savings achieved through the WB financed energy sector projects have reached 11,590,181 MWh (2023), exceeding the target. In addition, *total power generation and distribution clients reached by IFC* almost achieved its target (6.86 million against a target of 7.0 million) as of 2022. MIGA guarantees issued to electricity distribution companies allowed to distribute and supply electricity to over 3 million customers in the southern Marmara region across an area of 35,500km.

### ***Objective 8: Improved Sustainability and Resilience of Cities (Partially Achieved)***

**19. The Bank helped cities to become more environmentally and socially sustainable, and resilient.** Through the IBRD/IFC investment coordination platform under the “Sustainable Cities Program”, the WBG maintained a constructive dialogue with the Government on policy and regulatory changes to modernize the existing municipal financing and investment framework, thus paving the way for stepped-up private investment supported by IFC and MIGA. In line with this cascading approach, the largest volume of IBRD lending approvals were made under this objective. Service delivery and access to digital land registry and cadaster information have been steadily improving; the satisfaction service measurement methodology has been revised to capture broader coverage and 83 percent<sup>23</sup> satisfied customers show a major increase against the revised baseline of 40 percent. The *number of additional people benefitting from improved urban infrastructure through IBRD and IFC financing* fell short of the target (1.3 million) by 370,000. The CPF Citizen Engagement (CE) objective has been exceeded by maintaining 87.5 percent of the projects rated with high quality CE index. IBRD lending in the urban development area expanded, but the implementation was slower than anticipated and the results are expected during the next CPF.

### ***Objective 9: Strengthened Results Under Climate Action Agenda (Mostly Achieved)***

**20. This objective was introduced at the PLR stage due to the increase in the severity of climatic impacts on Türkiye’s development agenda and before Türkiye ratified the Paris Agreement.** The PLR proposed a stepped-up engagement based on the demand by Government for greater partnership with the WBG and other partners; it included IBRD investments in operations that have a strong climate focus and WBG’s ASA to further inform the climate change agenda. While the *targeted level of annual greenhouse gas (GHG) emissions reduction/avoidance* was met, the indicator regarding *area provided with new/improved irrigation or drainage services* was only partially achieved, reaching 9,600ha (2023) against a target of 50,000ha. IFC engagement in resource efficiency projects and with lending institutions financing renewable energy have been sizeable enough to deliver a relatively large reduction and/or avoidance of annual GHG emissions. MIGA projects in the health sector also contributed to GHG emissions reductions in the country, by developing energy efficient buildings.

## **III. WORLD BANK GROUP PERFORMANCE**

**21. The overall WB performance was assessed as Good.** The design and implementation of the CPF Program successfully contributed to the achievement of the CPF Objectives. Although lending grew considerably in response to emergencies and external shocks, the portfolio fragmentation was contained, albeit with limited results, by right-sizing of the lending operations. The program sustained average disbursement rates at 21 percent, although with a decline in the last two FYs. Throughout the CPF period, IEG-approved satisfactory exits remained 100 percent; however, starting from FY22, the 100 percent proactivity rate has not been maintained. Knowledge products informed the WBG’s operations in a timely

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<sup>23</sup> The customer satisfaction rate decreased due to a change in the measurement method.

manner, including the CCDR (P177479) and the Water Sector Engagement Note (P179874). The program exited the CPF period with a robust pipeline, reflecting the strong partnership with the Government.

## Design

**22. The formulation of the CPF strategic Objectives was relevant and aligned with Türkiye’s development goals.** The CPF program was anchored in the priorities of the 10th NDP identifying challenges to escape the “middle income trap” and setting priorities for succeeding in crossing the threshold to high-income status by 2017. The Government selected 25 transformation areas and developed comprehensive action plans. A subset of these programs corresponded to the NDP pillars and the priority areas identified in the SCD, grouped into three focus areas (growth, inclusion, and sustainability) with nine strategic objectives. The design reflected the adaptable nature of country engagement with outcomes identified for initial years, remaining flexible in the outer years of the CPF.

**23. The choice of instruments was fit for purpose and diverse.** The CPF allowed for a cascade approach and flexibility manifested by matching areas of engagement, instruments, and timeframes. Investment Project Financing (IPF) was the main IBRD lending instrument with RETFs, and resources from Clean Technology Fund (CTF) and Global Environment Facility (GEF) complementing green projects. A range of financial instruments were applied to match strategic objectives aiming at enhancing access to finance, bolstering the sustainability and resilience of cities, and promoting sustainability in infrastructure and natural capital. All three objectives demonstrated this range and mix of IBRD, IFC, and MIGA instruments.<sup>24</sup>

**24. The flexibility of the program design made it possible for the WBG to provide quick responses to crises and emergencies.** The CPF program adapted flexibly to the regional emergencies, natural disasters, and shocks, including the geopolitical crisis. The earthquakes and COVID-19 pandemic had a major impact on tourism and on the manufacturing sector. Becoming the largest refugee-hosting country, Türkiye needed to provide housing, education, health facilities, and social assistance to more than 4 million refugees. The WBG deployed a spectrum of response instruments, including the Emergency COVID-19 Health Project, Rapid Support for MSMEs during the COVID-19 Crisis Project, the Safe Schooling and Distance Education Project, and the Emergency Firm Support Project.

**25. The RF was coherent and adequate in linking the government program to SCD priorities and these to CPF objectives and supporting interventions.** The RF exhibited realism in selecting and tying interventions to strategic targets; the results expectations rested on better-defined initial years programming, leaving the second half of the CPF period undefined, allowing for flexibility. The PLR was completed before COVID-19 and other emergencies (including earthquakes, forest fires, and floods), and thus did not capture the results of the WBG emergency effort. The FY18–21 CPF aimed to be more focused than the 2012–16 CPS, keeping a similar number of objectives (9 vs. 8) with a reduced number of indicators (from 34 to 29). The RF incorporated the coordinated support of IBRD, IFC/MIGA across eight of the nine objectives. IFC focused on “creating markets” and helping boost Türkiye’s private sector-led growth, coordinating closely with MIGA to respond to commercial lenders’ increasing demand for risk guarantees.

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<sup>24</sup> For example, in Objective 2, IBRD focused on a line-of-credit targeting MSMEs, while IFC leveraged diverse forms of finance (e.g. supply chain finance, digital financial services, investments in capital market instruments like bonds). And MIGA extended guarantees to strengthen the creditworthiness of municipalities. In Objective 8, IFC and MIGA worked directly with municipalities, offering long-term loans, municipal bonds, and hedging for foreign-exchange loans, assisting creditworthy cities to develop bankable projects. In Objective 9, IBRD supported carbon pricing instruments; IFC provided private sector investments in energy efficiency through loans, equity, and green bonds; MIGA extended credit guarantees for major municipal infrastructure projects.

At the same time, the formulation of some Objectives was quite general and broad without clear final beneficiary, while others had compounded formulations and presented measurement challenges.<sup>25</sup>

**26. Most selected indicators measured the objectives and allowed to validate against defined baselines, targets, and timeframes.** However, the indicators varied widely in scope, scale and targeting types – with some focusing on outputs (e.g., “Publication of a new internal audit strategy paper”), while others targeting sector-wide outcomes (e.g., “Increased female labor force participation”). In some instances, there was a disconnect between a broadly formulated objective and a narrowly focused indicator (e.g., “Social Assistance Assessment publicly disseminated” as a measure of the Objective on “Increased Effectiveness of Social Assistance”). Some targets lacked ambition (e.g., “women owned MSMEs reached by IFC financial services”, targeting only 500 women). The baselines of a few indicators also could have been better defined. The PLR replaced 24 indicators to strengthen the results measurement and raised many indicator targets to strengthen the program reach and coverage.

**27. The PLR ensured alignment and continuity with the new 11<sup>th</sup> Development Plan (DP2019-23), and adjusted the results matrix to update relevant indicators, baselines, and targets.** The main program adjustments included amendments to the objectives and indicators within the three focus areas of *growth, inclusion, and sustainability* to reflect the new Government DP and adapt program focus and scale up ambition. The PLR also extended the CPF by two years (FY22 and FY23) to allow more time to implement programs and achieve a critical mass of CPF results. Additionally, the PLR ensured continued alignment between the priorities of the Government's 11th development plan and the WBG program.

**28. Risks were properly identified and rated against the implementation challenges; the mitigation measures were strategic and adequate, both at CPF and PLR stages.** The risk mitigation helped to improve the flexibility and agility of the program, which were sufficient and timely. Throughout the CPF, most of the envisaged risks have materialized, but the flexible design of the program allowed for adaptive response, 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. The WB teams’ efforts were instrumental in managing and mitigating project processing delays and constraints that emerged due to the evolving pandemic. The flexible CPF design allowed to adapt *ad hoc* and rapidly to the unforeseen challenges. None of the lending pipeline operations have been dropped during the pandemic period, while new emergency lending operations were designed and delivered promptly and effectively, in addition to the regular pipeline.

## Implementation

**29. The CPF program was well resourced; during the CPF period the WB's engagement in Türkiye experienced substantial expansion in project size and coverage.** By the end of the CPF, total IBRD lending approvals reached US\$12.5 billion in 36 projects<sup>26</sup> compared with a targeted range of US\$6.0-9.0 billion at the start of the CPF, subsequently revised to US\$7.0-US\$10.5 billion by the PLR. These approvals included lending prompted by new emergency projects in response to COVID-19 pandemic, the Climate MoU, and the 2023 earthquakes. An IBRD Partial Credit Guarantee operation, the first of its kind in Türkiye and the first completed with a state-owned Turkish bank, was carried out successfully in 2020. In addition, US\$662 million of RETFs have been approved throughout the CPF period.

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<sup>25</sup> For example, “Improved Sustainability and Resilience of Cities”; “Increased Sustainability of Infrastructure Assets and Natural Capital” or “Enhanced Competitiveness and Employment in Selected Industries”; “Strengthened Performance of Education and Health Sectors”; “Improved Reliability of Energy Supply and Generations of Green Energy”.

<sup>26</sup> This includes one regional project and a guarantee operation.



**30. Adaptive management decisions kept the WB program highly relevant and flexible in response to shifting domestic and external circumstances.** The PLR adjusted the RF to reflect the evolving government development priorities and climate commitments; and introduced a new Objective (#9), projecting the WB's deeper engagement in scaling up its climate change actions. The CPF extension enabled the alignment of the CPF with the new Government five-year plan, while creating space for the WBG to collaborate with the Government on deepening the engagement in areas important on the IBRD graduation path. Post-PLR, in response to the COVID-19 pandemic, the Country Program Adjustment Note issued in August 2020 pivoted the WB's focus towards protecting lives, safeguarding the poor and vulnerable, and fortifying relevant policies and institutions. The Country Team prioritized delivering on crisis response and did not consider preparing a second PLR.<sup>27</sup>

**31. Implementation of the WB portfolio was satisfactory.** The IBRD portfolio grew from US\$3.1 billion and 11 active lending operations in FY17 to US\$10.9 billion and 28 active lending operations in FY23, not including six additional RETFs. Half of the lending volumes were concentrated in Urban, Resilience and Land sector (31 percent) and Energy & Extractives (23 percent). Water, Agriculture, Transport, Education, and Social Protection & Jobs GPs have delivered at least one IBRD lending operation, increasing the breadth and depth of WB engagement. The lending instruments remained largely unchanged, with IPFs contracted with line Ministries and State-Owned Enterprises (SOEs) as implementing agencies. Due to the macroeconomic environment and budget support prerequisites, DPFs were not part of the menu (other than one operation in early FY18). Results-based lending was not explored due to lack of client demand. The portfolio key performance indicators remained satisfactory even after the significant increase of the portfolio size; disbursement ratio remained within the 16-20 percent range until the end of FY23.

**32. The delivery of emergency response was a major WBG achievement during the CPF period.** The WBG delivered US\$6.97 billion within the last 3 years of the CPF. IBRD provided around US\$1.6 billion of lending, to address the adverse impacts of the COVID-19 pandemic. In FY23, in addition to the US\$1.5 billion of planned IBRD annual deliveries, another US\$983.8 million were delivered as part of the Climate MoU. Also, in FY23, IBRD delivered an additional US\$1.45 billion to address post-earthquake recovery needs. Forty percent of the lending approvals (i.e., US\$4.9 billion out of US\$12.5 billion; 14 out of 34 approved projects) were delivered for emergency response and climate change projects. While pipeline delivery was relatively smooth throughout the CPF (although a heavy Q3-4 bunching was observed in FY23), the pace of implementation showed a higher variance across instruments (emergency vs non-emergency) and among implementing agencies. Even for the operations that addressed urgent and emerging needs the readiness for implementation and the performance differed depending on the sector and implementing agency.<sup>28</sup>

**33. Despite the strong delivery, systemic and project level challenges became apparent, putting stress on the Government and WBG's implementation capacity.** The broadened scope and depth of the WB's engagement with Türkiye, and the rapid portfolio growth increased the workload demands on the PIUs exponentially, testing the implementation capacity of experienced PIUs, while giving little time for new PIUs to develop knowledge, skills and implementation experience with WB financed projects. Given the crisis operation mode during emergencies, the WB and the client faced important trade-offs between project preparation readiness and project implementation. In FY22, to address this challenge, the WB organized a dedicated and tailor-made capacity expansion program – *Türkiye PIU Academy*.

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<sup>27</sup> This was in line with the WB COVID-19 Crisis Response Approach Paper which recommended deferring the development of new strategy products until the return of steadier conditions.

<sup>28</sup> Some emergency response operations (Emergency COVID-19 Health (P173988), Rapid Support for Micro and Small Enterprises During the COVID-19 Crisis projects (P174144) were fully disbursed and implemented within 24 months, whereas the disbursements for other projects (Safe Schooling and Distance Education (P173997), Emergency Firm Support projects (P174112)) lagged.

**34. The IBRD portfolio was complemented by a sizable TF portfolio, which included recipient-executed grants for US\$662.6 million.** These funds were mostly provided by, but not limited to, the EU, and complemented the IBRD program in education, urban development, and refugee support. The collaboration of the EU helped the WB to unlock and enhance engagements in several sectors.

**35. Building on the lessons learned from the previous CPF, the ASA portfolio was consolidated for greater impact.** During the CPF, the Türkiye ASA program was significantly streamlined to focus on institution building and business development, and in areas where the WBG can add value and influence policies and institutions with high development impact. During the ASA preparation, the WBG teams engaged routinely with the client counterparts to strengthen ownership and collaboration. The ASA portfolio evolved from small-size tasks, delivering 30+ ASAs annually, to 6-8 larger, multi-year programmatic ASAs. The Bank continued to produce highly relevant core- and extended core ASAs with increased analytical depth, advising key stakeholders on changing needs under the country's evolving circumstances; informing the CPF program adjustments and the new CPF design.<sup>29</sup>

**36. IFC Program implementation during the CPF was successful and largely on track.** IFC supported private sector development, playing a countercyclical role, focusing on critical infrastructure, promoting integration into global value chains (GVCs), enhancing financial inclusion, and accelerating transition towards a greener and more resilient economy. IFC's upstream initiatives focused on developing private sector investment opportunities in climate-smart manufacturing (including electric vehicles) and supply chains, as well as green and resilient cities (e.g., water, waste, and transportation). During the CPF, IFC committed US\$6.5 billion in long-term finance to Turkish private sector companies, thereby averaging US\$1.1 billion annually (US\$730 million from own accounts and US\$370 million from other investors).<sup>30</sup> In addition, each year of the CPF period, IFC facilitated close to US\$700 million in short term finance (STF) for cross-border trade through banks participating in its Global Trade Finance Program (GTFP). FY23 has been a record year for IFC in Türkiye with LTF commitments reaching US\$2 billion, of which US\$1.5 billion from own account (OA). Globally, Türkiye represents IFC's third-largest country exposure, with a committed portfolio of close to US\$4.7 billion as of June 2023.

**37. MIGA supported the modernization and expansion of green healthcare facilities, increasing access to finance, including to SMEs and development of sustainable infrastructure.** MIGA was a strong supporter of FDI into Türkiye, working across a wide range of sectors. Strong guarantee issuances, allowing for Türkiye to remain MIGA's largest country exposure globally, represent 8 percent of MIGA's total portfolio and with an outstanding exposure at US\$2.2 billion in support of 15 projects at the end of FY23.<sup>31</sup> MIGA's guarantees to the health sector, in coordination with IBRD and IFC, were particularly crucial and included six hospitals with an outstanding exposure of US\$849 million. In April 2023, MIGA issued new guarantees in the amount of US\$134 million for the Gaziantep Hospital complex, bringing its total exposure to the project to US\$190 million.<sup>32</sup> Through the CPF, MIGA's program remained flexible and adapted well to the evolving macroeconomic conditions and political context. MIGA has been selective in its engagement with the Government and private sector partners to ensure strong additionality and

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<sup>29</sup> E.g., A Stocktaking Programmatic Advisory Services and Analytics (PASA) on Refugees (P176861), a Country Climate and Development Report (CCDR) (P177479), a Pandemic Preparedness ASA (P175843), Leveraging Global Value Chains for Growth in Turkey (P169301), and several Country Economic Memorandums (CEMs) on Investment (P148205), Firm Productivity and Economic Growth (P162693), Leveraging Global Value Chains for Growth (P169301), and Quality of Jobs (P159817).

<sup>30</sup> CPF targets on IFC OA commitments varied from US\$0.6 to US\$0.8 billion per FY. The historical trend in Türkiye is a 60 percent ratio between OA and LTF (OA plus mobilization), bringing LTF targets as per current CPF from US\$0.9 to US\$1.25 billion per FY.

<sup>31</sup> Specifically: (i) 6 projects in urban transportation supported by non-honoring sub-sovereign guarantees to the municipalities of Istanbul and Izmir; (ii) energy distribution projects supported by Political Risk Insurance; (iii) 3 in the financial sector in support of Turk Exim by non-honoring SOE guarantee; and (iv) 6 in the services sector by PRI guarantees to the health PPP program.

<sup>32</sup> This Project supports 1,875-bed complex in an area that was severely impacted by the earthquakes of February 2023, and will consist of a general hospital, a women and children's hospital, and a cardiovascular and oncology hospital.

development impact for its projects. During FY17-23, MIGA issued US\$2 billion of new political risk guarantees in support of the development of health, energy, and financial sectors.<sup>33</sup>

**38. The CPF has effectively maximized finance for development opportunities by applying the strategic principles of the cascade approach.** IBRD, IFC, and MIGA have delivered a concerted program of strategic complementarity. IFC and MIGA support was mobilized where the private sector is best placed to deliver results, such as in employment and access to finance for small businesses, while IBRD resources were devoted to the provision of public goods, strengthening human capital and to supporting labor market policies to better enable women and vulnerable groups to qualify for and benefit from the employment opportunities that IFC and MIGA helped create. Synergies have been generated between IFC and IBRD financial innovation teams, sharing the same CPF objectives but leveraging different instruments. There have been strategic alignment, complementarity, and synergies between IFC and IBRD engagements in the urban and municipal sectors: IFC was supporting sustainable infrastructure development with creditworthy municipalities that can borrow without sovereign guarantee, while IBRD supported cities and projects that are not yet able to borrow on commercial, non-sovereign terms.

**39. The WB partnerships with other IFIs strengthened significantly during the CPF period; the Bank took a leadership role in coordinating the IFIs' support for Türkiye's development agenda.** The WB led the coordination with the IFIs in designing and implementing the Climate MoU signed with the Turkish Government. Following the 2023 earthquakes, the WB collaborated closely with the UNDP and established an effective coordination platform partnering with the EU under the Regional Refugee and Resilience Plan framework. Several WB operations have been co-financed with the EU, JICA, and AIIB.

**40. The WB proactively addressed ESF, governance, and fiduciary risks and ensured the satisfactory quality of program implementation; however, the increased portfolio scope and size requires further implementation support to sustain performance.** These efforts at portfolio level included: (a) conducting regular trainings; (b) supporting implementing agencies (IAs) to establish Environmental and Social Management Systems (ESMS) and enhance environment and social (E&S) management capacity; and (c) conducting procurement prior reviews focusing on large and complex contracts and enhanced post-reviews of a representative sample of remaining contracts. The WB also provided intensive hands-on support in ensuring ESF compliance.<sup>34</sup> Several new operations included an effectiveness condition to hire social, environmental, and occupational health and safety specialists in the PIUs, along with establishing a project-specific Grievance Mechanism. The intensive joint efforts of the WB and the Government to improve implementing agencies' capacities yielded two IAs – TKYB and TSKB – to receive best ESF practice awards in the Europe and Central Asia, as well as in the Middle East and North Africa regions.

#### IV. ALIGNMENT WITH CORPORATE GOALS

**41. The CPF effectively mitigated the poverty impact of the shocks that the country faced in recent years.** The WB played a major role in increasing access to finance for the underserved segments of the economy, improving the effectiveness of the social assistance, and promoting labor force participation of women and youth. During 2015-19 female labor force participation increased from 30 to 35 percent; in the same time period educational achievements have increased with measures of academic performance

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<sup>33</sup> MIGA guarantees covered against risks of transfer and inconvertibility, expropriation, and breach of contract for the construction of four hospitals in the amount of US\$742 million. MIGA also issued credit enhancement guarantees for US\$988 million to a syndicate of international lenders to secure financing that would enable Türk Exim Bank to provide medium and long-term funds to the Turkish export sector, with a focus on SMEs. Finally, MIGA provided guarantees against expropriation, breach of contract and war and civil disturbance in the amount of US\$232 million to support energy distribution companies, aiming to strengthen the quality and reliability of the electricity supply network.

<sup>34</sup> For instance, any project with Moderately Unsatisfactory/Unsatisfactory ESF rating was automatically downgraded to Moderately Unsatisfactory status for Implementation Progress; and one operation (Gas Sector Expansion Project - P162727) suspended disbursements for six months until environmental and social compliance measures were put in place by the implementing agency.

such as PISA and TIMSS recording noticeable improvements, school enrollments are almost universal for all basic levels, and have slowly increased for post-secondary and pre-school education. During 2005-2020 regional disparities in standards of living also declined, and the average poverty rate across regions went from 56 to 27 percent. The contribution of the CPF towards reducing poverty and promoting shared prosperity was significant. Although the COVID-19 pandemic negatively impacted poverty, Türkiye was one of the countries that experienced positive growth during the pandemic.

**42. Türkiye’s Gross National Income (GNI) per capita in 2022 of US\$10,590 (Atlas method, current US\$) is above the GDI threshold of US\$7,155.** Türkiye crossed the GDI threshold in 2006, however, since then its growth trajectory has been volatile, fluctuating between the GDI and the high-income threshold. As an above GDI country, Türkiye has maintained a dialogue with the WBG on its overall economic status, in line with the key elements of the IBRD graduation trajectory and policy.<sup>35</sup> To address its above GDI profile during the CPF, Türkiye focused on factors such as access to capital markets to fund development programs, strengthening macroeconomic and debt management, improving creditworthiness, and enhancing governance practices to attract private investment. As part of this engagement, Türkiye Economic Monitor engaged the authorities and public on macroeconomic management and structural topics such as drivers of poverty and inequality, impediments to FDI, and impacts of the EU Carbon Border Adjustment Mechanism. The Public Finance Review (P173979) report combined with TA focused on debt and fiscal risk management, the impact of social spending, and green fiscal policies. An analysis of the institutions that Türkiye needs for high income status (P175299) was also conducted. The Financial Sector Stability and Inclusion PASA (P174648) and FSAP (P176787) analyzed the exposure of the financial system to economic and climate shocks. The 2022 CCDR explored opportunities and challenges for aligning Türkiye’s development goals with its commitments on climate change. The Green Growth PASA (P174569) investigated a range of climate and environment issues important for progressing green growth in Türkiye.

**43. Throughout the CPF, the share of active gender-tagged projects have averaged 87 percent while reaching 100 percent levels in FY19, FY20, and FY23.** The WB program continued to bring significant benefits to women and vulnerable groups through its lending, trust funded activities and ASA interventions. Most CPF level indicators have gender disaggregated results that have been fully achieved.

**44. Türkiye, recognizing its climate change exposure and increasing carbon intensity, has made an important progress on climate action policy; however, the implementation is yet to come.** Türkiye ratified the Paris Agreement in October 2021, committed to reach net zero emissions by 2053, establish an emissions trading system by 2025, and establish a Directorate of Climate Change. These are encouraging steps, although the difficult challenge of implementing climate policy still largely lies ahead. The WBG, together with other DPs, signed a Climate MoU with the government aimed at investing US\$3.2 billion of additional climate finance by end-2024. At the end of FY23, IFC and IBRD have committed almost \$2 billion to climate focused projects to address mitigation and adaptation. Although climate co-benefits (CCBs) of the WB’s lending fell during the COVID-19 emergency response, it’s on an upward trajectory since FY22.<sup>36</sup>

**Table 2. Corporate Goals Alignment**

IBRD	FY19	FY20	FY21	FY22	FY23
<b>Share of new projects with Gender tag (assessed &amp; validated)</b>	100%	100%	66.7%	67.0%	100%
<b>% IBRD Climate Co-Benefits Over Total IBRD Commitment</b>	76%	42%	28.0%	54.0%	58%

<sup>35</sup> The IBRD Graduation Policy emphasizes two key criteria (i) access to external capital markets on reasonable terms, and (ii) progress in establishing key institutions for economic and social development. While WBG financing prioritizes countries below GDI, engagement continues with clients across the income spectrum, as does lending for crisis response to countries above GDI.

<sup>36</sup> Türkiye IBRD portfolio CCBs are recorded as follows (%): FY17: 37; FY18: 08; FY19: 76; FY20: 42; FY21: 28; FY22: 54; FY23: 58.

% Citizen Engagement (Corporate Requirement 1 - CE Design)			100.0%	100.0%	100%
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**45. The CPF objective of 100 percent beneficiary feedback under the Citizens Engagement (CE) mechanism was fully achieved.** This goal was aligned with the priorities of the 10<sup>th</sup> and 11<sup>th</sup> Government's Development Plans and was implemented through increased focus of the ASA portfolio on strengthening CE in public administration<sup>37</sup> and the PLR added a new indicator to the RF.

## V. LESSONS LEARNED

**46. Türkiye has made remarkable development progress over the last two decades. However, to sustain this positive trend, the country needs to address emerging challenges in growth, poverty and inclusion, and sustainability.** Over the last CPF period, the WBG played a relevant role in accompanying Türkiye in its journey towards a high-income country, while helping the authorities confront severe, frequent and compounding crises. The CPF has allowed Türkiye and the WBG to collaborate and adjust the country program to evolving needs, particularly in the face of major disruptions. The engagement over these last six years has shown not only that the WBG can play a relevant role in accompanying an UMIC country like Türkiye on its path towards becoming a HIC, but also that it is necessary to maintain a long-term strategic approach for the impact and relevance of WBG interventions. While this applies to many countries, the scale of the overlapping crises during the CPF has been unparalleled, and the CPF enabled the three WBG institutions to support the authorities in navigating and responding to the crises while ensuring that programs and projects were not abruptly discontinued.<sup>38</sup> Going forward, the principle of long-term and programmatic engagement should be maintained, made visible, and expanded.

**47. The WBG's excellent working relations and convening power with other multi and bilateral DPs were crucial for the success of the country program implementation and efficient use of financing.** The WBG expertise and experience made it an effective convener and in-country coordinator of other MDB interventions, particularly in the areas of climate change, and earthquake recovery and reconstruction. In the face of increasing shocks, the role of MDBs in assisting the government in identifying, analyzing, and strategically planning government response and recovery efforts remains highly valued and demanded by the authorities to ensure a well-coordinated and seamless response that avoids redundancy among MDBs. In the next CPF, the WBG needs to build on the ingredients of this success and deepen partnerships with other MDBs for impact and sustainability in line with the WBG Evolution Roadmap.

**48. The WB has strengthened its DRM capability to address countries' needs in emergencies, through experience in designing, delivering, and implementing lending operations.** The agility of the WBG in responding swiftly has been commended by the Turkish authorities, beneficiaries, and partners. This improved delivery performance needs to be matched by an enhanced implementation capacity, so that concrete results are achieved in a timely manner. For this, the next CPF may consider:

- i. Enhance project readiness through advanced procurement during preparation; less complex designs; standardization of ESF documentation; or allocation of resources in existing projects to design follow-up phases. In addition, stronger and joint WB/government efforts are needed for more effective portfolio monitoring and management.
- ii. Continue working with the client on enhancing PIU capacity to speed up implementation and sustain results over the longer term, building on the success of the Türkiye PIU Academy.

<sup>37</sup> Specifically, the focus of CE was on (i) strengthening grievance redress systems; (ii) removing barriers for women and vulnerable groups to public participation in social and environmental issues; and (iii) engaging community institutions in disaster risk reduction and management.

<sup>38</sup> For example, several WB projects that supported Syrian refugees were adjusted to adapt to the situation during the pandemic and in the aftermath of the earthquakes, while maintaining the same long-term development objective.

- iii. Improve selectivity in applying the emergency tag, which has proven effective in supporting rapid response and recovery, however, if the design is unrealistic, too complex or lacks readiness, applying the emergency tag will disrupt pipeline delivery, burden essential government institutions and WB support units. Turkish government favors new emergency loans over existing Contingent Emergency Response Components, which underscores the importance of efficiency in emergency tagging.

**49. While an adaptive and flexible CPF implementation enabled the WBG program to respond to the emerging needs of the client due to unforeseen crisis, the impact of the response was inadequately captured by the RF.** The RF was coherent and adequate at the design and the PLR stage; however, the 2-year extension of the CPF made the RF horizon longer than in regular CPFs. Due to the multiple unforeseen crises in the post-PLR period, including COVID-19, earthquakes, and climate crisis, quick and adaptive management decisions kept the WB program highly relevant and flexible in response to shifting circumstances. However, the RF remained unchanged and unable to capture an expansion in WB support in several new sectors. While theoretically a second PLR was an option, in practice it was infeasible because of the ongoing COVID-19 pandemic and earthquakes emergencies. Going forward, it is important to identify procedural options for processing post-PLR RF revisions in exceptional cases, through a simplified process without the need for a second full-fledge PLR. In the case of CPF extensions of two or more years, a second PLR should be committed to as part of the country engagement framework, so that it could be planned well in advance and client counterparts are informed accordingly.

**50. In a growing program with a sophisticated client such as Türkiye, a CPF should be implemented with a more balanced mix of financing instruments, to optimize project implementation and disbursements.** IPFs account for almost the entire IBRD portfolio and the WB and the government should seek to enhance the deployment of other instruments to incentivize policy reforms, continue strengthening institutions, fully utilize suitable country systems, shift focus from inputs to outcomes and ensure greater flexibility and tailored approaches in addressing emerging development challenges.

**51. Coordination among IFC, MIGA and IBRD is of great importance for Türkiye.** IBRD has played a crucial role in developing policy frameworks and sector strategies in Türkiye, setting the stage for private sector engagement supported by IFC and MIGA (especially in the energy sector). This coordination ensures that the private sector can contribute effectively to Türkiye's development goals. IFC promotes FDI in Türkiye and has worked on improving the internal business environment. Through its guarantee program, MIGA supports FDI, particularly in the infrastructure and power sectors. This support helps attract investments and enhances Türkiye's position as a regional financial and technology hub. The results achieved under the CPF were better in those areas where IBRD, IFC, and MIGA worked in parallel, where results indicators were aligned, and where there was a concentrated engagement in a sector utilizing a range of available lending and non-lending instruments.

CLR ANNEXES

CLR Annex 1: Status of Türkiye FY18-FY23 CPF Results Matrix (Summary table)

Description	Status at CLR	Overall rating
<b>Focus Area 1: GROWTH</b> (Moderately Satisfactory)		
<b>Objective 1: Contribute to Strengthened Policies that Boost Economic Stability</b>		
Indicator 1: Total number of bank loans to corporates restructured under the new financial restructuring framework <b>Target:</b> 200 (2023) / <b>Actual:</b> 603 (As of July 2023)	Achieved	Partially Achieved
Indicator 2: Improved transparency of public sector for contractual commitments <b>Target:</b> The Integrated Financial Management System is fully operational and accessible by Central Government institutions to capture the contractual commitments from public procurements (2022) <b>Actual:</b> The Integrated Financial Management System is operational but contractual commitments are captured only after processing of first payment.	Partially Achieved	
<b>Objective 2: Enhanced Access to Finance to Underserved Segments</b>		
Indicator 1: People, MSMEs and exporters reached with IFC financial services <b>Target:</b> 3,6 million (2023) / <b>Actual:</b> 5,4 million (2023)	Achieved	Mostly Achieved
Indicator 2: Of which women owned SMEs reached (number) <b>Target:</b> 100,000 (2023) / <b>Actual:</b> 85,538 (2023)	Mostly Achieved	
Indicator 3: MSMEs and exporters served by banks benefiting from IBRD financial intermediary loans <b>Target:</b> 480,000 (2023) / <b>Actual:</b> 239,000 (2023) <b>Complementary Indicator</b> MSMEs and exporters served by the institutions benefitting from IBRD non-financial-intermediary loans: 58,853 <b>Total Indicator Actual Value inc. Complementary indicator:</b> Total MSMEs and exporters served by the institutions benefitting from IBRD lending operations (including FI and non-FI loans): 297,853	Partially Achieved	
Indicator 4: Number of women-inclusive enterprises financed under IBRD lines of credit <b>Target:</b> 80 (2023) / <b>Actual:</b> 474 (As of May 2023)	Achieved	
<b>Objective 3: Enhanced Competitiveness and Employment in Selected Industries</b>		
Indicator 1: Employment supported by IFC clients (manufacturing, telecom, technology, agribusiness) <b>Target:</b> 60,000 (2023) / <b>Actual:</b> 135,857 (2022) <b>Complementary Indicator</b> Employment supported by IBRD lending operations (manufacturing, telecom, technology, agribusiness): 90,730 <b>Total Indicator Actual Value inc. Complementary indicator:</b> Total employment supported by WB (including IFC and IBRD lending operations): 226,587	Achieved	Mostly Achieved
Indicator 2: o/w Female Employment supported. <b>Target:</b> 14,000 (2023) / <b>Actual:</b> 40,133 (2022)	Achieved	
Indicator 3: Employment supported by IFC equity funds investees. <b>Target:</b> 20,000 (2021) / <b>Actual:</b> 22,025 (As of October 2022)	Achieved	
Indicator 4: Improvement in Composite Doing Business Score <b>Target:</b> > 78 (2021) / <b>Actual:</b> 76.8 (2020)	Mostly Achieved	
<b>Focus Area 2: INCLUSION</b> (Moderately Satisfactory)		
<b>Objective 4: Increased Effectiveness of Social Assistance</b>		

Description	Status at CLR	Overall rating
Indicator 1: Number of social assistance beneficiaries referred to employment services. <b>Target:</b> 800,000 (2022) / <b>Actual:</b> 822,000 (2022)	Achieved	Partially Achieved
Indicator 2: Social protection performance indicators related to benefit levels, equity and coverage included in MOFLSS M&E system for evidence-based program management. <b>Target:</b> Yes (2022) / <b>Actual:</b> No	Not achieved	
<b>Objective 5: Increased Labor Force Participation of Women &amp; Vulnerable Groups</b>		
Indicator 1: Increased number of women placed in jobs by ISKUR <b>Target:</b> 900,000 by 2023 / <b>Actual:</b> 1,874,699 (2019-April 2023) <b>Complementary Indicator</b> Increased number of women placed in jobs by IBRD lending operations (excluding ISKUR placements): 43,591 <b>Total Indicator Actual Value inc. Complementary indicator:</b> Increased number of women placed in jobs by IBRD lending operations: 1,918,290	Achieved	Mostly Achieved
Indicator 2: Increased number of youth placed in jobs by ISKUR <b>Target:</b> 450,000 male; 400,000 female youth by 2023 / <b>Actual:</b> 1,190,792 (male) and 758,345 (female) (2019-April 2023)	Achieved	
Indicator 3: Direct employment supported by IFC clients in less developed regions <b>Target:</b> 45,000 (2023) / <b>Actual:</b> 38,111 (2021)	Partially Achieved	
<b>Objective 6: Strengthened Performance of the Education and Health Sectors</b>		
Indicator 1: Number of students, teachers and staff having access to schools constructed or retrofitted by IBRD operations <b>Target:</b> 320,000 (2023) / <b>Actual:</b> 49,000 (As of 2023)	Partially achieved	Mostly Achieved
Indicator 2: Percent of households that receive from health workers counselling or education related to healthy living (to be DROPPED) <b>Target:</b> 50% in 2022 (at end of IBRD project) / <b>Not Verified.</b> <b>Proposed Complementary Indicator:</b> Percent of Turkish population that has been vaccinated against COVID-19: 68.9%	Achieved	
Indicator 3: Number of Patients Served through IFC health sector clients <b>Target:</b> 3.0 million (2023) / <b>Actual:</b> 7,9 million (2022)	Achieved	
Description	Status at CLR	Overall rating
<b>Focus Area 3: SUSTAINABILITY (Moderately Satisfactory)</b>		
<b>Objective 7: Improved Reliability of Energy Supply and Generation of Green Energy</b>		
Indicator 1: Renewable electricity generation as percentage of total generation (%). <b>Target:</b> 35% in 2022 / <b>Actual:</b> 45% (As of end 2022)	Achieved	Mostly Achieved
Indicator 2: Total power generation and distribution clients reached (IFC) (millions) <b>Target:</b> 7,0 (2023) / <b>Actual:</b> 6,86 million (2022)	Mostly Achieved	
Indicator 3: Increased capacity of gas storage (bcm). <b>Target:</b> 3.8 bcm in 2021 / <b>Actual:</b> 3.78 bcm in 2021	Achieved	
Indicator 4: Gas imports through TANAP (bcm/annum). <b>Target:</b> 5 bcm in 2022 / <b>Actual:</b> 6 bcm in 2022	Achieved	
Indicator 5: Cumulative energy savings achieved through WB-financed energy sector projects (MWh). <b>Target:</b> 11,500,000 in 2022 / <b>Actual:</b> 11,590,181 MWh as of 2023	Achieved	
<b>Objective 8: Improved Sustainability and Resilience of Cities</b>		



Description	Status at CLR	Overall rating
Indicator 1: Improved service delivery and expanded access to digital land registry and cadaster information. Increased customer satisfaction at national level Target: 90% in 2022 / Actual: 83% in 2021	Mostly Achieved	Partially Achieved
Indicator 2: Number of additional people benefitting from improved urban infrastructure through IBRD and IFC financing (number in millions) Target: 1,3 (2023) / Actual: 930,000 (As of May 2023)	Mostly Achieved	
Indicator 3: Increased resilience of cities through number of disaster resilient public buildings retrofitted, reconstructed, or newly constructed through IBRD operations. Target: 300 (2023) / Actual: 57 (As of 2023)	Partially Achieved	
Indicator 4: Percentage improvement in the quality of CE as measured through the CE Quality Index Target: 60% of projects approved for the remainder of the CPF are of high quality. (Average of FY20-FY21-FY22) / Actual: 87.5% (FY20-FY22)	Achieved	
<b>Objective 9: Strengthened Results Under Climate Action Agenda</b>		
Indicator 1: Annual GHG emissions either reduced or avoided through the WB program (tons/year) Target: 1,000,000 IBRD reduced, 350,000 reduced IFC, 750,000 avoided at country-level through adopting GB standards (2023) / Actual: 2,232,525 tons/year (2023)	Achieved	Mostly Achieved
Indicator 2: Area provided with new/improved irrigation or drainage services (Ha) Target: 50,000 ha (2023) / Actual: 9,600 ha (As of April 2022)	Partially Achieved	

## CLR Annex 2: Türkiye FY18-23 CPF Results Matrix Evaluation

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
<b>Focus Area 1: GROWTH</b>						
<b>Objective 1:</b> Contribute to Strengthened Policies that Boost Economic Stability	Partially achieved	<b>Indicator 1:</b> 1.1 Total number of bank loans to corporates restructured under the new financial restructuring framework <sup>39</sup>	<b>Baseline:</b> 0 (2018) <b>Target:</b> 200 (2023)	<b>Achieved</b> 603 (As of July 2023) In the period of October 2019-March 2023, a total of 594 companies were included in the scope of the Financial Restructuring Framework Agreement. Of the companies included in the scope, 502 are large corporates, and 101 are SMEs.  In the period of October 2019-March 2023, the total amount of debt restructured is TRY 127.7 billion TL.		<b>Approved IBRD Lending:</b> P162071 Resilience, Inclusion and Growth DPF P171448 Long-Term Export Finance Guarantee (FY20) P174112 Emergency Firm Support Project  <b>Delivered ASA:</b> Turkey Economic Monitor P166330 Fiscal Reform Program P174648 Financial Sector Stability, Diversification and Inclusion ASA, P148205 Turkey Economic Memorandum (CEM) Investment P152918 Turkey Programmatic Trade Task P170306 Drivers of Food Price Inflation in Turkey P169301 Leveraging Global Value Chains for Growth in Turkey (CEM)
		<b>Supplementary Indicators</b> 1.1.1 New corporate debt restructuring framework established to deal with problem assets in the banking system.	<b>Baseline:</b> No (2017) <b>Target:</b> Yes (2020)	<b>Achieved</b> Yes, the framework was established in 2018 and it is currently in-force.		
		<b>Indicator 2:</b> 1.2 Improved transparency of public sector for contractual commitments	<b>Baseline:</b> There is no integrated financial management system that completely captures contractual	<b>Partially Achieved</b> The Integrated Financial Management System is operational but contractual commitments captured only after processing of first payment.	The World Bank's contribution and attribution to is limited in the absence of Development Policy Financing (DPF) under this focus area. For more intensive engagement, Bank need to develop a platform	<b>Approved IBRD Lending:</b> P158799 Public Finance Management Reform Implementation Support Project  <b>Delivered ASA:</b> P166330 Fiscal Reform Program P167525 Turkey: Enhancing the Impact of the Turkish Court of Accounts on Good Public Governance

<sup>39</sup> 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).

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
		1.2.2 Background study completed for the facilitation of the monitoring and reporting of government contractual commitments	<p>commitments from public procurements (2018) <b>Target:</b> 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><b>Baseline:</b> None (2017) <b>Target:</b> Roadmap for the monitoring of public procurement commitments (2020)</p>	<b>Achieved</b> Background study completed in December 2017.	to discuss procurement and financial management reform discussions through tailor made ASA programs in the absence of a DPF program.	<p>P252339 Deepening the Implementation of Public Sector Internal Audit Reforms</p> <p>P157656 Turkey Financial Sector Assessment Program (FSAP)</p> <p>P166315 Public Financial Management Reform Technical Assistance</p> <p>P152468 Turkey Programmatic Governance TA</p> <p>P169856 Review of National Planning, Policy Formulation and Public Financial Management Institutions and Performance</p>
Additional evidence:						
<b>Objective 2:</b> Enhanced Access to Finance to Underserved Segments	Mostly Achieved	<b>Indicator 1:</b> 2.1 People, MSMEs and exporters reached with IFC	<b>Baseline:</b> 2.2 million people (2015) <b>Target:</b> 3,6 million (2023)	<b>Achieved</b> 5,4 Million (2021)		<b>IFC Committed Lending:</b> IFC long term funding to banks to be on-lent to MSMEs Akbank TK (Project ID: 3381) Yapi Kredi Bank (Project ID: 51411) QNB Finansbank (Project ID:510236) Garanti Bankasi (Project ID: 511503)

Objective	Overall Rating	Indicator	Baseline/target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
		financial services <sup>40</sup>				Seker Bank (Project ID: 532405) DenizBank AS (Project ID: 621859) Burgan Turkey (Project ID: 788588) QNB Finansleasing(Project ID: 5023) Turk Ekon Bank (Project ID: 6075) Yapi Kredi Lease (Project ID: 50670) Alternatifbank (Project ID: 51410) Fibabanka (Project ID: 695986) Is Leasing (Project ID: 730624) Odea Bank (Project ID: 746927) Burgan Turkey (Project ID: 788588) <b>IFC Advisory:</b> Business environment and FDI-local firm linkages TA Green Organized Industrial Zones (Green OIZ) advisory project <b>MIGA:</b> Guarantee of non-honoring of a financial obligation of a state-owned enterprise (NHFO-SOE) for Turkish Eximbank (ongoing)
		<b>Indicator 2:</b> 2.2 Of which women owned SMEs reached (number)	<b>Baseline:</b> 27,000 (2015) <b>Target:</b> 100,000 (2023)	<b>Mostly Achieved</b> 85,538 (2021)		
		<b>Indicator 3:</b> 2.3 MSMEs and exporters served by banks benefiting from IBRD financial intermediary loans.  <b>Complementary Indicator:</b> MSMEs and exporters served	<b>Baseline:</b> 116,000 (2016) <b>Target:</b> 480,000 (2023)  <b>Baseline:</b> 0 (2019)	<b>Partially Achieved</b> 239,000  <b>Actual:</b> 58,853 (2023)	Bank has identified innovative ways of supporting the access to finance for underserved segments through reimbursable grant and grant operations, in addition to financial intermediation. Next CPF shall consider utilizing full span of available instruments and client institutions for a broader response to tackle	<b>Approved IBRD Lending:</b> P156252 Long Term Export Finance P163225 Inclusive Access to Finance P174144 Türkiye Rapid Support for Micro and Small Enterprises during the COVID-19 Crisis P171448 Long-Term Export Finance Guarantee (FY20) P174112 Emergency Firm Support Project P181068 Türkiye Post-Earthquake Micro, Small and Medium Enterprise Recovery Project  <b>Delivered ASA:</b> P174648 Financial Sector Stability, Diversification and Inclusion, (Ongoing)

<sup>40</sup> The indicator is defined in the WB Corporate Scorecard (2015).

Objective	Overall Rating	Indicator	Baseline/target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
		<p>by the institutions benefitting from IBRD non-financial-intermediary loans.</p> <p><b>Total Indicator Actual Value inc. Complementary indicator:</b> Total MSMEs and exporters served by the institutions benefitting from IBRD lending operations (including FI and non-FI loans)</p>	<p><b>Baseline:</b> 116,000 (2016) <b>Target:</b> 480,000 (2023)</p>	<p><b>Partially Achieved:</b> 297,853</p>	<p>access to finance for underserved segments.</p>	<p>P173979 Turkey Programmatic Public Finance Review P160300 Financial Sector Deepening TA</p>
		<p><b>Indicator 4:</b> 2.4 Number of women-inclusive<sup>41</sup> enterprises financed under IBRD lines of credit</p>	<p><b>Baseline:</b> 0 (2017) <b>Target:</b> 80 (2023)</p>	<p><b>Achieved</b> 474 (As of May 2023)</p>		
Additional evidence:						
<p><b>Objective 3:</b> Enhanced Competitiveness and</p>	<p>Mostly Achieved</p>	<p><b>Indicator 1:</b> 3.1 Employment supported by IFC clients</p>	<p><b>Baseline:</b> 39,400 (2015) <b>Target:</b> 60,000 (2023)</p>	<p><b>Achieved</b> 135,857 ( 2022)</p>	<p>Following the multiple external shocks impacting the employment, IFC and IBRD have jointly provided</p>	<p><b>IBRD Lending and EU FRIT Grants:</b> P175309 EU- Turkey Customs Union Modernization Progress Review and Recommendations</p>

<sup>41</sup> *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.

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
Employment in Selected Industries		<p>(manufacturing, telecom, technology, agribusiness)</p> <p><b>Complementary Indicator:</b> Employment supported by IBRD lending operations (manufacturing, telecom, technology, agribusiness)</p> <p><b>Total Indicator Actual Value inc. Complementary indicator:</b> Total employment supported by WB (including IFC and IBRD lending operations)</p>	<p><b>Baseline:</b> 39,400 (2015) <b>Target:</b> 60,000 (2023)</p>	<p><b>Actual:</b> 90,730</p> <p><b>Achieved</b> 226,587 (2022)</p>	<p>active support for retaining and generating employment. These operations have reached high success. Going forward, next CPF need to consider these joint efforts for generating and transforming employment under the current challenges including climate change, natural disasters and forced displacements region wide.</p>	<p>P156252 Long Term Export Finance P161670 Employment Support for Syrians Under Temporary Protection and Turkish Citizens P171766 Formal Employment Creation Project P171456 Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Turkey Project (SEECO) P171543 Agricultural Employment Support for Refugees and Turkish Citizens through Enhance Market Linkages Project P174144 Türkiye Rapid Support for Micro and Small Enterprises during the COVID-19 Crisis P171471 Support for Transition to Labor Market Project P179255 Türkiye Green Industry Project P181068 Türkiye Post Earthquake Micro, Small and Medium Enterprises (MSME) Recovery Project</p> <p><b>Delivered ASA:</b> P165687 Strengthen Economic Opportunities for Syrians under Temporary Protection and Turkish Citizens in Selected Localities P159127 Fiscal Instruments for Regional Imbalances P165290 Inequality, Poverty, and Policy in Turkey P162266 Helping Turkey Refugee Response P152663 Turkey Social Assistance Review P164181 Engaging At-Risk Youth: School to Work Transition P153794 Turkey Regional Investment Climate Assessment Reimbursable Advisory Service P152536 Business Environment and Innovation Programmatic TA P162339 Turkey Investment Climate and Innovation P159338 Services Trade and GVC analysis P152918 Turkey Programmatic Trade Task P175392 Turkey Firm Competitiveness and Free Zones</p>

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
						<p>P162693 Turkey Productivity Country Economic Memorandum P175434 Understanding the Drivers of Regional Disparities in Turkey</p> <p><b>IFC Committed Lending:</b> Investments in manufacturing, telecom &amp; 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> <p><b>MIGA:</b> Guarantees in transport, health and energy sectors.</p>
		<b>Indicator 2:</b> 3.2 o/w Female Employment supported.	<b>Baseline:</b> 7,860 (2015) <b>Target:</b> 14,000 (2023)	<b>Achieved</b> 40,133 (2022)		
		<b>Indicator 3:</b> 3.3 Employment supported by IFC equity funds investees	<b>Baseline:</b> 15,000 (2015) <b>Target:</b> 20,000 (2021)	<b>Achieved</b> 22,025 (As of October 2022)		<p><b>IFC Committed Investments:</b> Investments in manufacturing, telecom &amp; IT, and agribusiness sectors. v 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>
		<b>Indicator 4:</b> 3.4 Improvement in Composite Doing Business Score	<b>Baseline:</b> 69.1 (2015) <b>Target:</b> > 78 (2021)	<b>Mostly Achieved</b> 76.8 (as of 2020)		

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
		Additional evidence:				
<b>Focus Area 2: INCLUSION</b>						
<b>Objective 4:</b> Increased Effectiveness of Social Assistance	Partially Achieved	<b>Indicator 1:</b> 4.1 Number of social assistance beneficiaries referred to employment services.	<b>Baseline:</b> 0 (2017) <b>Target:</b> 800,000 (2022)	<b>Achieved</b> 822,000 (2022)		<b>Approved IBRD Lending:</b> P162071 Resilience, Inclusion and Growth DPF  <b>Delivered ASA:</b> P158207 Improved Equity and Social Services P151212 Turkey Poverty, Equity, and Shared Prosperity P152663 Turkey Social Assistance Review P162266 Helping Turkey Refugee Response-Overview Program P163126 Policy Dialogue and Research on Syrian Displacement in Turkey P159127 Fiscal Instruments for Regional Imbalances
		<b>Supplementary Indicator</b> 4.1.1 Social Assistance Assessment is publicly disseminated.	<b>Baseline:</b> No (2019) <b>Target:</b> Yes (2020)	<b>Achieved</b> Public Finance Review is published in June 2023.		
		<b>Indicator 2:</b> 4.2 Social protection performance indicators related to benefit levels, equity and coverage included in MOFLSS M&E system for evidence-based program management.	<b>Baseline:</b> No (2017) <b>Target:</b> Yes (2022)	<b>Not Achieved</b> The Social Assistance Report was presented to the counterpart, and they started to use the coverage, targeting and adequacy. However, they have not merged their data with the HBS so they cannot calculate these indicators on their own.		<b>Approved IBRD Lending:</b> P162071 Resilience, Inclusion and Growth DPF  <b>Delivered ASA:</b> P158207 Improved Equality and Social Services P151212 Turkey Poverty, Equity, and Shared Prosperity P152663 Turkey Social Assistance Review P162266 Helping Turkey Refugee Response-Overview Program P163126 Policy Dialogue and Research on Syrian Displacement in Turkey P159127 Fiscal Instruments for Regional Imbalances
		Additional evidence:				
<b>Objective 5:</b> Increased Labor Force	Mostly Achieved	<b>Indicator 1:</b> 5.1 Increased number of	<b>Baseline:</b> 435,317 in 2018	<b>Achieved</b>	Utilization of Bank available lending instruments, supported with tailor made	<b>Approved IBRD Lending or EU FRIT grant financing:</b>



Objective	Overall Rating	Indicator	Baseline/target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
Participation of Women & Vulnerable Groups		<p>women placed in jobs by ISKUR</p> <p><b>Complementary Indicator:</b> Increased number of women placed in jobs by IBRD lending operations (excluding ISKUR placements)</p> <p><b>Total Indicator Actual Value inc. Complementary indicator:</b> Increased number of women placed in jobs by IBRD lending operations.</p>	<p><b>Target:</b> 900,000 by 2023</p> <p><b>Baseline:</b> 0 (2019)</p> <p><b>Baseline:</b> 435,317 in 2018</p> <p><b>Target:</b> 900,000 by 2023</p>	<p>Number of women placed in jobs between 2019-April 2023 is 1,874,699.</p> <p><b>Actual:</b> 43,591 (2023)</p> <p><b>Achieved</b> 1,918,290 (2023)</p>	<p>ASAs, contributed success for this objective area. Going forward, utilization of diverse instruments including P4Rs, IPF with DLIs might be new door openers for further boosting the success under this objective area.</p>	<p>P171766 Formal Employment Creation (W/FriT) (FY20)</p> <p>P171543 Agriculture Employment Support for Refugees and Turkish Citizens through Enhanced Market Linkages Project (FY20) ( P171456 Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Turkey Project (FY20)</p> <p>P171471 Support for Transition to Labor Market (FY20) (Ongoing)</p> <p>P161670 Employment Support Project for Syrians Under Temporary Protection and Turkish Citizens</p> <p><b>Delivered ASA:</b></p> <p>P178168 Turkey Employment and Jobs Country Economic Memorandum</p> <p>P175434 Understanding of the Drivers Regional Disparities in Turkey P156735 SE Skills for Employability in Turkey</p> <p>P159817 Quality of Jobs: Better Labor Policy and More Innovation (CEM)</p> <p>P169756 Jobs Analytics for Technical Assistance and Labor Market Monitoring</p> <p>P161159 Qualitative Assessment of Syrians' Employment and Livelihood Opportunities and Challenges in Turkey</p> <p>P162266 Helping Turkey Refugee Response-Overview Program</p> <p>P163126 Policy Dialogue and Research on Syrian Displacement in Turkey</p> <p>P168080 Minimum Wage Simulation Tool for Turkey</p> <p>P147432 Turkey Programmatic Jobs-Activation AAA</p> <p>P165903 Turkey Jobs Analytics &amp; Dialogue Technical Assistance</p> <p>P168084 Assessing the effects of the 2016 Minimum Wage increase on formal job creation in Turkey</p> <p>P167372 Evaluation of employment subsidy schemes</p>

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
						P146215 Women's Access to Economic Opportunities in Turkey Trust Fund P160625 Policy Note Response to Refugee Crisis
		<b>Indicator 2:</b> 5.2 Increased number of youth placed in jobs by ISKUR	<b>Baseline:</b> 161,035 male; 81,492 female youth in 2015 258,796 male; 171,817 female youth in 2018 <b>Target:</b> 450,000 male; 400,000 female youth by 2023	<b>Achieved</b> Number of youth placed in jobs between 2019-April 2023 is 1,949,137 (1,190,792 (male) and 758,345 (female)).		<b>IBRD Lending and EU FRIT Grants:</b> P171766 Formal Employment Creation for Refugees and Turkish Citizens (FY20) P171543Agriculture Employment Support for Refuges and Turkish Citizens through Enhance Market Linkages Project (FY20) P171456 Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Turkey Project (FY20) P171471 Support for Transition to Labor Market (FY20) P161670 Employment Support Project for Syrians under Temporary Protection and Turkish Citizens P168731 Development Business and Entrepreneurship for Syrians Under Temporary Protection and Turkish Citizens Project
		<b>Indicator 3:</b> 5.3 Direct employment supported by IFC clients in less developed regions	<b>Baseline:</b> 38,000 (2015) <b>Target:</b> 45,000 (2023)	<b>Partially Achieved</b> 38,111 (2021)		<b>IFC Committed Lending:</b> Turkey Bank Facility for SuTP-impacted Regions (Project No. 42458); the investment is to four largest privately-owned systemic banks (Is Bank, Garanti Bank, Akbank, and Yapi Kredi Bank), used to finance eligible SMEs and mid-caps (enterprises employing up to 1,000 people) in 22 refugee-hosting provinces.
		Additional evidence:				
<b>Objective 6:</b> Strengthened Performance of the Education and Health Sectors	Mostly Achieved	<b>Indicator 1:</b> 6.1 Number of students, teachers and staff having access to schools constructed or	<b>Baseline:</b> 0 (2017) <b>Target:</b> 320,000 (2023)	<b>Partially Achieved</b> 49,000 (As of May 2023)	Client implementation capacity is key to achieve results, particularly for the results directly linked to lending operations. Next CPF need to pay attention in estimating the client	<b>Approved IBRD Lending or EU FRIT Grants:</b> P162004 Education Infrastructure for Resilience Project  <b>Delivered ASA:</b> P175434Understanding the Drivers of Regional Disparities in Turkey

Objective	Overall Rating	Indicator	Baseline/target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
		retrofitted by IBRD operations			capacities, readiness of operations and design fit for purpose while setting some IPF results as CPF level result indicators.	P165484 Turkey Education and Technical Assistance P175843 Türkiye Pandemi Preparedness and Response: Investing in Equity P170524 Turkey Human Capital Project – Education P165250 Safer and Greener Schools P153927 Turkey Higher Education Modernization Technical Assistance
		<p><b>Indicator 2:</b> 6.2 Percent of households that receive from health workers counselling or education related to healthy living (to be DROPPED)</p> <p><b>Proposed Complementary Indicator:</b> Percent of Turkish population that has been vaccinated against COVID-19</p>	<p><b>Baseline:</b> 10% in 2015 <b>Target:</b> 50% in 2022 (at end of IBRD project)</p> <p><b>Baseline:</b> 0 (2019) <b>Target:</b> 50% in 2022 (at end of IBRD project)</p>	<p><b>Not Verified.</b> (Indicator is no longer monitored by Govt during and after pandemics)</p> <p><b>Achieved</b> 68.9% (2022)</p>	<p>Accurate and realistic design of emergency operations can yield very strong results even in shorter timeframes. Next CPF shall built upon this experience while planning emergency response operations.</p>	<p><b>Approved IBRD Lending:</b> P152799 Health Systems Strengthening and Support Project P173988 Turkey Emergency COVID-19 Health Project P163937 PHRD Grant on Sustainability of UHC in Turkey P163850 Turkey Modeling of Public Health Expenditure</p> <p><b>Delivered ASA:</b> Turkey obesity case study P163937 Building an Improved Primary Health Care System in Turkey through Care Integration (Japan Policy and Human Resources Development (PHRD) grant) Documenting Turkish experience in tobacco use control P175843 Türkiye Pandemi Preparedness and Response: Investing in Equity</p>
		<p><b>Indicator 3:</b> 6.3 Number of Patients Served through IFC health sector clients</p>	<p><b>Baseline:</b> 0 (2015) <b>Target:</b> 3.0 million (2023)</p>	<p><b>Achieved</b> 7,9 million (2022)</p>		<p><b>IFC Committed Investments:</b> Kayseri Health, (Project ID: 693344) MNT, (Project ID: 705744) Adana Health, (Project ID: 775144) Recordati Ilac, (Project ID: 779886) Elazig Health, (Project ID: 1005523) <b>MIGA</b></p>

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
						Adana Integrated Health Campus (Project ID:12118) Yozgat Education and Research Hospital (Project ID:12870) Elazig Integrated Health Campus (Project ID:12871) Bursa Integrated Health Care Center (Project ID:13543) Ikitelli Hospital (Project ID:13861)
		Additional evidence:				
<b>Focus Area 3: SUSTAINABILITY</b>						
<b>Objective 7:</b> Improved Reliability of Energy Supply and Generation of Green Energy	Mostly Achieved	<b>Indicator 1:</b> 7.1 Renewable electricity generation as percentage of total generation (%).	<b>Baseline:</b> 31.5% in 2015 <b>Target:</b> 35% in 2022	<b>Achieved</b> 45% (As of end 2022)		<b>MIGA</b> Political Risk Insurance in support of investment in electricity distribution (Uludag Power)  <b>MIGA guarantees:</b> Political risk insurance offered to cross-border investments in electricity distribution (ongoing)  <b>Approved IBRD Lending</b> P172827 Turkey Geothermal Development Project P144534 Renewable Energy Integration Project P179867 Public and Municipal Renewable Energy Project P151934 EU/IPA Energy Sector Technical Assistance Program P162762 Energy Efficiency in Public Buildings
		<b>Supplementary Indicators</b>  7.1.1 Installed renewable energy capacity financed through IBRD Projects (MW) and generated through IBRD (MWh)	<b>Baseline:</b> 0 in 2016 <b>Target:</b> 250 MW in 2023 and 1,500,000 MWh in 2023	<b>Achieved</b> 254 MW in 2023 and 1,513,027 MWh in 2023		
		<b>Indicator 2:</b> 7.2 Total power generation and distribution clients reached (IFC) (millions)	<b>Baseline:</b> 4,33 (2015) <b>Target:</b> 7,0 (2023)	<b>Mostly Achieved</b> 6,86 millions (2022)		<b>IFC Committed Investments:</b> Power Distribution: SEDAS (Project ID:672104) OEDAS (Project ID: 1027417) <i>Power Generation:</i> Enerjisa, (Project ID: 50781) Unit Investment, (Project ID: 727451)

Objective	Overall Rating	Indicator	Baseline/target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
						Kremna Elektrik, (Project ID: 1004739) ACWA Guc, (Project ID: 792909) Rotor Elektrik, (Project ID: 621808) Gama Enerji, (Project ID: 730929) Akfen Energy, (Project ID: 627269)
		<b>Indicator 3:</b> 7.3 Increased capacity of gas storage (bcm).	<b>Baseline:</b> 2.8 bcm in 2016 <b>Target:</b> 3.8 bcm in 2021	<b>Achieved</b> 3.78 bcm in 2021		<b>Approved IBRD Lending:</b> P093765 Gas Sector Development Project ( P162727 Gas Storage Expansion Project P157416 Trans Anatolian Natural Gas Pipeline Project
		<b>Indicator 4:</b> 7.4 Gas imports through TANAP (bcm/annum).	<b>Baseline:</b> 0 bcm in 2016 <b>Target:</b> 5 bcm in 2022	<b>Achieved</b> 6 bcm in 2022		<b>Approved IBRD Lending:</b> P157416 Trans Anatolian Natural Gas Pipeline Project
		<b>Indicator 5:</b> 7.5 Cumulative energy savings achieved through WB-financed energy sector projects (MWh).	<b>Baseline:</b> 1,116,000 in 2016 <b>Target:</b> 11,500,000 in 2022	<b>Achieved</b> 11,590,181 MWh as of 2023		<b>Approved IBRD Lending:</b> P122178 Turkey SME Energy Efficiency. Project P162762 Public Building Energy Efficiency  P175894 Seismic Resilience & Energy Efficiency in Public Buildings P179867 Public and Municipal Renewable Energy Project
		Additional evidence:				
<b>Objective 8:</b> Improved Sustainability and Resilience of Cities	Partially Achieved	<b>Indicator 1:</b> 8.1 Improved service delivery and expanded access to digital land registry and cadaster information Increased customer satisfaction at national level	<b>Baseline:</b> 40% in 2016 <b>Target:</b> 90% in 2022	<b>Mostly Achieved</b> 83% in 2021		<b>Approved IBRD Lending:</b> P106284 Turkey Land Registration and Cadastre Modernization Project
		<b>Indicator 2:</b>	<b>Baseline:</b> 0 (2017)	<b>Mostly Achieved</b> 930,000 (As of May 2023)	This Objective has reached the highest number of	<b>Approved IBRD Lending and EU Frit Grants:</b> P128605 Sustainable Cities 1,

Objective	Overall Rating	Indicator	Baseline/target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
		<p>8.2 Number of additional people benefitting from improved urban infrastructure through IBRD and IFC financing (number in millions)</p> <p>8.2.2 Sustainable urban transport planning adopted in selected cities/municipalities</p>	<p><b>Target:</b> 1,3 (2023)</p> <p><b>Baseline:</b> 0 (2018)</p> <p><b>Target:</b> 2 cities/municipalities (2021)</p>	<p><b>Achieved</b> The Sustainable Urban Mobility Plans (SUMP) were adopted in Izmir and Kocaeli in April 2019.</p>	<p>lending approvals (31 percent of all IBRD CPF period lending); however, implementation was not at the speed of delivery. Thus, this area, in terms of reaching the results, has the lowest rating. Next CPF shall focus on boosting the implementation capacity and speed, particularly under this objective area.</p>	<p>P170612 Sustainable Cities 2, Additional Financing projects P169996 Municipal Services Improvement Project P172562 Turkey Resilient Landscape Integration Project P176608 Turkey Earthquake, Floods and Wildfires Emergency Reconstruction Project P180849 Türkiye Earthquake Recovery and Reconstruction Project</p> <p><b>Delivered ASA:</b> Sustainable urban transport planning (FY21); AA has been signed with the EU side and the ASA is under progress. P157550 Sustainable Efficient and Safe Transport in Turkey Urban mobility, intelligent transport system and promotion of multi-modal transport system (FY18); under progress, mostly delivered and planned to be completed by November 2022. Housing study TA under the DRM GFDRR Grants City-wide risk assessments for resilient urban transformation and infrastructures were prepared in Kahramanmaras, Tekirdag, and Rize municipalities. The fourth assessment for Manisa Metropolitan Municipality is being prepared. Capacity building training for 4 municipalities were conducted, aiming at: (a) disaster risk assessment for urban transformation and infrastructures, and (b) the use of GIS for this purpose. A Guidance Note on Financing Urban Resilience for Turkish Cities was prepared. Guidance note and tool for mainstreaming climate and disaster risk into Ilbank's portfolio of municipal infrastructure investment was completed. EU/IPA Grant for Sustainable Cities</p>

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
						<p>P156161 IBRD-IFC Joint Implementation Program for Sustainable Cities in Turkey  P162543 Turkey: Housing the Bottom 40%  P164922 Turkey Land Sector - Improving State Land Management and Assessing the Feasibility of TDRs  P165757 Support Effective Logistics Services through Improved Connectivity in Turkey  P170099 Resilient Urban Regeneration  P165508 Turkey Subnational Technical Assistance: Creditworthiness Support for Metropolitan Municipalities  P153694 Building Resilience in Turkey  P168356 Support to Building Urban Resilience in Turkey  P170103 Building Institutional Capacity for Risk Informed Decision Making and Urban Resilience in Turkey  P174656 Policy dialogue on the digital economy in Turkey  P157550 Sustainable, Efficient and Safe Transport for Turkey</p> <p><b>IFC Committed Lending:</b>  Municipal infrastructure investments in metropolitan cities including Istanbul and Izmir.</p> <p><b>IFC Advisory:</b>  Cities platform (ongoing)</p> <p><b>RETF:</b>  GFDRR Grant for Supporting Critical Infrastructure Resilience and Disaster-Risk Awareness in Turkey (FY21)</p> <p><b>MIGA</b>  Guarantee of non-honoring of a financial obligation of a sub-sovereign (NHFO-sub-sovereign) for City of Istanbul and City of Izmir in support of transport projects (Ferry, Tramway, Light rail and Metro)</p>

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
		<p><b>Indicator 3:</b> 8.3 Increased resilience of cities through number of disaster resilient public buildings retrofitted, reconstructed, or newly constructed through IBRD operations.</p>	<p><b>Baseline:</b> 0 (2019) <b>Target:</b> 300 (2023)</p>	<p><b>Partially Achieved</b> Achieved figure is 57 (As of 2023)</p>		<p><b>Approved IBRD Lending and EU Frit Grants:</b> P157683 Disaster Risk Management in Schools P162004 Education Infrastructure for Resilience Project (Edu FRIT) P175894 Seismic Resilience and EE Project P172562 Turkey Resilient Landscape Integration Project P176608 Turkey Earthquake, Floods and Wildfires Emergency Reconstruction Project</p> <p><b>Delivered ASA:</b> P175806 Sustainable UrbanMobility in Turkey (FY21); AA has been signed with the EU side and the ASA is under progress. P157550 Sustainable, Efficient and Safe Transport .</p> <p><b>RETF:</b> GFDRR Grant for Supporting Critical Infrastructure Resilience and Disaster-Risk Awareness in Turkey (FY21) GFDRR grant for Seismic Resilience and EE Project (FY22)</p> <p><b>MIGA guarantees:</b> Non-honoring sub-sovereign financial obligation guarantees supporting cross-border investments in municipal infrastructure projects for the municipality of Istanbul and the municipality of Izmir (4 projects) (ongoing)</p>



Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
		<b>Indicator 4:</b> 8.4 Percentage improvement in the quality of CE as measured through the CE Quality Index	<b>Baseline:</b> 33% (in FY19) <b>Target:</b> 60% of projects approved for the remainder of the CPF are of high quality. (Average of FY20-FY21-FY22)	<b>Achieved</b> 87.5% (FY20-FY22)		
Additional evidence:						
<b>Objective 9:</b> Strengthened Results Under Climate Action Agenda	Mostly Achieved	<b>Indicator 1:</b> 9.1 Annual GHG emissions either reduced or avoided through the WB program (tonnes/year)	<b>Baseline:</b> 40,000 in 2016 <b>Target:</b> 1,000,000 IBRD reduced, 350,000 reduced IFC, 750,000 avoided at country-level through adopting GB standards (2023)	<b>Achieved</b> 2,232,525 tonnes/year (2023).		<b>Approved IBRD Lending:</b> P144534 Renewable Energy Integration Project P122178 Turkey SME Energy Efficiency Project P162762 Turkey Energy Efficiency in Public Buildings Project P175011 Turkey Climate Smart and Competitive Agricultural Growth Project P179345 Türkiye Climate Resilient Forests P179867 Public and Municipal Renewable Energy Project  <b>Delivered ASA:</b> P152877 Support to Updating Forest Sector Review (Forestry Study) P162693 Turkey Country Economic Memorandum(CEM) on Productivity P177479 Turkey Country Climate and Development Report P178260 Technical Assistance to Support Turkey's NDC Update P178561 Turkey- Support for Partnership for Market Implementation Proposal

Objective	Overall Rating	Indicator	Baseline/ target	Status at CLR	Lessons Learned & Suggestions for the New CPF	WB Program instruments
						P169743 Turkey Water Sector Engagement Note: Water Security Issues and Outlook P169824 Support to Air Quality Management in Turkey P151227 Turkey: Environmental and Natural Resources Management Programmatic P152876 Natural Capital Accounting  <b>IFC Committed Investments:</b> 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)  <b>IFC Advisory:</b> Green buildings and industrial zones (ongoing)
		<b>Indicator 2:</b> 9.2 Area provided with new/improved irrigation or drainage services (Ha)	<b>Baseline:</b> 0 (2019) <b>Target:</b> 50,000 ha (2023)	<b>Partially Achieved</b> 9600 ha (As of April 2022)		<b>Approved IBRD Lending:</b> P158844 Türkiye Irrigation Modernization
		Additional evidence:				

**CLR Annex 3. CPF Period (FY17-23) IBRD Lending Approvals (Planned and Actual)**

	CPF FY17-23 Planned	IBRD US\$m		CPF FY17-23 Actual	IBRD US\$m
FY17	Long Term Finance		FY17	Long Term Export Finance	300
	Education (FRiT)			Education Infrastructure and Resilience (FRiT)	157.8
	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
	<b>Sub-total</b>	<b>1,000 - 1,500</b>		<b>IBRD Sub-total</b>	<b>1,082.8</b>
				<b>Grant Sub total</b>	<b>157.8</b>
FY18	Education: Youth-at-Risk (IPA)		FY18	<i>Dropped</i>	
	SuTPs Employment Support & Entrepreneurship (FRiT)			SuTPs Employment Support & Entrepreneurship (FRiT)	48.2
	Sustainable Cities Series of Projects			Sustainable Cities Series of Projects (2)	91.5
	Gas Storage Expansion Project			Gas Storage Expansion Project	600
	Türkiye - Resilience, Inclusion and Growth DPF			Türkiye - Resilience, Inclusion and Growth DPF	400
				Inclusive Access to Finance	400
	<b>Sub-total</b>	<b>1,000 - 1,500</b>		<b>IBRD Sub-total</b>	<b>1,491.5</b>
				<b>Grant Sub total</b>	<b>48.2</b>
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			Türkiye Irrigation Modernization	252
	Energy Efficiency			Türkiye 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	560.6		
	<b>Sub-total</b>	<b>1,000 - 1,500</b>		<b>IBRD Sub-total</b>	<b>1,112.6</b>
				<b>Grant Sub total</b>	<b>6</b>
				<b>Total Actual IBRD (FY17-18-19)</b>	<b>3,686.9</b>

	CPF FY17-23 Planned	IBRD US\$m		CPF FY17-23 Actual	IBRD US\$m
FY20	Energy Efficiency in Public Buildings		FY20	Energy Efficiency in Public Buildings	150
	Renewable Energy Integration Additional Finance			Renewable Energy Integration Additional Finance	325
	Municipal Services Improvement Project in Refugee Affected Areas			Municipal Services Improvement Project in Refugee Affected Areas	
	IBRD			IBRD	148.8
	FRiT			FRiT	162.0
	Improving Rail Connectivity			Rail Logistics Improvement Project	350
	Formal Employment Creation for Refugees and Turkish Citizens			Formal Employment Creation for Refugees and Turkish Citizens	
	IBRD			IBRD	347.4
	FRiT			FRiT	91.9
	Long-term Export Finance Guarantee			Long-term Export Finance Guarantee	273.6
			Türkiye Emergency COVID-19 Health Project (P173988)	100	
			Safe Schooling (P173997)	160	
	<b>Sub-total</b>	<b>1,000 - 1,500</b>		<b>IBRD Sub-total</b>	<b>1,854.8</b>
				<b>Grant Sub total</b>	<b>253.9</b>
FY21	Green Organized Industrial Zones		FY21	Türkiye Organized Industrial Zones Project (P171645)	300
	Integrated Landscape Mgmt (Bolaman Basin)			Türkiye Resilient Landscape Integration Project (TULIP) (P172562)	135
	Geothermal Additional Finance			Delivered in FY22	
	Rooftop Solar Energy			Pipelined for FY23	
	Urban Resilience			Seismic Resilience and Energy Efficiency in Public Buildings Project (P175894)	265
	DPF-1			<i>Dropped</i>	
				Emergency Firm Support Project (P174112)	500
				Türkiye Rapid Support for Micro and Small Enterprises during the COVID-19 crisis (P174144)	300
				Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Türkiye Project (P171456) (FRiT)	48
				Agricultural Employment Support for Refugees and Turkish Citizens through Enhanced Market Linkages (P171543) (FRiT)	54.7
	<b>Sub-total</b>	<b>1,000 - 1,500</b>		<b>IBRD Sub-total</b>	<b>1,500</b>
				<b>Grant Sub total</b>	<b>102.7</b>

	CPF FY17-23 Planned	IBRD US\$m		CPF FY17-23 Actual	IBRD US\$m
FY22	Climate Smart Agriculture		FY22	Türkiye Climate Smart and Competitive Agricultural Growth Project (TUCSAP) (P175011)	341.3
	Institutional Efficiency			Dropped	
	Human Capital Project			Dropped	
	Water Conservation			Pipelined for FY23	
				Türkiye Geothermal Development Project Additional Financing (P172827)	300
				Türkiye Emergency COVID-19 Health Project Additional Financing (P178462)	500
				Türkiye Earthquake, Floods and Wildfires Emergency Reconstruction Project (P176608)	449.3
				Employment Support Project for Syrians Under Temporary Protection and Turkish Citizens (P171471)	84.9
				<b>IBRD Sub-total</b>	<b>1,590.5</b>
		<b>Sub-total</b>		<b>1,000 - 1,500</b>	<b>Grant Sub total</b>
FY23	Integrated Landscape Mgmt 2 (Black Sea Basins)		FY23	Dropped	
	Energy Efficiency in Public Buildings Add. Finance			Public and Municipal Renewable Energy Project*	549.15
	DPF-2			Dropped	
	Capital Market/LT Finance/Pension Reform			Dropped	
				Water Circularity and Efficiency	434.65
				Land Administration Infrastructure for Green and Sustainable Development	85.45
				Green Industry Project	450
				Climate Resilient Forests	400
				Earthquake Recovery and Reconstruction	1000
				MSME Recovery	450
				Türkiye Climate and Disaster Resilient Cities Project (P173025)	512.15
				Türkiye - EU IPA Energy Sector Program Phase IV Project - Offshore Wind Support (P179235)	8.77
				<b>IBRD Sub-total</b>	<b>3881.4</b>
		<b>Sub-total</b>		<b>1,000 - 1,500</b>	<b>Grant Sub total</b>
			<b>Total Actual IBRD (FY20-21-22-23)</b>	<b>8826.7</b>	
	<b>Total Planned</b>	<b>4,000 - 6,000</b>	<b>Total IBRD CPF Envelope</b>	<b>12,513.6</b>	

#### CLR Annex 4: IBRD Portfolio Indicators over the CPF Period (FY17-FY23)

##### PORTFOLIO AND DISBURSEMENTS (FY17 -FY23)\*

Fiscal year	2017	2018	2019	2020	2021	2022	2023
IBRD # Projects	11	15	13	18	22	23	28
IBRD Net Commitment Amt (\$ Mn)	3,071.60	4,563.20	4,525.80	5,905.90	7,091.40	7,956.90	10,874.20
Undisbursed Balance at FY Beginning (\$ Mn)	1,241.70	1,498.20	1,730.30	2,523.90	3,718.90	4,659.20	5,429.7
Disbursement Ratio (%)	33.6	54.8	17.8	15	13.9	16.6	17.3
IBRD Disbursements in FY (\$ Mn)	416.9	1,230.00	307.8	378.9	517.6	773.1	941.7
IBRD Disbursements to Date (\$ Mn)	1,507.90	2,739.40	1,924.30	2,113.60	2,334.60	2,425.70	2,477.8
IBRD Undisbursed Balance (\$ Mn)	1,505.90	1,766.90	2,535.10	3,718.90	4,701.50	5,481.40	8,325.5
Flag: Slow Disbursing # Projects	0	1	0	1	1	5	7

##### PORTFOLIO RISKINESS (FY17 - FY23)

Fiscal year	2017	2018	2019	2020	2021	2022	2023
# Problem Projects	2	1	2	0	3	2	4
# Potential Problem Projects	0	0	0	0	0	0	1
# Projects At Risk	2	1	2	0	3	2	5
Commitments At Risk (\$ Mn)	401	134.3	859.3	0	1,034.30	432.8	1,093.8
Commitments At Risk (%)	13.1	2.9	19.0	0.0	14.6	5.4	10
Proactivity Actions		2	1	2		3	2

##### IEG RATINGS (FY17 - FY23)

Exit FY	FY17	FY18	FY19	FY20	FY21	FY22
# Projects	2	1	3	2	2	1
Outcome % Satisfactory	100	100	100	100	100	100
ICR Quality % Sat	100	100	100	100	100	100
Net Disconnect	0	0	0	0	0	0
Bank Performance at Entry % Sat	50	100	100	100	100	100
Bank Performance at Supervision % Sat	100	100	100	100	100	100
Bank Overall Performance % Sat	100	100	100	100	100	100
% Substantial or Better M&E Quality	50	0	0	100	50	0

\* IBRD financing only. Regional Projects (TANAP), Guarantees, GEF, IDF, Montreal Protocol financed projects and Special Financing are excluded.



### CLR Annex 6: MIGA Guarantee Portfolio over the CPF Period (FY17-23)

Project ID	Project Name	Effective Date	Expiry Date	Investor Country	Business Sector	Cover	FY17	FY18	FY19	FY20	FY21	FY22	FY23
9416	Turkish Eximbank	03/31/2015	03/28/2025	United Kingdom	Financial	NH-SOE	298.3	261.1	219.6	179.4	144.2	101.1	66.9
12360	Orfin Finansman A.S.	12/31/2014	12/30/2021	France	Financial	PRI	54.2	55.3	54.1	53.2	56.5	-	-
13471	Turkish EximBank II	06/30/2016	06/29/2026	United States	Financial	NH-SOE	991.7	981.6	954.7	817.7	692.2	522.7	394.9
14295	Turk EximBank III	07/02/2018	06/27/2028	United Kingdom	Financial	NH-SOE	-	-	589.4	574.7	589.8	525.3	529.6
9401	Istanbul Municipality	04/21/2011	10/14/2020	United Kingdom	Infrastructure	NH - Sub Sovereign	117.3	83.9	48.3	15.5	-	-	-
11781	IMM Ferry Project	06/27/2013	05/12/2023	Germany	Infrastructure	NH - Sub Sovereign	46.7	39.0	29.9	21.6	15.0	6.4	-
12240	The Municipality of Izmir	06/05/2014	02/26/2027	Germany	Infrastructure	NH - Sub Sovereign	71.8	64.6	55.0	46.4	41.3	29.5	24.1
12516	Uskudar Metro	02/12/2015	02/05/2028	France	Infrastructure	NH - Sub Sovereign	187.8	185.5	160.3	137.7	125.2	91.9	78.3
12580	IMM Light Rail	06/30/2015	05/31/2030	Germany	Infrastructure	NH - Sub Sovereign	33.0	31.6	27.8	24.5	23.0	17.5	15.7
14306	Ulug Enerji	03/04/2022	09/26/2028	United Kingdom	Infrastructure	PRI	-	-	-	-	-	128.3	122.3
14919	Limak Uludag Perakende Elektrik Satis A.S.	03/04/2022	03/03/2039	United Kingdom	Infrastructure	PRI	-	-	-	-	-	20.7	20.7
14920	Uludag Elektrik Dagitim A.S.	03/04/2022	03/03/2039	United Kingdom	Infrastructure	PRI	-	-	-	-	-	82.8	82.8
11754	Türkiye Gaziantep Hospital BLT Project	04/21/2017	04/20/2037	Korea, Republic of	Services	PRI	61.4	62.9	61.5	60.5	64.2	56.2	190.5
12118	Adana Integrated Health Campus	12/18/2014	12/17/2034	Luxembourg	Services	PRI	145.8	148.8	145.5	143.3	152.0	133.0	138.8
12870	Yozgat Education and Research Hospital	06/19/2015	06/18/2035	Luxembourg	Services	PRI	52.4	53.3	51.5	50.1	52.4	45.2	46.3
12871	Elazig Integrated Health Campus	11/17/2016	11/16/2036	Luxembourg	Services	PRI	342.4	349.5	337.5	321.9	328.8	277.3	277.6
13543	Bursa Integrated Health Care Center	05/11/2017	05/10/2032	Luxembourg	Services	PRI	109.3	111.6	111.1	109.4	116.0	101.5	105.9
13861	Ikitelli Hospital	07/19/2017	07/18/2037	Netherlands	Services	PRI	-	118.0	121.2	121.1	118.1	95.7	90.2
<b>Total</b>							<b>2,512.0</b>	<b>2,546.6</b>	<b>2,967.4</b>	<b>2,677.3</b>	<b>2,518.7</b>	<b>2,234.9</b>	<b>2,184.5</b>



### CLR Annex 6a: MIGA's new guarantee issuance during the CPF Period

Issued Month	Project Id	Project Name	Effective Date	Expiration Date	Business Sector Name	Product Line Code	Gross Exposure (\$US\$)
<b>FY17</b>							
July	<a href="#">13471</a>	Turkish EximBank II	06/30/2016	11/07/2026	Financial	NH -SOE	231,124,912
<b>July</b>	<b>1 Project</b>						<b>231,124,912</b>
November	<a href="#">12871</a>	Elazig Integrated Health Campus	11/17/2016	12/12/2036	Services	PRI	77,416,991
	<a href="#">13471</a>	Turkish EximBank II	06/30/2016	11/07/2026	Financial	NH- SOE	150,931,161
<b>November</b>	<b>2 Projects</b>						<b>228,348,152</b>
December	<a href="#">12871</a>	Elazig Integrated Health Campus	11/17/2016	12/12/2036	Services	PRI	248,501,666
<b>December</b>	<b>1 Project</b>						<b>248,501,666</b>
April	<a href="#">11754</a>	Türkiye Gaziantep Hospital BLT Project	04/21/2017	04/25/2038	Services	PRI	57,613,970
<b>April</b>	<b>1 Project</b>						<b>57,613,970</b>
May	<a href="#">13543</a>	Bursa Integrated Health Care Center	05/11/2017	05/10/2032	Services	PRI	104,184,466
<b>May</b>	<b>1 Project</b>						<b>104,184,466</b>
<b>FY18</b>							
July	<a href="#">13861</a>	Ikitelli Hospital	07/19/2017	07/18/2037	Services	PRI	118,676,077
<b>July</b>	<b>1 Project</b>						<b>118,676,077</b>
<b>FY19</b>							
July	<a href="#">14295</a>	Turk EximBank III	07/02/2018	06/27/2028	Financial	NH-SOE	606,114,219
<b>July</b>	<b>1 Project</b>						<b>606,114,219</b>
November	<a href="#">13543</a>	Bursa Integrated Health Care Center	05/11/2017	05/10/2032	Services	PRI	1,982,272
<b>November</b>	<b>1 Project</b>						<b>1,982,272</b>
<b>FY22</b>							
March	<a href="#">14306</a>	Ulug Enerji	03/04/2022	09/26/2028	Infrastructure	PRI	128,250,000
	<a href="#">14919</a>	Limak Uludag Perakende Elektrik Satis A.S.	03/04/2022	03/03/2039	Infrastructure	PRI	20,700,000
	<a href="#">14920</a>	Uludag Elektrik Dagitim A.S.	03/04/2022	03/03/2039	Infrastructure	PRI	82,800,000
<b>March</b>	<b>3 Projects</b>						<b>231,750,000</b>
<b>FY23</b>							
April	<a href="#">11754</a>	Türkiye Gaziantep Hospital BLT Project	04/21/2017	04/25/2038	Services	PRI	134,196,750
<b>April</b>	<b>1 Project</b>						<b>134,196,750</b>
<b>Total</b>							<b>1,962,492,483</b>

## CLR Annex 7: Data Verification Sources

Description	Status at CLR	Overall rating
<b>Focus Area 1: GROWTH (Moderately Satisfactory)</b>		
<b>Objective 1: Contribute to Strengthened Policies that Boost Economic Stability</b>		Partially Achieved
<p>Indicator 1: Total number of bank loans to corporates restructured under the new financial restructuring framework.  <b>Target:</b> 200 (2023) / <b>Actual:</b> 603 (As of July 2023)</p> <p><a href="https://www.tbb.org.tr/en/banking-legislation/professional-codes-/91">https://www.tbb.org.tr/en/banking-legislation/professional-codes-/91</a></p>	Achieved	
<p>Indicator 2: Improved transparency of public sector for contractual commitments  <b>Target:</b> The Integrated Financial Management System is fully operational and accessible by Central Government institutions to capture the contractual commitments from public procurements (2022)  <b>Actual:</b> The Integrated Financial Management System is operational but contractual commitments captured only after processing of first payment.</p> <p><b>ICR of P158799 Public Finance Management Reform Implementation Support Project</b>  <a href="https://worldbankgroup.sharepoint.com/sites/P158/P158799/Shared%20Documents/Forms/AllItems.aspx?id=%2Fsites%2FP158%2FP158799%2FShared%20Documents%2FProject%2FImplementation%20Completion%20and%20Results%20Report%20%28ICR%29%20%2D%20Turkey%20Public%20Finance%20Management%20Reform%20Implementation%20Support%20Project%20%2D%20P158799%5F1%2Edocx&amp;parent=%2Fsites%2FP158%2FP158799%2FShared%20Documents%2FProject%2F">https://worldbankgroup.sharepoint.com/sites/P158/P158799/Shared%20Documents/Forms/AllItems.aspx?id=%2Fsites%2FP158%2FP158799%2FShared%20Documents%2FProject%2FImplementation%20Completion%20and%20Results%20Report%20%28ICR%29%20%2D%20Turkey%20Public%20Finance%20Management%20Reform%20Implementation%20Support%20Project%20%2D%20P158799%5F1%2Edocx&amp;parent=%2Fsites%2FP158%2FP158799%2FShared%20Documents%2FProject%2F</a></p> <p><b>Ministry of Treasury and Finance's website dedicated to the IFMIS Project</b>  <a href="https://muhasebat.hmb.gov.tr/bkmybs-projesinin-amaci">https://muhasebat.hmb.gov.tr/bkmybs-projesinin-amaci</a></p>	Partially Achieved	
<b>Objective 2: Enhanced Access to Finance to Underserved Segments</b>		Mostly Achieved
<p>Indicator 1: People, MSMEs and exporters reached with IFC financial services  <b>Target:</b> 3,6 million (2023) / <b>Actual:</b> 5,4 million (2021)</p> <p><i>Data can be aggregated from AIMM Navigator:</i> <a href="https://aimm.ifc.org/?projectId=null">https://aimm.ifc.org/?projectId=null</a></p>	Achieved	
<p>Indicator 2: Of which women owned SMEs reached IFC (number)  <b>Target:</b> 100,000 (2023) / <b>Actual:</b> 85,538 (2021)</p> <p><i>Data can be aggregated from AIMM Navigator:</i> <a href="https://aimm.ifc.org/?projectId=null">https://aimm.ifc.org/?projectId=null</a></p>	Partially Achieved	
<p>Indicator 3: MSMEs and exporters served by banks benefiting from IBRD financial intermediary loans  <b>Target:</b> 480,000 (2023) / <b>Actual:</b> 239,000  <b>Complementary Indicator</b>  MSMEs and exporters served by the institutions benefitting from IBRD non-financial-intermediary loans: 58,853  <b>Proposed New Indicator:</b>  Total MSMEs and exporters served by the institutions benefitting from IBRD lending operations (including FI and non-FI loans): 297,853.</p> <p><i>Based on ISRs of</i>  Inclusive Access to Finance Project (P163225)  <a href="https://documentsinternal.worldbank.org/Search/34040394">https://documentsinternal.worldbank.org/Search/34040394</a>  Long Term Export Finance Guarantee (P171448)  <a href="https://documentsinternal.worldbank.org/Search/34095187">https://documentsinternal.worldbank.org/Search/34095187</a>  Turkey Rapid Support for Micro and Small Enterprises during the COVID-19 crisis (P174144)</p>	Partially Achieved	

Description	Status at CLR	Overall rating
<a href="https://documents1.worldbank.org/curated/en/099725011242229533/pdf/P1741440c1a6d20430aaf00ccda2901f989.pdf">https://documents1.worldbank.org/curated/en/099725011242229533/pdf/P1741440c1a6d20430aaf00ccda2901f989.pdf</a> Emergency Firm Support Project (P174112) <a href="https://documents1.worldbank.org/curated/en/099072023090542708/pdf/P174112026363d0c00af4a07db8a084d9cc.pdf">https://documents1.worldbank.org/curated/en/099072023090542708/pdf/P174112026363d0c00af4a07db8a084d9cc.pdf</a> Formal Employment Creation Project (P171766) <a href="https://documents1.worldbank.org/curated/en/099150005212215634/pdf/P171766091fa3900d09b6109c3bcc9cb98e.pdf">https://documents1.worldbank.org/curated/en/099150005212215634/pdf/P171766091fa3900d09b6109c3bcc9cb98e.pdf</a>		
Indicator 4: Number of women-inclusive enterprises financed under IBRD lines of credit <b>Target: 80 (2023) / Actual: 474 (As of May 2023)</b>  <i>Based on ISR of</i> Inclusive Access to Finance Project (P163225) <a href="https://documentsinternal.worldbank.org/Search/34040394">https://documentsinternal.worldbank.org/Search/34040394</a> Long Term Export Finance Guarantee (P171448) <a href="https://documentsinternal.worldbank.org/Search/34095187">https://documentsinternal.worldbank.org/Search/34095187</a> Emergency Firm Support Project (P174112) <a href="https://documents1.worldbank.org/curated/en/099072023090542708/pdf/P174112026363d0c00af4a07db8a084d9cc.pdf">https://documents1.worldbank.org/curated/en/099072023090542708/pdf/P174112026363d0c00af4a07db8a084d9cc.pdf</a> Turkey Rapid Support for Micro and Small Enterprises during the COVID-19 crisis (P174144) <a href="https://documents1.worldbank.org/curated/en/099725011242229533/pdf/P1741440c1a6d20430aaf00ccda2901f989.pdf">https://documents1.worldbank.org/curated/en/099725011242229533/pdf/P1741440c1a6d20430aaf00ccda2901f989.pdf</a> Formal Employment Creation Project (P171766) <a href="https://documents1.worldbank.org/curated/en/099150005212215634/pdf/P171766091fa3900d09b6109c3bcc9cb98e.pdf">https://documents1.worldbank.org/curated/en/099150005212215634/pdf/P171766091fa3900d09b6109c3bcc9cb98e.pdf</a>	Achieved	
<b>Objective 3: Enhanced Competitiveness and Employment in Selected Industries</b>		Mostly Achieved
Indicator 1: Employment supported by IFC clients (manufacturing, telecom, technology, agribusiness) Target: 60,000 (2023) / Actual: 135,857 (2022)  <i>Data can be aggregated from AIMM Navigator: <a href="https://aimm.ifc.org/?projectId=null">https://aimm.ifc.org/?projectId=null</a></i>  <b>Complementary Indicator</b> Employment supported by IBRD lending operations (manufacturing, telecom, technology, agribusiness): 90,730  <b>Proposed New Indicator:</b> Total employment supported by WB (including IFC and IBRD lending operations): 226,587  <i>Based on ISRs of</i> Formal Employment Creation Project (P171766) <a href="https://documents1.worldbank.org/curated/en/099150005212215634/pdf/P171766091fa3900d09b6109c3bcc9cb98e.pdf">https://documents1.worldbank.org/curated/en/099150005212215634/pdf/P171766091fa3900d09b6109c3bcc9cb98e.pdf</a> Turkey Rapid Support for Micro and Small Enterprises during the COVID-19 crisis (P174144) <a href="https://documents1.worldbank.org/curated/en/099725011242229533/pdf/P1741440c1a6d20430aaf00ccda2901f989.pdf">https://documents1.worldbank.org/curated/en/099725011242229533/pdf/P1741440c1a6d20430aaf00ccda2901f989.pdf</a> Long Term Export Finance Guarantee (P171448) <a href="https://documentsinternal.worldbank.org/Search/34095187">https://documentsinternal.worldbank.org/Search/34095187</a>	Achieved	
Indicator 2: o/w Female Employment supported IFC Target: 14,000 (2023) / Actual: 40,133 (2022)  <i>Data can be aggregated from AIMM Navigator: <a href="https://aimm.ifc.org/?projectId=null">https://aimm.ifc.org/?projectId=null</a></i>	Achieved	
Indicator 3: Employment supported by IFC equity funds investees Target: 20,000 (2021) / Actual: 22,025 (As of October 2022)	Achieved	

Description	Status at CLR	Overall rating
<p><i>Data can be aggregated from AIMM Navigator: <a href="https://aimm.ifc.org/?projectId=null">https://aimm.ifc.org/?projectId=null</a></i></p> <p>Indicator 4: Improvement in Composite Doing Business Score  <b>Target:</b> &gt; 78 (2021) / <b>Actual:</b> 76.8 (2020)</p> <p><i>Based on <a href="https://archive.doingbusiness.org/en/data/exploreeconomies/turkey">https://archive.doingbusiness.org/en/data/exploreeconomies/turkey</a></i></p>	Mostly Achieved	
Description	Status at CLR	Overall rating
<b>Focus Area 2: INCLUSION (Moderately Satisfactory)</b>		
<b>Objective 4: Increased Effectiveness of Social Assistance</b>		Mostly Achieved
<p>Indicator 1: Number of social assistance beneficiaries referred to employment services.  <b>Target:</b> 800,000 (2022) / <b>Actual:</b> 822,000 (2022)</p> <p><i>Based on the official website of the Ministry of Family and Social Services Activity Reports (2018-2019-2021-2022)</i></p> <p><i><a href="https://www.aile.gov.tr/media/81736/2018-yili-faaliyet-raporu.pdf">https://www.aile.gov.tr/media/81736/2018-yili-faaliyet-raporu.pdf</a> (page 263) – 2018 data</i>  <i><a href="https://www.aile.gov.tr/media/49934/acshb_2019_yili_faaliyet_raporu.pdf">https://www.aile.gov.tr/media/49934/acshb_2019_yili_faaliyet_raporu.pdf</a> (page 149) – 2019 data</i>  <i><a href="https://www.aile.gov.tr/media/142243/ashb_faaliyet_raporu_22092023.pdf">https://www.aile.gov.tr/media/142243/ashb_faaliyet_raporu_22092023.pdf</a> (page 202)- 2021-2022 data</i></p> <p><i>Strategic Plan of the Ministry of Family and Social Services</i></p> <p><i>(<a href="http://www.sp.gov.tr/upload/xSPStratejikPlan/files/SdeFs+Aile_Calisma_ve_Sosyal_Hizmetler_Bakanligi_19-23_SP.pdf">http://www.sp.gov.tr/upload/xSPStratejikPlan/files/SdeFs+Aile_Calisma_ve_Sosyal_Hizmetler_Bakanligi_19-23_SP.pdf</a>)</i></p> <p>In the years 2018-2019, 2021, and 2022, the total data obtained from the activity reports prepared by the ministry is 794,937. According to the 2019-2023 strategic plan prepared by the ministry, the target for the year 2020 was set at 140,000. However, due to COVID, the actual achievement has not been measured or reported. Additionally, during the CLR report period in the first 6 months of 2023, the ministry has not published any data.</p> <p>In discussions with colleagues in the ministry, it has been communicated that as of the end of the year 2022, the cumulative value for the years 2018-2022 is reported to be 822,000. <b>Therefore, we evaluated the target as achieved and should be reported as 822,000 as of the end of 2022.</b></p>	Achieved	
<p>Indicator 2: Social protection performance indicators related to benefit levels, equity and coverage included in MOFLSS M&amp;E system for evidence-based program management.  <b>Target:</b> Yes (2022) / <b>Actual:</b> No</p> <p><i>There is no official/publicly disclosed report claiming achievement of this indicator.</i></p>	Not Achieved	
<b>Objective 5: Increased Labor Force Participation of Women &amp; Vulnerable Groups</b>		Mostly Achieved
<p>Indicator 1: Increased number of women placed in jobs by ISKUR  <b>Target:</b> 900,000 by 2023 / <b>Actual:</b> 1,874,699 (2019-April 2023)</p> <p><b>Complementary Indicator</b>  Increased number of women placed in jobs by IBRD lending operations (excluding ISKUR placements): 43,591</p> <p><b>Proposed New Indicator:</b>  Increased number of women placed in jobs by IBRD lending operations: 1,918,290</p> <p><i>Based on ISR</i></p> <p>Support for Transition to Labor Market Project (P171471)</p>	Achieved	

Description	Status at CLR	Overall rating
<p><a href="https://documents1.worldbank.org/curated/en/099162503272328495/pdf/P1714710de168d0390a61e073e8b7505e55.pdf">https://documents1.worldbank.org/curated/en/099162503272328495/pdf/P1714710de168d0390a61e073e8b7505e55.pdf</a>  <i>Based on ICR</i>  Employment Support for SuTP and Turkish Citizens (P161670)  <a href="https://documents1.worldbank.org/curated/en/099081623140040996/pdf/BOSIB157129d0d1e3431403318145177920f8a7900.pdf">https://documents1.worldbank.org/curated/en/099081623140040996/pdf/BOSIB157129d0d1e3431403318145177920f8a7900.pdf</a>  Official Website of Turkish Employment Agency (ISKUR)  <a href="https://www.iskur.gov.tr/kurumsal-bilgi/istatistikler/">https://www.iskur.gov.tr/kurumsal-bilgi/istatistikler/</a></p> <p>ISKUR sometimes can update data from the previous periods to correct any errors. The currently available data from the website for 2019-2023 (April) is 1,892,746. This can be reached by summing over the values of job placements for women across 2019-20-21-22, using 2022 annual statistics files (please follow the shared link, find "Istatistik Yillari" folder, then see "Tablo 4" of the "2022 Yillik Tablolari" file in the folder), and adding to that the information obtained from the April 2023 monthly statistics file (please follow the shared link, find "Aylik Istatistik Bultenleri" folder, see "Tablo 5" of "Nisan 2023 Aylik Tablolari" file under 2023 folder).</p>		
<p>Indicator 2: Increased number of youth placed in jobs by ISKUR  <b>Target:</b> 450,000 male; 400,000 female youth by 2023 / <b>Actual:</b> 1,190,792 (male) and 758,345 (female) (2019-April 2023)</p> <p><i>Based on ISR of</i>  Support for Transition to Labor Market Project (P171471)  <a href="https://documents1.worldbank.org/curated/en/099162503272328495/pdf/P1714710de168d0390a61e073e8b7505e55.pdf">https://documents1.worldbank.org/curated/en/099162503272328495/pdf/P1714710de168d0390a61e073e8b7505e55.pdf</a>  <a href="https://worldbankgroup-my.sharepoint.com/:w:/r/personal/mozatesgurburz_worldbank_org/_layouts/15/Doc.aspx?sourcedoc=%7BDEDED1E031-37E6-4C61-9AB6-FE717C7A9FAA%7D&amp;file=0_master_CLR_Annex7.docx&amp;action=default&amp;mobileredirect=true">https://worldbankgroup-my.sharepoint.com/:w:/r/personal/mozatesgurburz_worldbank_org/_layouts/15/Doc.aspx?sourcedoc=%7BDEDED1E031-37E6-4C61-9AB6-FE717C7A9FAA%7D&amp;file=0_master_CLR_Annex7.docx&amp;action=default&amp;mobileredirect=true</a>  <i>Based on ICR</i>  Employment Support for SuTP and Turkish Citizens (P161670)  <a href="https://documents1.worldbank.org/curated/en/099081623140040996/pdf/BOSIB157129d0d1e3431403318145177920f8a7900.pdf">https://documents1.worldbank.org/curated/en/099081623140040996/pdf/BOSIB157129d0d1e3431403318145177920f8a7900.pdf</a>  Official Website of Turkish Employment Agency (ISKUR)  <a href="https://www.iskur.gov.tr/kurumsal-bilgi/istatistikler/">https://www.iskur.gov.tr/kurumsal-bilgi/istatistikler/</a></p> <p>ISKUR sometimes can update data from the previous periods to correct any errors. The currently available data suggests 1,190,792 for male and 758,345 female youths. This can be reached by summing over the values of job placements by age groups across 2019-20-21-22, using the associated annual statistics files (please follow the shared link, find "Istatistik Yillari" folder, then see "Tablo 5" of each of the "2019-20-21-22 Yillik Tablolari" files in the folder), and adding to that the information obtained from the April 2023 monthly statistics file (please follow the shared link, find "Aylik Istatistik Bultenleri" folder, see "Tablo_9_10" of "Nisan 2023 Aylik Istatistik Tablolari" file under 2023 folder).</p>	Achieved	
<p>Indicator 3: Direct employment supported by IFC clients in less developed regions  Target: 45,000 (2023) / Actual: 38,111 (2021)</p> <p><i>Data can be aggregated from AIMM Navigator:</i> <a href="https://aimm.ifc.org/?projectId=null">https://aimm.ifc.org/?projectId=null</a></p>	Not Achieved	
<b>Objective 6: Strengthened Performance of the Education and Health Sectors</b>		Mostly Achieved
<p>Indicator 1: Number of students, teachers and staff having access to schools constructed or retrofitted by IBRD operations  <b>Target:</b> 320,000 (2023) / <b>Actual:</b> 49,000 (As of 2023)</p> <p><i>Based on ISR of</i>  Disaster Risk Management in Schools Project (P157683)  <a href="https://documents1.worldbank.org/curated/en/099071123172519464/pdf/P157683087a6370bd0837c007183871c2cc.pdf">https://documents1.worldbank.org/curated/en/099071123172519464/pdf/P157683087a6370bd0837c007183871c2cc.pdf</a>  Education Infrastructure for Resilience (EU Facility for SuTP) (P162004)  <a href="https://documents1.worldbank.org/curated/en/099041223175522415/pdf/P1620040cf8a380cc0a1f40e1764a2d322e.pdf">https://documents1.worldbank.org/curated/en/099041223175522415/pdf/P1620040cf8a380cc0a1f40e1764a2d322e.pdf</a></p>	Not achieved	

Description	Status at CLR	Overall rating
<p>Indicator 2: Percent of households that receive from health workers counselling or education related to healthy living (to be DROPPED)  <b>Target:</b> 50% in 2022 (at end of IBRD project) / <b>Not Verified.</b>  <b>Proposed New Indicator:</b>  Percent of Turkish population that has been vaccinated against COVID-19: 68.9%</p> <p><i>Based on ISR of</i>  Health System Strengthening and Support Project (P152799),  <a href="https://documents1.worldbank.org/curated/en/099061923125037807/pdf/P15279902535db04a0b8740b7671c775007.pdf">https://documents1.worldbank.org/curated/en/099061923125037807/pdf/P15279902535db04a0b8740b7671c775007.pdf</a></p>	Achieved	
<p>Indicator 3: Number of Patients Served through IFC health sector clients  <b>Target:</b> 3.0 million (2023) / <b>Actual:</b> 7,9 million (2022)</p> <p><i>Data can be aggregated from AIMM Navigator:</i> <a href="https://aimm.ifc.org/?projectId=null">https://aimm.ifc.org/?projectId=null</a></p>	Achieved	
Description	Status at CLR	Overall rating
<b>Focus Area 3: SUSTAINABILITY (Moderately Satisfactory)</b>		
<b>Objective 7: Improved Reliability of Energy Supply and Generation of Green Energy</b>		Mostly Achieved
<p>Indicator 1: Renewable electricity generation as percentage of total generation (%).  <b>Target:</b> 35% in 2022 / <b>Actual:</b> 45% (As of end 2022)</p> <p>Based on the data received from TEIAS  <a href="https://www.teias.gov.tr/aylik-elektrik-uretim-tuketim-raporlari">https://www.teias.gov.tr/aylik-elektrik-uretim-tuketim-raporlari</a></p>	Achieved	
<p>Indicator 2: Total power generation and distribution clients reached (IFC) (millions)  <b>Target:</b> 7,0 (2023) / <b>Actual:</b> 6,86 million (2022)</p> <p><i>Data can be aggregated from AIMM Navigator:</i> <a href="https://aimm.ifc.org/?projectId=null">https://aimm.ifc.org/?projectId=null</a></p>	Mostly Achieved	
<p>Indicator 3: Increased capacity of gas storage (bcm).  <b>Target:</b> 3.8 bcm in 2021 / <b>Actual:</b> 3.78 bcm in 2021</p> <p><i>Based on ISR of</i>  Gas Storage Expansion Project (P162727)  <a href="https://documents1.worldbank.org/curated/en/099071723085095888/pdf/P1627271ac9ca7b51540e1479a19699160f3ff767a53.pdf">https://documents1.worldbank.org/curated/en/099071723085095888/pdf/P1627271ac9ca7b51540e1479a19699160f3ff767a53.pdf</a></p>	Achieved	
<p>Indicator 4: Gas imports through TANAP (bcm/annum).  <b>Target:</b> 5 bcm in 2022 / <b>Actual:</b> 6 bcm in 2022</p> <p><i>Based on ICR of</i>  Trans-Anatolian Natural Gas Pipeline Project (P157416)  <a href="https://worldbankgroup-my.sharepoint.com/personal/aanil_worldbank_org/_layouts/15/onedrive.aspx?id=%2Fpersonal%2Faaniil%5Fworldbank%5F%2FDocuments%2FMicrosoft%20Teams%20Chat%20Files%2FImplementation%20Completion%20and%20Results%20Report%20%28ICR%29%20Document%20%2D%20Trans%2DAnatolian%20Natural%20Gas%20Pipeline%20Project%20%2D%20P157416%2Epdf&amp;parent=%2Fpersonal%2Faaniil%5Fworldbank%5F%2FDocuments%2FMicrosoft%20Teams%20Chat%20Files&amp;ga=1">https://worldbankgroup-my.sharepoint.com/personal/aanil_worldbank_org/_layouts/15/onedrive.aspx?id=%2Fpersonal%2Faaniil%5Fworldbank%5F%2FDocuments%2FMicrosoft%20Teams%20Chat%20Files%2FImplementation%20Completion%20and%20Results%20Report%20%28ICR%29%20Document%20%2D%20Trans%2DAnatolian%20Natural%20Gas%20Pipeline%20Project%20%2D%20P157416%2Epdf&amp;parent=%2Fpersonal%2Faaniil%5Fworldbank%5F%2FDocuments%2FMicrosoft%20Teams%20Chat%20Files&amp;ga=1</a></p>	Achieved	
<p>Indicator 5: Cumulative energy savings achieved through WB-financed energy sector projects (MWh).  <b>Target:</b> 11,500,000 in 2022 / <b>Actual:</b> 11,590,181 MWh as of 2023</p> <p><i>Based on ICR of</i></p>	Achieved	

Description	Status at CLR	Overall rating
<p>SME Energy Efficiency Project  <a href="https://documents1.worldbank.org/curated/en/904171586198902878/pdf/Turkey-Small-and-Medium-Enterprises-Energy-Efficiency-Project.pdf">https://documents1.worldbank.org/curated/en/904171586198902878/pdf/Turkey-Small-and-Medium-Enterprises-Energy-Efficiency-Project.pdf</a></p> <p><i>Based on ISR of</i>            Turkey Energy Efficiency in Public Buildings (P162762)  <a href="https://documents1.worldbank.org/curated/en/099060623191583662/pdf/P1627620f00b690950999900b1244e39071.pdf">https://documents1.worldbank.org/curated/en/099060623191583662/pdf/P1627620f00b690950999900b1244e39071.pdf</a></p>		
<b>Objective 8: Improved Sustainability and Resilience of Cities</b>		Partially Achieved
<p>Indicator 1: Improved service delivery and expanded access to digital land registry and cadaster information.            Increased customer satisfaction at national level            Target: 90% in 2022 / Actual: 83% in 2021</p> <p><i>Based on ISR of</i>            Turkey Land Registration and Cadastre Modernization Project (P106284)  <a href="https://documents1.worldbank.org/curated/en/099010012162140840/pdf/Disclosable0Ve0284000Sequence0No029.pdf">https://documents1.worldbank.org/curated/en/099010012162140840/pdf/Disclosable0Ve0284000Sequence0No029.pdf</a></p>	Mostly achieved	
<p>Indicator 2: Number of additional people benefitting from improved urban infrastructure through IBRD and IFC financing (number in millions)            Target: 1,3 (2023) / Actual: 930,000 (As of May 2023)</p> <p><i>IBRD</i>  <i>Based on ISR of</i>            SUSTAINABLE CITIES (P128605)  <a href="https://documents1.worldbank.org/curated/en/099082223031524998/pdf/P12860500a666502f09e690e61380936a0d.pdf">https://documents1.worldbank.org/curated/en/099082223031524998/pdf/P12860500a666502f09e690e61380936a0d.pdf</a>            Sustainable Cities Project 2 (P161915)  <a href="https://documents1.worldbank.org/curated/en/099061323144031021/pdf/P16191505876d40680b6250acdc4e626529.pdf">https://documents1.worldbank.org/curated/en/099061323144031021/pdf/P16191505876d40680b6250acdc4e626529.pdf</a></p>	Mostly Achieved	
<p>Indicator 3: Increased resilience of cities through number of disaster resilient public buildings retrofitted, reconstructed, or newly constructed through IBRD operations.            Target: 300 (2023) / Actual: 57 (As of 2023)</p> <p><i>Based on ISR of</i>            Education Infrastructure for Resilience (EU Facility for SuTP) (P162004)  <a href="https://documents1.worldbank.org/curated/en/099041223175522415/pdf/P1620040cf8a380cc0a1f40e1764a2d322e.pdf">https://documents1.worldbank.org/curated/en/099041223175522415/pdf/P1620040cf8a380cc0a1f40e1764a2d322e.pdf</a></p>	Not Achieved	
<p>Indicator 4: Percentage improvement in the quality of CE as measured through the CE Quality Index            Target: 60% of projects approved for the remainder of the CPF are of high quality. (Average of FY20-FY21-FY22) / Actual: 87.5% (FY20-FY22)</p> <p><i>Based on monthly data provided by Social Sustainable and Inclusion Global Practice</i>  <i>Based on MMR of Türkiye, June 2023</i></p>	Achieved	
<b>Objective 9: Strengthened Results Under Climate Action Agenda</b>		Mostly Achieved
<p>Indicator 1: Annual GHG emissions either reduced or avoided through the WB program (tonnes/year)            Target: 1,000,000 IBRD reduced, 350,000 reduced IFC, 750,000 avoided at country-level through adopting GB standards (2023) / Actual: 2.232.525tonnes/year (2023)</p> <p><i>Based on ISR of</i>            Turkey Energy Efficiency in Public Buildings (P162762)  <a href="https://documents1.worldbank.org/curated/en/099060623191583662/pdf/P1627620f00b690950999900b1244e39071.pdf">https://documents1.worldbank.org/curated/en/099060623191583662/pdf/P1627620f00b690950999900b1244e39071.pdf</a>            Turkey Geothermal Development Project (P151739)<sup>1</sup></p>	Achieved	

Description	Status at CLR	Overall rating
<a href="https://documents1.worldbank.org/curated/en/099062823062085026/pdf/P15173906ac3b304709f040ab17154575b4.pdf">https://documents1.worldbank.org/curated/en/099062823062085026/pdf/P15173906ac3b304709f040ab17154575b4.pdf</a> Renewable Energy Integration (P144534) <a href="https://documents1.worldbank.org/curated/en/099185503122312346/pdf/P14453406f7f030c609c1a0d12228612eb6.pdf">https://documents1.worldbank.org/curated/en/099185503122312346/pdf/P14453406f7f030c609c1a0d12228612eb6.pdf</a> <i>Based on ICR of</i> Turkey SME Energy Efficiency Project (P122178, P132189) <a href="https://documents1.worldbank.org/curated/en/904171586198902878/pdf/Turkey-Small-and-Medium-Enterprises-Energy-Efficiency-Project.pdf">https://documents1.worldbank.org/curated/en/904171586198902878/pdf/Turkey-Small-and-Medium-Enterprises-Energy-Efficiency-Project.pdf</a>		
Indicator 2: Area provided with new/improved irrigation or drainage services (Ha) <b>Target:</b> 50,000 ha (2023) / <b>Actual:</b> 9600 ha (As of April 2022)  <i>Based on ISR of</i> Turkey Irrigation Modernization Project (P158418) <a href="https://documents1.worldbank.org/curated/en/099062223135522916/pdf/P158418044f13c0fe09d530894a1c64cfbc.pdf">https://documents1.worldbank.org/curated/en/099062223135522916/pdf/P158418044f13c0fe09d530894a1c64cfbc.pdf</a>	Not Achieved	



## Annex 4: Selected Indicators of Bank Portfolio Performance and Management

*As of Date 02/07/2024*

Indicator	FY21	FY22	FY23	FY24
<b>Portfolio Assessment</b>				
Number of Projects Under Implementation <sup>a</sup>	22.0	23.0	29.0	29.0
Average Implementation Period (years) <sup>b</sup>	3.5	3.6	2.9	3.3
Percent of Problem Projects by Number <sup>a, c</sup>	13.6	8.7	13.8	17.2
Percent of Problem Projects by Amount <sup>a, c</sup>	14.6	5.4	8.8	13.6
Percent of Projects at Risk by Number <sup>a, d</sup>	13.6	8.7	17.2	17.2
Percent of Projects at Risk by Amount <sup>a, d</sup>	14.6	5.4	10.1	13.6
Disbursement Ratio (%) <sup>e</sup>	13.9	17.0	18.0	11.8
<b>Portfolio Management</b>				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				
<hr/>				
Memorandum Item	Since FY80		Last Five FYs	
Proj Eval by IEG by Number	161		5	
Proj Eval by IEG by Amt (US\$ millions)	31,882.6		1,410.7	
% of IEG Projects Rated U or HU by Number	24.1		0.0	
% of IEG Projects Rated U or HU by Amt	14.2		0.0	

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 5: Operations Portfolio (IBRD/IDA and Grants)

*As of 12/31/2023*

### Closed Projects

**200**

#### IBRD/IDA\*

Total Disbursed (Active)	3,294.40
of which has been repaid(1)	90.52
Total Disbursed (Closed)	35,177.91
of which has been repaid	26,504.14
Total Disbursed (Active + Closed)	38,472.31
of which has been repaid	26,594.66
Total Undisbursed (Active)	7,481.17
Total Undisbursed (Closed)	0.00
Total Undisbursed (Active + Closed)	7481.169

#### Active Projects

Project ID	Project Name	<u>Last PSR</u>			<u>Original Amount in US\$ Millions</u>				<u>Difference Between Expected and Actual Disbursements<sup>a/</sup></u>	
		Supervision Rating			IBRD	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
		<u>DO</u>	<u>IP</u>	FY						
P175011	Agriculture climate-smart project	S	MS	2022	341.3		0.0	340.2	52.6	0.0
P157683	DRM in Schools	MU	MU	2019	300.0		0.0	298.9	228.8	53.1
P174112	Emergency Firm Support Project	S	S	2021	500.0		0.0	89.4	-144.8	36.4
P162762	Energy Efficiency in Public Buildings	S	S	2020	150.0		0.0	78.5	0.7	8.1
P171766	Formal Employment Creation Project	S	S	2020	347.4		0.0	55.1	44.4	16.9
P162727	Gas Storage Expansion Project	MS	MS	2018	600.0		0.0	251.5	251.5	0.0
P158418	GEF Turkey Irrigation Modernization	MS	MS	2019	252.0		0.0	143.5	38.3	0.0

P167363	GEF Turkey Irrigation Modernization	#	MS	2019	0.0	2.0	0.0	1.0	-0.8	0.0
P178274	Green Finance Project	#	#	2024	155.0		0.0	155.0	3.2	0.0
P179217	Land Management Infrastructure	S	S	2023	85.4		0.0	85.4	3.0	0.0
P169996	Municipal Services Improvement Project	MU	MU	2020	148.8		0.0	136.0	62.2	0.0
P181068	Post-Earthquake MSME Recovery Project	S	S	2023	450.0		0.0	0.9	-324.4	0.0
P179867	Public and Municipal RE Project	#	#	2023	549.2		0.0	549.2	9.9	0.0
P170532	Rail Logistics Improvement Project	MS	MU	2020	350.0		0.0	346.1	180.0	0.0
P144534	Renewable Energy Integration	S	S	2014	625.0		0.0	122.4	-94.1	191.5
P173025	Resilient Cities Project	MS	MS	2023	512.1		0.0	511.1	63.9	0.0
P173997	Safe Schooling	MS	MS	2020	160.0		0.0	102.4	102.4	38.1
P175894	Seismic Resilience & Energy Efficiency	S	MS	2021	265.0		0.0	259.9	69.1	0.0
P128605	Sustainable Cities	MS	MS	2017	132.8		0.0	0.0	-4.7	0.0
P161915	Sustainable Cities Project 2	MS	MS	2018	652.1		0.0	554.0	-31.3	305.4
P173988	Turkey Emergency COVID-19 Health Project	S	S	2020	600.0		0.0	0.0	-484.7	-584.2
P151739	Turkey Geothermal Development Project	MS	MU	2017	550.0		0.0	299.3	39.1	89.3
P172562	Turkey Integrated Landscape Project	MS	MU	2021	135.0		0.0	126.4	16.8	0.0
P171645	Turkey OIZ Project	MS	MS	2021	300.0		0.0	295.7	202.6	0.0
P179345	Türkiye Climate Resilient Forests	S	S	2023	400.0		0.0	400.0	1.0	0.0
P180849	Türkiye Earthquake ERL	S	S	2023	1,000.0		0.0	949.7	143.3	0.0
P176608	Türkiye ERL	S	MS	2022	449.3		0.0	446.7	94.1	0.0
P179255	Türkiye Green Industry Project	S	S	2023	450.0		0.0	448.7	19.4	0.0
P174915	Türkiye Water Circularity and Efficiency	S	S	2023	434.6		0.0	434.4	6.5	0.0
<b>Overall Result</b>					<b>10,894.9</b>	<b>2.0</b>	<b>0.0</b>	<b>7,481.2</b>	<b>548.0</b>	<b>154.6</b>

\* 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.

**Annex 6: Statement of IFC's Held and Disbursed Portfolio**

*As of 12/31/2023*

(In USD Millions)

FY Approval	Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi	*GT/RM	Participant	Loan	Equity	**Quasi	*GT/RM	Participant
FY19	ACTERA III	0.00	66.03	0.00	0.00	0.00	0.00	34.89	0.00	0.00	0.00
FY15	ADANA HEALTH	27.31	0.00	0.00	1.89	29.72	27.31	0.00	0.00	1.89	29.72
FY17	AKBANK TK	90.00	0.00	0.00	0.00	0.00	90.00	0.00	0.00	0.00	0.00
FY23	AKBANK TK	0.00	0.00	75.00	0.00	0.00	0.00	0.00	75.00	0.00	0.00
FY16	AKFEN ENERGY	0.00	100.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00
FY19	ALTERNATIFBANK	13.33	0.00	0.00	0.00	0.00	13.33	0.00	0.00	0.00	0.00
FY18	ANTALYA MUNI	59.08	0.00	0.00	0.00	0.00	59.08	0.00	0.00	0.00	0.00
FY22	ARCELIK	166.16	0.00	0.00	0.00	0.00	166.16	0.00	0.00	0.00	0.00
FY16	ASSAN ALUMINYUM	5.50	0.00	0.00	0.00	0.00	5.50	0.00	0.00	0.00	0.00
FY23	ASSAN ALUMINYUM	90.00	0.00	0.00	0.00	0.00	90.00	0.00	0.00	0.00	0.00
FY14	ASTRA DORMS	0.00	7.50	0.00	0.00	0.00	0.00	7.50	0.00	0.00	0.00
FY15	CI HEPSIBURADA	0.00	8.02	0.00	0.00	0.00	0.00	8.02	0.00	0.00	0.00
FY21	DENIZBANK AS	92.31	0.00	0.00	0.00	0.00	92.31	0.00	0.00	0.00	0.00
FY23	DENIZBANK AS	125.00	0.00	0.00	0.00	0.00	125.00	0.00	0.00	0.00	0.00
FY13	EARLYBIRD I	0.00	40.16	0.00	0.00	0.00	0.00	22.80	0.00	0.00	0.00
FY22	EGE ENDUSTRI	44.31	0.00	0.00	0.00	0.00	44.31	0.00	0.00	0.00	0.00
FY17	ELAZIG HEALTH	72.22	0.00	0.00	0.00	0.00	72.22	0.00	0.00	0.00	0.00
FY15	ETLIK HEALTH	78.94	0.00	0.00	0.00	83.15	78.94	0.00	0.00	0.00	83.15

FY16	ETLIK HEALTH	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	2.10	0.00
FY10	EURASIA CAPITAL	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
FY15	FIBABANKA	0.00	17.34	0.00	0.00	0.00	0.00	17.34	0.00	0.00	0.00
FY23	FIGO	0.00	2.20	0.00	0.00	0.00	0.00	2.20	0.00	0.00	0.00
FY18	FORIBA	0.00	3.50	0.00	0.00	0.00	0.00	3.50	0.00	0.00	0.00
FY23	FRAPORT TAV ANTA	166.16	0.00	0.00	0.00	0.00	166.16	0.00	0.00	0.00	0.00
FY15	GAMA ENERJI	0.00	126.05	0.00	0.00	0.00	0.00	104.03	0.00	0.00	0.00
FY18	GARANTI BANKASI	75.00	0.00	0.00	0.00	0.00	75.00	0.00	0.00	0.00	0.00
FY24	IKAS	0.00	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY18	ISBANK	65.00	0.00	0.00	0.00	0.00	65.00	0.00	0.00	0.00	0.00
FY23	ISBANK	100.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
FY16	ISTANBUL MMI	33.23	0.00	0.00	0.00	27.69	33.23	0.00	0.00	0.00	27.69
FY15	IYZICO	0.00	2.86	0.00	0.00	0.00	0.00	2.86	0.00	0.00	0.00
FY17	IYZICO	0.00	2.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00
FY19	IYZICO	0.00	0.50	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00
FY13	IZMIR MUNI	17.80	0.00	0.00	0.00	0.00	17.80	0.00	0.00	0.00	0.00
FY14	IZMIR MUNI	10.42	0.00	0.00	0.00	0.00	10.42	0.00	0.00	0.00	0.00
FY15	IZMIR MUNI	6.62	0.00	0.00	0.00	0.00	6.62	0.00	0.00	0.00	0.00
FY13	IZSU	9.54	0.00	0.00	0.00	0.00	9.54	0.00	0.00	0.00	0.00
FY15	IZSU	4.53	0.00	0.00	0.00	0.00	4.53	0.00	0.00	0.00	0.00
FY21	IZSU	7.87	0.00	0.00	0.00	0.00	7.87	0.00	0.00	0.00	0.00
FY24	KARSAN	38.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY15	KAYSERI HEALTH	11.06	0.00	0.00	2.00	0.00	11.06	0.00	0.00	0.54	0.00
FY22	KORDSA TEKNİK	110.00	0.00	0.00	0.00	0.00	110.00	0.00	0.00	0.00	0.00
FY16	KREMNA ELEKTRİK	38.66	0.00	0.00	3.00	0.00	38.66	0.00	0.00	1.75	0.00
FY23	MARPORT	105.50	0.00	0.00	6.00	44.50	84.57	0.00	0.00	1.90	35.67

FY17	MARTUR	0.00	31.92	0.00	0.00	0.00	0.00	31.92	0.00	0.00	0.00
FY12	MEDITERRA I	0.00	4.62	0.00	0.00	0.00	0.00	4.11	0.00	0.00	0.00
FY17	MEDITERRA II	0.00	16.88	0.00	0.00	0.00	0.00	16.10	0.00	0.00	0.00
FY12	MNT	0.00	29.15	0.00	0.00	0.00	0.00	29.15	0.00	0.00	0.00
FY24	MUFG ECA GTLP	160.00	0.00	0.00	0.00	0.00	143.50	0.00	0.00	0.00	0.00
FY18	NOBEL ILAC	9.11	0.00	0.00	0.00	0.00	9.11	0.00	0.00	0.00	0.00
FY21	NOBEL ILAC	8.62	0.00	0.00	0.00	0.00	8.62	0.00	0.00	0.00	0.00
FY16	ODEA BANK	0.00	37.60	0.00	0.00	0.00	0.00	37.60	0.00	0.00	0.00
FY22	OEDAS	56.49	0.00	0.00	0.00	0.00	11.19	0.00	0.00	0.00	0.00
FY20	OTOSAN AS	94.15	0.00	0.00	0.00	0.00	94.15	0.00	0.00	0.00	0.00
FY23	OTOSAN AS	260.77	0.00	0.00	0.00	0.00	166.16	0.00	0.00	0.00	0.00
FY16	REVO CAPITAL	0.00	8.00	0.00	0.00	0.00	0.00	7.79	0.00	0.00	0.00
FY16	RONESANS HOI DING	0.00	11.17	0.00	0.00	0.00	0.00	11.17	0.00	0.00	0.00
FY23	RSF SMBC ECA	250.00	0.00	0.00	0.00	0.00	232.50	0.00	0.00	0.00	0.00
FY24	SANKO HOLDING	100.00	0.00	0.00	0.00	35.00	0.00	0.00	0.00	0.00	0.00
FY10	SEKER BANK	0.00	17.20	0.00	0.00	0.00	0.00	17.20	0.00	0.00	0.00
FY14	SEKER BANK	0.00	1.65	0.00	0.00	0.00	0.00	1.65	0.00	0.00	0.00
FY15	SEKER BANK	0.00	0.62	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00
FY21	SISE VE CAM	70.63	0.00	0.00	0.00	0.00	70.63	0.00	0.00	0.00	0.00
FY23	SISE VE CAM	0.00	0.00	0.00	0.00	193.85	0.00	0.00	0.00	0.00	193.85
FY15	SODA SANAYII	0.00	24.52	0.00	0.00	0.00	0.00	24.52	0.00	0.00	0.00
FY15	TAXIM CAPITAL I	0.00	19.14	0.00	0.00	0.00	0.00	18.09	0.00	0.00	0.00
FY15	TEMPLETON TURKFY	0.00	39.98	0.00	0.00	0.00	0.00	28.91	0.00	0.00	0.00
FY18	TSKB	20.45	0.00	0.00	0.00	0.00	20.45	0.00	0.00	0.00	0.00
FY22	TSKB	100.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
FY18	TUPRAS A-S	22.00	0.00	0.00	0.00	0.00	22.00	0.00	0.00	0.00	0.00

FY01	TURKVEN I	0.00	-0.26	0.00	0.00	0.00	0.00	-0.26	0.00	0.00	0.00	
FY07	TURKVEN II	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FY20	TURKVEN IV	0.00	54.41	0.00	0.00	0.00	0.00	20.87	0.00	0.00	0.00	
FY07	UNITIM	4.28	0.00	4.72	0.00	0.00	4.28	0.00	4.72	0.00	0.00	
FY15	UNIT INVESTMENT	0.00	112.65	0.00	0.00	0.00	0.00	112.65	0.00	0.00	0.00	
FY24	YAPI KREDI BANK	125.00	0.00	0.00	0.00	0.00	125.00	0.00	0.00	0.00	0.00	
FY20	YAPI KREDI LEASE	28.57	0.00	0.00	0.00	0.00	28.57	0.00	0.00	0.00	0.00	
FY23	YAPI KREDI LEASE	80.00	0.00	0.00	0.00	22.24	80.00	0.00	0.00	0.00	22.24	
FY24	YAPI KREDI BANK	0.00	0.00	0.00	272.20	0.00	0.00	0.00	0.00	272.20	0.00	
FY24	ALTERNATIFBANK	0.00	0.00	0.00	197.50	0.00	0.00	0.00	0.00	197.50	0.00	
FY24	GARANTI BANKASI	0.00	0.00	0.00	176.70	0.00	0.00	0.00	0.00	176.70	0.00	
FY24	TURK EKON BANK	0.00	0.00	0.00	108.00	0.00	0.00	0.00	0.00	108.00	0.00	
FY24	AKBANK TK	0.00	0.00	0.00	98.60	0.00	0.00	0.00	0.00	98.60	0.00	
FY24	DENIZBANK AS	0.00	0.00	0.00	58.00	0.00	0.00	0.00	0.00	58.00	0.00	
FY24	FIBABANKA	0.00	0.00	0.00	30.10	0.00	0.00	0.00	0.00	30.10	0.00	
FY24	TSKB	0.00	0.00	0.00	12.60	0.00	0.00	0.00	0.00	12.60	0.00	
FY24	SEKER BANK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Total Portfolio:</b>		<b>3,054.39</b>	<b>792.43</b>	<b>79.72</b>	<b>969.59</b>	<b>436.15</b>	<b>0.00</b>	<b>2,720.78</b>	<b>667.74</b>	<b>79.72</b>	<b>961.88</b>	<b>392.32</b>

**Annex 7: MIGA's Guarantee Portfolio**  
As of December 31<sup>st</sup>, 2023

Project ID	Project Name	Effective Date	Expiry Date	Investor Country	Business Sector	Outstanding Exposure (\$US Million)
12516	Uskudar Metro	2/12/2015	2/5/2028	France	Infrastructure	71,136,164
14919	Limak Uludag Perakende Elektrik Satis A.S.	3/4/2022	3/3/2039	United Kingdom	Infrastructure	20,700,000
14920	Uludag Elektrik Dagitim A.S.	3/4/2022	3/3/2039	United Kingdom	Infrastructure	82,800,000
14306	Ulug Enerji	3/4/2022	9/26/2028	United Kingdom	Infrastructure	99,047,557
9416	Turkish Eximbank I	3/31/2015	3/28/2025	United Kingdom	Financial	49,928,965
11754	Turkey Gaziantep Hospital BLT Project	4/21/2017	4/25/2038	France	Services	194,401,350
13543	Bursa Integrated Health Care Center	5/11/2017	5/10/2032	Luxembourg	Services	108,101,685
12240	IMM - Tramway	6/5/2014	2/26/2027	Germany	Infrastructure	21,239,894
12870	Yozgat Education and Research Hospital	6/19/2015	6/18/2035	Luxembourg	Services	46,934,851
12580	IMM - Light Rail	6/30/2015	5/31/2030	Germany	Infrastructure	14,772,159
13471	Turkish EximBank II	6/30/2016	11/7/2026	United States	Financial	330,619,174
14295	Turk EximBank III	7/2/2018	6/27/2028	United Kingdom	Financial	481,042,719
13861	Ikitelli Hospital	7/19/2017	7/18/2037	Netherlands	Services	92,199,589
12871	Elazig Integrated Health Campus	11/17/2016	12/12/2036	Luxembourg	Services	277,022,068
12118	Adana Integrated Health Campus	12/18/2014	12/17/2034	Luxembourg	Services	141,626,371
<b>Total</b>						<b>2,031,572,546</b>