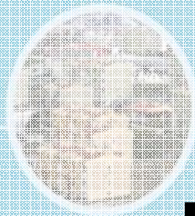
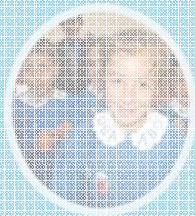




# Turkey: Economic Trends & Prospects and Development Priorities



**Ankara**

**June 5, 2008**



# Turkey's 9<sup>th</sup> Development Plan



**World Bank Country Partnership Strategy 2008-11**



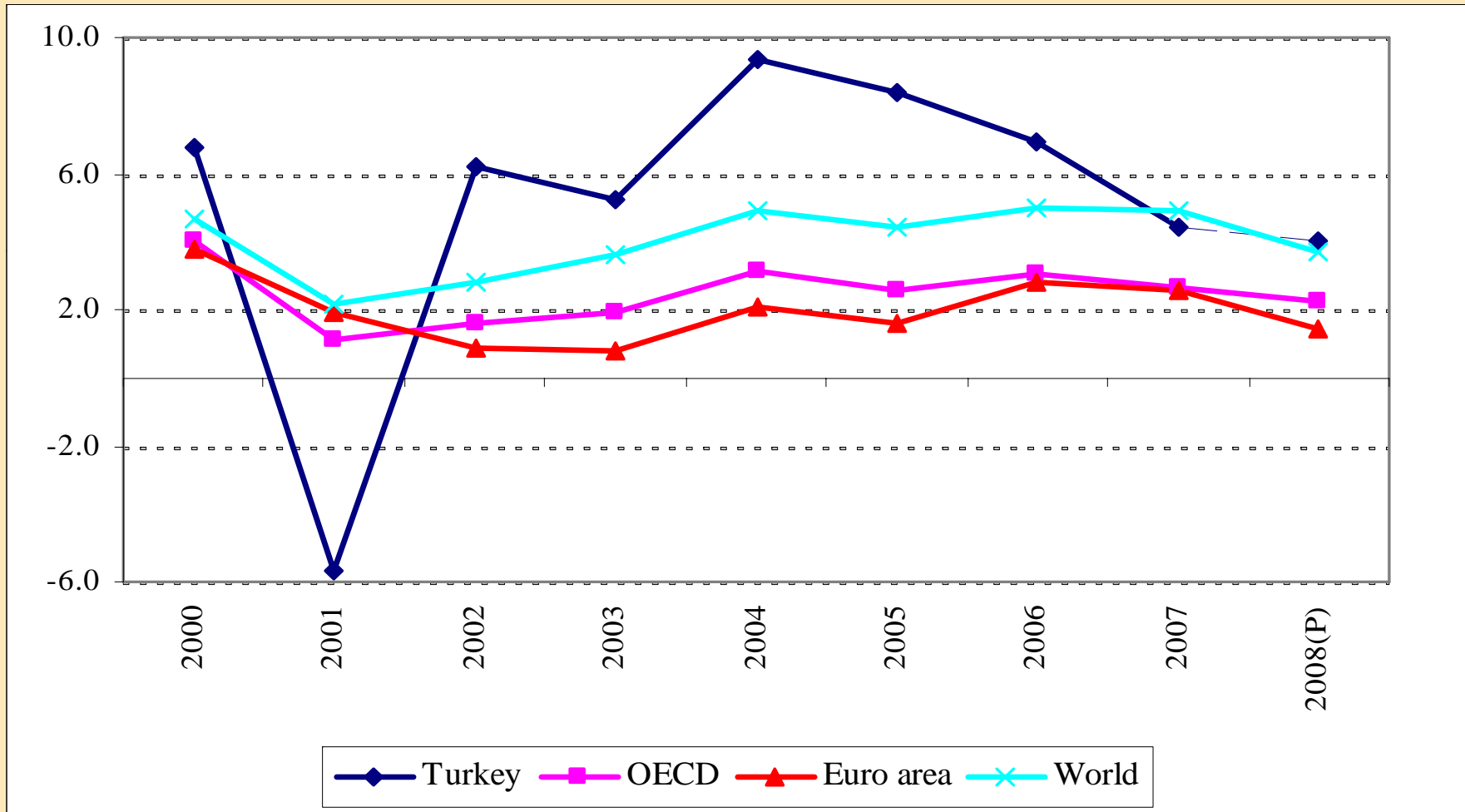
**1. Improved Competitiveness & Employment**

**2. Equitable Human & Social Development**

**3. Efficient Provision of High Quality Public Services**

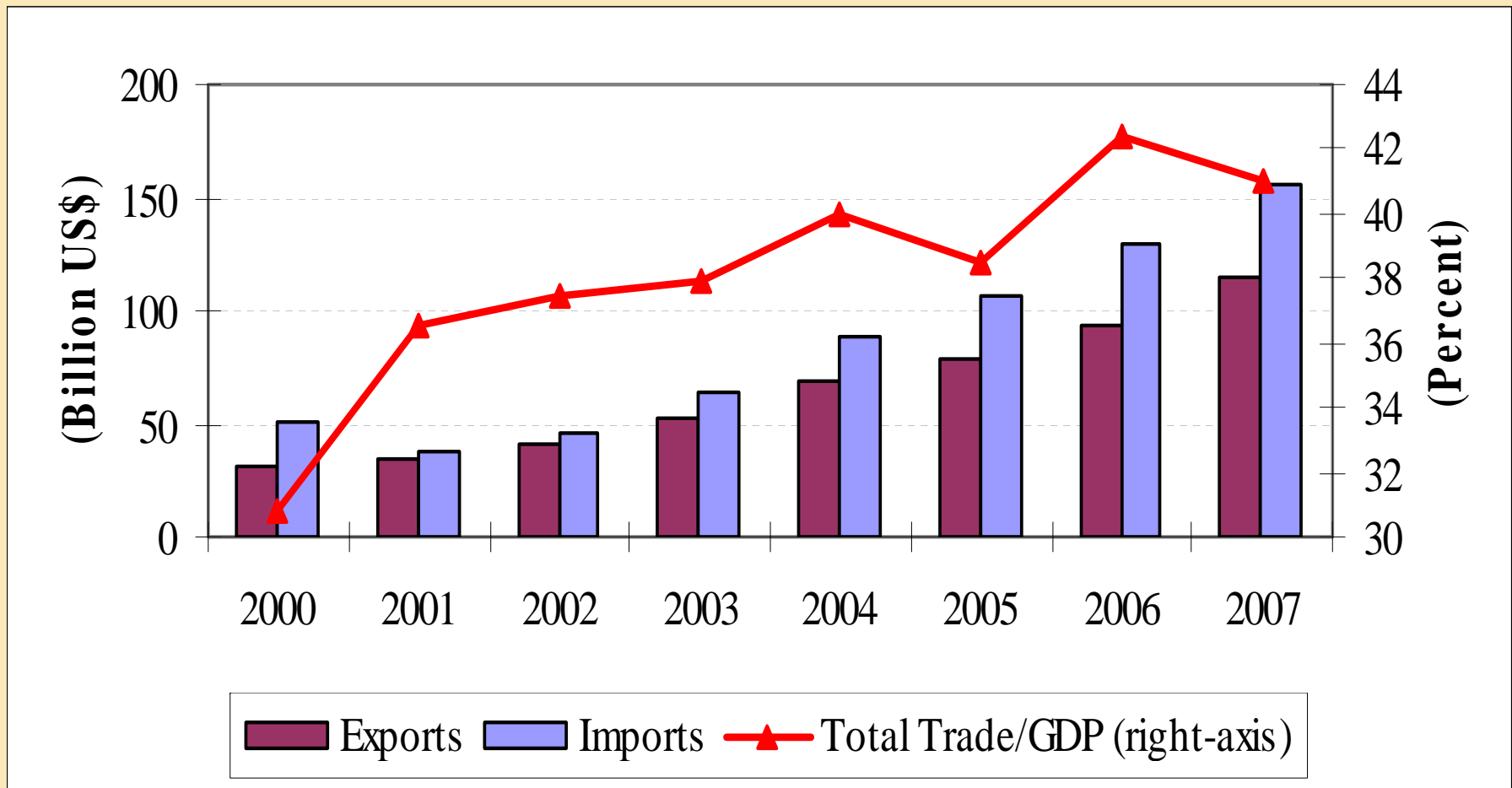


# Turkey's Incomes Rose Sharply Since 2002



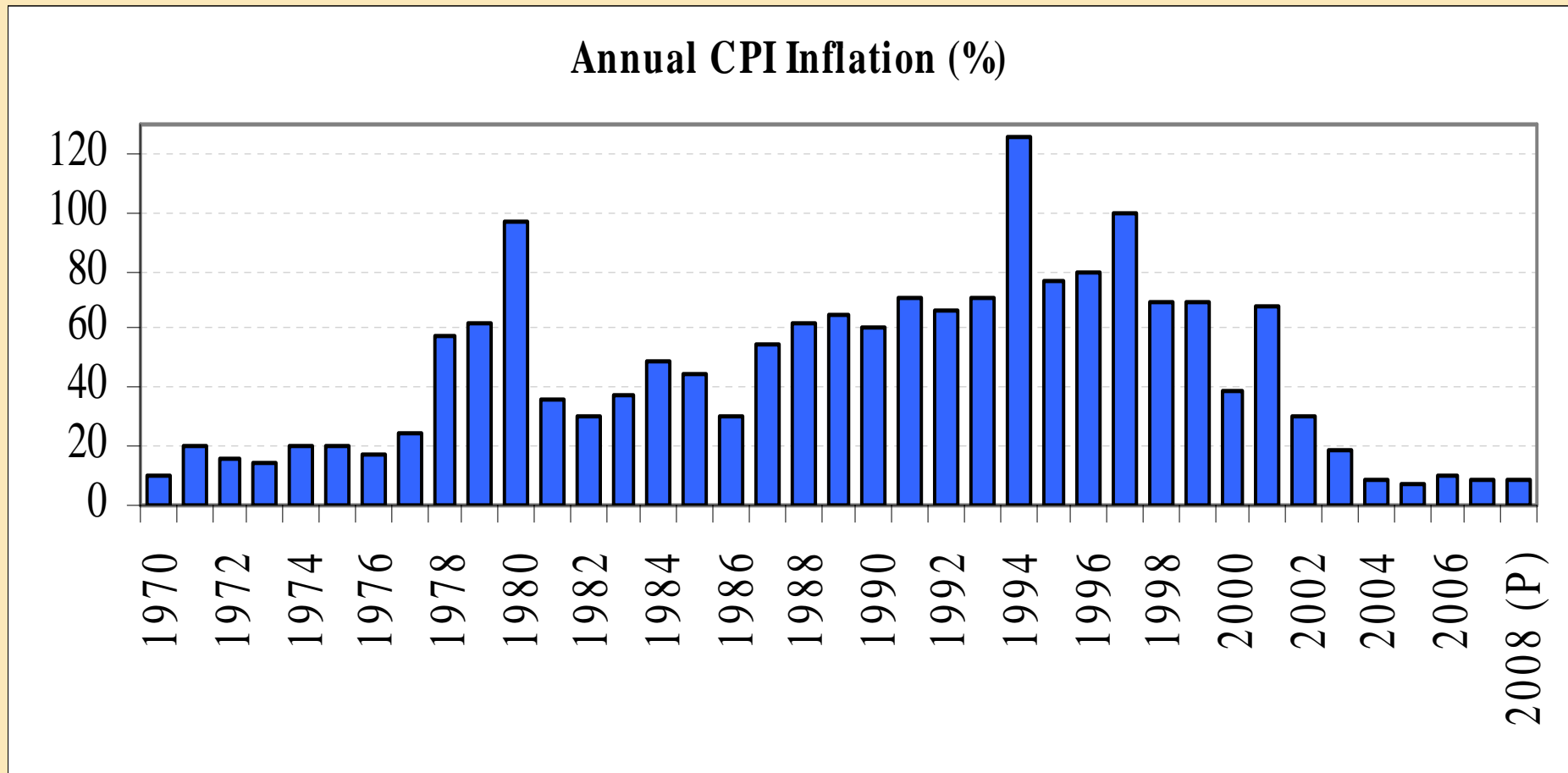


## Turkey's Trade Grew Greatly Since 2002



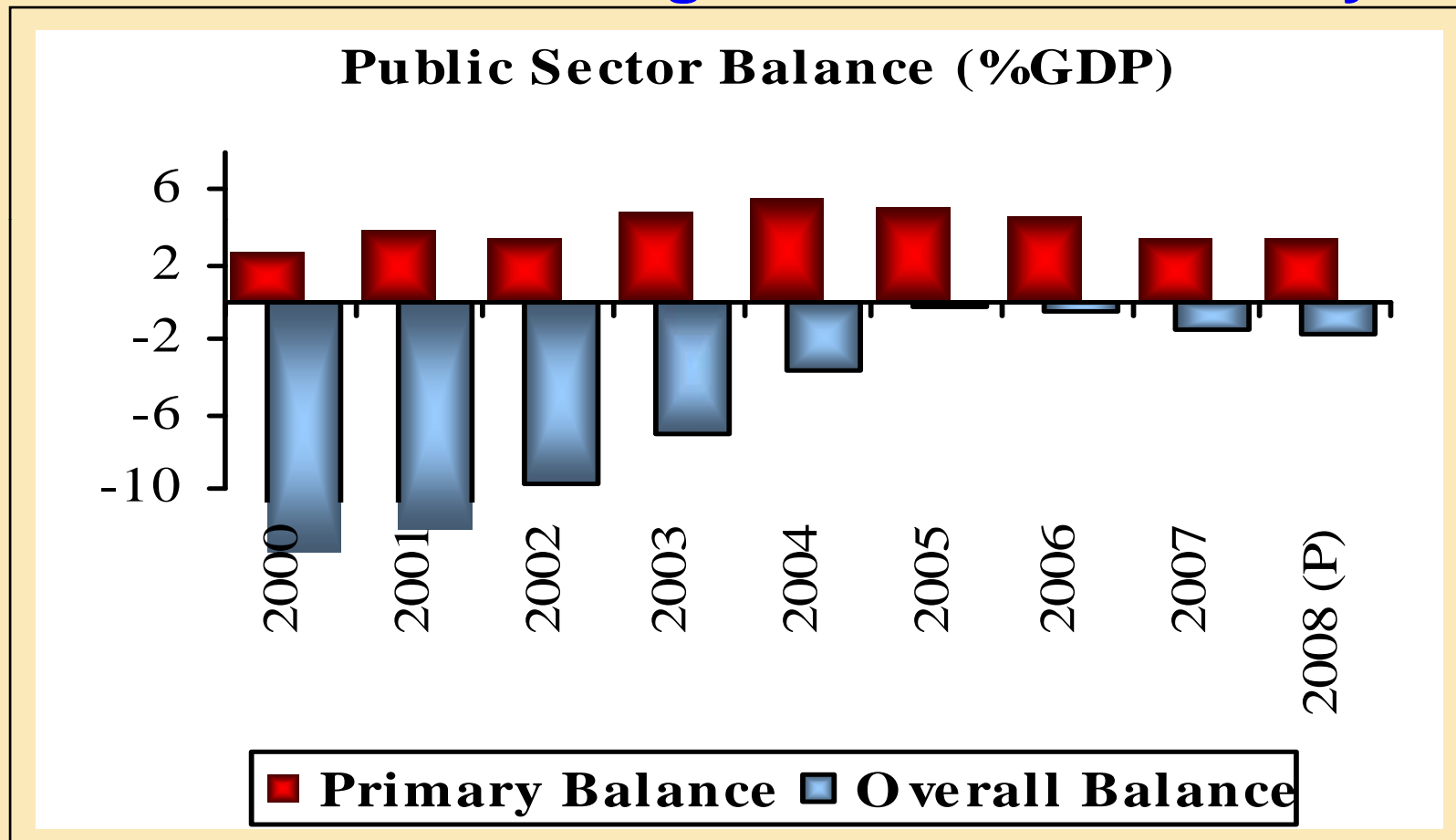


## Inflation fell to Single Digits in 2004-7 Are Inflation Pressures Rising Again?



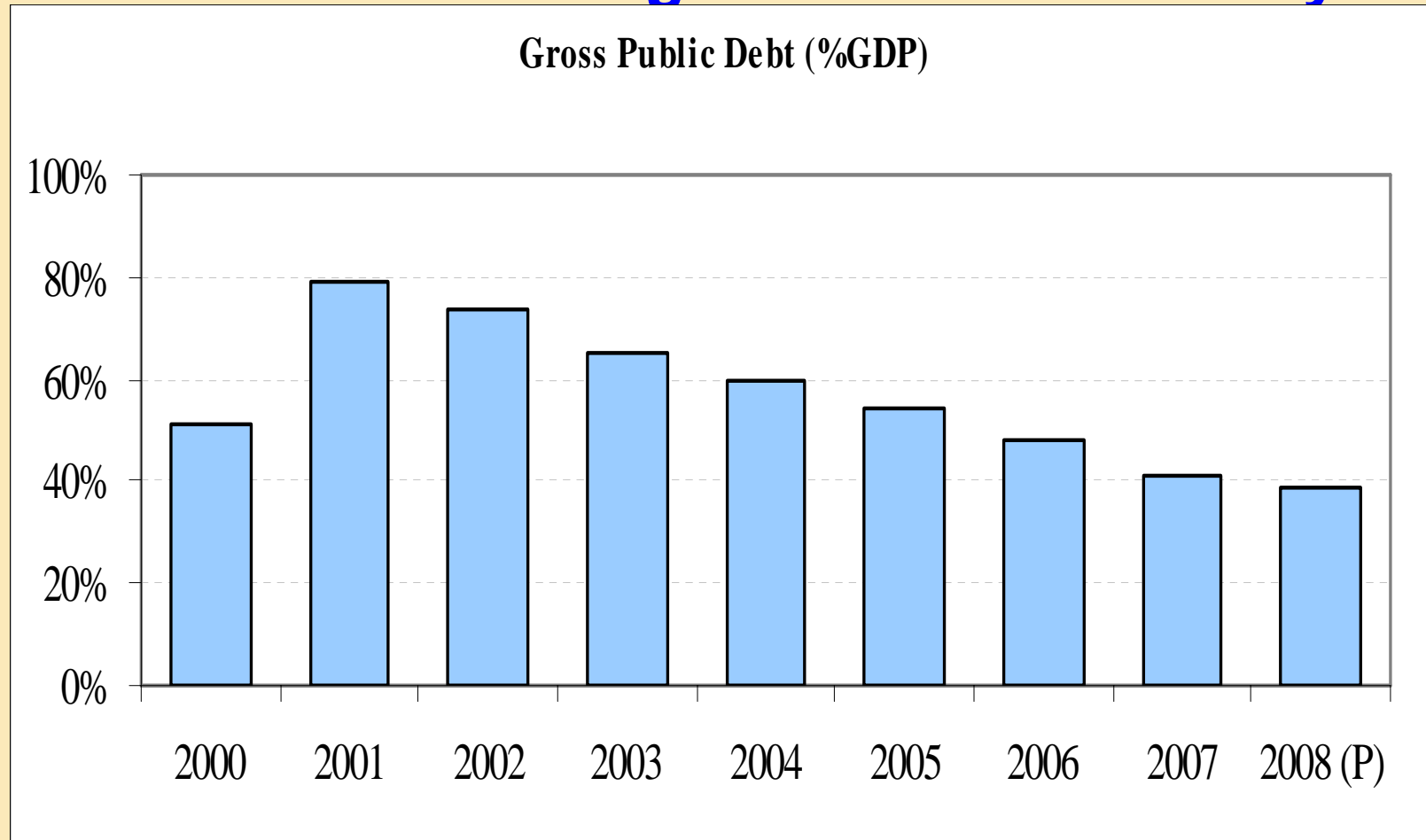


## Fiscal Discipline => Stable Growth since 2002 Continued Strong Fiscal Stance is Key



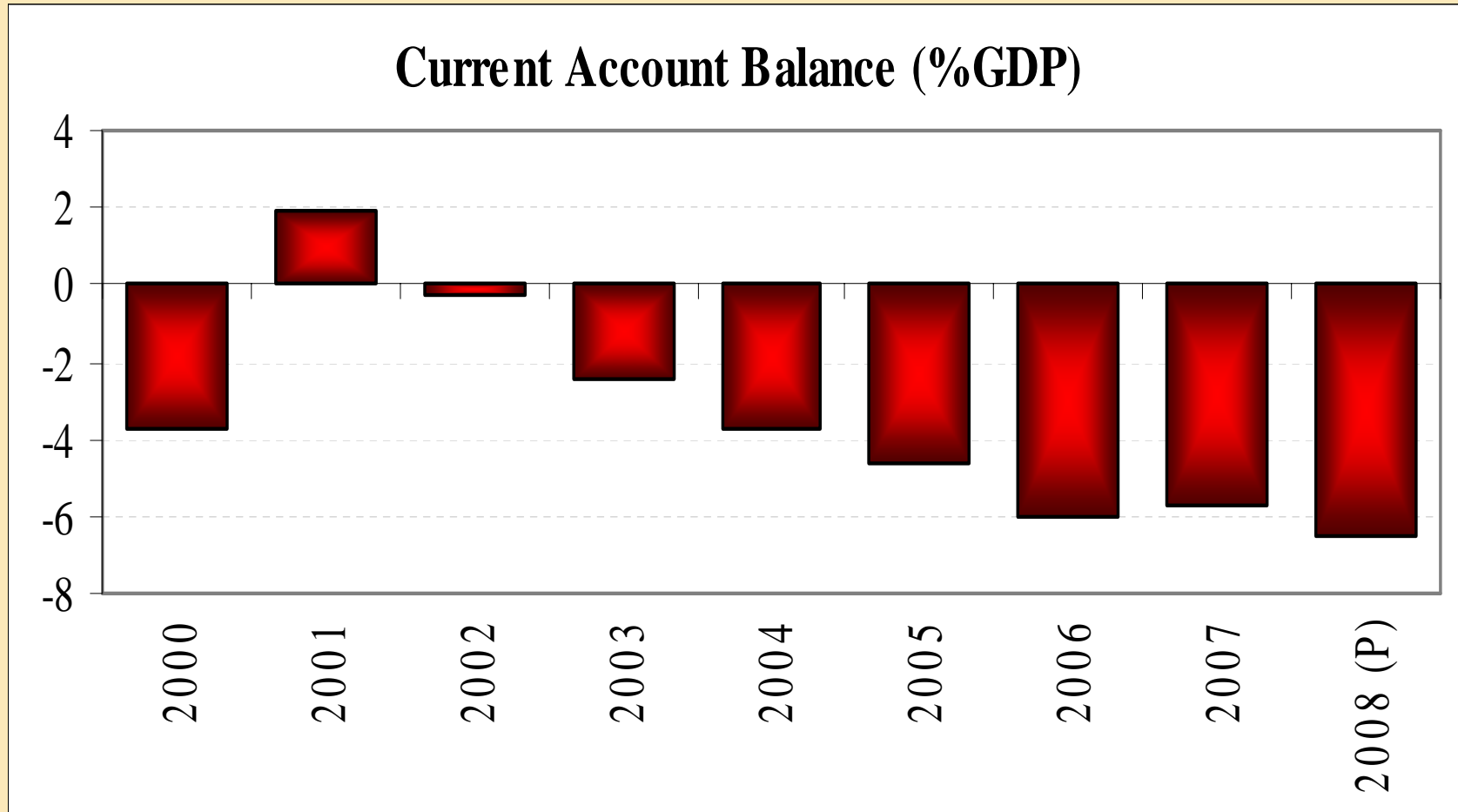


## Fiscal Discipline => Public Debt ↓ since 2002 Continued Strong Fiscal Stance is Key





## Large CAD remains a Concern

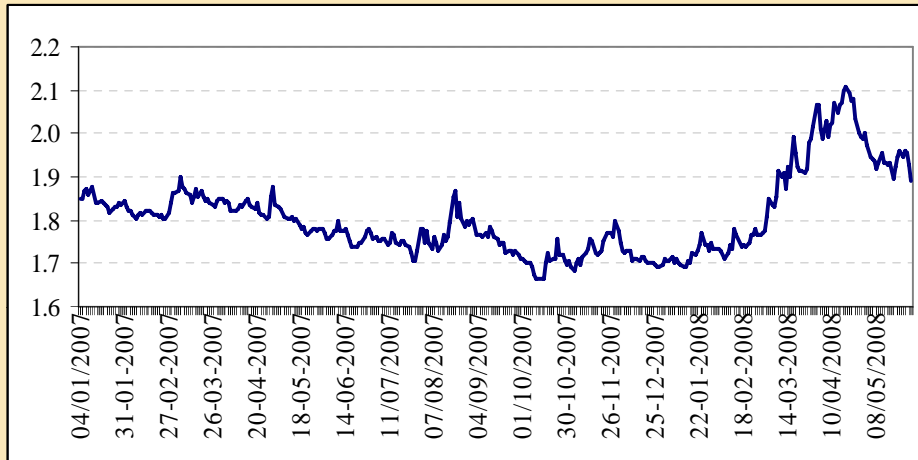




# Turkish Financial Markets 2007-2008



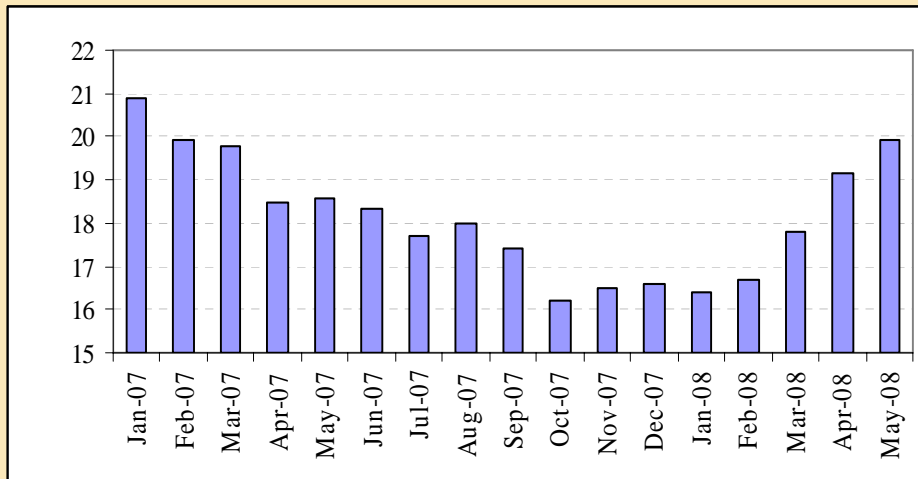
### YTL/Euro Exchange Rate



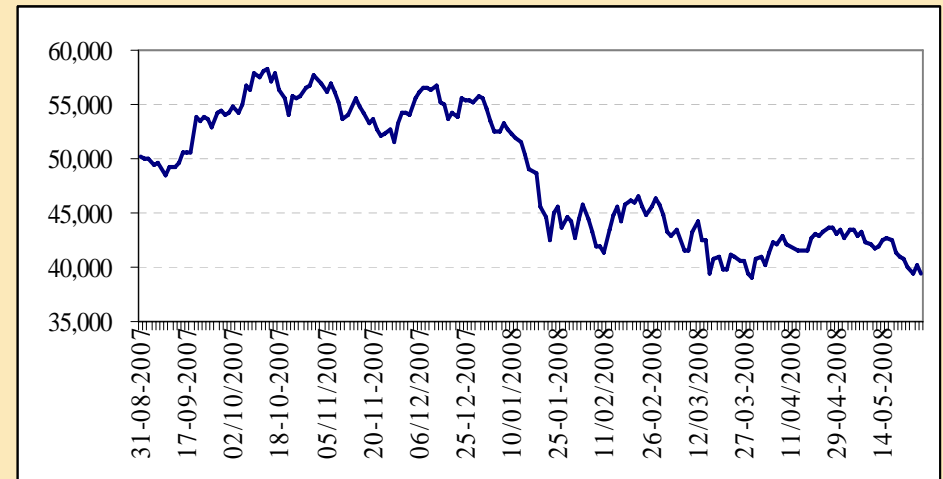
### YTL/US\$ Exchange Rate



### Benchmark Bond Yields(%)

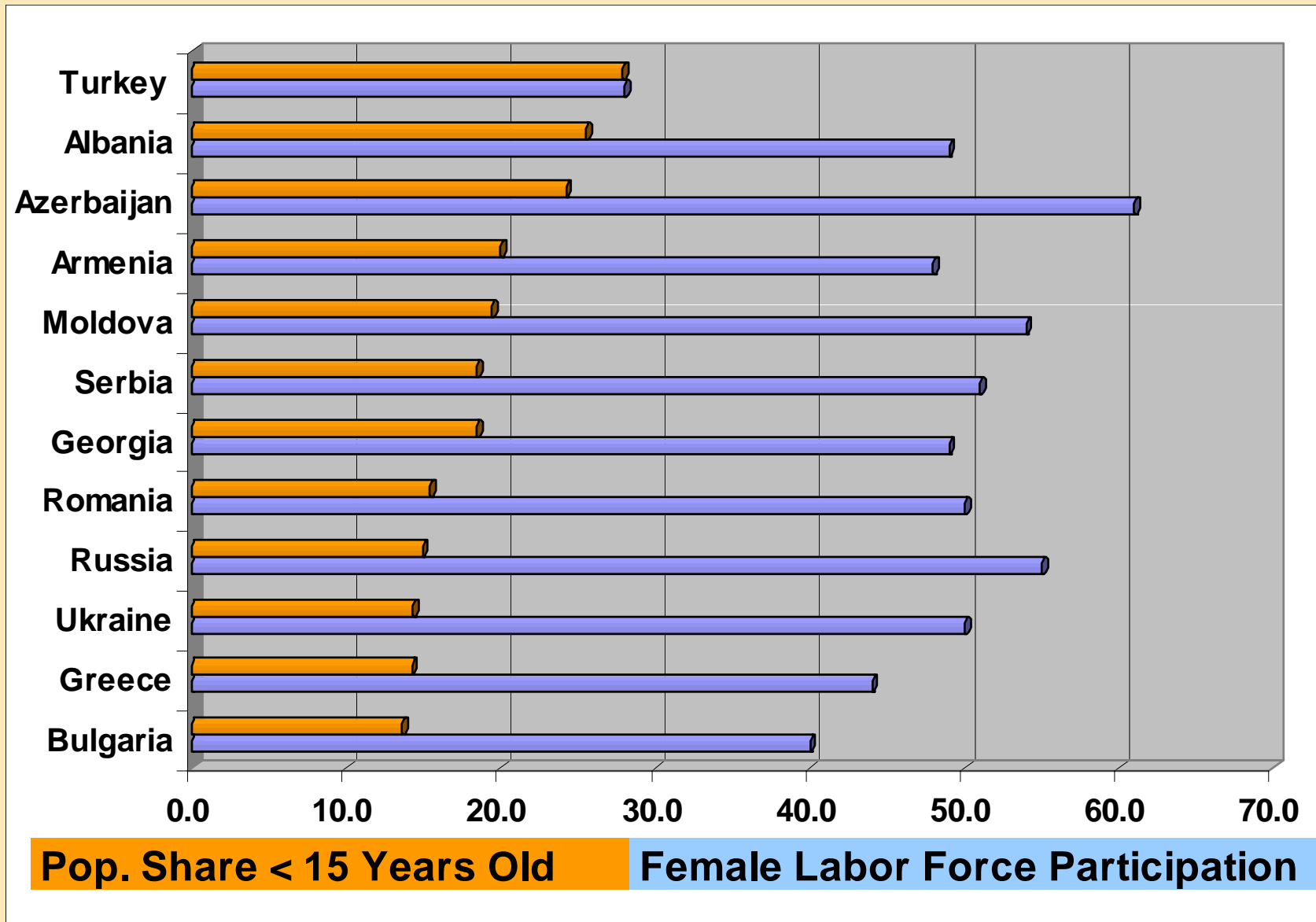


### Stock Market Index (Jan 1986=100)



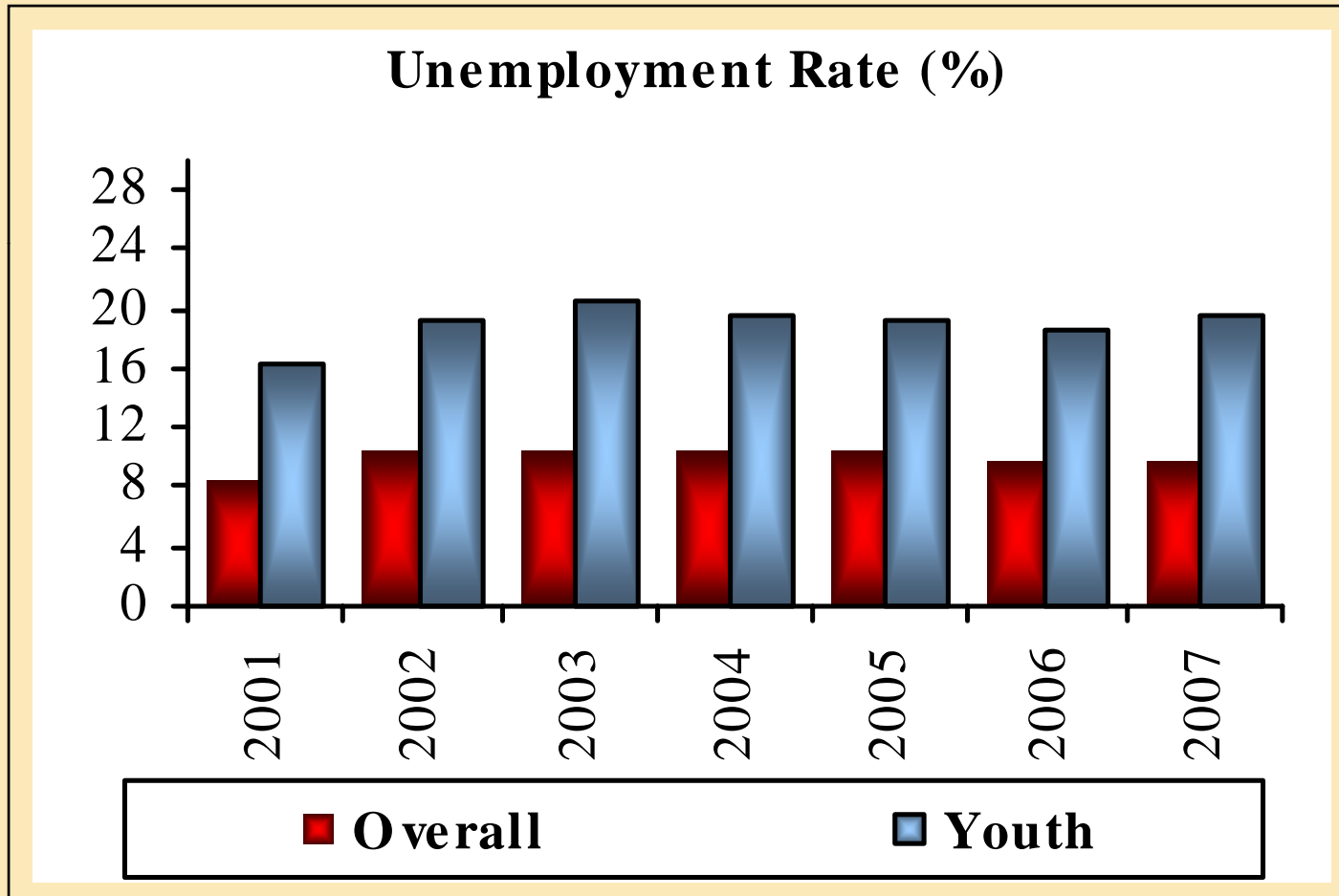


# Demographic Window of Opportunity But Low Female Participation (2006)





# High Unemployment ... Especially Among the Young

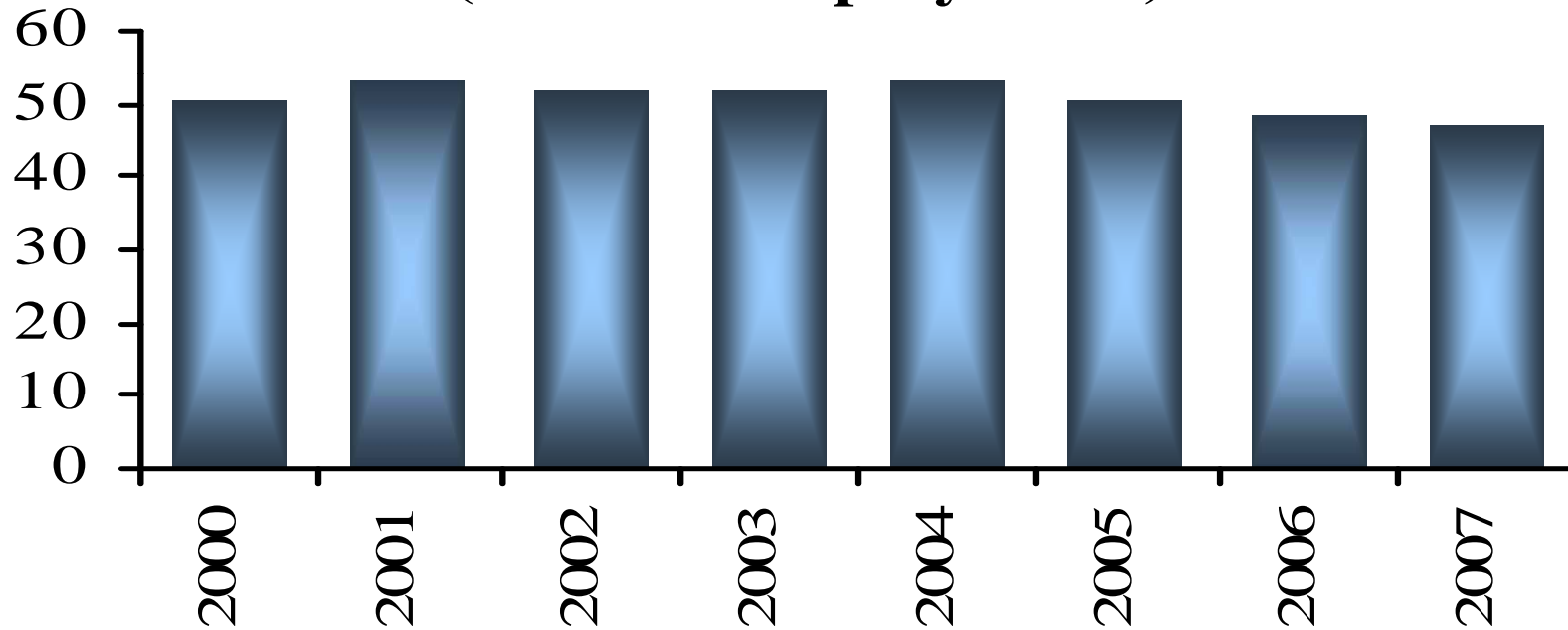




# Reducing High Informality is a Priority

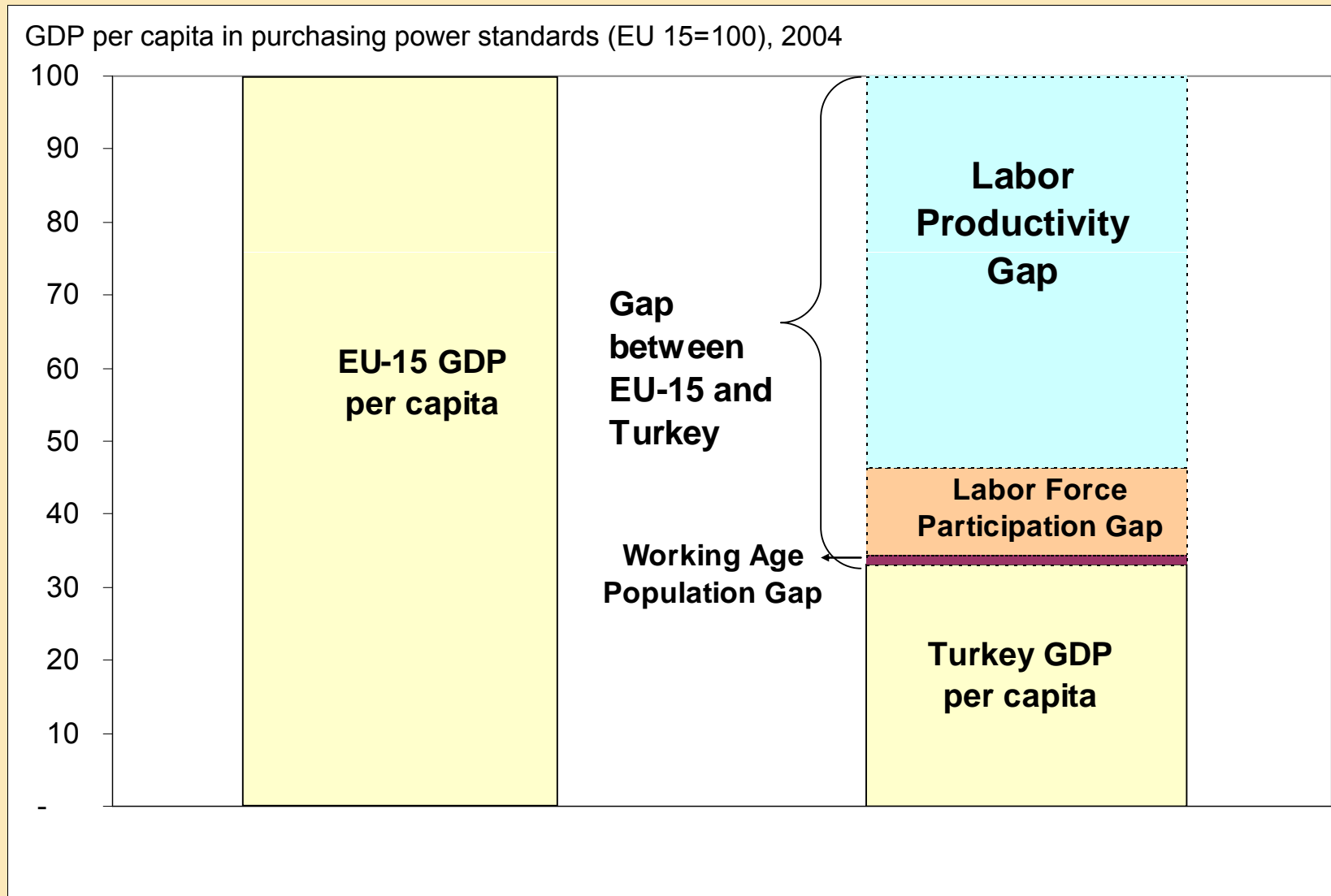


**Informal Employment  
(% total employment)**

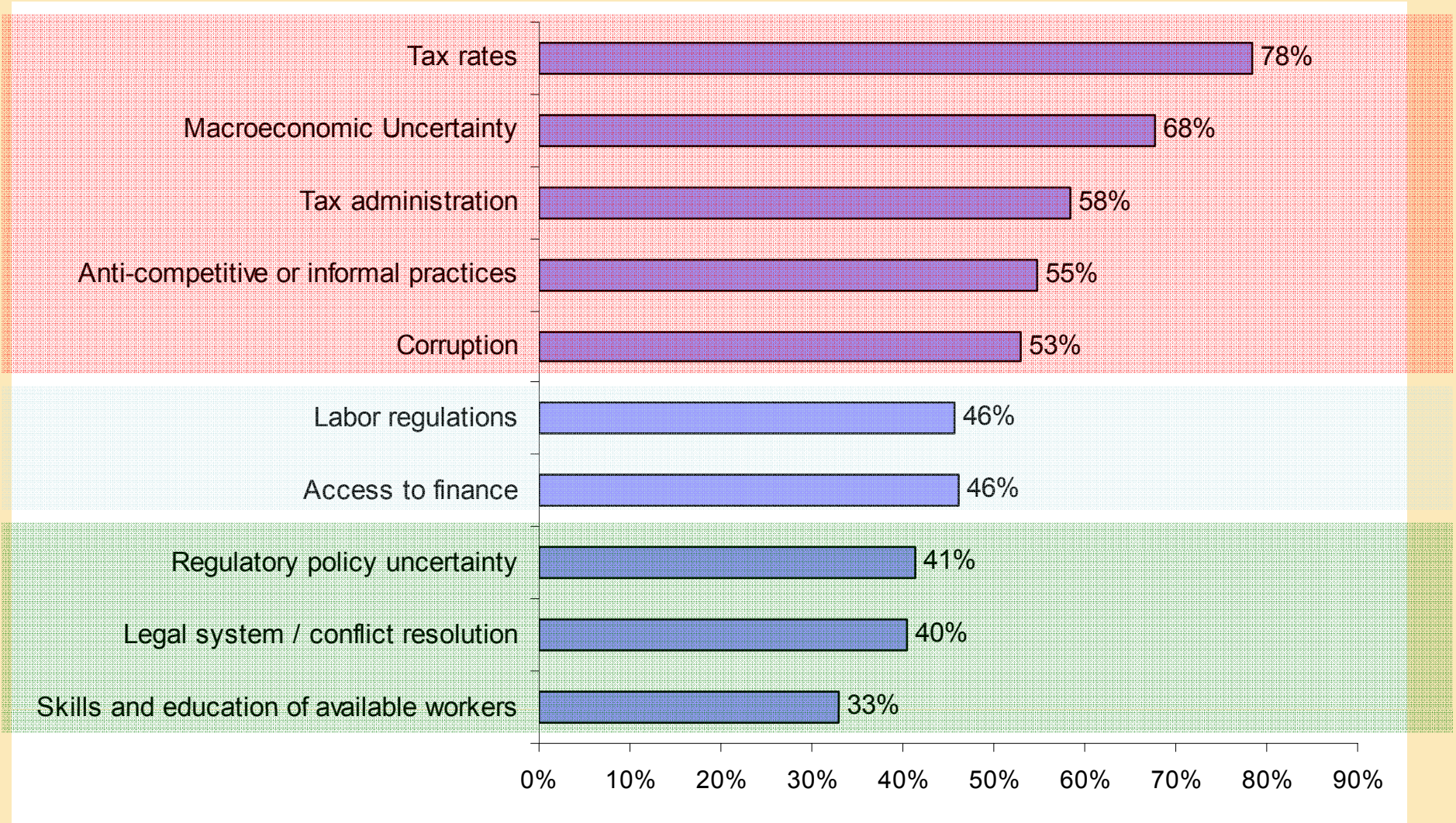




# Average Income Gap with the EU is mostly due to Lower Labor Productivity

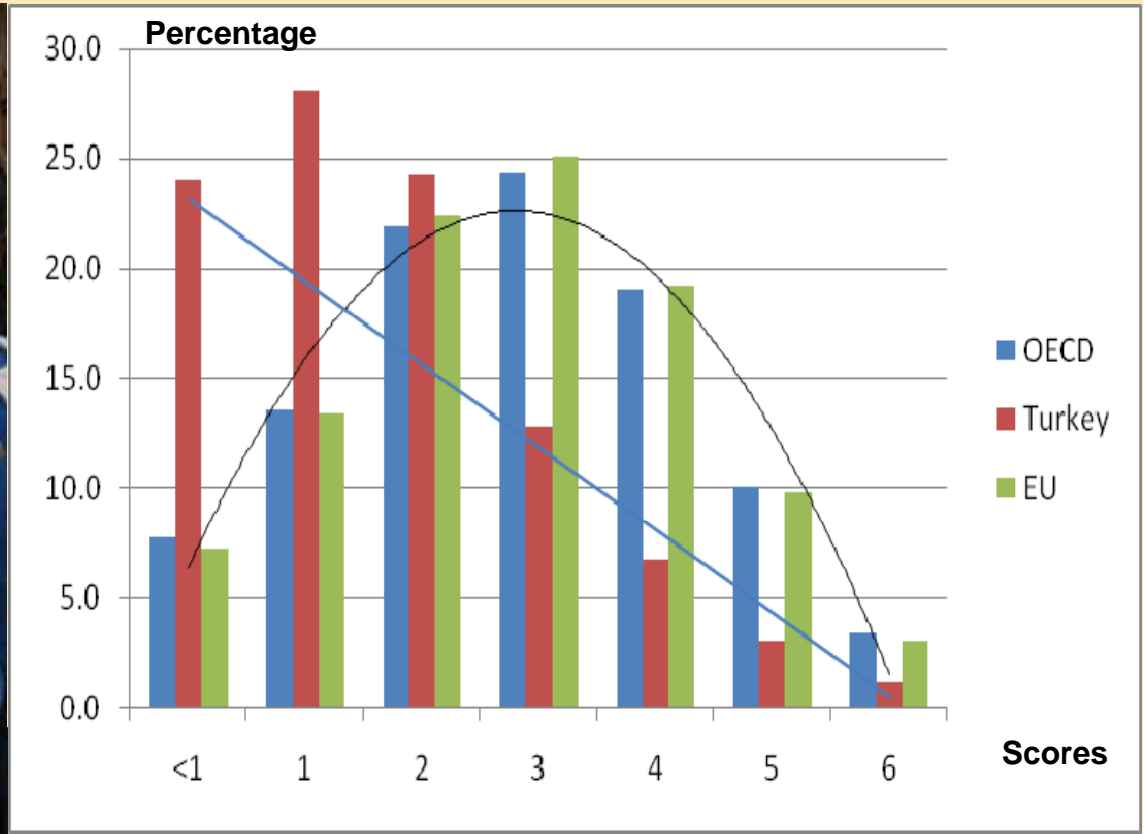


# How ↑ Investment, Productivity, Competitiveness? Improving the Investment Climate is Key ...





## ... so is Education — with a Focus on Quality



Source: World Bank estimates based on PISA 2006 Math scores



# Energy: Development Priorities



Priorities	Importance
<b>Energy security and reliability</b>	<ul style="list-style-type: none"><li>▪ Electricity shortages looming: 2009-11</li><li>▪ Gas: imports ↑; challenge to meet demand in winter</li><li>▪ Nuclear: considered as an option by Turkey from point of view of supply diversity, carbon emissions</li><li>▪ Energy Community with South East Europe</li></ul>
<b>Energy efficiency</b>	<ul style="list-style-type: none"><li>▪ Future pricing key for improving efficiency in consumption, thus balancing demand and supply, and for “greening” Turkey’s energy sector</li><li>▪ Will help ↑ industrial productivity, thus competitiveness</li></ul>
<b>Environmental sustainability</b>	<ul style="list-style-type: none"><li>▪ Renewable energy (wind, solar) ↑</li><li>▪ Large combustion plants impose health risks</li><li>▪ Large investment requirements: tradeoff in public/private financing between fiscal space and ease &amp; speed of privatization</li></ul>

**These priorities are included in Turkey’s Ninth Development Plan**



# Finally: A Global Risk ...



SPECIAL REPORT GLOBAL WARMING

# TIME

**BE WORRIED.  
BE VERY WORRIED.**

Climate change isn't some vague future problem—it's already damaging the planet at an alarming pace. Here's how it affects you, your kids and their kids as well.

**EARTH AT THE TIPPING POINT**  
**HOW IT THREATENS YOUR HEALTH**  
**HOW CHINA & INDIA CAN HELP SAVE THE WORLD—OR DESTROY IT**  
**THE CLIMATE COUSADERS**





## ... with an Impact on Turkey

- Climate-related hazards ↑: prolonged droughts, more frequent storms and floods, and fire risk
- Crop yields ↓ for crops requiring regular irrigation
- Tourism incomes ↓
- Water stress ↑
- Biodiversity ↓
- Forest productivity ↓



# Climate Change Investments in Turkey with World Bank Group Support

## Renewable Energy

- \$200 m line of credit through two development banks
- Possible new line of credit (\$500 million) to expand program
- Financed over 550 MW of hydro, geothermal and wind
- IFC considering private sector investments in wind energy

## Energy Efficiency

- Analysis and advice on legislation, regulation, and sector priorities
- Electricity transmission and distribution network strengthening
- Thermal power rehabilitation
- Programmatic Energy DPL (under preparation)
- IFC Geothermal Energy Project (under preparation)



**Teşekkür Ederim!**

**Thank You!**