

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

Report No.: AB2829

<b>Operation Name</b>	PPDPL 2
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Sector</b>	General public administration sector (60%);General energy sector (20%);General agriculture, fishing and forestry sector (20%)
<b>Project ID</b>	P088837
<b>Borrower(s)</b>	GOVERNMENT OF TURKEY
<b>Implementing Agency</b>	
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<b>Estimated Date of Appraisal Authorization</b>	April 26, 2007
<b>Estimated Date of Board Approval</b>	June 26, 2007

1. Key development issues and rationale for Bank involvement

The Turkish economy has gone through significant structural changes initiated to address the challenges raised by the severe economic crisis of 2000 and 2001. A strong fiscal adjustment with a targeted public sector primary budget surplus of 6.5 percent of GNP has been at the center of the economic program implemented since then. The fiscal adjustment has been accompanied by ongoing implementation of a comprehensive long-term government program to modernize the institutions and procedures of public sector management. The key challenges lying ahead include improving the quality of fiscal adjustment and further advancing public sector reform, most notably in social security, governance, decentralization and the justice system. The authorities have adopted a program of sustained medium-term legal, institutional, and structural reforms to address these challenges. To support the authorities in key fronts of this agenda, the Bank's Board approved the Public Sector Development Policy Program, designed to support policy actions within the overall government program in key areas.

2. Proposed objective(s)

The PPDPL series supports a broad medium-term government program of institutional and structural development with the ultimate objectives of sustained economic growth, strengthened governance and improved public service delivery and social protection. More specifically, the program supported by the PPDPL series aims at reducing fragmentation and achieving long term fiscal sustainability in the social security system, and at expanding health protection in the population through introduction of a fiscally sustainable Universal Health Insurance (UHI) scheme. The government's program targets improvements in budgetary planning and implementation through strategic allocation of resources based on medium term expenditure frameworks. It also includes public administration reform measures for enhancing accountability and efficiency in local governments, expanding capacity at regional level and improving public service delivery and governance.

3. Preliminary description

The specific components of the program supported by PPDPL2 include: (a) continuation of a sound macroeconomic framework, with an aim to ensure sustainability of growth and mitigate risks arising from a complex and dynamic external environment; (b) further advancement and implementation of the

ongoing reform of Turkey's social protection system, (c) continued upgrading of financial controls and public expenditure management, through steady implementation of the public financial management and control (PFMC) law that has underpinned the outstanding improvements in the public expenditure management system in Turkey; and (d) measures to improve the administration and governance of the public sector.

The program elements to be supported by PPDPL 2 that aim at improvements in the quality of fiscal adjustment and in social protection include (a) measures to strengthen the fiscal sustainability of the social security system, (b) administrative reform measures intended to strengthen administrative capacity, and (c) efficiency-increasing and cost-saving measures in the health system to help contain pressures in health expenditures. Public sector reforms will include measures to improve public expenditure management and financial accountability including at the sub-national level. Reforms aimed at improving administration and governance of the public sector will include measures to expand capacity at local level, enhance regional development and upgrade public service delivery.

#### 4. Environment Aspects

The project is not expected to have significant environmental impact. The Government of Turkey is working to make Turkey's environmental standards consistent with those of the EU.

#### 5. Tentative financing

Source:	(\$m.)
Borrower	0
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	400
Total	400

#### 6. Contact point

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