

**PROJECT NAME:****MUNICIPAL SERVICES PROJECT****LOAN AMOUNT:****Euro 212.9 million (US\$ 275 million)****DURATION:****Bank Board approval – June 23, 2005  
Project Closing – June 30, 2010****World Bank Task Team Leader:****Seema Manghee  
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**BACKGROUND:** Currently, 70% of the population in Turkey lives in urban areas. This high urbanization leads to demand for core municipal services that include water, sanitation and solid waste management. High levels of investments at the local level are required to ensure the delivery of quality services at international standards.

**PROJECT OBJECTIVE:** The objective of the Project is to support sustainable municipal services in selected municipalities. To meet this objective, the Project supports: (i) development of municipal infrastructure to improve water, wastewater and solid waste management services; (ii) strengthen the financial position and operational efficiency of municipal utilities; and (iii) institutional strengthening of Iller Bank (IB).

**PROJECT DESCRIPTION:** The Project has three components. Component 1: Municipal Development – to target investments in water supply, wastewater and solid waste sectors in selected municipalities. Component 2: Municipal Technical Assistance – to support feasibility studies, urban planning, preparation of design and bidding documents, operational improvements at the utility level and construction supervision. Component 3: IB Strengthening – to provide technical assistance to IB to implement the Project.

**IMPLEMENTING AND MONITORING:** IB, the Borrower of the World Bank loan, is responsible for the implementation of the Project through a Project Management Unit consisting of IB staff. The 11 Municipalities included in the project have all signed Sub-Loan Agreements with IB. IB, as the implementing unit for the project, monitors the Project. Quarterly technical and financial progress reports are provided to the Bank.

**BENEFITS:** The benefits of the Project are: (i) to improve the environment through increased wastewater treated, reduce water losses, increase sewerage connections, and improve solid waste services; (ii) to improve the financial position and operational efficiency of the utilities; and (iii) to further strengthen IB's capacity to support municipal development.

**PROJECT STATUS:** The Project was made effective on May 18, 2006. The total amount of the loan (euro 212.9 million) is fully committed. The procurement process for the works for the construction phase is well underway.

**RESULTS ON THE GROUND:** About 2.0 million people will benefit from the project investments.

As a result of the project, water, wastewater, and solid waste investments will improve the environment and public health and result in more safe and reliable municipal environmental services for the citizens living in the areas targeted under the project. In addition, Iller Bank's financial and banking capacity will further strengthen which will enable it to more efficiently assist in the broader program of municipal reform and allocate resources more effectively.