REPUBLIC OF TURKEY
MINISTRY OF DEVELOPMENT

THE TENTH DEVELOPMENT PLAN 2014 2018

2023

REPUBLIC OF TURKEY
MINISTRY OF DEVELOPMENT

THE TENTH DEVELOPMENT PLAN 2014–2018

ANKARA 2014

The Tenth Development Plan (2014-2018) has been prepared in Turkish. This is a translation of the original document.

DECISION
OF
THE GRAND NATIONAL ASSEMBLY OF TURKEY

Decision on the approval of the Tenth Development Plan (2014-2018)

<u>**Decision No: 1041**</u> <u>**Decision Date: 2 July 2013**</u>

Tenth Development Plan (2014-2018) was approved at the 127th plenary session of The Grand National Assembly of Turkey, on 1 July 2013, in accordance with the Law No.3067, dated 30 October 1984.

CONTENTS

CHAPTER-1

CHAPTER-2

CHAPTER-3

TABLES

FIGURES AND MAPS

ABBREVIATIONS

ADNKS	Address-Based Population Registration System
AFAD	Disaster and Emergency Management Presidency
AOÇ	Atatürk Forest Farm
ASDEP	Family Social Support Program
ASEAN-5	Association of Southeast Asian Nations
BELDES	Municipal Infrastructure Support Project
BHM	Bituminous Hot Mixture
BOTAŞ	Petroleum Pipeline Corporation
BRIC	Brazil, Russia, India and China
BRSA	Banking Regulation and Supervision Agency
BSEC	Black Sea Economic Cooperation Organization
BTK	Information Technologies and Communications Authority
cif	Cost Insurance Freight
CMB	Capital Markets Board
COMCEC	Standing Committee for Economic and Commercial Cooperation of OIC
CPI	Consumer Price Index
D-8	Developing Eight Countries
DAP	Eastern Anatolia Project
DOKAP	Eastern Black Sea Development Project
DSİ	General Directorate of State Hydraulic Works
ECHR	European Court of Human Rights
ECO	Economic Cooperation Organization
EKAP	Electronic Public Procurement Platform
ENTSO-E	European Network of Transmission System Operators for Electricity
EPC	European Patent Convention
EPS	Energy Performance Contract
EU	European Union
Eurostat	European Community Statistical Office
FATİH	Movement of Enhancing Opportunities and Improving Technology
fob	Free on Board
FTE	Full-time Equivalent
G-20	Group of 20
GAP	Southeastern Anatolia Project
GDP	Gross Domestic Product
GFCI	Global Financial Centers Index
GVA	National Gross Value Added
HPP	Hydroelectric Power Plants
ICT	Information and Communication Technology
IEA	International Energy Agency

IFC-İstanbul	İstanbul International Financial Center
ILO	International Labor Organization
IMF	International Monetary Fund
IPA	Instrument for Pre-accession Assistance
İŞKUR	Turkish Employment Organization
KOP	Konya Plain Project
KÖYDES	Village Infrastructure Support Project
LDC	Least Developed Countries
MAKS	Spatial Address Registration System
MEB	Ministry of National Education
MENA	Middle East and North Africa
MERSİS	Central Registry System for Legal Persons Project
MFTA	Multilateral Free Trade Agreements
MTA	General Directorate of Mineral Research and Exploration
MTP	Medium Term Program
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
NPP	Nuclear Power Plant
NSRD	National Strategy for Regional Development
NUTS	Nomenclature of Territorial Units for Statistics
ODA	Official Development Assistance
OECD DAC	OECD Development Assistance Committee
OECD	Organization for Economic Co-operation and Development
OIC	Organization of Islamic Cooperation
ÖİK	Ad-hoc Committee
OIZ	Organized Industrial Zone
ÖSYM	Assessment Selection and Placement Center
PCT	Patent Cooperation Treaty
PISA	Program for International Student Assessment
PPP	Public-Private Partnership
PTT	Postal and Telegraph Administration
R&D	Research and Development
SEE	State Economic Enterprise
SEGBİS	Voice and Interface Information System
SEGE	Socio-Economic Development Index
SGK	Social Security Institution
SIZ	Small Industry Zones
SME	Small and Medium-Sized Enterprise
SMIS	Statistical Management Information System
SODES	Social Support Program

SUKAP	Water and Sewerage Infrastructure Program
TAKBİS	Turkish Land Registry and Cadaster Information System
TANAP	Trans-Anatolia Natural Gas Pipeline Project
TBMM	Grand National Assembly of Turkey
TCDD	Republic of Turkey State Railways
TEDES	Electronic Traffic Control System
TEN-T	Trans-European Transport Networks
TFP	Total Factor Productivity
TİGEM	General Directorate of Agricultural Enterprises
TİKA	Turkish Cooperation and Coordination Agency
TOBB	Union of Chambers and Commodity Exchanges of Turkey
Toe	Tonne of oil equivalent
TOKİ	Housing Development Administration
TPAO	Turkish Petroleum Corporation
TPI	Turkish Patent Institute
TRT	Turkish Radio and Television Corporation
TÜBİTAK	Scientific and Technological Research Council of Turkey
TÜDEMSAŞ	Turkish Railway Machines Industry Inc.
TÜLOMSAŞ	Turkish Locomotive and Engine Industries Inc.
TURKSTAT	Turkish Statistical Institute
TÜVASAŞ	Turkish Wagon Industry Corporation
UAE	United Arab Emirates
UHI	Universal Health Insurance
UKKS	National Rural Development Strategy
UN	United Nations
US/USA	United States/United States of America
UYAP	National Judicial Network Project
WB	World Bank
WTO	World Trade Organization
YOİKK	Coordination Council for Improvement of Investment Environmen

CHAPTER 1

1. INTRODUCTION

1. The Tenth Development Plan, covering the 2014-2018 period, will be a milestone in advancing the society to high prosperity levels, in line with the 2023 targets. The Plan was prepared in a global economic environment with protracted risks, uncertainties, changes and transformations, with emerging and reshaping power balances among developed and developing economies.

2. The Tenth Development Plan is designed to include not only high, stable and inclusive economic growth, but also issues such as the rule of law, information society, international competitiveness, human development, environmental protection and sustainable use of resources. In the Plan, economic and social development processes of Turkey are discussed with a holistic and multi-dimensional view, and a participatory approach has been adopted within the human-oriented development framework.

3. In order to accelerate the development process by mobilizing potential, regional dynamics and human capabilities of Turkey, improving position of Turkey in international division of labor and value chain hierarchy progressively to higher levels in the reshaping world economy is aimed.

4. Due to uncertainties caused by the globalization process and crises, assistance function of the Plans become prominent in helping institutions and economic actors act more consistently and deliberately in forward-looking decision making process. Plans, lead the society to achieve higher levels of prosperity, set long-term objectives and priorities beyond short-term approaches. For success of the development process, it is important to prepare the Plans, which demonstrate underlying principles of Turkey's development approach, with a long-term perspective, unity of purpose and holistic view for all social segments. On the other hand, increasing complexity and diversity of economic and social needs necessitates efficient use of limited resources of Turkey. The Tenth Development Plan will be the guide in directing these resources towards higher welfare-generating areas in the upcoming period, for all decision-makers and stakeholders.

5. The planning paradigm is shifting as a result of dominant global trends that bring about economic systems with more active and effective private sector and a public sector that increasingly focuses on regulatory activities, supervision and coordination functions. Although open economies with free markets have become more common, ongoing impact of the global crisis reveals the importance of public sectors' strategic moves about policy-making and preventive measures. In this context, national plans that are prepared with a strategic perspective and broad participation of stakeholders have increasingly become more important.

6. The increasing interaction between sectors, the impact of policy implementations in a field on other fields, thus the necessity of an interdisciplinary approach to overcome the challenges, reshape the scope and content of future plans. While this requires a comprehensive approach that covers all sectors, it also highlights programmatic approaches that handle sectors in relation to each other. The Tenth Development Plan, with strategic perspective at its core, covers economic, social, sectoral and regional areas, as well as setting forth the critical priority areas of intervention through its priority transformation programs. Programs are composed of public policies for priority areas that cover more than one sector and facilitate monitoring and implementation of plans.

7. Compliance of medium and long-term objectives, basic principles, targets and priorities of public institutions and their methodology in this context, and resource allocation with the development plan is important for effective implementation of policies of the Plan. With the aim of ensuring compliance and integrity between institutional strategic plans and development plans, a policy set is formed that will lead all institutions and help them in determining the priorities by adopting an inclusive approach.

8. The purpose of development is to permanently improve the well-being of people and raise the living standards, establish a fair, safe and peaceful living environment by strengthening fundamental rights and freedoms. In this context, the Tenth Development Plan has been prepared with a sustainable development focus. The Plan consists of four main inclusive chapters.

9. The policies, which aim to adopt a participatory development approach with human focus and to extend the progress to different segments of the society, are covered under the "Qualified People, Strong Society" title. Objectives and policies for structural transformation of production and increase in welfare are discussed under the "Innovative Production, High and Stable Growth" title. Objectives and policies in the context of increasing social and economic benefits of environment-friendly approaches, enhancing urban and rural life quality in a sustainable way and reducing disparities between regions are placed under the title of "Livable Places, Sustainable Environment". Main priorities and policies regarding the external dynamics of development and bilateral, regional and multilateral relations are examined under the "International Cooperation for Development" title.

10. To achieve the 2023 Targets and the Tenth Development Plan objectives, 25 Programs on priority areas that require coordination and responsibility among institutions are designed, in order to solve main structural problems and contribute to the transformation process. In this context, the programs have been designed in a limited number of priority issues to facilitate monitoring and evaluation process of the Tenth Development Plan, to make the programs manageable and their impacts measurable. In the context of these programs which have been prepared with a sectoral and cross-sectoral approach, central enforcement mechanism and intervention tools have been designed; institutions responsible for implementation and coordination have been determined; objectives have been set.

11. The Tenth Development Plan, coordinated by the Ministry of Development, was prepared with a participatory approach, by contributions of public institutions and organizations, in addition to many representatives from all segments of the society. Preliminary works of the Plan started on 1 September 2010, the process became official with Prime Ministry Circular, No. 2012/14 on 5 June 2012. With the mentioned circular, 66 ad-hoc committees and working groups were established on macroeconomic, sectoral and regional issues. More than three thousand academicians, public employees, private sector and non-governmental organization (NGO) representatives participated and contributed to these committees. The planning process was also carried out at the local level. In this context, views of local administrations and local actors about development priorities of Turkey were received through development agencies. More than seven thousand individuals and organizations across Turkey contributed to these works. In preparation of the Plan text, over 50 years of planning experience of the Ministry of Development; ad-hoc committee reports, results of consultation meetings with business sector, NGOs, think-tanks, academia, public and private sector representatives were utilized.

12. For efficient implementation of the Tenth Development Plan, medium term programs (MTP), annual programs, strategic plans, regional development and sectoral strategies will be prepared in accordance with the Development Plan. Public institutions will determine their policies, investments, institutional and legal arrangements accordingly.

13. Each priority transformation program of the Plan will be put into practice within the framework of an action plan that will be prepared after the approval of the Plan by the Grand National Assembly of Turkey (TBMM).

14. The Medium Term Program, which initiates the budget preparation process, will be prepared in compliance with the policies in the Plan. In the annual programs, measures that will enable implementation of the policies in MTP and measures from the action plans of priority transformation programs that will be implemented in the corresponding year.

15. Coordination of monitoring and evaluation of the progress of the Development Plan will be performed by the Development Plan Monitoring and Direction Committee, which will be directed by the Undersecretary of the Ministry of Development and comprised of high level administrators from related ministries.

16. The principals and methods related to monitoring and evaluation of the Plan will be set by the Cabinet Decree about Application, Coordination and Monitoring of Annual Programs.

12. The efficient implementation of the Tenth Development Plan, medium-term programme (MTP), annual programmes, strategic plans, regional development and sectoral strategies will be prepared in accordance with the Development Plan. Public institutions will determine their policies, investments, institutional and legal arrangements accordingly.

13. Each priority transformation programme of the Plan will be put into practice within the framework of an action plan that will be prepared after the approval of the Plan by the Grand National Assembly of Turkey (TBMM).

14. The Medium Term Programme that determines the macro perspective, policies will be prepared in compliance with the policies of the Plan. In the annual programme measures that will enable implementation of the policies of MTP and a section from the action plans of priority transformation programme that will be implemented in the corresponding year.

15. Coordination of monitoring and evaluation of the progress of the Development Plan will be performed by the Development Plan Monitoring and Direction Committee, which will be directed by the Undersecretary of the Ministry of Development and composed of high level administrators from related ministries.

16. The principles and methods related to monitoring and evaluation of the Plan will be set by the Cabinet Decree about Application, Coordination and Monitoring of Annual Programmes.

number of priority issues to facilitate monitoring and evaluation process of the Tenth Development Plan, to make the programs manageable and their impacts measurable. In the context of these programs which have been prepared with a sectoral and cross-sectoral approach, coordination, development mechanism and intervention tools have been designed, institutions responsible for implementation and coordination have been determined, objectives have been set.

11. The Tenth Development Plan coordinated by the Ministry of Development was prepared with a participatory approach, by contributions of public institutions and organizations, in addition to many representatives from all segments of the society. Preliminary works of the Plan started on 1 September 2011, the process became official with Prime Ministry Circular No. 2012/17 on 5 June 2012. With the mentioned circular 66 ad hoc committees and working groups were established on macroeconomic, sectoral and thematic issues. More than three thousand academicians, public employees, private sector and non-governmental organization (NGO) representatives participated and contributed to these committees. The planning process was also carried out at the local level. In this context, views of local administrations and local actors about development priorities of Turkey were received through development agencies. More than seven thousand individuals and organizations across Turkey contributed to these works. In preparation of the Plan, more than 50 years of planning experience of the Ministry of Development, ad hoc committee reports, results of consultation meetings with business circles, NGOs, think-tanks, academia, public and parliamentary representatives were utilized

2. GLOBAL DEVELOPMENTS AND TRENDS

2.1. GLOBAL TRENDS AND THEIR IMPACT ON TURKEY

17. The deepening multi-dimensional globalization process offers important growth and development opportunities to countries, and brings risks and threats at the same time. The countries, which create measures against these risks and threats, make maximum use of development and growth prospects by utilizing their potentials and transforming them into opportunities for their economy and people, will successfully sustain the process of development and will be among the leading countries in the future. Global trends will have medium and long term effects on the Turkish economy like on every other country in shaping the future. In this section, basic decisive global trends are taken into account in the scope of Turkey's interaction with the world.

Global Value Chains: Changing Production Structure and Service Delivery Formats

18. While global competition has been rapidly increasing, perception of competition has also been changing. Successive stages of production processes, which could be carried in a single facility before, can now be split and carried out in multiple locations, countries and firms are becoming increasingly specialized. Thus, different stages of the value chain can well be located in different regions and countries. Due to the re-organization of production, an increasing proportion of international trade consists of intermediate products and intra-industry trade rather than final products. Transportation, logistics services and information and communication technologies (ICT) with decreasing costs and increasing quality facilitate the re-organization of production and trade.

19. As direct access to information and a variety of products is getting easier and common use of internet is increasing; consumer demand is becoming more personalized and customized; especially in electronics, automotive, pharmaceuticals, medical devices and textiles. Product designs are now shaped more by consumer preferences than by decisions of manufacturers. In the past, lots of small retailers faced a few of big and strong producers; in contrast, lots of producers are expected to confront big and organized retailers in the forthcoming period. Also, industry and services sectors have become more integrated and interdependent. Virtual environment is becoming an area in which more production, consumption and trade happens via developing IT infrastructure and services. Another improvement is increasing volume and importance of service exports in education and health, which have not been among traditional export sectors.

20. Developed countries dominate the high value-added stages of global value chains and govern other stages of these chains and production networks. Lower value-added stages are mostly carried out by developing and emerging economies. Considering its potential, Turkey's weight in high value-added stages is not sufficient yet. However, relying on its industrialization experience, rapidly improving corporate organizational and managerial skills and export oriented stance, Turkey is capable of organizing and developing value chains in its neighborhood and thus turning changing production and demand conditions into opportunities. Being at a transit location, being a leader in terms of fleet size of highway transportation among European Union (EU) and neighboring countries, and being a 'safe haven' in its unstable neighborhood, give Turkey advantages for organizing value chains. Besides, in comparison with the countries in its hinterland, health and higher education infrastructure of Turkey brings new opportunities in services exports.

Production and Growth Axes Shifting from West to East

21. Center of gravity and axis of production in global economy has been shifting from western countries to developing Asian countries. This trend became clear after the 2008 crisis. While the growth performance of emerging economies, especially of China and India, has been increasing share of these countries in global economy; share of developed countries, particularly of United States (US) and Japan, has been decreasing. This trend mainly results from the policies of emerging economies towards utilizing their population and natural resources advantages for technological production and for competitive advantage and their high investment levels. In due course, the fast growing export focused economies depending on low labor costs and technologies at initial stages, extended their expertise to imitating innovative high-tech products. These countries, which have been rapidly growing with this structural transformation, started gaining competitive advantage in high-tech sectors.

22. Risk of economic and financial crises have become more frequent with increasing global economic integration, and the crises have been getting deeper on a global scale with their diffusion effects. Moreover, in addition to the slowdown of growth in developed countries, average global economic growth is expected to decrease in the long run with the partial slowdown in growth and decrease in saving rates in developing countries.

23. High debt rates and structural problems in banking and financial sectors in developed countries seem to be a threat for macroeconomic stability and sustainable growth. In this framework, ongoing discipline in public finance in Turkey becomes an advantage both for achieving stable and high growth and also for keeping the adverse effects of global conditions at minimum.

24. For successful continuation of development process in Turkey, achieving high, stable and sustainable growth and decreasing the dependence on foreign resources in financing of growth and investments by increasing saving rates, are essential. Mobilization of more potential is possible for Turkey by increasing domestic saving rate, which is at a low level compared to developing countries.

Financial Markets and Capital Flows

25. Free movement of capital and technological developments have increased the interaction of countries and mobility in financial markets. While capital flows support growth and development in emerging and developing countries, high risk countries with weak financial markets and fragile economies are negatively affected from sudden capital flows. These rapid movements create risks on their exchange rates and current accounts, and may destabilize their economies.

26. The problems that occurred in relation with financial markets after the crisis brought on a need for making new international regulations in financial markets and establishing a stricter audit structure with strict rules. This need is expected to be more prevalent in the near future. In this framework, implementations related to the Basel III criteria are on the agenda. On the other hand, state funds are getting increasingly important.

27. Turkey is at an advantageous position compared to other countries thanks to the progress it has recorded in regulation, monitoring, supervision and legislation of financial markets. In spite of having relatively strong financial and banking systems, Turkey needs to have stronger and deeper financial markets, protect financial stability and fiscal discipline in the medium term, decrease the risk of high current account deficits and increase its adaptation capacity to new international regulations in order to minimize the negative effects of capital flows. Growth potential of Turkish financial sector necessitates that financial markets increase their activities on global level, and financial institutions, especially banks, be prepared for international competition. Capital flows from the Gulf Region, can be one of the most significant resources that increasing investor attention towards emerging markets can provide to Turkey. For this reason, developing new financial products is an important opportunity for financial market growth and product diversification.

Scientific and Technological Developments

28. The importance and value of knowledge is increasing; innovation is becoming one of the most important elements of competitiveness. With the advances in science and technology, knowledge-based production will continue to be the main determining factor in growth. Therefore, some investments in technology and R&D activities are not driven only by the free market mechanism; but also governments support such activities through regulations, grants and incentives. In addition, many R&D activities have international characteristic and are mainly carried out by large global corporations.

29. Although developed economies are maintaining their leadership in many sectors as the center of high value-added R&D and innovation, they are losing their competitiveness in sectors that are sensitive to labor costs. Developing countries, especially China, India and Brazil, are also achieving breakthroughs in knowledge-based production.

30. Technological advancements are expected to intensify in certain sectors and shape economic, social and military developments in the upcoming period. Information technologies, automation, advanced manufacturing and health technologies are the most important of these sectors. Especially digital communications, nanotechnology, surface technologies, materials science, measurement devices, biotechnology and environmental technologies stand out as the fastest growing areas. Although developments in nanotechnology and biotechnology provide new opportunities, environmental and ethical controversies will be on the agenda.

31. Rapid changes in science and technology are both opportunities and risk elements for Turkey as well as for other developing countries. In addition to the gains that have been achieved after 2000, Turkey will be able to increase its competitiveness and growth rate, if it increases the quality and innovation capacity of the workforce by using its young population and increasing education and research capabilities, and if it achieves the transformation to knowledge based economy and increases productivity in the economy. If this economic transformation is achieved, Turkey will be able to avoid the "middle-income trap" and become a high-income country.

Multi-polar World Order, Changing Roles, Changing Rules

32. Balance of economic and political power is changing and new centers of balance are emerging in Turkey's region, as well as on global scale in the 21st century. Some countries and regions are emerging as future global power centers and existing regional powers are reshaping. The global system is expected to transform to a multi-polar structure on axes such as USA, EU, BRIC and East Asia. In this process, it is predicted that interaction and interdependence among emerging and developing countries, especially south-south economic and trade relations will increase, and global and regional multilateral cooperation will come into prominence.

33. The legitimacy of global platforms, which were established after the Second World War and which still bear the international system characteristics of the Cold War period, are being increasingly disputed. Reassessment of current decision making processes and organizational structure of international institutions and increasing the weight of developing countries in their management are expected in the future.

34. The crisis of 2008 brought new regulations with stronger international dimensions to the agenda, especially in international finance. Multilateral rules and regulations about international economic governance are expected to increase in the short term. Such stricter rules and regulations on international level may create important adaptation and administrative capacity problems for developing countries, especially at the beginning. In this framework, the countries which have high governance and institutionalization capacity, and can rapidly address regional and global changes with more predictable policies, will have significant advantages.

35. Turkey has recently started following more active and visible policies in bilateral relations and at international platforms such as the United Nations (UN), OECD and G-20. Turkey assumes new roles especially about expressing problems and expectations of developing countries, develops economic and political relations with different regional power centers and stands out as an important center in its own region with these experiences. Turkey achieved important progress in complying with international rules and strengthening its administrative capacity and institutionalization level in the recent period. With new advances, Turkey will set the ground for becoming an international attraction center by solidifying its regional role.

International Economic and Commercial Integration

36. Global and regional trade integration has been increasing. International economic and trade integration and cooperation have positive impact on economic potential of countries through market expansion, technological advancement, competition and productivity increases.

37. The tendency towards regionalism and multilateral free trade agreements (MFTA) has become widespread across the world, particularly in emerging Asian economies. On the other hand, with their young population and high economic potential Middle East countries and resource rich African countries are the candidates to become new growth oases.

38. In recent years, Turkey has achieved significant increase in trade with neighboring and regional countries. Exports of Turkey to the member countries of the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC) have increased dramatically over the last decade. Similarly, regional cooperation initiatives hosted or founded by Turkey such as Economic Cooperation Organization (ECO), Black Sea Economic Cooperation Organization (BSEC), D-8 (Developing Eight Countries) offer significant opportunities to Turkey.

39. The social and political instabilities in the Middle East and North African countries constitute a crucial short term risk against the economic integration that Turkey has been working to build with its neighboring countries. In the medium and long term, Turkey will be able to contribute to the political, economic and social development of countries in the region by sharing its development experience.

European Union

40. Structural and financial problems in some EU countries led public deficits and debt stock in the Euro Area to increase and resulted in deepening of the crisis in the Euro Area. The governance crisis that emerged with this crisis brought up reform needs to the agenda of the EU again and increased debates on the EU integration process. The EU decision-making process based on unanimity for many issues hinders rapid decision making in the face of crises. Reframing the cooperation to a looser framework or on the contrary reinforcement of political integration by increasing national authority transfer are among the options. Creation of a bilateral EU structure that includes both options, called "multi-speed Europe", is also discussed as a third option. According to possible results of these discussions, development of alternative strategies by Turkey for EU relations bears significance.

41. Relations with the EU, which is currently the largest trading partner, provides the largest amount of foreign direct investment and inhabits significant number of Turkish citizens, will maintain its importance in the medium and long term. Besides economic relations, EU's political experience based on reconciliation culture provides significant opportunities for advancement in institutionalization, improvement of life quality, adaptation of advanced standards and norms, and capacity development in various areas.

42. The Customs Union, as a key stage in progress of commercial and economic relations between Turkey and the EU, is considered as a part of the process leading to membership for Turkey. On the other hand, the Customs Union limits Turkey from free determination of trade relations with third countries. It is essential that Turkey continues to improve recently intensified global economic and social cooperation activities, and relations with neighbors while pursuing the EU membership target in the forthcoming period. With this perspective, Turkey has the potential to contribute to the global economic, social and political stability process, to produce more humanitarian benefits by pursuing integration with the world and to implement effective cooperation and aid strategies for these purposes.

Tendencies in Demographic Structure

43. Rapidly increasing global population, in excess of 7 billion as of 2012, is estimated to reach almost 9 billion by 2040. This population growth and changes in the demographic structure are expected to increasingly affect the economy and politics, and these developments are expected to affect the global power balances.

44. In developed countries, share of older population in total population is increasing. Accordingly, problems such as decrease in production and tax revenues and increase in health spending and imbalances in social security will become apparent. These developments may further increase the pressure on public social service provision.

45. In developing countries, middle class tend to expand rapidly. Middle class will also influence changing consumption patterns as well as shaping the future in terms of economy and politics. Changing and diversifying structure of demand will highlight the savings issue by increasing the resource needs. Increase in women participation to social and working life, particularly through education, will be one of the most important factors affecting the economic and social development of countries.

46. In the forthcoming period, developing countries with young populations will be in a more advantageous position in terms of labor force, compared to those with old population. However, young or qualified labor demand of developed countries could increase migration to these countries. Mobility of labor is expected to increase world-wide, for reasons such as employment, education and inequality. Furthermore, internal migration stemming from inequalities is likely to continually increase.

47. Worldwide increase in demand for skilled labor and free movement of labor offer several opportunities for Turkey. Promoting intellect migration to Turkey in certain fields, especially from countries in the region, will positively contribute to growth potential with increasing qualified labor force. On the other hand, becoming an attraction center in education and health will provide Turkey the opportunity to benefit maximally from international mobility.

48. Turkey is among the few countries that will benefit from demographic opportunities in terms of potential labor force till 2030. If education-industry cooperation policies focusing on qualified labor force are strengthened with measures to increase female labor force participation, Turkey has the potential of benefiting from demographic opportunities to maximum extent.

Health and Social Security

49. Due to technological developments and increase in life quality, a continuous progress in health sector is expected in the long term. Recently, global weight of diseases is shifting from communicable to non-communicable. On the other hand, significant decrease in child mortality rate and increase in life expectancy are forecast. Additionally, national and international average life expectancy gap between rich and poor segments is envisaged to persist.

50. Changes in population structure and technological developments may have significant impact on health sector and this may also trigger development of new fields in manufacturing industry and services sectors, provide new opportunities in diagnostic and treatment services. However, this can also lead to increasing disparities between different income groups in access to quality health services.

51. Health expenditures are expected to increase globally with the impact of issues such as increasing total population and ratio of older population, rising income, increasing health awareness and demand for new health technologies and services. The pressure of increasing health expenditures on social security systems will continue to be the main factor behind high public debt and weak fiscal structure particularly in many developed countries.

52. Currently in Turkey, share of health expenditures in gross domestic product (GDP) remains below the average rate of developed countries, due to young population. In the forthcoming period, health expenditure in Turkey is expected to increase in parallel with the projected global rise. Unless the demographic window of opportunity is thoroughly utilized and necessary measures for retirement and social security system are taken, increasing health expenditures will squeeze the social security system and public finances in the upcoming period.

53. Health expenditures that are expected to increase in the long term will bring about opportunities such as; more intensive use of health technologies, focusing on production of drugs and medical supplies and development of health tourism. Turkey, with its increasing competitiveness in quality health care delivery, has the potential to provide health care services to countries that have continually aging population, particularly in European and OECD countries. Health tourism is a field that can create improvement in current account balance with the foreign exchange revenues, employment due to its labor-intensive structure, revenue growth by increasing the diversity and value added in tourism and investment increase relying on strengthening health infrastructure.

Growing Demand for Quality Education and Skilled Labor Force

54. Importance of skilled labor has been increasing globally. Increase in the level of education and quality of labor force will continue to affect economic development of countries and individuals. In addition to education level, quality of labor force is expected to be a determining factor in labor mobility. Demand for skilled labor is envisaged to increase worldwide.

55. Dissemination of new technologies provides simultaneous, quick and easy access to new information to people around the world. This also changes the established norms and approaches of educational activities. ICT and intensifying cross-cultural interaction is expected to increase the multi-dimensional enrichment of educational activities in the forthcoming period.

56. 21st century will be a century for countries which; attract qualified human resource on a global scale besides training qualified human resource, use this power correctly and appropriately, have capacity of generating new information using global information and transforming this information into economic and social value, integrate this process with ICT and adopt a human-oriented development approach.

57. In the upcoming period, development of human capital is an opportunity for Turkey with its young population. Increasing the quality of education and labor force by using this opportunity will have positive impact on growth and development. On the other hand, the vast cultural basin, in which Turkey is located, provides education and labor force opportunities for the dynamic population. Turkey's emergence as a regional center enhances two-way human mobility. It is expected that regional and international mobility will increase further in the upcoming period. Currently, with many students tending to study abroad, Turkey has a potential to transform this field into an opportunity with its developing human capital and educational institutions.

Acceleration of Urbanization Process

58. Continuation of the urbanization process, especially faster in developing countries, development of approaches that place urbanization at the focus of growth and further global domination of urban economies and lifestyles are expected. Information based economy, financial and specialized services, qualified labor, R&D and innovation capacity are condensed in relatively large cities. Emerging and developing countries participate to the global competition through their rapidly growing cities.

59. Parallel to the global integration process, local economies are becoming more connected through capital movements, trade and value chains. Business and living environment of cities and local properties become prominent in acquiring competition advantage as well as attracting investment and qualified labor. Domestic and international migration results in congregation of different cultural and social segments, on the other hand, it adds to the infrastructure needs, leads to income inequality, security and social coherence problems and bears the risk of social and spatial disintegration.

60. Regulations and investments realized to ensure economic efficiency improve infrastructure and services quality, reduce environmental costs, enable emergence of new high value-added sectors in cities. This progress provides significant opportunities for countries that manage to integrate urbanization process with development and growth policies. On the other hand, shift of excess capital towards real estate sectors and derivative instruments, which grow parallel to urbanization process with high and speculative profit incentives, and the resulting artificial price increases are among fundamental reasons of financial crisis and therefore constitute a serious risk.

61. The ongoing urbanization process makes aforementioned opportunities and risks more apparent for Turkey. Management of the urbanization process in a way that will make the cities more competitive, livable and sustainable would significantly contribute to achievement of development goals.

Climate Change and Environment

62. Rapid population growth, urbanization, economic activities, extension of consumption habits increase pressure on natural resources and environment. Environmental pollution, climate change, desertification, deforestation, water scarcity and problems related to global warming are still on the global agenda. With the global search of new growth models to achieve sustainable development goals, "green growth" has become an important concept. Within the framework of this concept, protecting the environment and increasing competitiveness with clean and eco-efficient production is deemed possible; ecological potential of environmentally sensitive sectors such as agriculture and tourism is utilized and the possibility of cities becoming more environment friendly and economically efficient with new regulations and investments is emphasized.

63. Resulting from these trends, limitations in some sectors and emergence of new production and employment areas in some other sectors will probably be observed in the forthcoming period. It is anticipated that policy designs towards internalization of environmental costs will disseminate to a certain extent. The efforts towards achieving sustainable development are expected to create new areas for technological developments. However, benefiting from technology development and growth opportunities and transition towards a sustainable production and consumption structure could be hard to achieve due to limited resources and capacities in developing countries. Besides, policy makers around the globe are facing critical choices in ensuring cohesion of energy, economy, social development and environmental targets.

64. Development policies in Turkey progress towards sustainable development. Turkey, considering national circumstances, contributes to solution of global environmental problems in line with the principles of "common but differentiated responsibilities" and "respective capacities". As the needs and diversified preferences of increasing population effect the development process, reduction of environmental pressure is becoming more essential. In this framework, pollution prevention efforts, protection and sustainable usage of natural resources, and biodiversity are considered as priorities. Turkey has the potential to transform the environmental threats to opportunities via the decisions taken and projects implemented in environmental issues.

Efficient Use of Food, Water and Natural Resources

65. In the second half of 2000's, factors such as climate change, decrease in agricultural product stocks, increase in energy and other input prices, population growth, increased use of agricultural products in alternative areas such as biofuel production have led to excessive increases and volatility in food prices. Depending on rising welfare and population, agricultural product demand is expected to increase and food prices are expected to stay at high levels, especially in developing countries. Possible increases in food prices will bring adverse results for those spending big share of their income on food. The role of international institutions and regional cooperations become more crucial for prevention of food price volatility.

66. As a consequence of population growth, rapid urbanization and instability in rainfall regimes due to climate change, access to safe water resources and protection of farmlands have gained increased importance. Continuous decrease in farmlands creates critical risks on food security. Constraints on farmland and water resources and increase in their demand on global scale necessitate development of new policies and measures both at regional and global levels. Issues of deforestation and deterioration in forests pose a growing threat to the world.

67. If agricultural production costs are reduced and productivity is increased, food prices in Turkey, which are above world prices, would decrease. This situation would provide an opportunity for Turkey via convergence of local prices to increasing world prices. Moreover, Middle East, North Africa and Near East regions are expected to become bigger foreign markets for Turkey with their great potential in terms of increasing population, income and cultural similarity.

Transformation of the Global Energy System

68. Significant changes are experienced in energy production and consumption, which could lead to redefinition of the global economic and geostrategic balances. With the increase of its unconventional oil and gas production, it is predicted that USA will become world's largest oil producer before 2020 and will be a net oil exporter afterwards. On the other hand, Iraq is expected to become the world's second biggest oil exporter over the next 20-year period with future expansion of its existing reserves. Expected changes in the global energy balance might have economic and political consequences at global level and developing new energy security policies at the global and regional levels might be needed.

69. These developments are expected to closely affect global fossil fuel prices. Especially, parallel to the developments in shale gas technology, natural gas prices are forecast to fall in North America. In line with the natural gas prices, a downward trend is observed in the prices of hard coal imported by Europe.

70. It is estimated that; coal consumption and nuclear energy use will continue to rise in developing countries; production levels of both hydraulic and other renewable power plants will significantly increase across the world; amount of investments for electricity will be at the same level with the amounts spent for exploration, extraction and distribution of fossil fuels. Implementation of comprehensive programs to improve energy efficiency is also expected to be on the agenda.

71. In primary energy supply, Turkey's high dependency on mostly imported foreign oil and natural gas resources continues. The share of natural gas continues to be high particularly in electricity generation; high dependency on a limited number of countries for this resource is also perceived as a risk factor for supply security.

72. As the energy imports constitute almost one quarter of total imports, price and supply developments in global energy markets will continue to affect both growth dynamics and current account deficit of the Turkish economy in the forthcoming period. Establishing alternative policies to reduce import dependency in energy will have positive impact on growth and current account deficit. In this context, on the supply side, increased utilization of domestic resources, especially lignite; using nuclear energy to generate electricity; and increasing the share of energy production from renewable energy resources, are deemed important. On the demand side, boosting energy efficiency measures to smooth electricity peak load and developing electricity trade with neighboring countries are priority issues. In addition, various projects for transporting oil and natural gas resources in the Middle East and the Caspian region to Europe would contribute to improvement of Turkey's supply security and also to transform its geopolitical capabilities into an advantage.

2.2. GLOBAL MACROECONOMIC DEVELOPMENTS AND PROSPECTS

73. Before the crisis, due to abundant liquidity global economy experienced a high growth period led by the emerging and developing economies. In the 2002-2006 period, while developing economies reduced their vulnerabilities in key macroeconomic variables by measures taken as a consequence of 1997 Asian and 1998 Russian crises and recorded high growth performance, developed economies recorded a relatively low growth performance. Global economy grew at an annual average rate of 4.3 percent; developed economies grew by 2.5 percent and emerging and developing economies grew by 6.9 percent in this period. In parallel with the high growth rates, world trade volume increased by an annual average of 7.5 percent. However, global imbalances had increased and seeds of global financial crisis were sawn in this high growth period.

74. The problems that started in the US housing market in August 2007 became the source of the 2007-2008 global financial turbulence. In this era, asset prices fell, household wealth decreased, balance sheets of financial institutions significantly deteriorated, many institutions in developed countries declared bankruptcy and disturbances and liquidity crunch were observed in international credit markets. As a result of the crisis, which started in the US financial markets and spilled over to the world, including the developing countries, through trade, finance and confidence channels, many developed and developing countries entered into a recession and the economic slowdown became more evident on the global scale. The financial crisis deepened on global scale starting from the last quarter of 2008 and transformed to a real sector crisis and caused serious production and employment losses, especially in developed countries. In 2009, global output decreased by 0.6 percent and the highest contraction in global economic activity after the Second World War was recorded. Falling of the global economy into recession led to a sharp decline in the global trade volume, which contracted by 10.3 percent in 2009.

75. Further worsening of the crisis has been prevented by simultaneously implemented expansionary monetary policy and economic stimulus packages as a result of global policy coordination. In 2010, global economic recovery was achieved and global growth rate was realized as 5.2 percent. However, with the financial burden of rescuing financial institutions in trouble, in addition to the mentioned policies, in most of the developed countries, particularly European countries and the US, budget deficits and public debt increased to high levels, and the crisis transformed into a public debt crisis, became deeper and more serious.

76. The growth performance of the Euro Area countries has weakened dramatically due to high public debt stocks and budget deficits. After a 4.4 percent contraction in 2009, the Euro Area economy contracted further by 0.6 percent in 2012 as a result of deepened debt crisis due to growing debt sustainability concerns in peripheral countries, and productivity differences among Euro Area countries. The European Central Bank intervened in the markets several times with expansionary monetary policies and unconventional policies. Accordingly, concerns about the monetary union were eliminated, risks on the financial markets diminished and the financial conditions improved. Nonetheless, improvements in financial markets had limited impact on real economy.

77. In the 2007-2013 period, annual average growth rate is expected to be 0.9 percent for developed economies, 6 percent for emerging and developing economies and 3.3 percent for the global economy. As a result of serious divergence between the growth performance of the developed and developing economies, share of the developing economies in global output has increased dramatically over the last decade.

78. The global economy is expected to grow at an annual average rate of 4.4 percent and reach the pre-crisis average growth rate in the 2014-2018 period, under the assumption that measures taken by developed countries, particularly by the EU countries, will have positive impact; risks and uncertainties will reduce and conjuncture will be favorable. In the same period, developed economies are expected to grow at an annual average rate of 2.5 percent, emerging and developing economies are expected to grow at an annual average rate of 6 percent, thus emerging and developing economies are expected to continue to be the driver of global growth. The global trade volume is estimated to grow approximately 6.1 percent annually during the period of 2014-2018, growing and diversifying trade relations among developing countries are expected to be the determining factor in this growth.

79. As a result of the negative effects of the global financial crisis on economic growth, unemployment rate increased worldwide, especially in the developed countries. The unemployment rate, which realized at 6.4 percent on average in developed countries in the 2002-2006 period, is expected to be 8.2 percent in 2013 as a result of the negative effects of the crisis on real economy and structural problems. Slowing down of economic activity, especially in developed economies, capacity constraints about job creation and increasing structural problems in the labor market were affective in this development. Increase in youth unemployment has become one of the main problems of labor market. Structural problems in the labor market and rising unemployment rates are among the most important economic and social issues in the Euro Area. The unemployment rates have reached record levels in the Euro Area countries such as Spain and Greece due to the crisis. The unemployment rate in the Euro Area, which was 12.3 percent in 2012, is expected to remain at a high level despite the measures taken, and is estimated to be 11.1 percent in the 2014-2018 period. In the forthcoming period, the unemployment problem in the developed countries will remain as an important issue because of the continuing decline in labor force participation rates, continuation of the structural problems in the labor market, expectation of slow growth and investments. In the post crisis period, boosting growth and employment will continue to be the main priority for the global economy.

80. The developed and developing economies have decoupled in terms of consumer prices, not only during the pre-crisis period but also during the post-crisis period. Inflation rate, which was around 2 percent in the developed economies, was more volatile and higher in developing economies due to energy prices, food prices, drought, domestic demand, monetary expansion and easing credit conditions. Existing price stability in the developed economies is expected to continue and inflationary pressures on the developing economies are forecast to stay at a controllable pace in the 2014-2018 period.

81. Since the early 2000s, crude oil prices had an increasing trend. Reaching its highest level in July 2008, oil prices had a downward trend with the global economic contraction and since 2010 had an upward trend in parallel with the economic recovery. The crude oil prices that were around 100 dollars in the recent period are expected to decrease in the forthcoming period under the assumptions of moderate global economic growth and rising supply.

82. As a result of the stimulus packages implemented by governments during the crisis period, fiscal balances deteriorated in many countries, particularly in the European countries and the US, and the nature of the crisis evolved into a sovereign debt crisis. In the 2014-2018 period, although in developed countries improvements in budget deficits are expected as a result of the measures taken, the upward trend of debt ratios is expected to continue and ratio of the general government gross debt stock to GDP is expected to increase to 106.6 percent.

83. In the aftermath of 2004, international liquidity abundance has led to acceleration of capital movements, and capital flows to emerging and developing countries have reached record high levels in 2007. As a result of significant losses of financial institutions in the developed countries during the global crisis, capital flows to emerging and developing countries decreased dramatically in the 2008-2009 period, especially in the first half of 2009 currencies of these countries depreciated rapidly. Capital flows to emerging and developing countries accelerated again in 2010 as a result of decreasing interest rates and expansionary monetary policies by developed country central banks to mitigate the impacts of the crisis. These circumstances led to currency appreciation, domestic credit growth, competitiveness losses and pressures on current account balances in developing economies. Abundant short term liquidity and the ongoing fragility in the global financial system continue to be factors causing significant volatility and instability in capital flows.

Table 1: Main Global Macroeconomic Indicators

(Percent)

	2002-2006	2007-2013	2014-2018
World Output Growth	4.3	3.3	4.4
Advanced Economies	**2.5**	**0.9**	**2.5**
Euro Area	1.8	0.2	1.5
USA	2.7	1.0	3.2
Japan	1.5	0.5	1.2
Emerging and Developing Economies	**6.9**	**6.0**	**6.0**
China	10.6	9.8	8.4
India	7.5	7.1	6.7
Brazil	3.3	3.6	4.1
Russia	6.7	3.1	3.7
ASEAN-5[1]	**5.6**	**5.2**	**5.6**
Middle East and North Africa	**6.4**	**4.5**	**4.4**
World Trade Volume Growth	7.5	3.6	6.1
World Inflation Rate	3.8	3.9	3.8
Advanced Economies	2.0	2.0	2.0
Emerging and Developing Economies	6.1	6.2	5.9
General Government Budget Balance/GDP			
Advanced Economies	-2.9	-5.5	-2.8
Emerging and Developing Economies	-1.1	-1.4	-1.6
General Government Gross Debt Stock/GDP			
Advanced Economies	76.7	96.0	106.6
Emerging and Developing Economies	43.3	35.2	31.2
World Unemployment Rate[2]	6.1	5.9	---
Advanced Economies	6.4	7.4	7.4
Euro Area	8.7	10.5	11.1

Source: World Economic Outlook, IMF, April 2013

Note: Average annual growth rate forecasts for 2007-2013 and 2014-2018 periods

(1) ASEAN-5 countries are Malaysia, Indonesia, the Philippines, Thailand and Vietnam.

(2) Global Employment Trends, International Labor Organization (ILO), March 2013

3. ECONOMIC AND SOCIAL DEVELOPMENTS IN TURKEY DURING THE PRE-PLAN PERIOD

84. Since early 2000s, Turkey has made significant progress in economic and social areas with the impact of macroeconomic stability achieved by decisively implemented economic policies and structural reforms and also with the effect of the sound global economic environment. As a result of these developments, purchasing power parity adjusted per capita income has increased from 36.1 percent to 52.6 percent of the EU-27 average during the last decade.

85. Domestic political developments in the early years of the Ninth Development Plan and the global crisis that immediately followed have been important factors affecting the economy. Increased uncertainty due to the global crisis has negatively affected the confidence environment and future expectations, led to delaying of investment and consumption decisions, as well as a slowdown in economic activity. Consequently, GDP growth, which was 7.2 percent annually on average during the 2002-2006 period, declined to 3.3 percent during the 2007-2012 period. According to the new national accounts series and updates in population statistics, per capita income was realized as 10,504 dollars and the current GDP as 786 billion dollars in 2012.

86. With the single-digit inflation achieved by the earlier reforms, sound public finance and strong banking structure, Turkey has been in a better position compared to many other countries during the global crisis. This position provided flexibility and room for maneuver to the policies applied to stimulate the economy during the crisis. Besides, especially after 2009, the peak of the crisis, Turkish economy exhibited strong performance with the effect of timely and decisively implemented fiscal, monetary and income policies with a medium-term perspective, and has been one of the rare economies that successfully recovered from the crisis.

87. In this development, increasing capital inflows to Turkey, rapid credit expansion and revival of domestic demand due to increasing abundance of liquidity in the international markets and the confidence environment established after the crisis were effective.

88. During the 2007-2012 period, value added in agriculture, industry and services sectors increased by 2.1 percent, 3.7 percent and 4 percent annually on average, respectively. The share of agriculture in GDP is expected to decline to 7.9 percent in this period. The share of industry in GDP declined to 19.3 percent while the share of services sector (taxes included) in GDP rose to 72.7 percent. Increasing the share of the industrial sector is important for development of long term sustainable high growth infrastructure.

89. In the period 2007-2012, main sources of growth were private consumption, exports and fixed capital investment expenditures. However, the contraction in 2009 due to the global crisis played an important role in missing the Plan period average growth target for total fixed capital investments. The contribution of net exports to growth was 0.3 percentage points annually on average. Increasing public and private investments continue to be an important component that increases growth and employment.

90. In the Ninth Development Plan, the rate of increase of employment, capital stock and total factor productivity (TFP), which constitute the production factors of growth, were estimated as 2.7 percent, 4.8 percent and 2.3 percent, respectively. During the period 2007-2012, growth rates in employment and capital stock reached the Plan targets and realized as 3.3 percent and 5.6 percent annually on average. TFP growth rate remained behind the plan target with – 0.5 percent. In order to ensure a high and sustainable growth performance, productivity rates should be increased.

91. During the 2007-2012 period, total employment increased by 3.3 percent annually on average. Labor market programs implemented have been effective in this progress. The unemployment rate, which was 10.2 percent in 2006 and increased during the global crisis, declined to 9.2 percent in 2012 despite an increase in labor force participation rate. The informal employment rate declined significantly, particularly in non-agricultural sectors; weekly average working hours were reduced and increase rate of the minimum wage was realized above the inflation rate.

92. In the Plan period, CBRT implemented a monetary policy that focuses on price stability within the inflation targeting regime framework. In the post-crisis period, without any compromise from medium term price stability, CBRT employed additional tools to achieve targets set while observing financial stability. In the Ninth Development Plan, reducing annual Consumer Price Index inflation gradually from 5 percent to 3 percent was targeted. However, the inflation target was revised in 2008 as a result of the rigidities caused by long-term chronic high inflation, fluctuations in exchange rates and oil prices, high volatility in world food prices, adjustment in administered prices and tax regulations. CPI inflation declined to 6.2 percent in 2012 and is targeted to stabilize around 5 percent in the medium term.

93. In the period of 2007-2012, imports increased faster than exports. In this period, annual average trade deficit to GDP ratio was 9.9 percent and annual average current account deficit to GDP ratio was 5.9. In terms of national income equilibrium, in the same period, low level of domestic savings has been the main determinant of the current account deficit. Increasing domestic savings is important to ensure high and sustainable growth.

94. During the Plan period, public sector borrowing requirement has been controlled to support the downward trend in the public debt stock to GDP ratio by implementing a fiscal policy consistent with monetary and incomes policies. With the effect of increased confidence in the markets, interest rates declined, debt maturities extended and the ratio of public interest expenditures to GDP decreased. General government balance to GDP, excluding privatization revenues and interest expenditures, turned into a surplus of 2.2 percent on average in the 2007-2012 period. Thus, the EU-defined general government nominal debt stock to GDP ratio declined from 46.5 percent in 2006 to 36.1 percent in 2012.

95. Due to privatization transactions totaling 20.3 billion dollars and other factors during the 2007-2012 period, the share of value added in GDP that is generated by the state-owned enterprise (SOE) system decreased gradually during the Plan period.

96. During the global crisis, the Turkish banking sector has grown as a result of the structural reforms carried out in previous years, has gained a strong structure and exhibited high performance in all robustness indicators.

97. In the Ninth Development Plan period, Turkey has shown progress in improving the business environment and competitiveness. According to the Global Competitiveness Index of the World Economic Forum, Turkey ranked 43rd among 144 countries in 2012, while it ranked 53rd among 131 countries in 2007. In the Ease of Doing Business Index of the World Bank (WB), Turkey ranked 71st among 183 countries in 2012, while it ranked 84th among 155 countries in 2006.

98. Despite the improvement in competitiveness in recent years, production increase in the manufacturing industry remained below the forecasts due to negative impact of the global crisis and annual average growth rate realized as 3.7 percent in the 2007-2012 period. The productivity increase in the manufacturing industry has mainly originated from large-scale companies. The considerable difference in productivity of large and small scale firms has continued. Share of exports of medium-technology sectors within total manufacturing exports has increased. On the other hand, despite the increase in the level of exports of high-technology sectors, their share in the total exports of manufacturing industry has declined. Dependency on intermediate goods imports, which had already been high, has gradually increased.

99. A structural transformation is needed to establish high value added and technology intensive production and export structure. This transformation is also important for the position of Turkey's manufacturing industry in global value chains. In this context, significant improvements have been achieved in instruments and institutions needed to transform science and technology to economic and social benefits; human and financial resources allocated to R&D activities have been increased. However, despite the increase in resources allocated to R&D, the need for progress continues in patenting and commercialization activities.

100. Remarkable improvements have been achieved in subsectors of the services sector, such as construction, organized retail and tourism, which have 61.9 percent share in GDP as of 2012 and play an important role on improvement of competitive power of the economy. In this context, although fluctuations have been observed parallel with global recession and risky business environment since 2008, total amount of international contracting services of Turkish companies has reached 27 billion dollars in 2012. In tourism, even though the number of foreign visitors and tourism income increased about 60 percent, average tourism income per visitor still remains low. In the Plan period, organized retail has improved significantly and e-commerce has exhibited a growth trend. Increasing the share and export of high value added subsectors in general and expanding ICT use are important for the services sector.

101. During the 2006-2010 period, the share of small and medium-sized enterprises (SMEs), constituting almost all of the enterprises in Turkey, in total value added and employment declined by 3 percent, while their share in investments increased by 5 percent. The need for increasing productivity, growth, and institutionalization of SMEs to achieve competitiveness improvement, employment creation and development of entrepreneurship in the economy is continuing.

102. In the Ninth Development Plan period, activities for agricultural support diversification, food safety, plant and animal health were conducted; considerable progress at land consolidation and irrigation infrastructure was achieved especially in the Southeastern Anatolia Project (GAP). However, as a result of the adverse effects of drought and instability in the global food markets at the onset of the Plan period, imports of agricultural products have risen in both quantity and value. In order to ensure price stability in the raw meat and meat products market, livestock and meat were imported; investments in the livestock sector were increased. On the other hand, there is still need; to mitigate scale problem and fragmented structure of agricultural holdings, to strengthen producers' organizations, and to increase the integration and co-operation between agriculture and industry by increasing the technology use in these sectors.

103. During the Plan period, consumption demand in the energy sector, that has a significant role in the competitive power of the economy and external balances, has increased; supply security problem has continued; and the high increase in petroleum prices put pressure on the overall economy. Primary energy consumption increased at an annual average rate of 2.8 percent during the 2007-2011 period, whereas electricity consumption increased at an annual average rate of 5.6 percent during the 2007-2012 period. Significant steps have been taken towards the liberalization of electricity and natural gas markets and share of private sector in these markets has increased. In order to maintain energy supply security, electricity generation from renewable resources was continued to be supported; domestic coal fields were opened to private sector for electricity generation; preparations have been initiated to construct a nuclear power plant; arrangements were made and several programs have been implemented to improve energy efficiency.

104. The known reserves of lignite, which is important for the mining sector, increased to 12.8 billion tons from 8.3 billion tons as a result of exploration activities. 38 new geothermal sites were discovered; substantial reserves of minerals such as gold, zinc, copper, zeolite, feldspar, quartz, and marble were identified. Moreover, with the efforts of the Turkish Petroleum Corporation (TPAO) directed towards increasing known reserves and production of crude oil and natural gas, the level of oil production has been kept steady, and work aiming at improving the country-wide data infrastructure regarding exploration, especially at the offshore areas, has continued.

105. During the Plan period, efforts to connect international and domestic production and consumption centers by improving the transportation infrastructure and to integrate transportation modes to each other have been continued. In this context, projects that strengthen the connections to the Trans-European Transport Networks (TEN-T), Caucasia and Middle East have been realized to a significant extent, construction of dual-carriage ways have been continued, high-speed railways have started operation, two main container ports have been given priority, and the number of domestic and international passengers and frequency of flights in the aviation sector have been increased. Public-private partnership (PPP) model has been used in financing the transportation infrastructure, i.e. motorways, tunnels and bridges, in addition to airports and terminals. In the forthcoming period, corridor approach, integration of transportation modes and improvement of transportation connections of less developed regions will remain as critical needs. A logistics infrastructure and freight transportation that will optimize the costs, shorten the production cycle and integrate transportation, storage, packaging and stock management are needed to convey Turkey's geographic advantages to economic development and trade. It is important that regions have more effective, fast and safe transportation and logistics infrastructure, especially for freight; and north-south corridors that will increase the interaction between important regional centers be strengthened.

106. During the Plan period, use of communications services, especially broadband access, has increased in the ICT sector, which has a critical role in the process of transformation into information society. Significant improvements serving widespread usage of ICT by businesses, citizens and government were achieved in order to enhance competitiveness and productivity level of the economy and to provide effective and efficient public services. However, information technologies market growth has not performed well in comparison to the electronic communications sector.

107. During the Ninth Development Plan, progress has been achieved in social development in addition to economic development. Significant progress has been recorded in enhancing quality, coverage and accessibility in provision of basic public services, particularly education and health. As the aim of social inclusion and combatting against poverty, a more comprehensive social security system and a more efficient and extensive social support system have been installed. As a result of major reforms to labor market, Turkey has been one of the countries, which has minimized the effects of the economic crisis on employment. Despite vital progress in these areas, need of improvement in the quality and efficiency of service provision and improvement in physical and human infrastructure still remain important.

108. The human resources and physical infrastructure in education have been improved, enrollment rate at all levels of education has been increased and number of students per classroom has been decreased significantly. Activities have been carried out to ensure the continuity of education for girls and poor students, and to facilitate the process of transportation of students. The secondary education system has been restructured by extending the duration of compulsory education, and in-service training activities of teachers have been increased. Despite these developments, Turkey has remained below the international averages in access to pre-school education and secondary education and scores of Program for International Student Assessment (PISA) survey, which evaluates the performance and success of education. In the Ninth Development Plan period 36 state universities and 41 foundation universities have been established and the number of universities has reached 170 as of May 2013. Although significant progress has been made in access to higher education, the need to improve the quality is still important. In order to achieve a long-run sustainable development, raising a high quality labor force is still a priority for Turkey.

109. To provide more efficient services to all citizens, regulations that contain extensive changes in pension and health care system have been made in the Plan period. Social insurance organizations were merged, remarkable steps were taken to provide the unity of norms and standards, parametric changes that would contribute to the financial sustainability of the social security system were performed and compulsory universal health insurance (UHI) system which would provide health care to all citizens at the same standards was constituted. Almost entire population was covered by health insurance, family medicine system was expanded, medical staff and the number of hospital and hospital bed capacity were increased. The health care system has been restructured so as to include the central and provincial organizations of Ministry of Health. Infant and maternal mortality rates have rapidly decreased; life expectancy at birth has increased.

110. During the economic crisis period, while social expenditures have fallen globally, rise in social expenditures and enhancement of social assistance implementations both in quantity and in scope in Turkey has mitigated the adverse effects of the crisis on poverty and income inequality. Due to these developments, improvements have been recorded on income distribution. Important steps on the integration to social and economic life of women, children, disadvantaged and elders and improvement of life quality of these groups have been taken, regional social development programs especially Social Support Program (SODES) have been implemented to provide social inclusion in underdeveloped regions. However, need for increasing the auditing of social expenditures and for enhancing the support practices so that the citizens participate more in the economic production process, still exists.

111. To ensure that public services operate in an efficient and economic manner, distribution of tasks and responsibilities has been re-determined and while some ministries have been established, some of them have been abolished. Additionally, the number of institutions and organizations attached and affiliated to the Prime Ministry was reduced and some institutions were transformed into main service units of ministries. Strategic management process, which is adopted as an essential tool to ensure accountability and fiscal transparency and to strengthen the capacity of policy making, programming and budgeting in public institutions, has been disseminated. Furthermore, the Ombudsman Institution has been established to strengthen accountability and Court of Accounts' audit area has been expanded to include all public resources.

112. In order to empower institutional capacity on local level, provide better coordination in delivery of local services and achieve economies of scale, the provinces with a population of 750,000 or higher were transformed into metropolitan municipalities based on provincial border. With this regulation, metropolitan municipalities are expected to reach 30 in number, 51 percent in surface area coverage and 77 percent in population.

113. In Turkey, policies that are sensitive to environmental problems, especially climate change, have been conducted in the framework of sustainable development principles; institutional structure, legislation and standards have been improved. In order to minimize disaster risks, raising public awareness is emphasized with institutional and legal regulations. Urban infrastructure investments have been prioritized in order to make residential areas cleaner and healthier, significant advancements have been achieved in public access to these services, especially drinking water, sanitation and solid waste services.

114. In the Ninth Development Plan period, parallel to rapid urbanization process, metropolises have continued to be the centers that migrations are intensely directed, the ratio of urban population to total population has increased to 72.3 percent from 67.5 percent. By 2012, number of cities with population of one million or higher reached 10. While unauthorized housing and squatting are losing their significance, renovating the present texture of the city, towards satisfying the economic and social needs and reducing the risks of natural disasters, is gaining importance. In this process, legal regulations related to spatial planning, disaster management and urban transformation have been put into practice. However, there is need for activating policies and implementations for cities to be more competitive and livable; create new and qualified work and life spaces; access to social and physical infrastructure and qualified and secure urban transportation systems.

115. In the Ninth Development Plan period, within the framework of National Rural Development Strategy (UKKS), policies on strengthening of rural economy, development of human resources and poverty alleviation, improvement of life quality, sustainability of natural resources and environment protection were focused. Though the rural out-migration dynamic have slowed down, the tendencies are still active. Basic motive behind them is the desire of rural community to access urban life standards and job opportunities. The adaptation problems of less skilled and migration driven rural community to urban social life and labor markets have resulted in unemployment, income gaps, informal economy problems in urban areas. Beside the development of agriculture sector, diversification of income sources and improvement of life quality are still important in rural areas.

116. In the area of regional development and regional competitiveness, institutional bodies have been established at the central and local level and various action-oriented programs have been implemented. In this context, at the central level Supreme Regional Development Council and Regional Development Committee have been formed, and at the local level Development Agencies in all 26 NUTS-II regions and investment support offices within the body of development agencies in 81 provinces have been put into operation and regional development plans have been prepared and started to be implemented countrywide. Development agencies have started financial and technical supports contributing to corresponding regions' competitiveness, and an action plan was set and implemented in order to perform GAP objectives in a shorter time. Besides GAP Regional Development Administration; Eastern Anatolia Project (DAP), Eastern Black Sea Development Project (DOKAP) and Konya Plain Project (KOP) regional development administrations were established. In addition, regional dimension of investment incentive system was strengthened; growth poles program, Village Infrastructure Support Project (KÖYDES), Municipal Infrastructure Support Project (BELDES), Water and Sewerage Infrastructure Program (SUKAP), SODES programs for priority provinces in terms of social development were implemented; and works on development of legal and institutional infrastructure of clustering supports were finalized.

117. During the Tenth Development Plan period, structural reform process should continue to sustain achievements obtained in recent years and to transform the economic potential into social benefits at the highest level.

118. Turkey should increase its potential growth rate, which is around 4.5 percent, to advance in the international value chain and division of labor hierarchy and to close the gap with developed countries in the post-crisis reshaping global economy.

119. Despite significant economic and social progress, growth trend, productivity rates, current account deficit, saving rates, energy supply security, production and technology composition of exports, domestic innovation capacity, quality of labor force, employment, physical and human resources infrastructure, regional development, urbanization, institutionalization are primary areas that Turkey should further progress. Turkey has significant growth potential among developing countries with its geopolitical advantages, young population, entrepreneurs with continuously increasing global integration, banking and financial structure, internal market opportunities, proximity to developed and developing markets and its economic structure.

1. MAIN GOALS AND PRINCIPLES OF THE PLAN

120. The long-term development goal is to improve global position of Turkey and enhance the welfare of citizens with structural transformations based on the principal social values and expectations of the nation in a reshaping world. By 2023, it is aimed to increase GDP to 2 trillion dollars and GDP per capita to 25,000 dollars; to raise exports to 500 billion dollars; to reduce unemployment rate to 5 percent and to pull down the inflation rate permanently to lower, single digit levels.

121. With the Tenth Development Plan, which covers the period of 2014-2018, it is aimed that Turkey become a country that will have higher positions in the value chain hierarchy, ranked among high income countries and solved the absolute poverty problem. In accordance with this purpose, by 2018, it is aimed to increase the GDP to 1.3 trillion dollars and per capita GDP to 16,000 dollars; to raise the exports to 277 billion dollars; to reduce the unemployment rate to 7.2 percent. In line with these targets, it is foreseen that the growth performance of the country will be rendered to reach a higher, stable and sustainable structure and competitiveness and welfare level of the nation will be increased.

122. In conjunction with this aim, capital accumulation and the industrialization process will be accelerated; domestic savings, productive investments and the productivity levels of production factors will be increased; the current account deficit will be pulled down to acceptable levels permanently; the economy will be transformed into an innovative and low import-dependent structure. In this process of transformation, it is targeted that the innovation production capacity be raised by closely pursuing the developments in the field of science and technology and that transformation in the production structure be reached by integrating these innovations into production structure.

123. Parallel with economic objectives, it is among the main goals to ensure that Turkish citizens live a happy, prosperous and honorable life; and to create a social environment in which individuals can self-improve and live a life that is independent, healthy, secure and at high living standards.

124. It is aimed to establish a social and administrative structure where human rights and individual freedom are guaranteed by a fair and fast legal system, equal opportunity is offered through effective, predictable and institutionalized public policies and, accessible and high quality public services exists. Within the framework of human-centered development, it is a core to make people realize themselves through increasing individual and social qualifications and competences, to ensure individuals to participate more actively in socio-economic life and to extend social welfare through reducing poverty.

125. Considering the demographic window of opportunity, social policies targeting future generations are also important for the society. In addition to the implementation of effective population, education and health policies towards ensuring well qualified population structure, it will be ensured that individuals develop the skills for adapting to change, they become not only the user of new knowledge and technologies but also researcher and producer of them, in the regulations on labor and social security issues and on the usage of natural resources the principles of justice and sustainability be relied on.

126. To fully reach the objectives, the development process should be sustainable, evenly distributed countrywide and should be carried out so as to raise quality of life and living standards of people in their life quarters in an environmentally sensitive manner. In this context, having better business opportunities and living environments according to specific conditions and qualities of cities and rural areas are among the main objectives of the Tenth Development Plan. To this end, to strengthen the socio-economic cohesion across the country and to achieve full-scale development, regional development disparities will be reduced, regions and cities' competitiveness will be improved through utilizing the potential of them and expanding their economic magnitudes. The basic quality of life standards will be established in the settlements, access to markets and public services will be facilitated by improving the transport, logistic and communications infrastructure, especially in low-income regions and cities. Integration of developed regions and cities with the global economy will be strengthened.

127. Pursuing the economic and social aims of the Development Plan, Turkey, a strong and respected member of the global community, will continue to produce more value and will be more effective in solving global and regional problems.

128. In the path to achieve these main aims, Turkey will rely on the principles of participation, inclusiveness, accountability, transparency and human orientation in pursuing the development process with a holistic approach and adopting this process at political and social level.

2. OBJECTIVES AND POLICIES OF THE PLAN

2.1. QUALIFIED PEOPLE, STRONG SOCIETY

129. The purpose of development is to increase the welfare and life standards of society, and to build a fair, safe and peaceful environment based on fundamental rights and freedoms. In this framework, actualizing human oriented development approach for humanity and distributing welfare to all segments of society are the basic priorities. An inclusive development concept is essential both at the action and finalization levels. This human oriented approach targets maximization of the participation of all individuals and all regions and fair distribution of the results of development.

130. In order to reach a more powerful and prosperous society and empower human capital, implementation of coherent and integrated policies in areas such as fundamental rights and freedoms, democratization, justice, education, health, employment, social security and public management will be continued.

131. For the improvement of human capital, raising knowledgeable, qualified, skillful in terms of profession and life, and healthy individuals is important. Family institution that makes the core of society and holds the society and individuals together, individuals that grow with tolerance, sympathy and mutual understanding are the fundamental essence of a strong society. For empowering the structure of society and solidarity, family institution is crucial.

132. There is a need for a more efficient public management and stronger justice system for qualified individuals and a strong society. In this context, constitution of a justice system that protects the rights of all citizens, reduces the uncertainties and increases the predictability in the economy; existence of a public management which maximizes utilization of ICT and which is flexible, participative and transparent in the processes of decision-making and implementation and has sufficient institutional capacity and existence of a strong civil society have priority.

133. It is important to empower the most fragile segments of society and enhance solidarity among different segments in the framework of fair distribution of the benefits of growth. While ensuring equality of opportunity through improving access to public services, increasing employability, decreasing poverty; Turkey will achieve sustainable development. In sustainable development process, Turkey has created equal opportunities for all segments of society, prioritized cultural diversity while protecting fundamental rights, realized policies and approaches that promote democratic, integrative, healthy, safe and fair society construction and, made important progress towards the target of sustaining social justice and inclusiveness.

134. During the global economic crisis, while social expenditures have fallen globally, they have risen in Turkey. Improvements in quality, prevalence and accessibility of public services, especially in education and health services, have been achieved. Important steps have been taken in poverty alleviation, improving income distribution, protecting the disadvantaged segments and disseminating social services and preventing transfer of opportunity inequalities to future generations. As a result of important labor market reforms, Turkey has been one of the least affected countries by the impacts of global crisis on employment.

135. Despite the advancements, the need for improvement of physical and social infrastructure and increase of quality and efficiency in public services continue in order to empower the fundamentals of development.

136. With human rights and freedoms, rule of law and benefit of society at the core, fair allocation of resources of the country to all citizens with the principles of sustainable development, maximum utilization of demographic window of opportunity, development of individuals that produces information and turns it into economic and social benefit and integrate this process with ICT are the main targets. Turkey, which will increase the social welfare with qualified people and strong society, will empower the social infrastructure of economic development and knowledge based growth with investments on human capital.

2.1.1. Education

a. Current Situation

137. Within the context of improving equality of opportunities in education and service provision; implementations including free textbook, conditional education supports, transportation of students have been realized. Increase in the recruitment and in-service training opportunities of teachers and also in public resources allocated to education have been realized. The FATİH Project has been initiated, 12 year gradual compulsory education system has been established and the curriculum has been revised accordingly. Human resources and physical infrastructure in education have been enhanced. Enrollment rates especially those of girls have been increased at all levels of education.

138. Gross enrollment rates, which were 24 percent for 4-5 year olds in pre-school education, 96.3 percent in primary education and 86.6 percent in secondary education in 2006-2007 academic year, has reached to 44 percent in pre-school education, 107.6 percent in primary education and 96.8 percent in secondary education in 2012-2013 academic year. Partial improvement has been achieved in the scores of international surveys, which evaluate the outcomes of education and thereby performance of the system.

139. In order to meet the intense demand for higher education, the number of universities increased from 93 in 2007 to 170 in May 2013 and the university education has been made available all around Turkey, and quotas have been increased significantly. As a result of these improvements, the formal and total gross enrollment rate in higher education has reached to 42.9 percent and 81.6 percent respectively, and the Ninth Development Plan targets have been surpassed. However, problems such as the centralist structure of the higher education system, lack of diversity in the provision of education services and low quality of education and research are still negatively affecting the competitiveness of higher education system, its capacity to respond to needs of society, and productivity.

140. Although education level of the society has increased, it is still below the OECD and EU averages. Further increase in the education level of the society is expected as a result of the extension in compulsory education and the improvements in accessibility of higher education. On the other hand, education system has been insufficient in satisfying the needs of the labor market, and decrease in unemployment rate of educated young individuals has been limited.

141. Despite all the improvements achieved especially in access to education; the need to increase the quality of education and to diminish the difference in success levels between school types and regions are still matters of great importance. Therefore, continuous efforts are needed to improve the quality of learning environments on the basis of equity and equality, to restructure the teacher training system on the basis of qualifications, to establish a career development and performance evaluation system, to increase the efficiency of monitoring and evaluation activities, to improve the quality and quantity of academic personnel, to integrate ICT into curriculum, to expand pre-school education, and to enhance mechanisms to efficiently harmonize education system and employment.

b. Objectives and Targets

142. The main goal of the education system is to raise up happy and productive individuals who have advanced thinking, perception and problem solving skills; have sense of self-confidence, responsibility, entrepreneurship and innovation; have internalized democratic and national values; have strong sense of arts and aesthetics; are open to communion and communication; are capable of using and developing technology and are equipped with the qualifications necessitated by the information society.

143. In higher education, the main goal is to transform the system to a globally competitive, academically, administratively and financially autonomous structure that is sensitive to the needs of the society and economy and is in interaction with its stakeholders and that can convert its potential to production, technology and services.

c. Policies

144. Quality-oriented transformation in the education system which develops individual's personality and skills, strengthens compliance with the labor market within the framework of lifelong learning and based on equality of opportunity will continue.

145. A transformation program, which reduces number of school types and provides flexible transition opportunities between programs, with increased sportive, artistic and cultural activities to support physical and psychological development, with a curriculum that is integrated with ICT and

Table 2: Developments and Targets in Education

	2006	2012	2013	2018
Number of provinces where students per classroom is 30 and less				
Primary Education	51	63	66	76
Secondary Education	57	55	57	66
Gross enrollment rate for pre schooling (4-5 year) (%)	24.0	44.0	47.0	70.0
Gross enrollment rate for higher education (%)[1]				
Formal	29.1	42.9	47.2	55.0
Total	46.0	81.6	87.0	94.0
Number of Students per academic teaching staff	41.6	43.1	43.0	36.0
Share of Turkey from the global international student pool (%)	0.54	0.64[2]	0.76	1.50

Source: 2006 and 2012 data are from the Ministry of National Education, Ministry of Development, Assessment Selection and Placement Center (ÖSYM), OECD and Eurostat. 2013 and 2018 data are estimates of the Tenth Development Plan.

(1) Excluding graduate students. 2012 figure shows 2011-2012 academic year.

(2) 2010 data

with a less exam oriented structure will be utilized.

146. Pre-school education which contributes to social, mental, emotional and physical development of students will be expanded in a way that supports the access of disadvantaged families and regions.

147. Full access to primary and secondary education, especially of disabled and female students, will be ensured. Grade repetition and drop outs will be decreased.

148. In accordance with inclusive special education, human capital and physical infrastructure will be strengthened in order to ensure appropriate learning environments for disabled and gifted individuals who require special education.

149. Foreign language education will begin at an earlier age; necessary measures will be taken to ensure that individuals learn at least one foreign language at a decent level.

150. Transition to secondary and higher education will be structured based on process-oriented evaluation with the support of effective counseling and guidance services which take interests and skills of students into account.

151. To monitor students' educational progress in a way that enables evaluation of the performance of education system; class based success levels, competences and standards will be identified. Multi-evaluation and inspection mechanisms will be developed at the national level.

152. The attractiveness of the teaching profession will be enhanced. The interaction between schools and faculties which educate teachers will be empowered. The system of teacher training and development will be organized in a way that is based on teachers' and students' competences, promoting continuous personal and career development and performance.

153. Experienced teachers will be encouraged to work for longer terms in disadvantaged regions and schools.

154. In budgeting processes authority and responsibility of school administrations will be increased.

155. Crowded and joint classrooms and dual education practices will be diminished; the number of dormitories will be increased.

156. Alternative financing models in education will be developed. Active involvement of private sector and occupational organizations in the administrative and financial process of vocational education, and private sectors efforts to open education institutions will be encouraged.

157. ICT infrastructure in institutions of formal and informal education will be improved. Students' and teachers' ability to use these technologies will be enhanced. FATİH Project will be completed and impact assessment will be made through developing qualitative and quantitative indicators about the integration of technology into education.

158. The harmony between the education system and the labor market will be enhanced by equipping people with skills and competences required for working life from the point of a lifelong learning perspective, by internalizing entrepreneurship culture, and by strengthening school-industry relations in vocational and technical education through medium and long term sectoral projections.

159. National Qualifications Framework will be created. Education and training programs will be updated according to national vocational standards. A certification and diploma system which contains recognition of prior education, supports student mobility and has national and international validity will be developed.

160. In secondary and higher level vocational and technical education, the integrity of the program will be pursued and the training of skilled labor will be focused on practical training.

161. Higher education system will be transformed into an autonomous, performance-oriented, quality-oriented and competitive structure on the basis of accountability and in accordance with the principles of specialization and diversity.

162. Council of Higher Education will be restructured so as to be responsible for setting standards, planning and coordination.

163. Quality assurance system will be established in higher education.

164. Higher education institutions will be encouraged to transform into an output-oriented structure which emphasizes the technology development in collaboration with industry. Income resources of higher education institutions will be diversified with entrepreneurial activities.

165. Higher education institutions will be diversified and the system will become the center of attraction for international students and academic staff.

2.1.2. Health

a. Current Situation

166. Within the framework of the Health Transformation Program, significant progress has been made in access and quality of health services. In this context, substantial improvements in many health sector indicators especially in family medicine, maternal and child health, number of hospital beds, number of health personnel, preventive health, institutional capacity building, patients' rights and the fight against infectious diseases have been achieved.

167. Significant improvements have been recorded in basic health indicators, infant and maternal mortality rates have been reduced rapidly and life expectancy at birth has increased. Per capita visits to a physician, total number of health personnel and immunization coverage, which were 3.2, 378,000 and 77 percent in 2002, reached 8.2, 670,000 and 97 percent in 2011 respectively. These improvements were reflected in the patient satisfaction, and satisfaction rate with health care services increased to 75 percent in 2012.

168. In order to perform health investments by means of public-private partnership method as well as public resources, legal arrangements were completed and as of May 2013 process of constructing hospitals with 30,000 beds especially in bigger cities has been initiated.

169. With the purpose of having better quality and cost efficient health service provision, need for improvement is continuing in protective and preventive health services, performance based additional payment system, referral chain and human resources in health sector.

170. Although the implementation of action plans for fighting against lack of physical activity; obesity and tobacco use have started, it is necessary to improve and increase efficiency of these programs in the implementation phase.

171. Public health expenditures, which accounted for 3.8 percent of GDP in 2002, reached 4.2 percent in 2012. Due to aging population, improvements in health technology and demand for better health services, it is foreseen that public health expenditures may increase further.

b. Objectives and Targets

172. Increasing the quality of life and life span of the citizens and ensuring their participation to the economic, social and cultural life in a conscious, active and healthy manner is the main objective. For this purpose, accessible, qualified, cost-effective and sustainable health service delivery supported by data and evidence-based policies is essential.

c. Policies

173. To ensure individuals to be in a state of complete physical, mental and social well-being, preventive health services will be improved with a multi-sectoral approach which considers human and social, biological and physical environments.

174. Healthy life-style will be encouraged and more accessible, convenient, effective and efficient health care services will be provided.

Table 3: Developments and Targets in the Health Sector

	2006	2012	2013	2018
Number of Hospital Beds, per 10,000 Population	25.1	26.5	26.7	28.4
Number of Physicians per 100,000 Population	151	172	176	193
Number of Nurses per 100,000 Population	119	180	191	295
Balanced Distribution Rate of Physical Infrastructure[1]	---	2.55	2.42	2.00
Balanced Distribution Rate of Health Personnel[2]	3.40	2.24[3]	2.20	2.00
Number of Nurses per Physician	0.79	1.04	1.09	1.53
Infant Mortality Rate (per 1000 live births)	16.5	7.7[3]	7.1	6.0
Maternal mortality rate (per 100,000 live births)	28.5	15.5[3]	14.5	9.5

Source: 2006 and 2012 data are calculated from Ministry of Health and TURKSTAT data, 2013 and 2018 data are estimates of the Tenth Development Plan.

(1) The ratio of the number of hospital beds per 10,000 population in the region with the highest rate to the number of hospital beds per 10,000 population in the region with the lowest rate among the 29 Health Areas defined by The Ministry of Health.

(2) According to the NUTS Level 1, the ratio of the number of physicians per 100,000 population in the region with the highest rate to the number of physicians per 100,000 population in the region with the lowest rate.

(3) 2011 figure

175. In healthcare provision, approaches which take into account the effectiveness of clinical interventions, safety and satisfaction of patients and health professionals, will be developed.

176. Implementation of a referral system that promotes sustainability of health care enhances the efficiency of secondary and tertiary level health services will be developed.

177. In order to provide effective and rational use of drugs, awareness of health service providers and citizens will be increased, quality and use of pharmaceuticals and medical devices, and effectiveness of related expenditures will be controlled.

178. The quality and quantity of human resources for health sector will be improved taking into account demographic developments and prospective professions needed in long term.

179. By clearly defining educational and research activities and roles of the university hospitals in health care provision, structural reforms that both provide financial sustainability of hospitals and ensure quality of medical education and innovative research will be implemented.

180. Within the scope of complementary medicine in order to ensure quality and safety about treatment, herbal product and service providers, standards will be determined and this area will be regulated. Integration of complementary medicine with medical education and health practices will be provided and scientific researches in this area will be supported.

181. Awareness of consumers will be raised about adequate and balanced nutrition; consumption of animal products and fisheries will be extended.

182. In order to improve data and evidence-based health policy, production of qualitative and standard data, which would allow international comparisons, will be provided.

2.1.3. Justice

a. Current Situation

183. In the Ninth Development Plan period, basic laws such as the Turkish Code of Obligations, the Code of Civil Procedure, the Turkish Commercial Code and the Law on Mediation in Civil Disputes have been promulgated. The aim of those codes is to meet the requirements of the current economic and social conditions. With these codes, most obligations required by EU acquis have been met and important steps to harmonize Turkish law with EU law have been taken.

184. Through the constitutional amendments adopted as a result of the referendum held on 12 September 2010, all disciplinary decisions regarding public servants have been taken under judiciary supervision and public ombudsman's office have been established in order to ensure well-functioning of the administration and to decrease caseload of administrative courts. To improve the quality of justice and judiciary, to make them effective and efficient and to enhance fundamental rights and freedoms, four judicial reform packages have been enacted.

185. To provide justice services in a modern, effective and efficient manner, the number and capacity of prisons and detention houses have been increased. Small and inefficient prisons and detention houses have been closed and the total capacity of prisons and detention houses has been increased by constructing modern and high capacity units. In addition, construction of new courthouses has been continued. Within the 2007-2012 period a total of 112 courthouses, including İstanbul European Side and İstanbul Asian Side courthouses, were completed.

186. In order to develop the e-justice system which will carry judicial processes and services to electronic medium and establish information network among judicial institutions, hardware and software infrastructures of the National Judicial Network Project (UYAP) have been completed and the system is being developed further. Voice and Interface Information System (SEGBİS) project that aims to take statements and defenses, to make video recordings at trials and to use video conference methods has been continued.

187. Despite these developments, there is need to increase the number of judges and auxiliary judicial personnel, to determine ethical rules for judicial staff according to universal principles, to accelerate judicial processes, to increase the accessibility of justice services, to enhance the debt collection offices and the expert mechanism and to increase the quality of law education.

b. Objectives and Targets

188. Within the context of the universal principles of law, rule of law and supremacy of law; ensuring fast, fair, efficient, reliable and proper functioning of the trial process is the main goal of the justice system. Economic efficiency in both structure and functioning of the judiciary will be taken into account. A well-functioning and effective justice system is also very important in increasing the predictability in the economy and in developing a more appropriate investment climate.

c. Policies

189. To improve the accessibility of justice, right of defense and judicial assistance will be enhanced.

190. Protective and preventive law approach will be extended. A simplified trial procedure will be applied for law conflicts. The group action system aiming at preventing collective rights arising from similar subjects will be introduced.

191. Equality of arms principle which ensures a fair balance between parties at the judgments will be realized.

192. Expert mechanism will be reviewed and a new and efficient system will be introduced.

193. The dependency of debt collection system to the court will be decreased.

194. On every branch of law, alternative dispute resolution mechanisms will be given priority.

195. The rule of ethics and the code of conducts for judicial staff will be determined according to international criteria and put into practice.

196. To achieve efficient operation of justice services and to increase the accessibility of justice, utilization of information technologies in justice and judiciary services will be extended.

197. Considering the priorities, the physical and technical infrastructure needs of courthouses, prisons and detention houses will be met. The intermediate court of appeals will be put into operation.

2.1.4. Security

a. Current Situation

198. To ensure coordination on policies and strategies in the fight against terrorism, the Undersecretariat of Public Order and Security was established in 2010. To deal with terrorism and financing of terrorism, the Law on Prevention of Financing of Terrorism was put into practice in 2013.

199. Important steps have been taken in expanding the City Security Administration System (KGYS), which contributes to the prevention of crimes and apprehension of perpetrators, across the country. As of May 2013, KGYS infrastructure has been installed in 81 cities and 104 districts.

200. Emergency Call System Project which aims to bring emergency calls under a single number (112) has been commenced.

201. To deal with -the crimes against public peace that cause horror and disturbance, special law enforcement teams have been formed.

202. Significant success has been achieved in fight against terrorism, narcotic drugs, smuggling and organized crimes.

203. To deal effectively with the cybercrimes that have increased due to developments in information technologies, a special department was established within the Turkish National Police in 2011.

204. Technical and administrative capacity for criminal investigation has been developed and modern criminal laboratories have been established. Currently, there are 11 criminal laboratories belonging to the Turkish National Police and 4 criminal laboratories belonging to the Gendarmerie General Command.

205. According to TURKSTAT data, satisfaction of individuals from public security services is realized as 79.4 percent. Increasing both organizational and functional quality of security services, preventing conflict of authority among security forces, increasing effectiveness of preventive and protective security services, improving efficiency of coordination among security institutions and enhancing civilian oversight on security forces and operations are deemed important.

b. Objectives and Targets

206. The main goal is to enhance the security services in order to protect social order and to enable better use of citizens' rights and freedoms which are guaranteed by law; and to form a more secure business and living environment for all segments of the society.

c. Policies

207. The cooperation mechanisms for joint use of infrastructure and organizational capacities of security agencies will be enhanced.

208. The legislation related to security forces will be improved and their organizational problems will be resolved, and a more effective coordination among security institutions will be provided.

209. The quality and quantity of personnel that work in security services will be improved, professionalism will be increased and physical and technological equipment of the personnel will be enhanced.

210. The community based security forces approach will be empowered by practices aiming at increasing sensitivity of citizens on public order and security.

211. In line with national and international security strategies, cybercrimes that threat individuals, institutions and the state will be dealt with effectively.

212. Importance will be given to preventive and protective security services; within this context, risk management tools will be applied in the provision of services.

2.1.5. Fundamental Rights and Freedoms

a. Current Situation

213. Efficient use of freedom of thought, faith and enterprise by individuals is seen as the basic element of social integration and economic, social and cultural development. In this respect, in the period of Ninth Development Plan, significant steps have been taken in the institutionalization of fundamental rights and freedoms and in their coherence to the standards of international human rights.

214. With the regulation that was put into practice in 2012, individual application to the Constitutional Court for the citizens whose fundamental rights and freedoms have been violated became possible.

215. With the Law No. 6384 promulgated in 2013, a domestic resort for the applications to the European Court of Human Rights (ECHR) for lengthy trials and non-observance of court decrees was established.

216. To pursue ECHR decisions and to work on elimination of related infractions, Human Rights Department within the Ministry of Justice was established.

217. Amendments in the procedural codes to retrial in the case of ECHR decisions for the individual applicants were made and the revised European Social Charter was approved.

218. In 2012, the Law on Human Rights Institution of Turkey was promulgated and the institution started to work on protection and development of human rights.

219. Amendments were completed in the Law on Meetings and Demonstrations in order to ensure that use of the right to meet and demonstrate is based on more democratic foundations. Torture and maltreatment have been effectively fought against; legal regulations to compensate the violation of rights have been completed.

220. With the amendments made in the Constitution, international agreements on fundamental rights and freedoms have become superior to the domestic laws. With the fourth judiciary reform package adopted in 2013, human rights standards including speech and press freedom have been enhanced.

221. Broadcasting and opening of private training courses in the languages and dialects other than Turkish as well as political parties' propagandas in a language other than Turkish have become legal. Besides, by the Law Number 6411 enacted in 2013, it became possible that the defendant could plead in a language he/she would declare after the indictment was read and opinion as to the accusations was given.

222. Law of Foundations was amended to enhance civil society and broaden the scope of fundamental rights and freedoms.

223. The right to take legal action against all types of discharge decisions given by High Military Council has been granted; and it is guaranteed by the Constitution that non-military individuals cannot be judged in military courts.

224. The individual data protection right is assured with constitutional guarantee.

225. Restrictions towards citizens' traveling abroad are reduced and. subjected to a court order.

226. By the amendments made in the constitution it is enacted that measures to provide gender equality and positive discrimination in favor of disadvantaged groups cannot be regarded against the rule of equality. Child rights gained a constitutional foundation.

227. By making arrangements on the Law on Political Parties, more freedom has been granted for political parties' organizations and activities.

228. Limitations on trade union rights and right to strike were removed; right of collective bargaining was granted to civil servants and other public officials.

229. Despite these important developments, there is still need to further enhance the liberal and pluralist democracy in integration with principles and values of fundamental rights and freedoms, the rule of law, and the freedom of thought, faith and enterprise.

b. Objectives and Targets

230. Constituting a social structure that respects all religious beliefs and life styles as a fundamental principle and that is convenient for individuals and different segments of society to express themselves freely through a pluralist and liberal democracy perspective, is the main objective. As stated in the constitution, guaranteeing fundamental rights and freedoms of all citizens and non-discrimination on the basis of gender, age, race, language, color, philosophical view, religion, sect, health condition, income, nationality, ethnic origin, immigration status and political view is essential.

c. Policies

231. Fundamental rights and freedoms will be continuously enhanced in the light of universal criteria and practices.

232. A new comprehensive, integrative, pluralist constitution, which will expand the freedom and provide more welfare and happiness for the individuals and society, will be prepared with maximum possible consensus.

233. Within the framework of pluralist and participatory democratic political process, mechanisms to get opinions and proposals of different social groups and NGOs will be strengthened; Economic and Social Council will be made effective following the necessary legislative amendments.

2.1.6. Non-Governmental Organizations

a. Current Situation

234. Through important legal and administrative regulations about non-governmental organizations (NGO) which enhance the participatory and democratic process by incorporating all segments of society into development process and which have significant role in social integration and solidarity, a more convenient environment for the right and freedom of association was provided and problems due to implementation were resolved by the improvement of the legislation.

235. As a result of the regulations, NGOs have become more active in economic and social life, through their potential to provide service and solution to the needs and problems at national and local level.

236. Legal and institutional regulations are required in order to formulate more holistic policies for NGOs.

237. NGOs are given some tax privileges owing to public benefit and tax exemption procedures, also public funds are allocated for them and government-NGO partnerships are organized within the context of corresponding legislation. Within this scope, NGOs can benefit from public funds through the Growth Poles Support Program, SODES, Development Agencies and several funding programs implemented by ministries and are partners of joint projects. However, need for regulations about the framework and methods of government-NGO partnership, as well as the need for increase in the quantity and diversity of the financial resources, continue.

238. Transparency and accountability of activities and programs of NGOs are still important, as well as their sustainability and sufficiency at financial, human and technical infrastructural resources.

b. Objectives and Targets

239. By creating a convenient atmosphere for a strong, diverse, pluralist, sustainable civil society, further participation of all segments of the society into social and economic development processes is the main objective.

c. Policies

240. Comprehensive legal and institutional regulations will be made in order to enhance the institutional capacities of NGOs and ensure their sustainability and accountability.

241. NGOs operating for national priorities and public benefit will be supported primarily.

242. In order to assure that NGOs contribute more to development process, tax incentives for financial supports of the natural and legal persons will be revised and improved.

243. Definition and criteria of public benefit and tax exemption statuses will be re-regulated in accordance with international standards and practices.

244. Internal and external audit standards of NGOs will be established; effective and objective auditing will be emphasized.

2.1.7. Family and Woman

a. Current Situation

245. During the Ninth Development Plan period, family training programs were initiated, consultancy services for families were extended, social assistance to poor families were increased, a shift to family-based approach was adopted in terms of social assistance and services, and researches aiming to determine family related problems were increased.

246. In the context of empowerment of women, the labor force participation of women and their effectiveness in decision making processes were increased, a new item on positive discrimination of women was incorporated in the Constitution, regulations were made regarding the elimination of violence against women and The Committee on Equal Opportunity For Women and Men was established under the Turkish Grand National Assembly.

247. In the context of equality of opportunities for women and men, need for efficiency improvements and sustainment of progress particularly in active participation of women to the labor force, decision making processes as well as in prevention of violence, education and health, continue.

248. The family structure in Turkey has been transforming from extended family to nuclear family and the relationships among the family members have also been changing. There is a need for monitoring and mentoring the problems of single-parent families which form after divorce.

b. Objectives and Targets

249. In the context of gender equality, the main objectives are to empower women in all aspects of social, economic and cultural life, to improve the status of family while preserving the institution and to strengthen social integration.

c. Policies

250. Enhancing family assistance, making the family consultancy and training services comprehensive, standard, efficient and widespread, generalizing pre-marriage education, providing social assistance and services on family basis will be attained.

251. Further involvement of women in the decision making processes, increasing their employment, education and skills level will be ensured.

252. The social and economic policies will be designed with a comprehensive and supporting perspective so as to protect and strengthen the family.

253. Precautions will be taken to minimize the negative effects of visual, audial and social media on families; training programs about intra-family communication and interaction will be extended.

254. Family consultancy and reconciliation mechanisms will be developed in order to reduce the number of divorces. Monitoring and guidance services will be extended for solving the problems that single-parent families encounter.

255. For reconciliation of family and working life, alternative models such as flexicurity, parental leave, extending and increasing the accessibility of nurseries and child care services will be implemented.

256. In order to eliminate discrimination and violence against women, the level of social consciousness will be increased with formal and informal education particularly starting from the early childhood.

257. Awareness will be generated about gender budgeting and pilot implementations will be run.

2.1.8. Child and Youth

a. Current Situation

258. According to 2012 data, in Turkey rate of child population (under 18) is 30 percent and youth population (15-24) is 16.6 percent. Furthermore, of the 15-29 age group 31.4 percent is in education and 47.1 percent participates to labor force, while 28.1 percent is neither in education nor in labor force.

259. In order to broaden the services for children and youth, and provide them holistically, new ministries were established and strategy papers were prepared. Aiming to raise the equality of opportunities for children, the scope of the health insurance was extended; implementations such as conditional health and educational transfers, free textbooks, school milk were launched; early childhood education were extended and enrollment rates were increased. In addition, scholarship, loan and accommodation opportunities were improved; youth centers, camps and mobility programs were broadened. Social support programs targeting children and youth, SODES in particular, are being implemented.

260. Insufficiency of high quality, developmental and preventive early childhood development programs and the fact that they are limited to schools are restrictive factors for the children in fulfilling their potential.

261. Low youth labor force participation rates, high youth unemployment rates and poor skills of young people maintain its importance.

262. Socio-economic and regional inequalities, poverty, gender inequality, child marriages, child labor, violence and sexual exploitation towards children, deterioration in family structure, weakening in the sense of belonging and solidarity, harmful habits such as smoking, alcohol and drugs and internet addiction are still risk factors for children and young people.

b. Objectives and Targets

263. Considering the best interest of the children and supporting their wellbeing; increasing the opportunities and the conditions for improving and fulfilling their potential; increasing their access to basic services, particularly education health, justice and social services; along with providing that youth are equipped with the requirements of the information society, are active in the development process of the country, are empowered with life skills, are self-confident entrepreneur and participatory, possessing humanitarian and national values, as well as increasing the quality of services for youth are main goals.

264. Eliminating children's deprivation stemming from poverty, increasing the enrollment and attendance rates of girls, increasing the participation of youth, who are not in education or employment to economic and social life are targeted.

c. Policies

265. It will be ensured that children access to education and health services in better quality through comprehensive models that support child wellbeing and welfare, their life skills will be improved, life quality of children especially for the ones under severe conditions and risk will be increased, and their integration to society will be enhanced.

266. Child protection and justice systems will be reorganized in coordination with each other, in a way to include preventive mechanisms and implementations as well as early warning and risk monitoring system, needs in this field regarding infrastructure and human resources will be met, quality of services will be raised, and the services for children in need of protection will be provided in a way to support their social and personal development.

267. Worst forms of child labor such as works in the street, heavy and hazardous works, paid employment in mobile and seasonal agriculture works apart from family work will be eliminated.

268. It will be provided that youth are more active in social life and decision making mechanisms; mobility programs will be diversified and scaled up so as to increase the participation of disadvantaged young people.

269. In order to prevent young people from harmful habits, supportive programs in the field of sports, culture and art will be maintained.

2.1.9. Social Protection

a. Current Situation

270. Significant improvement has been recorded in promoting fairness of income distribution and combating poverty. In this context, headcount ratio at 4.3 dollars a day or below has fallen to 2.8 percent in 2011 from 13.3 percent in 2006, and Gini Coefficient has decreased to 0.38 percent in 2011 from 0.40 percent in 2006. While in 2006 the share of income that the richest 20 percent quintile of the population gets from the total disposable income was 8.1

Table 4: Share of the Income Groups in Total Income

(Percent)

	2006	2007	2008	2009	2010	2011
First 20 Percent (Poorest)	5.8	6.4	6.4	6.2	6.5	6.5
Second 20 Percent	10.5	10.9	10.9	10.7	11.1	11.0
Third 20 Percent	15.2	15.4	15.4	15.3	15.6	15.5
Fourth 20 Percent	22.1	21.8	22.0	21.9	21.9	21.9
Fifth 20 Percent (Richest)	46.5	45.5	45.3	46.0	44.9	45.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Gini Coefficient	0.40	0.39	0.39	0.39	0.38	0.38

Source: Survey of Income and Living Conditions, TURKSTAT times that of the poorest 20 percent quintile, in 2011 this ratio has fallen to 7.

271. Within the scope of social protection benefits towards low level income groups, important improvements have been made on wages, salaries and pensions. In order to prevent intergenerational transmission of poverty, priority has given to the low income groups for the education related social assistance programs, and the amount of social assistance in this content has been doubled during the Ninth Development Plan period.

272. While in 2006 the ratio of social assistance expenditures to GDP was 0.86 percent, in 2011 this ratio has increased to 1.18. To overcome disorganization and to provide service coherence in the field of social services and assistance, the institutions in this area have been restructured under Ministry of Family and Social Policies.

273. Objective criteria has been set to identify individuals and groups who would benefit from social services and assistances, coordination and cooperation has been enhanced between the institutions and organizations that function in the area of social assistance and works toward strengthening the link between social assistance and employment have been carried on. For the vulnerable children, the service model has been shifted to care house (*sevgi evi*) and child house models; for the disabled, the scope of house care and education supports has been extended, and employment incentives have been introduced.

274. Needs of benefiting the poor from social transfers more efficiently and focusing on the rural population that has higher risk of poverty, still continue.

275. Needs for establishment of service standards in the area of social services and assistances, employment of qualified personnel and improvement of supervision, making the environmental circumstances available for the disabled alongside establishing alternative models for the children in need of protection besides institutional care, increasing the participation of the disabled people to education and labor market, and raising the quality of care services, diversification and extension of the services towards the mounting older population have still maintained their importance.

b. Objectives and Targets

276. By ensuring easier access of the population segments that are under risk of poverty and social exclusion to the opportunities, enhancing their participation to economic and social life, increasing their quality of life and improving income distribution and alleviating poverty are the main objectives. In this respect, in the field of social services and assistance, establishment of a supply-oriented and employment linked system that approaches family needs in an integrated way is essential.

Table 5: Developments and Targets in Social Protection

	2006	2011	2013	2018
Gini Coefficient[1]	0.40	0.38	0.37	0.36
Headcount Ratio at 4.30 Dollars a Day (%)[2]	13.3	2.8	2.3	<1.0
Relative Poverty (%)[3]	25.0	22.6	22.0	19.0

Source: 2006 and 2011 data are from TURKSTAT and the Ministry of Family and Social Policies. 2013 and 2018 data are estimations of the Tenth Development Plan.

(1) 2006 and 2011 data are from Survey of Income and Living Conditions, TURKSTAT.

(2) 2006 and 2011 data are from 2011 Poverty Study, TURKSTAT.

(3) 2006 and 2011 data are from 2006 and 2011 Surveys of Income and Living Conditions, TURKSTAT (In calculation of Relative Poverty rates, 60 percent of the median value of the equivalent household disposable income has been accepted as the poverty line).

277. During the Plan period, decreasing the absolute poverty to negligible levels and focusing on relative poverty as is the case in the developed countries are aimed.

c. Policies

278. The poverty and income distribution inequality reducing effect of taxes and social transfers will be increased.

279. Access to basic public services, particularly education will be strengthened to prevent intergenerational transmission of poverty. In combating poverty, participation of civil society will be increased and role of local authorities will be enhanced.

280. Family Social Support Program (ASDEP) Model will be implemented in order to provide coherent services in the field of social services and assistances.

281. Programs targeting to increase the employability and productive capacity of the poor will be continued by strengthening the link between social assistance and employment.

282. The need for qualified staff in the field of social service and assistance will be satisfied, family-based care models will be improved and standards and quality of institutional care services will be enhanced.

283. For children in need of protection, alternative models such as primarily family-based care, foster family and child adoption will be extended.

284. Efficiency and auditing of education, employment and care services for the disabled will be increased. In this context, resources will be used more efficiently and physical environmental conditions will be made suitable for the disabled.

285. Services that provide home care for old-aged people without leaving their own social environment will be diversified and extended. Quantity and quality of institutional care services for old-aged people will be increased.

2.1.10. Culture and Arts

a. Current Situation

286. Within the scope of protection of cultural heritage, domestic and foreign inventory studies were maintained, an important number of historical artifacts, especially the foundation-based ones, were restored and the digitalization process was carried out for manuscripts and rare books.

287. As a result of the efforts carried out with the purpose of the promotion of Turkish culture at international level, the number of assets which belong to Turkey has increased in the cultural heritage lists and exhibitions, fairs, festivals, art activities organized abroad.

288. To extend cultural and artistic activities, cultural centers were built, new theaters and museums were opened and the attraction of museums and archaeological sites were increased by developing new techniques of design and exhibition.

289. With the contribution of support provided to the film industry, the number of Turkish films, the number of audience and the amount of incomes have recorded significant increases.

290. With the regulations, it is ensured that culture and art professionals have been covered under social security system. The need for a more active involvement of non-governmental initiatives, local authorities and the private sector in the presentation of cultural services continues.

291. Both usage of original project and materials at the conservation works of historic heritage and the need to develop a holistic and planned approach keep their importance.

292. In order for the Turkish movie sector to become a brand and turn into a major cultural export product, the improvement and diversification of reward, support, promotion and marketing mechanisms bears significant importance.

293. Establishment of cultural policies in a way that reinforces the integrity and solidarity of society and strengthens the perception of collective identity is an important element for becoming a strong society.

b. Objectives and Targets

294. Transfer of cultural richness and diversity to future generations by preserving and developing them, strengthening of solidarity and social integrity around national culture and common values through dissemination of cultural and artistic activities are the main objectives.

c. Policies

295. Turkish culture will be made open to improvement and it will contribute to the accumulation of universal culture, without losing its richness and original structure, and the progress of participation in cultural and artistic activities as a lifetime habit will be supported.

296. Cultural relations with other countries will be improved, primarily with the ones that Turkey has common history with, and the contribution of culture industry to national income, to exports and to promotion of the country will be increased.

297. In order to increase social integration and solidarity, priority will be given to the policies which strengthen the atmosphere of tolerance, social dialogue and common culture.

298. Support for the preservation of Turkish cultural values and traditional arts will continue in a more efficient way.

299. The role of local governments, private and civil initiatives will be increased in the improvement and the presentation of cultural and artistic activities, primarily the audio-visual and performing arts.

300. The important figures and events of Turkish history, the tale characters and the elements of Turkish cultural wealth will be adapted into documentaries, series and cartoons.

301. An incentive mechanism will be established to motivate the Turkish film industry to use the fundamental elements and values of the Turkish culture in movies.

302. The number of productions that will make Turkish movies a recognized brand in the world and the sector's contribution to exports will be increased.

303. Considering the impact of urban architecture and landscape on people, the contribution of urban designs, construction plans and housing projects and public buildings to the aesthetics and the identities of cities will be taken into account. The compliance of urban renewal applications with cultural identity and structure will be stipulated.

304. Turkish cultural heritage at home and abroad will be protected in a way which will improve the society's sense of history, culture and aesthetics and contribute to cultural tourism and take into account disaster risk.

305. Protection of historic sites as a whole and their transformation into culture and art centers will be assured.

306. In order to prevent degradation and alienation in Turkish language, its correct and efficient use will be ensured in all areas of life, particularly in educational and scientific institutions and broadcasting organizations.

307. Efforts towards increasing the worldwide reputation of the Turkish language will be supported.

308. Reading habit will be promoted and culture and the arts education of children will start at an early age.

2.1.11. Employment and Working Life

a. Current Situation

309. As a result of the measures taken and strong recovery in the economy after the crisis, substantial improvements have been recorded in the labor market, particularly in the areas of unemployment and employment. Among OECD countries, Turkey is the most successful one in reducing the unemployment rate after the crisis. In the Ninth Development Plan period, labor force participation and employment rates increased especially for women, and the unemployment rate dropped to single digits. In the period of 2007-2012 about 4.4 million additional jobs were created, informal employment rate declined significantly particularly in non-agricultural sectors.

310. Part-time worker ratio increased from 7.6 percent in 2006 to 11.7 percent in 2011. Education level of the labor force raised, labor productivity increased, resources allocated to active labor programs and the number of beneficiaries of these programs increased significantly in the period of 2007-2012.

311. In the period of 2007-2012, net average wages in public sector and the minimum wage increased in real terms and unionization rate among public officials rose. Legal arrangements comprising improvement of occupational health and safety conditions and freedoms of trade unions and collective bargaining agreements were made.

312. In spite of these improvements, increasing labor force participation and employment especially for the young and women, reducing unemployment, prevention of work accidents and informal employment, upgrading skills of the labor force and decreasing vulnerable employment still remain as important concerns. In order to increase the labor market effectiveness, progress should be realized in collaboration with social stakeholders in the areas such as flexicurity in the labor market, severance payment,

Table 6: Developments and Targets in Employment and Working Life

(Percent)

	2006	2012	2013	2018
Unemployment Rate	10.2	9.2	9.2	7.2
Labor Force Participation Rate	46.3	50.0	51.1	53.8
Employment Rate	41.5	45.4	46.4	49.9
Female Labor Force Participation Rate	23.6	29.5	30.9	34.9
Youth Unemployment Rate	19.1	17.5	16.5	13.0
Paid Employment Rate	58.9	63.0	64.0	70.0
Informal Employment Rate	47.0	39.0	37.5	30.0
Share of high school and higher education graduates in the labor force	35.2	38.5	39.2	42.0
Share of long-term unemployed in total unemployed	35.8	24.8	24.0	18.0
Job placement rate of unemployed who are Registered to İŞKUR	12.3	23.5	35.0	50.0

Source: 2006 and 2012 data are from TURKSTAT and İŞKUR. 2013 and 2018 data are estimates of the Tenth Development Plan.

sub-contracting, social dialog, active and passive labor market programs.

b. Objectives and Targets

313. Main objective is to form a labor market in which decent job opportunities are provided to all segments of the society, skills of the labor force are upgraded and utilized effectively, gender equality and occupational health and safety conditions are ameliorated and flexicurity is embraced.

c. Policies

314. Opportunities for being qualified employees will continue to be developed for the whole society, particularly for the young and women, by taking into account regional, local and sectoral labor force dynamics.

315. In order to increase labor force participation and employment, policies for reconciling work and family life will be implemented and employment incentives will be made more effective.

316. Efforts to combat informal employment will be carried out and gains in this context will be used to reduce labor costs.

317. Active labor market policies, in particular vocational guidance and counseling services, will be extended effectively on the basis of impact analyses.

318. Employability will be increased by raising the education level of the labor force and more attention will be given to life-long learning activities to provide skills needed by the labor market.

319. Taking into account requirements of decent work, working conditions will be improved and wage-productivity relationship will be strengthened.

320. A severance payment system, based on individual accounts and available for all workers, will be established in cooperation with all stakeholders.

321. Issues related to sub-contracting will be reviewed by taking into account the vested rights of workers.

322. Temporary working contracts will be implemented through private employment agencies within the framework of the EU norms.

323. Occupational health and safety culture in work life will be improved; compliance to the occupational health and safety standards with the inspection and incentive instruments will be increased; and sufficient number of qualified experts will be trained in this field.

2.1.12. Social Security

a. Current Situation

324. Within the framework of reform activities in social security; progresses have been realized in the expansion of the coverage of the system and in ensuring the quality and sustainability of service provision. Universal health insurance system was established and almost all of the population has been covered. Within the scope of the fight against informal employment that leads to deprivation of social insurance, social awareness was increased and the actual audit activities have been expanded. Incentives for the private pension system were reorganized; instead of tax incentives, government funding was implemented.

325. With the effect of performed regulations, rate of population covered by social insurance programs has reached from 77.9 percent in 2006 to 82.8 percent as of the end of 2012 and the rate of informal employment has decreased from 47 percent in 2006 to 39 percent in 2012.

326. The low levels of active-passive ratio in social insurance system, aging of the population and the prevalence of informal employment adversely affect the financial

Table 7: Developments and Targets in Social Security

	2006	2012	2013	2018
Active-Passive Ratio[1]	1.75	1.74	1.77	2.00
Social Insurance Coverage (%)	77.9	82.8	84.0	90.0
Rate of Population Under Complementary Pension System (%)[2]	2.3	6.0	7.5	18.0

Source: 2006 and 2012 data were calculated from Social Security Institution, TURKSTAT and Pension Monitoring Center data. 2013 and 2018 data are estimates of the Tenth Development Plan.
(1) Calculations are based on number of persons.
(2) Ratio to 18+ population

sustainability of the system. Also due to the informality, workers are deprived of pension assurance.

b. Objectives and Targets

327. Equipping the social security system with a structure that covers the entire population and that is fair, of high quality and financially sustainable is the main objective.

c. Policies

328. As a part of effective fight against informality that leads to loss of right and premium income in social security system; supervision, coordination, information technology infrastructure and awareness-raising activities will be attached priority.

329. Social security legislation will be restructured to a simple and understandable form; bureaucratic formalities that restrain people from the system will be reduced.

330. Awareness of people about their rights and obligations related to social security and their knowledge about the access channels for social security transactions will be raised. Besides, accessibility of these channels will be increased.

331. In order to improve the active-passive ratio and actuarial balance, the parameters used in the calculation of pension accounts will be regulated in a way that encourages people to stay longer in working life.

332. Reimbursement system that takes into account medical and economic assessment will be formed; complementary health insurance will be encouraged for the provision of health services which are not under the coverage of reimbursement package.

2.1.13. Sports

a. Current Situation

333. Significant progress has been recorded in figures of sports facilities, and licensed sportsmen, trainers and sports clubs. Status of sports federations has been strengthened, and in order to increase the effectiveness of service provision, central and subordinate organizations has been restructured.

334. During the period 2006-2012, total number of trainers in amateur sports branches increased by 3.2 fold and reached to 156,000, total number of licensed amateur sportsmen increased by 98 percent and rose to 3.5 million, and total number of sports clubs increased by 55 percent and became 11,695.

335. Dissemination of various sports facilities throughout the country was continued, especially with large scale olympic sports facilities that were established in Erzurum, Trabzon and Mersin, and Turkey hosted several prestigious international competitions. In order to maximize the benefit from these sports facilities, it is important to effectively use these facilities for training sportsmen and for hosting different events.

336. It still remains significant to enhance and evenly distribute sports infrastructure and human resources country-wide, to improve sports education, to uplift sports ethics, to raise successful sportsmen and to disseminate sports as a lifestyle in public.

b. Objectives and Targets

337. The main objectives are inculcating sports culture throughout society, ensuring adoption of sports by wider audiences by increasing the quality and variety of sports services, and raising successful athletes.

c. Policies

338. Programs to promote physical activity of citizens will be developed, and suitable recreation areas will be established.

339. Starting from early childhood education, sports education will be improved in terms of both quality and content in all levels of formal education.

340. Alternative financing and operation models, such as public-private partnership model, will be developed for both establishment and operation of sports facilities.

341. It will be ensured that all sports facilities owned by public organizations will be available for the use of entire population.

342. For raising successful sportsmen, systems for elite sportsmen selection, orientation and norm development will be promoted; required infrastructure and human resources will be ensured; and Olympic Sportsmen Training Centers will be established.

343. Sports health centers will be extended and improved in terms of service variety and quality. Measures will be taken to fulfill the need for sports physicians.

344. Use of technology in all fields of sports, especially in sports education, will be extended and R&D activities in this field will be promoted by ensuring cooperation of sports federations and private sector.

345. Necessary precautions will be taken to decrease violence and unethical conducts in sports.

2.1.14. Population Dynamics

a. Current Situation

346. Turkey's population reached to 75.6 million at the end of 2012. Population increase rate decreased from 12.2 per thousand in 2006 to 12 per thousand in 2012. Total fertility rate declined to 2.08 from 2.12 in this period, which is lower than the replacement level of 2.1. This rate is 1.02 among the population groups which have higher education and income level. Life expectancy at birth is estimated to reach 76.9 years in 2013. According to long term population projections of TURKSTAT, if precautions are not taken, total population is expected to reach 84.2 million, 93.5 million and 89.2 million in years 2023, 2050 and 2075 respectively.

347. Share of older population in the total population is increasing as a result of decreasing infant mortality rates and increasing life expectancy at birth. The dependent population will grow and the share of productive population will diminish with the increase of aged population in the future. Without precautionary measures, it is estimated that working age population and total population will start to decrease in 2038 and 2050 respectively. To increase total fertility rate through population policies and to develop effective and timely policies towards aged population is required in this context.

Table 8: Population Developments and Forecasts

	2006	2012	2013	2018
Total Fertility Rate	2.12	2.08	1.99	2.10
Life Expectancy at Birth (Year)[1]	74.7	76.8	76.9	77.5
Males	72.5	74.6	74.7	75.2
Females	76.9	79.1	79.2	79.7
Population Growth Rate (Per Thousand)	12.2	12.0	11.2	10.8
Year-End Population (Thousand)	69,597	75,627	76,482	80,796

Source: 2006 and 2012 data are from TURKSTAT. 2013 and 2018 data are estimates of the Tenth Development Plan.
(1) 2006 and 2012 data are retrospective population projections of TURKSTAT.

348. Economic developments and implementation of active foreign policies are strengthening Turkey's position as a country that both sends and allows immigrants. Needs for establishing a reliable data system on migration, strengthening economic and social status of Turkish citizens living abroad and improving their ties with homeland, completing the necessary legal and institutional arrangements in the field of migration and international protection, resolving shelter, health and educational issues for beneficiaries of international protection continue.

b. Objectives and Targets

349. The main objective is to benefit from demographic window of opportunity created by the young population at the maximum level, to increase people's life quality conserving productive and dynamic population structure and to develop an effective migration management system which supports the economy.

350. To gradually increase total fertility rate is aimed with the policies in the field of population.

c. Policies

351. The activities which reconcile family and working life for women, leaves and rights related to birth will be developed, nurseries will be subsidized, flexible working conditions will be introduced in order to prevent rapid decline in fertility and to conserve young and dynamic population structure.

352. Active, healthy and safe living conditions will be provided to growing older population, intergenerational solidarity will be strengthened in the society.

353. Population registration systems will be improved in order to monitor up-to-date birth, death, immigration and emigration data.

354. The number of qualified foreign professionals will be increased and the number of illegal foreign workers will be reduced by selective approach to support economic and social structure.

355. Activities towards solving the problems of Turkish citizens abroad will be diversified and their ties with the homeland will be strengthened.

356. An effective monitoring and follow up system will be established for immigrants, those in need of international protection, illegal workers and transit flows, and integration of beneficiaries of international protection status will be supported.

2.1.15. Strategic Management in Public Sector

a. Current Situation

357. Strategic plans, performance programs and activity reports are main tools of strategic management cycle in the scope of which public organizations define concrete medium term goals and objectives and identify their activities, set their budget and measure their performance in accordance with these defined goals and objectives. In this respect, extending preparation of strategic plans, performance programs and activity reports is completed and significant progress has been made in terms of further establishing the strategic management approach.

358. Strategic plans and performance programs have been prepared and implemented in central public administrations, social security institutions, 243 municipalities with a population of 50,000 and over, 81 special provincial administrations and 15 state-owned enterprises which are obliged to prepare strategic plans, and results have been monitored by activity reports. Preparation stage for above-mentioned documents is still being worked on for recently established public institutions.

359. Efforts to establish internal control systems that support strategic management and enhance administrative process in public administrations are carried out and internal auditors are assigned. Legislation on external audit, that aims the measurement of activity results of public institutions' goals and objectives and performance evaluation has been put into force. However, external audit in the context of strategic management has not been executed yet.

360. To ensure that strategic management systems' all components in public administrations be implemented effectively, medium term framework in the high level policy documents shall be formed to guide public administrations clearly and budget system must be reviewed to increase the effectiveness of planning, budgeting, implementation, monitoring and evaluation processes.

361. The ongoing necessities are; strengthening the link among the strategic plan, performance program and activity report within the scope of strategic management; integrating performance information with budgetary processes; ensuring that internal and external audit systems become functional in the context of accountability and establishing an efficient cooperation mechanism among coordinating administrations that are responsible for the strategic management.

b. Objectives and Targets

362. The main goals are to increase the effectiveness of implementation of strategic management in public administrations and putting accountability into practice at all stages of management, from planning to monitoring and evaluation. Main principles are to increase the pace and quality of public services and to ensure participation, transparency and citizen satisfaction to achieve these goals.

c. Policies

363. Coordination among steering institutions will be strengthened in order to ensure execution of strategic management process in harmony and integrity at all stages.

364. High level policy documents' steering effect on strategic plan and performance program will be increased by strengthening medium term expenditure framework.

365. In order that public institutions' budgets cover their costs, output and outcomes that are estimated by service programs, program budget system will be initiated and performance information will be integrated with the budgeting process.

366. Demand, negotiation and allocation of budget and expenditure processes based on policy priorities will be strengthened.

367. Budgets will be transformed into plainer and more understandable documents that can be evaluated by citizens and reflect public service programs' performance.

368. Measurability of goals and objectives by performance indicators in the strategic plans and performance programs will be increased, activity reports will be more performance oriented.

369. The existing evaluation and reporting system will be improved to increase monitoring of the budget practices and performance results.

370. Implementation of internal control systems and internal audit practices will be ensured in all public administrations to improve the effectiveness of strategic management.

371. Performance audits will be conducted by Turkish Court of Accounts in compliance with strategic management cycle.

372. In order to monitor and evaluate strategic management practices at central level, a system that is integrated with the existing management information systems will be established.

373. More systematic and reliable data, statistics and information will be produced in order to reinforce policy formulation and decision making processes.

374. Strategic management practices will be enhanced by models which are specific to the type of administrations, taking into account the different characteristics of central administration, universities and local administrations.

375. Strategic development units in the public administrations will be strengthened in terms of quality and quantity.

376. In the light of implementation experiences; legislation, guideline and manuals about strategic management will be reviewed and updated in an integrated approach.

2.1.16. Human Resources in Public Sector

a. Current Situation

377. Progress has been made in the field of public personnel management, such as recognition of right of public officials to make a collective contract, improvement of the leave entitlements of public employees, giving the contracted public personnel the right to establish trade unions and to join them. Incentives to ease transferring from private sector to public sector have been initiated; introduction of personnel information system by removing the registry system is also foreseen.

378. On the other hand, needs for regulation still remain in areas such as elimination of the differences between the types of employment in the public sector, establishment of a recruitment and promotion system based on merit and objectivity, development of part-time working opportunities, creation of a performance evaluation system, balanced distribution of personnel among various institutions and between central and regional branches within institutions, improvement of the quality by increasing access to in-service training activities and career planning of public employees.

b. Objectives and Targets

379. In public sector, the main objective is to increase the quality of service and efficiency of staff in all processes from recruitment to the retirement.

380. It is aimed to improve knowledge and skill level of public personnel through extending in-service training practices; to make merit and competence fundamental in public human resource processes; to extend the practice of flexible working forms beginning with the suitable institutions; and to develop a functional performance evaluation system.

c. Policies

381. In public sector, a human resource management model that will increase quality of service and staff efficiency will be created.

382. In public sector, recruitment and promotion process will be improved based on merit, transparency, unbiased treatment, and regularity; career planning in line with qualifications of employees will be made.

383. In career professions, employment of qualified labor force will be encouraged.

384. In order to increase the efficiency of public personnel, an effective performance system will be established and linkages between the service, staff, and wage will be improved.

385. Beginning from suitable jobs and institutions, flexible working model will be developed in public personnel system.

386. A digital database will be created which includes the basic characteristics of public personnel such as quality and number.

387. The in-service education practice will be transformed in a structure in which public personnel can improve their occupational and basic skills through accredited programs and institutions, and can access the programs easily with use of distance learning mechanisms.

388. Legal arrangements will be made to encourage working in low-income regions, and unbalanced distribution of qualified and experienced public personnel particularly between the central and provincial branches, various institutions and regions will be fixed.

2.1.17. e-Government Applications in Public Services

a. Current Situation

389. Efficiency and productivity increase has been achieved in the public sector by e-government applications and services; progress has been made in the process of establishing a transparent, accountable and participative public administration. Financial and administrative burdens on citizens and enterprises have been reduced thanks to these progresses which have had direct or indirect contributions in terms of user-oriented approach in public services.

390. e-Government applications and services with high priority were conducted within the framework of Information Society Strategy and Action Plan promulgated in 2006 in the period of Ninth Development Plan. Numerous e-Government projects were carried out within this period. e-Government Gateway was put into practice, approximately 14 million users have registered and nearly 600 services have been integrated to the Gateway by the end of 2012. Address Registry System and Electronic Public Procurement Platform (EKAP) were established; pilot schemes of Central Registry Record System (MERSİS) and Republic of Turkey Identification Card projects were completed and activities for dissemination were launched. In addition to these, application projects were conducted on the areas such as justice, education, health, social security, police and public financial management.

391. Individual and business use of e-government services has increased; e-Government services for business world have been used more than services for personal use. The satisfaction level of citizens on e-government services has reached to 94.4 percent in 2012

392. Procurements of public agencies from TURKSAT Inc. related to e-government services have been exempted from public procurement regulations with a legal arrangement adopted in 2008. Coordination role for e-government activities was assigned to Ministry of Transport, Maritime Affairs and Communication in 2011.

Table 9: Developments and Objectives in e-Government

	2006	2012	2013	2018
Individuals Using e-Government Services (%)	26.7[2]	45.1	48.0	65.0
Enterprises Using e-Government Services (%)[3]	66.2	81.5[4]	85.0	90.0
Satisfaction Rate of e-Government Services (%)[5]	95.0[6]	94.4	97.5	98.0
Number of e-Govt. Gateway Registered User (Million Persons)	0.01	13.8	15.0	30.0
Number of Services Provided through e-Government Gateway	22[7]	547	700	3,000

Source: 2006 and 2012 data are from TURKSTAT and TURKSAT. 2013 and 2018 data are estimates of the Tenth Development Plan.
(1) The ratio of persons benefitting from e-government services to internet users of 16-74 age range.
(2) 2007 data
(3) The ratio of enterprises using e-government services to all enterprises having 10 and more employees.
(4) 2011 data
(5) The ratio of satisfied and medium level satisfied persons to total number of e-government services users.
(6) 2009 data
(7) December 2008 data

393. Carrying out e-government activities as a part of integrated public administration approach and the need for enhancement of coordination are of crucial importance.

394. Shortcomings of organizational structure and management of public agencies remain, as well as problems originated from the inadequacies of institutional capacities of ICT departments, particularly on human resources in designing and conducting e-Government projects.

395. Limited progress was achieved on the fundamental information systems and common infrastructures which are required for providing e-government services such as Turkish Land Registry and Cadaster Information System (TAKBİS), National Geographical Information System Infrastructure, Public Secure Network, Common Call Center, Information Systems Emergency Management Center.

396. To better meet the quality and aims of the procurements carried out within the scope of ICT projects, improvement on public procurement legislation and building institutional capacities of public agencies are required.

397. Legislative arrangements regarding information security and protection of personal information maintains its importance for efficiency, sustainability and user-oriented e-government applications and services.

398. An effective process and mechanism is needed to be developed in order to ensure interoperability among public agencies.

399. The need for determining common approaches and standards are continuing, in order to increase provision and use of e-government services ensuring user satisfaction in an interoperable and integrated structure designed with a user-oriented focus.

400. Sharing public sector information is of importance in order to contribute to provision of new products and services with value added.

b. Objectives and Targets

401. The main aim is to establish an e-government structure that provides services designed in accordance with user needs, including disadvantaged groups, in a user-oriented, collaborative, integrated and reliable manner through various platforms by ensuring personal data privacy and information security in order to contribute to an effective, participative, transparent and accountable public administration.

c. Policies

402. e-Government activities will be executed with effective public management approach, and by a powerful coordinator authority, which will ensure strong management and coordination.

403. The required basic information systems for e-government service delivery will be completed. The efforts of establishing shared infrastructure and setting common standards will continue; in the public sector, including local authorities, common applications will be expanded. In this context, the completion of MERSİS, TAKBİS, Spatial Address Registration System (MAKS), EKAP, the National Geographical Information System Infrastructure and Information Systems Disaster Management Centre projects will be prioritized. Institutional e-government projects will continue to be created within the framework of common action plans.

404. e-Government applications and services will continue to be developed and integrated to the e-Government Gateway. The distribution of the new ID card to all citizens will be completed and the widespread use of e-government services will be ensured. e-Correspondence Project, which provides electronic environment for official correspondence among public agencies, will be expanded.

405. Interoperability of the information systems of public agencies will be realized.

406. Mobile applications and e-participation will be given importance in determining and meeting user demands and needs in e-government service delivery.

407. Capacity of public agencies on e-government project preparation and management will be improved; human resources in IT departments will be strengthened.

408. In preparation of the information technology strategies of public institutions, especially in institutions which carry out large-scale e-government projects, an approach that is consistent with institutional strategic plans will be adopted.

409. The relevant legislation will be updated to improve the efficiency of public agencies in ICT procurement.

410. Sharing and re-use of public sector information, especially of data which has commercial value, will be ensured, for the production of new value-added services.

411. Legal, administrative and technical arrangements about the protection of personal data and information security in providing public services will be made.

412. Products, services and trends like; open source software, big data, cloud computing, green ICT, mobile platforms and internet of things, will be evaluated and solutions which are suitable for public sector will be implemented.

2.2. INNOVATIVE PRODUCTION, HIGH AND STABLE GROWTH

413. As of 2012, in purchasing power parity terms, Turkey is the 16th largest economy of the world; is ranked 66th in per capita income and classified as a developing country.

414. Turkey, who made great strides in its development process, has a potential for new breakthroughs towards catching up with high income countries through its demographic characteristics, increased quality of labor, long-established industrialization experience, large domestic market, proximity to developed markets and access to emerging markets. Elements of macroeconomic instability which had been big obstacles in front of these breakthroughs were substantially overcome in the recent past and a stronger economic structure has been achieved. Therefore, with a long term perspective, it has become possible to focus on other challenging issues of Turkey with an approach that is balanced in terms of economic, social and environmental aspects.

415. Developed countries are in difficulty to materialize their desired transformation as they need to cope with long term repercussions of the crisis and the issue of population aging at the same time. Population aging is turning out to be a constraint also for some of the emerging economies which are significant actors of the global economy. Both Turkey's own potential and challenges facing other large economies present special conjuncture in terms of converging to the developed countries and becoming one of the largest economies of the world in 2023.

416. During the Tenth Development Plan period, it is aimed to advance Turkey's growth performance and strengthen it with an innovative production structure in order to increase welfare and narrow the gap with developed countries. At the global level, knowledge based competitiveness is increasing its significance in industry and services and it necessitates an innovative production structure.

417. Turkey achieved significant progress in competitiveness during the Ninth Development Plan period, and has risen to the 43rd position among 144 countries in the competitiveness ranking in 2012. In this development, macroeconomic stability and improvements in financial sector were influential. Export performance was positively affected by rising competitiveness. During past 10 years, Turkey achieved significant increase in exports and particularly recorded important achievements in accessing local and regional trade networks as well as in managing these networks. National and international brands have been created in sectors like food, furniture, textile, electronic, white goods and Turkey has become more effective in international trade channels. However, in this area, significant steps need to be taken in order to reach long-term development goals of Turkey.

418. On the other hand, R&D, patent and advanced technology indicators show that competitiveness of Turkey in terms of knowledge based production is not at the desired level. There are still significant productivity gaps in manufacturing, especially between small and large firms. In addition, intensity of production activities varies geographically within Turkey, and some regions' contribution to production remains limited. In order to make a leap forward, there is a need for progress in these areas of the economy as well.

419. Analyzing the experience of countries which were not caught by the middle-income trap in joining high income countries, it is observed that industry has played a central role in the process of development and it has been a driving sector leading transformation in economic structure. Moreover, a rapid capital accumulation process was observed through high rates of investment. In this way, these economies acquired production capabilities in more advanced technologies and took higher positions in the global value chain during the internationalization of production process.

420. In order to attain a stable and higher growth performance, Turkey needs to increase the level of productive investments. Also, greater portion of the population should be economically activated and utilized in more productive ways within the production process.

421. The need for increasing productive investments in the economy puts two important problem areas on the agenda. One of them is the low level of domestic saving rates during recent years and the significant share of external savings in financing investments. Saving-investment deficit as the explanatory dynamic of high level current account deficit makes the economy vulnerable to possible unfavorable changes in external financing conditions. For that reason, increasing domestic savings is one of the main macroeconomic targets of the Tenth Development Plan. The second fundamental problem area is that savings cannot be sufficiently channelized to productive investments. In an economy that runs current account deficits, investments that increase both production capacity and exports should be prioritized. Therefore, besides increasing savings, channeling these savings into productive investments is among priority areas in the Tenth Development Plan.

422. The aim of becoming one of the largest economies in 2023 cannot be reached with an economic structure that only utilizes half of its labor potential. A higher portion of the population should participate in the production process. In this context, a possible increase in labor force participation rate of women will play a big part. Besides the quantity increases in capital and labor factors, increases in productivity levels are also necessary for high and stable growth. Improvement of regional labor market indicators, which show critical differences, will also make important contribution to growth.

423. Productivity growth throughout the economy occurs through two main channels. The first channel is that each economic sector becomes more productive, in other words, within-industry productivity level increases. The second channel is the increase in employment share of the sectors with relatively higher productivity levels, and movement of higher portion of the labor force to these sectors. Manufacturing industry has special importance in terms of both channels.

424. The main objectives in the industry sector are increasing domestic value added in production, transition to a higher-technology product range that enables sustainable production and ascending the steps of global value chain. With improvements in these areas, it will be possible to increase within-industry productivity level and to reach a more competitive production structure with lower import dependence and higher export share in the world market.

425. Increasing within-industry productivity levels necessitates interventions

cross-cutting many areas. In this respect, equipping the labor force with the qualifications and skills required by the production process is of special importance. In this framework, it is necessary to enhance the skills of the existing labor force and to increase the quality of education in order to equip younger generations with the skills necessary for an innovative and sustainable production process. R&D and technology policies are expected to play a key role both in increasing productivity of existing sectors and in transforming to a structure in which sectors with higher productivity are dominant. In order to achieve innovation and to provide a favorable environment for innovation which are the most crucial factors in the success of these policies, coordinated implementation of policies regarding incentives, SMEs, intellectual and industrial property rights, ICT is required.

426. In the Tenth Development Plan period, as well as in industry sectors, a transformation with the same perspective is aimed in agriculture and critical services sectors.

427. Overcoming the ongoing productivity problems in agriculture and employing the labor force that is likely to leave this sector in more productive sectors of the economy are important.

428. Service sector plays a crucial role in sustaining and improving competitiveness of the economy in tradable activities. In this framework, transformation of critical service sectors, such as transportation and logistics is required, to enable these sectors to respond to increasing services needs resulting from high growth in a timely, efficient and cost-effective manner. In addition, increasing the share of high value added activities in the services sector, extending the usage of ICT and increasing and diversifying service exports are important.

429. In energy sector, the focus will be meeting the energy demand resulting from high growth in a manner that is timely, adequate, reliable and low-cost. In addition, because of high import dependence in this sector, considering the problems of current account deficit and supply security, domestic and renewable resources will be utilized to the highest possible extent.

430. To accomplish all of these, a stable and predictable macroeconomic environment is necessary. Implementation of monetary and fiscal policies in harmony is crucial for maintaining the economic stability. In this respect, monetary policy will be implemented with the aim of providing and protecting price stability. Fiscal policy will be implemented in a manner that supports the establishment of stable high growth environment while preserving fiscal gains. Investment and incentive policies will be implemented in a way to support productive economic structure. By improving financial markets, foreign capital will be attracted and it will be ensured that the financial resources that the economy needs will be accessed on appropriate conditions.

431. Thus, on a solid macroeconomic base, Turkish economy will attain a stable structure that can produce in global standards, has higher positions in the global value chain, has higher-technology product range, and lower import dependence.

2.2.1. Growth and Employment

a. Current Situation

432. Turkish economy displayed high growth performance in the 2002-2006 period and converged to potential growth level in 2007. However; starting from

2008 Turkey has been exposed to negative effects of global crisis, which was affective all around the world. At that point, a series of policy measures were taken to stimulate the economy. Despite these measures, Turkish economy contracted by 4.8 percent in 2009. A comprehensive policy set was implemented decisively in order to improve public fiscal balances in the medium term, which was deteriorated due to stimulative policies. As a result, a domestic demand sourced strong recovery process started. Thereby, Turkish economy grew 9.2 percent and 8.8 percent in 2010 and 2011, respectively. In this period, increased current account deficit due to domestic and external demand imbalance, and financing of this deficit by short-term capital inflows has emerged as a risk factor for macroeconomic stability. With the sound and in time policy reactions, the domestic and external demand imbalance was corrected substantially and macroeconomic stability environment was strengthened in 2012.

433. Analyzing the last decade, it is observed that the share of agriculture and industry sectors in GDP has tended to decline over years while the share of services sector in GDP has been increasing. As of 2012, the shares of agriculture, industry and services sectors in GDP were 7.9 percent, 19.3 percent and 61.9 percent, respectively. While the share of the taxes-subsidies item in GDP was 12.4 percent, financial intermediation services indirectly measured, which is a negative item in GDP account, was 1.6 percent.

434. Average annual GDP growth in 2002-2012 period was recorded as 5.1 percent and this growth was mainly domestic demand driven. During this period, while contribution of domestic demand to growth was recorded as 5.8 percentage points annually on average; 2 points from fixed capital investment and 3.8 points from consumption expenditures; contribution of net external demand was -0.7 percentage point on average. In the same period, average annual increase in private consumption and investments were 4.9 percent and 9.7 percent, respectively. On the other hand, increase in public consumption and investments were 3.8 percent and 7.2 percent, respectively.

435. Analyzing sources of growth in terms of production factors, it is observed that productivity growth was driving factor in the 2002-2006 period. In this period of high growth with 7.2 percent, the contribution of TFP to growth was around 45 percent, while contribution of capital stock and employment increases were 49.6 percent and 5.6 percent, respectively. Following the 2001 crisis, firms' focusing on exports and increasing emphasis on efficiency-enhancing policies for competitiveness purposes resulted in productivity gains. Together with above mentioned factor, high dissolution in agriculture sector, led total employment to increase below its long term average. This growth structure could not be sustained in the 2007-2012 period and average growth fell to 3.3 percent with significant affect from global crisis. In this period, contribution of capital stock and employment to growth increased but the contribution of TFP to growth was negative. Average TFP growth decreased from 3.2 percent in 2002-2006 period, to -0.5 percent in 2007-2012 period. This was the main factor behind the decrease in average growth indeed.

436. The global crisis had negative impacts on employment and unemployment rate. Based on seasonally adjusted data, in April 2009, when the crisis was deepest in terms of employment figures, employment loss reached approximately 500,000 compared to pre-crisis period, and unemployment rate increased to 15 percent. With the impact of strong recovery following the crisis and the measures taken to increase employment, 4.8 million jobs were created as of February 2013 and despite the 3.6 percentage points increase in labor force participation rate, unemployment rate declined below the pre-crisis levels.

437. Slowdown in productivity growth, which has started after 2007, constitutes a risk factor for the growth potential in the upcoming period. Establishing a better balanced structure in terms of contributions of production factors to growth and reducing vulnerabilities in the economic structure is important to ensure high and stable growth.

438. Turkish economy conveys confidence to investors with its sound public finances, strong financial sector and brisk domestic demand, liberalized and well-regulated markets. This has enabled Turkey to reach pre-crisis production levels rapidly after the crisis and has created an appropriate environment for a high and stable growth in the upcoming period.

b. Objectives, Targets and Policies

439. Towards accelerating welfare growth, ensuring high and stable growth environment with a long term perspective is the main objective.

440. The main strategy for high and stable growth is developing the private sector-led, open and competitive production structure. Increasing productivity and accelerating industrialization process are milestones of this strategy. Thereby achievement of medium-long term growth targets and faster convergence towards advanced economies' income levels, in other words, achievement of necessary transformation without falling into medium-income trap will be ensured.

441. Productivity gains not only contribute directly to economic growth, but also ensure effective use and sustainability of scarce resources. Therefore, productivity-led economic growth is important for long term sustainability of growth and permanent increase of social welfare. In this context, towards achieving the goals of the Plan, productivity-enhancing policies will have priority and thus global competitive position of the economy will be strengthened.

442. Strengthening of industrial sector is crucial for both supporting productivity growth and improving growth performance. The reallocation of resources from industry sector to non-tradable sectors where competitive pressure is limited, and the decline of the share of manufacturing industry in total value-added in recent years are considered as critical issues that can adversely affect the potential growth in medium to long term. Therefore, in the Tenth Development Plan period, directing resources toward productive areas will be a priority in the implementation of monetary, fiscal and incentive policies.

443. Strengthening macroeconomic stability through fiscal, monetary and balance of payments policies, improving human capital, increasing the effectiveness of labor market, increasing technology development and innovative capacity, strengthening physical infrastructure and improving institutional quality will be important policy areas in the implementation of growth strategy in the forthcoming period.

Figure 1: Growth Strategy

444. Macroeconomic stability enables sound decision-making processes and healthy future plans, and thereby allows efficient use of resources with optimal allocation in the economy. Preserving and strengthening the stability recently achieved is considered as a pre-condition in reaching the Plan targets. Within this scope, efforts towards increasing the quality of public revenues and expenditures will be undertaken. A rise in the share of public expenditures in GDP will be avoided and thus crowding out effect of public sector will be minimized. Fiscal space gained by revenue increasing efforts such as broadening the tax base will enable implementation of new fiscal policies. In addition, the monetary policy framework that strengthens price stability will be preserved. Besides, policies and measures will be implemented in order to permanently resolve current account deficit problem. In parallel, efforts will be continued to increase domestic savings which have displayed a decreasing trend in the last decade.

445. Turkey has a young and dynamic population structure that will support its rapid development process. In order to obtain maximum benefit from the opportunity offered by population dynamics in the forthcoming period, it is essential to increase labor force participation and improve quantitative and particularly qualitative structure of education. Moreover, education policies consistent with the needs of labor market are required. In addition to these policies for improving human capital, attracting high quality workforce to the economy through providing appropriate working conditions will not only directly contribute to economic growth, but also provide significant inputs to technology development capability and institutional quality areas. All of these policies will act as long term measures for the period in which population dynamics will get weaker.

446. Ability of developing and using technology appears to be the most important factor for countries in gaining comparative advantages. Development and commercialization of technology contribute to potential growth by increasing TFP and global competitiveness in macroeconomic terms. From the firm perspective, this is a factor that increases profitability and thus new investment opportunities. Accordingly, in the Plan period, private-sector-led R&D and innovation activities, with extra focus on environment friendly ones, will be increased and value-added increase will be achieved by accelerating commercialization and branding process of the outputs.

447. Insufficient investments in physical infrastructure might constraint the development processes of countries. Therefore, it is necessary to plan public infrastructure investments in a way that supports healthy development of economic production but does not result in waste of resources. High quality infrastructure investments by public sector will increase production capacity by stimulating private sector investments; and will also contribute to productivity based growth dynamic.

448. Enhancing institutional quality at firm and country level will contribute to stable and high growth. Improving governance of firms, extending firms' lives and resolving the productivity and scale problems are of importance. At the upper scale of the scope of institutional quality; functionality of transparency, accountability and rule of law within an established legal framework will be strengthened to eliminate uncertainties. In the same context, combating informality and corruption will be continued, predictability and stability in tax legislation will be ensured, intellectual property and patent rights will be protected, effective operation of markets will be provided and investment environment will be strengthened. By this way, decision-making processes in the country will operate better and production capacity will be increased faster by making investment and production more attractive. In this sense, new foreign direct investment inflows will increase particularly in productive areas and this will also contribute positively to growth; with its effects on productivity growth via technology transfer and direct employment generation.

449. As a result of the policies to be implemented during the Tenth Development Plan period, it is foreseen that real GDP will increase by 5.5 percent annually on average. At the end of the Plan period, in line with the 2023 goals, it is targeted that nominal GDP will reach 1.3 trillion dollars and per capita income will reach 16,000 dollars.

450. During the Plan period, improvements in human capital and increases in productivity of capital stock via technology and innovation activities will play important role in TFP growth. TFP is targeted to increase by 1.1 percent annually on average in the Plan period. Attaining most of this TFP growth in the industry sector, in which tradable goods are produced, is critical for sustaining a healthy growth.

451. Reversing the decreasing trend of the share of industry in GDP is required for stable and high growth. In order to realize the 2023 export targets, it is also necessary to have a strong manufacturing industry sector. With the steps taken towards improving industry and increasing its competitiveness, industry sector is expected to grow by 6.4 percent and its share in GDP is forecast to increase slightly within the Plan period. Agriculture sector is foreseen to grow by 3.1 percent annually on average and its share is foreseen to decrease to 6.8 percent at the end of Plan period, while the services sector is expected to display a similar trend with GDP.

452. During the Tenth Development Plan, it is foreseen that 4 million new jobs will be created in total, with an annual average employment increase of 2.9 percent. As a result of employment creation mainly in industry and services sectors, the share of agricultural employment will decline to 21.9 percent and employment will have shifted to more productive areas. In addition to rapid employment increase, with the effect of labor market policies total labor force participation rate is expected to reach 53.8 percent with a 2.7 percentage points increase, particularly with the increase in female labor force participation. In line with these developments, unemployment rate will decrease gradually to 7.2 percent at the end of the Plan period, from the level of 9.2 percent expected for 2013.

453. In order to increase production capacity in the Plan period, fixed capital formation will also be emphasized. Within this scope, total fixed capital investment and private fixed capital investment are foreseen to increase by 8.5 percent and 8.9 percent, respectively. On the other hand, directing investments towards productive areas rather than non-productive areas such as housing has critical importance in terms of growth stability.

Table 10: Developments and Targets of Growth and Employment

	2006	2012	2013	2018	2014-2018
Main Indicators					
Growth (%)	6.9	2.2	4.0	5.9	5.5
GDP (1998 prices, Billion TL)	96.7	117.8	122.4	159.7	5.5
GDP (Current, Billion TL)	758.4	1,416.8	1,556.7	2,535.2	10.2
GDP (Current, Billion Dollars)	526.4	786.3	850.5	1,285.5	8.6
Population (Mid-year, Mil. Persons)	69.4	74.9	76.1	80.4	1.1
GDP Per Capita (Current, Dollars)	7,586	10,504	11,183	15,996	7.4
Growth of Factors of Production (%)					
Capital Stock	7.5	5.6	5.2	6.3	5.7
Employment	1.8	2.9	4.2	3.0	2.9
TFP	2.3	-1.1	-0.5	1.2	1.1
Sectoral Value Added (Current, as a share of GDP, %)					
Agriculture	8.3	7.9	7.7	6.8	7.2[2]
Industry	20.1	19.3	19.2	20.4	19.9[2]
Services	59.7	61.9	61.6	61.9	61.9[2]
Financial Intermediation Services Indirectly Measured	1.4	1.6	1.6	1.6	1.6[2]
Taxes-Subsidies	13.2	12.4	13.1	12.6	12.7[2]
Labor Market					
Labor Force Participation Rate (%)	46.3	50.0	51.1	53.8	52.6[2]
Labor Force (Million Persons)	22.8	27.3	28.5	32.2	2.5
Employment (Million Persons)	20.4	24.8	25.9	29.9	2.9
Employment Rate (%)	41.5	45.4	46.4	49.9	48.2[2]
Unemployment Rate (%)	10.2	9.2	9.2	7.2	8.2[2]

Source: 2006-2012 data are from TURKSTAT. 2013-2018 figures are estimates of the Tenth Development Plan.

(1) Financial Intermediation Services Indirectly Measured is a negative item in GDP account.

(2) Refers to period average.

2.2.2. Domestic Savings

a. Current Situation

454. To attain the goal of high growth in Turkey, a significant increase in capital accumulation for production is required as well as increasing productivity of production factors. In this context, ensuring stability of investments in productive areas and maintaining high levels of investments are important. Stable and high levels of do-

Table 11: General Macroeconomic Balances

(Current Prices, Ratio to GDP, Percent)

	2006	2012	2013	2018
Total Consumption	**82.5**	**84.5**	**84.9**	**80.6**
Public	9.5	11.5	11.7	11.6
Private	73.0	73.0	73.2	69.0
Total Investment	**22.4**	**20.6**	**21.2**	**24.4**
Public	3.7	4.4	4.5	4.8
Private	18.7	16.2	16.7	19.6
Fixed Capital Investment	**22.6**	**20.6**	**20.9**	**24.1**
Public	3.8	4.2	4.5	4.8
Private	18.9	16.4	16.4	19.3
Change in Stock	**-0.2**	**0.0**	**0.3**	**0.3**
Public	-0.1	0.2	0.0	0.0
Private	-0.1	-0.2	0.3	0.3
Total Domestic Demand (Total Sources)	**104.9**	**105.1**	**106.1**	**105.0**
Net Goods and Services Export	**-4.9**	**-5.1**	**-6.1**	**-5.0**
Goods and Services Export	22.7	26.4	25.2	28.3
Goods and Services Import	27.6	31.6	31.3	33.2
Gross Domestic Product (GDP)	**100.0**	**100.0**	**100.0**	**100.0**
Net Factor Income + Net Current Transfers from Abroad	-0.9	-0.7	-0.6	-0.5
Gross National Disposable Income (GNDI)	**99.1**	**99.3**	**99.4**	**99.5**
Public Disposable Income	**13.7**	**14.5**	**14.1**	**15.3**
Public Consumption	9.5	11.5	11.7	11.6
Public Saving	4.2	2.9	2.4	3.7
Public Investment	3.7	4.4	4.5	4.8
Public Saving-Investment Gap	0.5	-1.4	-2.1	-1.1
Private Disposable Income	**85.4**	**84.8**	**85.3**	**84.2**
Private Consumption	73.0	73.0	73.2	69.0
Private Saving	12.4	11.8	12.0	15.2
Private Investment	18.7	16.2	16.7	19.6
Private Saving-Investment Gap	-6.3	-4.4	-4.6	-4.4
Total Domestic Saving	**16.6**	**14.8**	**14.4**	**19.0**

Source: 2006 and 2012 data are from Ministry of Development. 2013 and 2018 data are estimates of the Tenth Development Plan.
Note: Single digits after the decimal point are rounded figures. Total values may differ from the sum of sub-components.

mestic savings, which are important for financing investments with reliable and permanent sources, are needed.

455. After 2001, public saving rates recorded significant increases with tight fiscal policies, but private saving rates significantly decreased in the same period.

456. During this period, increase in public sector savings could not fully compensate the decline in private savings and total domestic savings has declined.

457. Public saving rate, which showed a continuous increase from 2001 to 2006, declined in 2007-2009 period especially because of discretionary fiscal policies implemented to mitigate impact of adverse global economic developments. Though private saving rate increased relatively during this period, it could not fully compensate the reduction in public saving rate. As of 2009, total domestic saving rate fell to its lowest level and was recorded as 13.2 percent of GDP. During the post 2009 period, total saving rates tended to increase, though limited.

458. In 2012, private sector saving rate was realized as 11.8 percent, while the public sector and total domestic saving rates were 2.9 percent and 14.8 percent, respectively. Saving rate of Turkey is lower than OECD countries and especially that of fast growing economies.

459. In recent years, excluding years of low or negative growth, an increasing trend of saving-investment gap has been observed in general. Main determinant of this trend has been the decrease in saving rates. After reaching level of 9.5 percent in 2011, savings-investment gap was realized as 5.8 percent in 2012 as a result of the macro-prudential measures. This total gap consists of 4.4 percent of private sector saving-investment deficit and 1.4 percent of public sector saving-investment deficit.

460. Although, in the recent past, Turkish economy did not experience any difficulty in accessing external finance, taking measures to improve saving-investment gap is important in order to sustain a stable investment and growth. Increasing domestic savings will also contribute to reduction of current account deficit.

b. Objectives and Targets

461. In the Plan period, increasing domestic savings and directing them to investments in productive areas are aimed. Consistent with the growth and current account deficit targets, domestic saving rate is targeted to increase to 19 percent by the end of the Plan period.

c. Policies

462. Appropriate macroeconomic conditions will be established in order to increase the saving rates. In this context; domestic savings will be supported by monetary and exchange rate policies that keep credit growth and overvaluation of the TL under control; macro-prudential policies which have been implemented for increasing savings until now will be strengthened with new measures if necessary; and in determining tax policies, the aim of increasing savings will also be taken into account.

463. Savings shall be encouraged by using financial market instruments. In this context, diversity of financial products will be increased, for small-scale investors saving opportunities will be increased, and access to capital market instruments will be facilitated.

464. Extension of maturity of the savings will be encouraged. Policy of advancing complementary insurance, which is expected to support increasing the saving level and extending the maturity structure, will be continued.

465. Waste will be effectively tackled where ever it is prevalent.

466. Attractiveness of non-productive investments will be decreased by various methods such as differentiated tax and credit costs, and savings will be channeled to investments in productive areas.

2.2.3. Balance of Payments

a. Current Situation

467. Exports to GDP ratio was 17.2 percent per annum on average in the 2007-2012 period. In the same period, average annual increase of exports was 11.5 percent in nominal terms, and 6.8 percent in real terms. The global crisis, especially its intense mode in the EU economies; the increasing trend in real exchange rate; and the upward trend in industrial unit wage index except in 2009, adversely affected competitiveness of exports. Export prices exhibited a fluctuating course during this period and increased by 4 percent annually on average.

468. The need to increase share of technology-intensive products in total exports (gold excluded), which has been 3.7 percent in 2012, is continuing. Resulting from the increasing competition in EU markets after the global crisis, the share of medium-low and low-tech products in Turkey's exports to its traditional trading partner EU, has increased. Within the framework of these developments, despite the nominal increase in Turkey's exports to EU, due to the rapid growth in exports to other countries stemming from market diversification efforts, share of EU in total exports has decreased. Accordingly, with the expansion towards new markets, share of non-EU markets of in total exports increased to 59.7 percent in 2012, from 40.5 percent in 2006.

469. In the 2007-2012 period, ratio of average annual imports to GDP has been 27.1 percent. In the same period, average annual increase of imports has been 11.7 percent in nominal terms, and 5.4 percent in real terms. Imports increased rapidly in pre-crisis period, fell significantly due to the crisis, and followed an increasing trend thereafter. Appreciation of the real exchange rate, increase in international commodity prices (especially in energy prices), and increase in financing opportunities thanks to abundant global liquidity, have been effective in increasing imports during this period. Share of energy in total imports has risen to 25.4 percent in 2012, from 20.7 percent in 2006. In the same period, import prices followed a fluctuating path and increased by 5.1 percent annually on average.

470. Tourism revenues, as shown in the balance of payments, increased by 6.9 percent annually on average in the 2007-2012 period and reached 25.7 billion dollars in 2012.

471. Main determinant of the current account deficit has been the foreign trade deficit in the 2007-2012 period as well. During this period, current account deficit to GDP ratio has been 5.9 percent per annum on average. This ratio rose up to 9.7 percent in 2011, and declined to 6 percent in 2012 with the measures taken to cool down the economy. Increased savings-investment gap brought about foreign financing needs.

472. Foreign direct investments and long-term loans through mergers and acquisitions as well as the privatization process were important sources in financing of the current account deficit before the crisis, while the share of short-term capital inflows has increased in the post-crisis period.

473. The external debt stock to GDP ratio increased to 42.8 percent in 2012, from 39.6 percent in 2006. In the external debt stock, the share of short-term debt and private sector has increased, while the share of public sector has decreased.

474. The Central Bank net reserve, which was 63.3 billion dollars in 2006, partly declined at the beginning of the global financial crisis period, increased with the rise in gold prices and changes in reserve policy and reached 119.2 billion dollars in 2012.

Table 12: Main Balance of Payments Developments and Targets

	2006	2012	2013	2018	2014-2018
Export (fob) (Billion Dollars)[1]	85.5	152.5	157.8	277.2	11.9
Imports (cif) (Billion Dollars)[1]	139.6	236.5	252.3	404.3	9.9
Energy Imports (Billion Dollars)[1]	28.9	60.1	58.7	74.4	4.9
Trade Balance (Billion Dollars)	-54.0	-84.1	-94.4	-127.0	---
Trade Balance / GDP (%)[2]	-10.3	-10.7	-11.1	-9.9	-10.5
Foreign Trade Volume / GDP (%)[2]	42.8	49.5	48.2	53.0	51.2
Tourism Revenues (Billion Dollars)[1&3]	17.5	25.7	28.0	40.8	7.8
Current Account Balance (Billion Dollars)	-31.8	-47.5	-55.3	-67.1	---
Current Account Balance / GDP (%)[2]	-6.0	-6.0	-6.5	-5.2	-5.8
Foreign Direct Investment Inflows (Billion Dollars)[1]	20.2	12.6	15.3	28.3	13.1

Source: 2006 and 2012 data are from TURKSTAT. 2013 and 2018 data are estimates of the Tenth Development Plan.
(1) 2014-2018 figure shows the annual average percentage change.
(2) 2014-2018 figure shows the average value.
(3) As shown in the balance of payments

b. Objectives and Targets

475. The objective is to keep the current account deficit at safe levels for growth and financing it mainly by foreign direct investments, non-debt creating and other long-term capital inflows.

476. Gradually lowering the current account deficit to GDP ratio to 5.2 percent is targeted with the projected high growth during the Plan period.

477. Targets for the Plan period are; achieving higher average increase in real exports compared to real imports; reducing the import dependency of exports; increasing the shares of medium-high and high-tech manufacturing industry products in exports; and increasing and diversifying service exports.

c. Policies

478. Existing facilities for access of exporters to new markets will be improved.

479. The new incentive system built on strategic sector dimensions and covering large-scale investments that aim to reduce import dependency will be implemented effectively.

480. In the consumer export products, authentic designs will be encouraged, qualified designers will be trained, patent registration and creation of international brands will be supported, promotion and marketing supports will be developed according to exporters' needs.

481. Without decreasing Turkey's share in its traditional export markets, necessary measures will be taken to increase exports of goods and services to non-EU countries.

482. Export subsidies will be based on effectiveness; priority will be given to industries that have growth potential.

483. In order to prevent negative impact of measures taken to control credit growth rate on investment and employment, types of credits will be differentiated according to needs.

484. Within the framework of bilateral and multilateral obligations of Turkey, use of domestic intermediate goods and value added in domestic production will be increased.

485. Necessary mechanisms will be developed to ensure utilization of e-Commerce as an effective tool to increase exports.

486. As in the case of domestic products, compliance of imported products to technical regulations regarding health, environment and energy efficiency will be ensured.

487. In the context of negotiations on international trade in services, Turkish investors' rights in foreign countries will be secured and protected.

2.2.4. Inflation and Monetary Policy

a. Current Situation

488. Considering monetary policy implementations around the globe in the 2007-2012 period, a dual structure is observed. In the pre-crisis period, inflation-targeting regime, which had a growing implementation base and had shown success in controlling inflation since the 2000s, was implemented in many countries. After the global crisis, while the developed countries have implemented quantitative easing policies of unprecedented magnitudes to recover from the crisis, developing countries have been in search of new tools for monetary policy implementation in order to add financial stability to the inflation targeting regime and to limit the negative effects of quantitative easing in developed countries.

489. In parallel with the global trend in the pre-crisis period, the CBRT implemented inflation-oriented policies. After the crisis, facing the rising risk appetite and volatile short-term capital flows, CBRT started searching for alternative policies. The Bank has reorganized the inflation-targeting regime to include financial stability as an objective, without compromising price stability. The current monetary policy framework has been significantly improved in terms of targets and instruments compared to the inflation targeting regimes implemented in several countries.

490. Annual CPI increase, realized over the target rate in the first two years of the Ninth Development Plan, followed a path consistent with the target rate in the following two years. Annual increase in CPI that has significantly diverged from its target rate in 2011, has converged to the target rate due to tight monetary policy implementation in 2012.

491. High nominal interest rates in the first years of 2007-2012 period have been gradually reduced with the global crisis, and the policy rate fell to levels below 5 percent in the first half of 2013. In the same process, with relative stability achieved in inflation expectations, real interest rates approached to zero at the end of 2012 and started taking negative figures in first months of 2013.

492. Starting from end-2010, in order to control the deterioration of current account balance and to restore a healthier macroeconomic growth composition, CBRT began implementing policies to slow credit growth and continued to implement policies for protecting the value of the TL from excessive fluctuations. In this new policy regime, in collaboration with other institutions, in addition to one week repo rate which is the main monetary policy tool, alternative policy instruments such as reserve requirements, reserve option mechanism, interest rate corridor and liquidity management were actively used towards achieving price stability and financial stability targets. Use of gold in the financial system has increased via the reserve option mechanism. Owing to implementation of these policies, economic rebalancing started and the current account deficit began to decline since the last quarter of 2011. However, in order to achieve permanent success in reducing the current account deficit, structural measures should be taken in addition to the current monetary policy implementations.

b. Objectives and Targets

493. The primary objective of monetary policy is to achieve and maintain price stability. Financial stability will continue to be a concern in line with the inflation targeting regime implemented towards achieving price stability. Annual CPI inflation is targeted to stay around 5 percent for the first years of the Plan period and to decrease to 4.5 percent in the following years.

Table 13: Inflation Developments and Forecasts

(Percentage Change)

	2006	2012	2013	2018	2014-2018
CPI (End Year Percentage Change, %)	9.7	6.2	5.3	4.5	4.8

Source: 2006 and 2012 data are from TURKSTAT. 2013 data is forecast of the CBRT and other data are estimates of the Tenth Development Plan.

c. Policies

494. Towards the price stability and financial stability targets, together with traditional and newly developed monetary policy tools, communication will continue to be used as a supporting tool to ensure more effective functioning of credit and exchange rate channels.

495. Monetary policy will be implemented by taking into account the risks related to macroeconomic imbalances and excessive borrowing, provided that it does not conflict with price stability.

496. In the Plan period, leverage ratio range, which will constitute a base for reserve requirements, will be implemented to control the level of indebtedness of the financial system.

497. The floating exchange rate regime implementation will continue in the Plan period. CBRT may directly intervene in the market in case of excessive volatility or speculative unhealthy exchange rate formation due to loss of depth.

2.2.5. Financial Markets

a. Current Situation

498. Operating with a capital adequacy ratio that is quite higher than the minimum legal required ratio to maintain the strong financial structure achieved as a result of structural reforms, and more prudential risk measurement of assets have protected Turkish banking sector -performing in an effective regulatory structure- from the negative effects of the global crisis. Besides, low share of international derivative instruments within total assets and strong growth performance of Turkish economy after the global crisis have also been effective in this performance. On the other hand, the measures taken to cool down the economy and control the current account deficit had a contractionary effect on the short term growth of the sector.

499. Ratio of total assets of the banking sector to GDP increased to 96.7 percent as of end-2012, from 65.9 percent at end-2006. In the same period, the ratio of bank loans to GDP went up to 56.1 percent from 28.9 percent. Thereby, while the share of securities in total assets declined, the share of bank loans in total assets increased to 58 percent, from 43.8 percent in this period. Moreover, use of foreign funds in the banking sector increased rapidly in recent years to 111 billion dollars as of end-2012 and its ratio to total assets rose up to 14.3 percent.

500. Although share of deposit banks in total assets of banking sector decreased to 91 percent in 2012, from 94.2 percent in 2006, their dominance in the sector has continued. During this period, share of participation banks increased to 5.1 percent from 2.8 percent, share of development and investment banks increased to 3.8 percent from 3 percent.

501. As a result of limitation of dividend distribution in the sector by Banking Regulation and Supervision Agency (BRSA), significant amounts of capital reserve have accumulated in bank balance sheets and thus the strong capital structure of the sector has been preserved. As of end-2012, capital adequacy ratio of the sector has been 17.9 percent, well-above the minimum legal required ratio. Examining risk indicators of the sector, ratio of non-performing loans to gross loans, which was 3.7 percent as of 2006, moved up to 5.3 percent as of 2009 because of the global crisis and fell down to 2.9 percent as of end-2012.

502. As a result of its high performance and potential, interest of foreign investors on Turkish banking sector has continued. As of 2012, 37 of 49 banks in the sector have foreign shareholders and in 24 of these banks principal shareholders. The ratio of total assets of the banks that have more than 50 percent foreign ownership, to total assets of the banking sector increased from 13.1 percent in 2006 to 16.9 percent by end-2012. The share of foreign capital in the banking sector -including their shares in the stock exchange- increased to 44.9 percent in 2012, from 36.2 percent in 2006.

503. In order to comply with international standards in the banking sector, the Basel II regulations have been put into effect starting from the second half of 2012. In addition, with the "Act on Leasing, Factoring and Financing Companies" that came into force in December 2012, corporate and capital structures of these companies have been strengthened and the regulations they are subject to have been consolidated under a single roof.

504. To ensure a legal infrastructure with high standards and support international financial center project, new Capital Market Law took effect at the end of 2012. This law also aims to embed experiences from the global financial crisis into the legal infrastructure, develop alternative financial resources for companies and ensure the competitiveness of the intermediary sector in the global markets. With this law, İstanbul Stock Exchange and İstanbul Gold Exchange were merged under a single roof, Borsa İstanbul. Turkish Derivatives Exchange will also merge with Borsa İstanbul in 2013.

505. The number of companies listed in Borsa İstanbul, which was 329 by the end of 2006, increased to 406 by the end of 2012. Thanks to new companies enlisted in the exchange and rise in the index, market capitalization to GDP ratio increased from 30.3 percent to 39 percent during the same period. In terms of turnover, Borsa İstanbul stock market ranked fourth in world ranking and third in developing countries ranking in 2012.

506. To develop interest free financial instruments, legal framework for rent certificates was established. Moreover, in 2012 for the first time 1.6 billion TL rent certificate was issued in domestic market and 1.5 billion TL rent certificate was issued in foreign markets by the public sector. By end-2012, total private sector debt instruments including banks amounted to 29.8 billion TL. To mobilize idle resources in the economy, gold banking has been developed and precious metal deposit accounts, nearly all of which is gold deposits, has reached to 18.6 billion TL in 2012.

507. In insurance sector, which has considerable growth potential, total assets over GDP ratio increased to 3.7 percent in 2012, which was 2.5 percent in 2006. In 2007-2012 period, net profit of the insurance sector fluctuated and 222 million TL sectoral loss was recorded in 2012. In the sector, foreign share in nominal capital, which was 24.9 percent at the end of 2006, has risen rapidly and reached 68.2 percent at the end of 2012.

508. In order to boost domestic saving rates, incentives in private pension system were re-organized; implementation of state contribution system, from which every participant will benefit, has been started and institutional pension plans have been encouraged.

509. In order to develop İstanbul as an international financial center, İstanbul International Financial Centre (IFC-İstanbul) Strategy and Action Plan was prepared and became effective in October 2009. As a result of works done, İstanbul entered into Global Financial Centers Index and was ranked 72nd in 2009 for the first time and advanced to 56th position in 2012.

510. In the Plan Period, within the context of the efforts towards developing financial markets, fundamental developments have been achieved towards establishing İstanbul as an international financial center. Nevertheless, need for increasing depth in financial markets and diversity of financial services are still continuing.

b. Objectives and Targets

511. The aim is establishing an innovative and transparent financial system with low transaction costs, strong technological infrastructure and human resources, that is effectively audited and in which all types of financial instruments can be issued to meet the needs of real economy and finance growth.

512. In future regulations about financial markets, the goal of establishing İstanbul as an international financial center shall be considered. Placing İstanbul among top 25

Table 14: Developments and Targets in Selected Financial Services Indicators

	2006	2012	2013	2018
Banking Sector				
Assets/GDP (%)	66	97	101	125
Capital Market				
Number of Corporations in Borsa İstanbul	329	406	431	606
Market Capitalization/GDP (%)	30	39	41	66
Nominal Stock of Debt Securities/GDP (%)	33	29	32	47
Ranking of İstanbul in GFCI[1]	---	56	---	25

Source: 2006 and 2012 data are from BRSA, Borsa İstanbul, CMB and TURKSTAT. 2013 and 2018 data are estimates of the Tenth Development Plan.

(1) GFCI (Global Financial Centers Index) ranking is published by Z/Yen. There are 77 financial centers on the list as of 2012.

of Global Financial Centers Index by the end of the Tenth Development Plan period is targeted. During the Plan period, ratio of nominal stock of debt securities to GDP is estimated to increase rapidly and this increase is estimated to arise from private sector debt securities.

c. Policies

513. Towards the aim of establishing İstanbul as a regional and global financial center, coordination structure will be strengthened, qualified human resources will be increased and financial services will be diversified.

514. Diversity of products and services in financial markets will be increased.

515. Consumer and investor rights in financial sector will be reinforced with transparent, fair and encouraging practices within corporate governance principles framework.

516. Share of Turkish participation banking in global financial markets will be increased.

517. Development banking, which provides long-term investment financing, will be improved.

518. Settlement systems will be strengthened in line with technological developments and emerging needs.

519. R&D activities in financial markets will be supported; mobile banking and online banking will be disseminated.

520. Financial education, which contributes to sound operation of financial markets, conscious decision making of individuals facing diverse set of financial products and growth of domestic savings, will be extended.

521. Practices will be initiated to develop financial sector cooperation with neighboring countries.

2.2.6. Fiscal Policy

a. Current Situation

522. Fiscal policy has been conducted with an aim of supporting a sustainable, private sector oriented growth, within the multi-year budgetary framework and MTPs that draw the overall perspective of the Turkish economy both in domestic and international arena. Within this context, public debt to GDP ratios have declined with significant primary surpluses after 2001 and the resulting fiscal space has been effectively used to alleviate negative effects of global crisis. After 2010, policy of keeping primary surplus at sufficient levels for sustainable public finances has continued.

523. Among other factors, counter-cyclical policies during the recession led to rise of public sector borrowing requirement to 5 percent and gross public sector debt stock to 48.9 percent of GDP in 2009. In the following period, with the effect of high growth performance and restructuring of government receivables in addition to policies implemented to improve fiscal balances, public sector borrowing requirement declined to 0.9 percent of GDP and gross public sector debt stock declined to 39.7 percent of GDP in 2012.

524. With the tight fiscal policies implemented, there has been a steady decline in the general government interest payments to GDP ratio. Yet, general government primary expenditures have increased beyond the savings in interest payments. In the 2006-2008 period, general government interest payments declined by 0.6 points on average and realized as 5.4 percent of GDP at end-2008; general government primary expenditures increased by 1.1 points on average and realized as 29.2 percent of GDP at end-2008. Ratio of general government primary expenditures to GDP that increased to 34.4 percent in 2009 as a consequence of the anti-crisis measures remained around this level and realized as 34.2 percent on average in 2010-2012 period despite the remarkable increase in GDP. Personnel expenditures, health and social security expenditures and social transfers were the main determinants of this increase in the general government expenditures during the aforementioned period.

525. General government revenues -excluding privatization proceeds- that was on average 32.5 percent of GDP in 2006-2008 period, increased to 34.2 percent in 2009, and then to 37.3 percent in 2012 as a result of the measures taken to finance the increased government spending. Total tax burden, including social security premiums, which was 24.7 percent in 2009, became 27.6 percent in 2012. Of this 2.9 percentage points increase in the tax burden, 1.2 percentage points resulted from social security premiums and 1.7 percentage points from taxes. One-off receipts also played an important role in the magnitude of general government revenues. Within this context, significant amount of revenue was collected from restructuring of government receivables under the Law No. 6111, amnesties for social security premiums in 2006 and 2008, and the provision for paid military service duty in 2012. In addition, during the Ninth Development Plan period, annual privatization proceeds averaged 0.6 percent of GDP and sales of already deforested treasury owned lands have started.

526. As a consequence of developments in general government revenues and expenditures, general government deficit that averaged 0.2 percent of GDP in 2006-2008 period, increased to 5.5 percent in 2009, and averaged 1.4 percent in 2010-2012 period. General government balance excluding interest payments and privatization proceeds recorded an average surplus of 4.4 percent of GDP in 2006-2008 period; a deficit of 0.2 percent in 2009, and a surplus of 2 percent on average in 2010-2012 period.

527. Structural general government balance, an indicator of long-term fiscal sustainability of public finances, is calculated by controlling for the cyclical factors on revenues and expenditures as well as by excluding the privatization proceeds and one-off revenues. During the Ninth Development Plan period, structural primary general government expenditures as a ratio to potential GDP, increased steadily and reached 34.7 percent in 2012. Albeit with some slight fluctuations, the ratio of general government revenues to potential GDP showed a rising trend during the Plan period and reached 36.5 percent in 2012. Thus, structural general government surplus of 4.2 percent of potential GDP in 2006 realized on average 1.8 percent of potential GDP in the 2007-2012 period as a result of the faster increase in primary expenditures compared to revenues.

528. In line with the developments in general government balances, general government debt stock to GDP ratio -on EU definition- had a downward trend before the global crisis, increased with the crisis, and again followed a declining trend after the crisis.

529. As a result of the economic programs implemented during the Eighth and Ninth Development Plans, public fiscal balances have improved and public debt to GDP

Table 15: Developments and Targets in Selected Public Sector Indicators

(Ratio to GDP, Percent)

	2006	2012	2013	2018	2014-2018[1]
Public Consumption	9.5	11.5	11.7	11.6	11.7
Public Saving	4.2	2.9	2.4	3.7	3.1
Public Investment	3.7	4.4	4.5	4.8	4.6
Public Sector Borrowing Requirement[2]	-1.8	0.9	1.4	0.5	0.7
Public Sector Balance on Program Definition[3]	4.8	0.9	0.8	1.0	0.9
General Government Revenues	34.8	37.8	38.3	37.9	37.9
General Government Expenditures	33.4	38.7	39.7	38.4	38.6
General Government Primary Expenditures	27.3	35.2	36.4	36.2	36.1
General Government Interest Payments	6.1	3.5	3.3	2.3	2.5
General Government Investments	3.0	3.5	3.5	4.1	3.8
General Government Balance	1.3	-1.0	-1.4	-0.5	-0.7
General Government Primary Balance	7.5	2.6	1.9	1.7	1.8
Structural General Government Revenues[4]	33.4	36.5	37.1	37.7	37.2
Structural General Government Expenditures[5]	29.1	34.7	35.5	36.4	35.7
Structural General Government Balance[6]	4.2	1.7	1.6	1.3	1.5
Tax Burden (Including Social Sec. Premiums)	24.4	27.6	28.3	28.9	28.6

Source: 2006 and 2012 data are from Ministry of Development. 2013 and 2018 data are estimates of the Tenth Development Plan.
Note: Public institutions and administrations within the scope of the central government budget, local governments, extra-budgetary funds, social security institutions and UHI, revolving funds, unemployment insurance fund and the SEEs constitute the public sector. The general government definition is obtained by excluding the SEEs from the public sector.
(1) Period average
(2) (-) sign indicates surplus.
(3) Interest revenues and expenditures, privatization revenues, profit shares of public banks, and other special types of revenues and expenditures are excluded.
(4) As ratio to potential GDP, excluding privatizations and one-off revenues
(5) As ratio to potential GDP, excluding interest payments
(6) As ratio to potential GDP

ratio has significantly declined. Yet, public financial system is still highly sensitive to cyclical fluctuations. In order to protect the aforementioned achievements and to establish a stronger public financial outlook, rationalization in public expenditures and enhancing the quality of public revenues are regarded as priorities in the Tenth Development Plan period.

b. Objectives and Targets

530. Towards achieving a sustainable high growth environment, fiscal policy will be conducted in line with monetary and revenue policies so as to support economic stability, increase domestic savings and to help control current account deficit.

531. The aim is establishing the permanency of macro-fiscal achievements of the Ninth Development Plan, which were gained by decreasing ratio of gross public sector debt and interest payments to GDP, by keeping public sector borrowing requirement under control.

532. By holding the ratio of general government revenues to GDP constant and by slightly decreasing the ratio of general government expenditures to GDP, reducing the general government deficit to 0.5 percent of GDP at the end of the Plan period is targeted.

533. A fair distribution of tax burden at 28.6 percent of GDP on average is foreseen for the Plan period.

c. Policies

534. Public expenditures will be controlled by preventing waste, increasing efficiency and prioritization of spending programs. Savings and additional resources that will be collected by increasing the efficiency of public expenditures will be used for growth-friendly investments, incentives and R&D supports.

535. Expenditures, especially social program expenditures and agricultural transfers, will be reviewed to ensure efficiency increases.

536. Additional fiscal funds, raised by increasing voluntary tax compliance and decreasing informal economy, will be used to contribute to growth primarily by including reduction in transaction taxes, by incentivizing production and employment.

537. Tax base will be expanded in a way that will ensure fulfillment of its fiscal role and fairness of taxation.

538. Tax policy will be used to ensure efficient distribution of production factors.

539. Main tax regulations will be redrafted with the aim of ensuring simplicity and compliance in the framework of economic and social policies.

540. Legal and administrative measures will be put into practice to prevent tax losses in electronic commerce.

541. Legal arrangements will be made upon calculating their short and long-term fiscal impacts.

542. Program based classification of public expenditures will be finalized and program-based budget approach will be adopted for public services.

543. Efficiency of planning, programming, budgeting, implementation, monitoring and evaluation processes will be increased by enhancing the connection of resource allocation process with strategic plans and performance based budgetary system.

544. Coordination and data sharing among agencies will be improved in order to combat informal economy. Human capital and technological infrastructure of agencies will be strengthened within the scope of preventive and risk-oriented audit approach.

545. Own revenues of local governments, including expropriation of urban rents and property tax, will be raised in order to strengthen their fiscal capacity.

2.2.7. Social Security Financing

a. Current Situation

546. By virtue of the Social Security Reform, which began with the unification of social insurance institutions in 2006 and was gradually introduced thereafter; important steps have been taken to maintain the unity of norms and standards, coverage of the social security system has expanded and there has been significant progress towards attaining high quality service provision as well as financial sustainability. In this scope, public health insurance schemes that provided services at different standards have been unified and the compulsory UHI that covers the entire population was established. In order to ensure financial sustainability of the system, parametric changes such as raising retirement ages and decreasing accrual rates have been made and state contribution was introduced to the social security system. In order to curb the increase in treatment and pharmaceutical expenditures that stemmed from expanded health care coverage and increased access to services, measures have been taken to prevent redundant service demand along with the introduction of the global budget that has later been expanded to include pharmaceutical expenditures in 2010.

547. The 1.9 percentage points increase in the ratio of premium revenues (excluding restructuring revenues) to GDP in the period of 2007-2012 resulted mainly from the increasing number of workers with service contracts, payment of universal health insurance premiums of the poor by the state and public institutions' payments of the health insurance premiums of the civil servants they employed before the reform. In return, pension and health expenditures increased significantly and their ratio to GDP rose by 2.4 percentage points during the Plan period. 0.8 percentage point of the 1.6 percentage points rise in pension payments to GDP ratio stemmed from higher indexation of pension payments than presumed by the reform. Within this framework, excluding state contribution and restructuring revenues, the deficit of social security system has increased by 0.6 percentage point. In this period, with the addition of the state contribution, additional payments to pensioners, transfers due to premium incentives and state's payment of universal health premiums of the poor, total budget transfers for social security system to GDP ratio has increased by 1.5 percentage points.

548. By virtue of the incentive policies followed to increase employment and measures taken to reduce informal employment in the period of 2007-2012, the number of workers with service contracts and civil servants increased by average annual rates of 7.3 percent and 3.5 percent, respectively. On the other hand, the number of self-employed decreased by an average annual rate of 0.9 percent. On the pensioners' side, the number of pensioners significantly increased due to the length of gradual transition period for the parametrical changes brought by the social security reform, the opportunity to raise contribution debts for periods lived abroad and restructuring of contribution arrears. Within this framework, the number of pensioners' files has increased for pensioners of workers with service contracts by 5.2 percent, pensioners of self-employed by 6.1 percent and pensioners of civil servants by 2.6 percent. As a result, increases in the number of insured and pensioners balanced each other in terms of their impacts to the active/passive ratio which remained at 1.7 level during the Plan period.

549. Informal employment rate has decreased from 47 percent in 2006 to 39 percent in 2012. This progress has mainly been achieved through decreasing the informal employment rate of regular and casual employees from 31 percent to 22 percent via the measures taken to fight against informal employment as well as the employment incentives introduced. On the other hand, there has been a minor progress regarding the informal employment rate of employers and the self-employed that has decreased from 57 percent to 55 percent.

550. Effective through 2013, in order to reduce the disparities between the amounts of pensions deserved in return for identical eligibility criteria in different time periods, SSK pensions that have been granted before 2000 and BAĞ-KUR pensions that have been granted in the second quarter of 2002 have been recalculated and aligned.

551. The ratio of health expenditures of SGK to GDP has risen by 0.8 percentage point and was realized as 3.1 percent in 2007-2012 period. This increase has been affected by the transfer of health expenditures of the poor and the civil servants that have been previously defrayed from the central government budget to SGK. On the other hand, despite the expansion of the coverage of health insurance and increased access to health services, the ratio of total public health expenditures to GDP has recorded a limited increase from 4.1 percent in 2006 to 4.2 percent in 2012 by virtue of the measures taken.

Table 16: Social Security Institution Revenue–Expenditure Balance

(Ratio to GDP, Percent)

	2006	2012	2013	2018	2014-2018
Revenues	**6.8**	**9.4**	**9.8**	**9.8**	**9.6**
Premium Collection	4.9	6.8	7.3	7.5	7.3
Premium Restructuring Revenues	0.5	0.2	0.1	0.0	0.0
State Contribution	0.0	1.7	1.7	1.7	1.7
Other Revenues	1.4	0.8	0.7	0.6	0.6
Expenditures	**9.1**	**11.0**	**11.3**	**10.8**	**11.0**
Insurance Expenditures	5.9	7.5	7.7	7.6	7.7
Health Expenditures	2.3	3.1	3.2	2.9	3.0
Other Expenditures	0.8	0.4	0.4	0.3	0.3
Revenue – Expenditure Difference	**-2.3**	**-1.6**	**-1.5**	**-1.0**	**-1.4**
Revenue – Expenditure Difference [1]	**-2.8**	**-3.4**	**-3.3**	**-2.7**	**-3.1**
Total Budget Transfers [2]	**3.0**	**4.5**	**4.7**	**4.0**	**4.4**

Source: 2006 and 2012 data are based on cash and belong to SGK. 2013 and 2018 data are estimates of the Tenth Development Plan.
Postscript: Additional payments to pensioners are ignored in revenues and expenditures.
(1) Premium restructuring revenues and state contribution are excluded.
(2) Invoiced payments, additional provisions, state contribution, additional payments to pensioners, the transfers made for the 5 point contribution reduction for the employees employed under service contract, contribution reduction for the disabled and the health insurance premium of poor people (since 2011) are included.

552. Despite comprehensive reforms in the social security system in 1999 and 2008, low level of effective retirement ages due to the length of the gradual transition period to higher retirement ages, higher indexation of pensions than presumed by the reform, restructuring of contribution arrears, continuation of the opportunity to raise contribution debts for periods lived abroad, inability to decrease informal employment or undeclared wages to acceptable levels are weakening the long-term financial sustainability of the social security system. In addition, health expenditures keep its rising trend and create pressure on financial sustainability because of the aging population, changing disease burden, health inflation due to development of new health technologies, increased demand to health services as a result of increased health consciousness and income level.

b. Objectives and Targets

553. Enhancing the long term fiscal sustainability of the social security system is aimed through decidedly implementing the social security reform and abstaining from the implementations that deteriorate the actuarial balance of the system.

554. At the end of the plan period, ratio of social security system transfers from the central government budget to GDP is aimed to decrease to 4 percent.

c. Policies

555. The number of formal employees will be increased and premium base will be expanded by fighting against informal employment and undeclared wage.

556. Premium restructuring will not be applied excluding exceptional cases such as economic crises and natural disasters.

557. The opportunity to raise contribution debts for periods worked or lived abroad will be revised.

558. Pharmaceutical and treatment expenditures will be rationalized, considering the sustainability of health services and expenditures.

2.2.8. Public Enterprises

a. Current Situation

559. Enterprises with state capital comprise; the state economic enterprises in the scope of Decree No. 233; the state enterprises that operate within the framework of Law No. 4046; the enterprises more than 50 percent of whose capital is owned by the Treasury and the enterprises with revolving funds.

560. Currently, state economic enterprises operate in mining, energy, transportation, agriculture and manufacturing industries. During the Ninth Development Plan period, the state completely withdrew from petrochemicals, salt and tobacco sectors and administration of vehicle examination stations. Some privatizations have been carried out in electricity generation and distribution, natural gas distribution, manufacturing industry, port administration, telecommunications, banking and maritime and airway transportation.

561. Goals related to the fiscal discipline of state economic enterprises are determined by general investment and financing programs every year. However, some commercial activities are performed by public institutions such as TRT, TOKİ, AOÇ, PTT and TURKSAT, which are subject to a legal framework different from the state economic enterprises.

562. The value added that is created by the state economic enterprises system decreased from 1.9 percent in 2006 to 1.3 percent at the end of 2012. Despite the decline in the value added, the share of sales revenues of SEEs (except duty loss realizations) in GDP remained at 8.3 percent between 2006 and 2012. The SEE system that was injected a capital of 15.7 billion dollars between 2007 and 2012, contributed 5.4 billion dollars to the treasury in the form of dividends and revenue shares.

563. In the Ninth Development Plan period, with the aim of establishing and expanding strategic management practices in public enterprises that are not in the scope of privatization, the process of preparation and execution of strategic plans has been initiated. In this context, steps have been taken towards putting modern internal control and audit systems into practice. Efforts have been carried on towards determination of SEE product prices based on market conditions, decreasing unproductive employment and improving corporate governance.

564. There is ongoing need for restructuring public enterprises that cannot sustain their operations without capital transfers from the Treasury.

565. In the Tenth Development Plan period, a need emerged for reflecting the new approach toward businesses that was formed with the enactment of the new Turkish Commercial Law onto SEE legislation.

566. The need continues for restructuring public enterprises with revolving funds, as envisaged in the public fiscal management reform. The share of total income of revolving funds in GDP rose from 2.2 percent in 2006 to 2.4 percent in 2012. Between 2007 and 2012, the share of public and university hospitals among businesses with revolving funds, has increased. In this period, support was provided for improving financial conditions of university hospitals.

b. Objectives and Targets

567. The primary objective is operation of public enterprises within the framework of productivity principles and without burdening public finances.

568. At the end of the Plan period, the share of value added created by SEEs (including the institutions in the privatization program) in GDP, is expected to be 0.8 percent.

Table 17: Developments and Targets for Selected Indicators of SEEs

(Ratio to GDP, Percent)

	2006	2012	2013	2018
Total Value Added	1.9	1.3	1.2	0.8
Gross Sales	8.3	8.3	7.4	3.8
Capital Transfers	0.6	0.3	0.4	0.2
Duty Losses	0.1	0.1	0.1	0.1
Dividends and Treasury Levy	0.1	0.1	0.2	0.1
Investments	0.5	0.5	0.7	0.4
Borrowing Requirement[1]	0.2	0.4	0.5	0.3

Source: 2006 and 2012 data are from Ministry of Development and Undersecretariat of Treasury. 2013 and 2018 data are estimates of the Tenth Development Plan.

Note: Values on the table for SEEs also include the data of the enterprises under Privatization Program.

(1) Excluding Budget and Fund Transfers

c. Policies

569. SEEs activities, including the enterprises under the privatization program, will be carried out according to economic goals and objectives. Rather than employing SEEs for the indispensable activities carried out by the State for social purposes and public benefit, priority will be given to methods such as creating a universal service fund. In the case of the necessity of an SEE assignment, costs incurred will be compensated on time.

570. SEEs activities will be carried out without causing any negative effects on market mechanism.

571. A legislative arrangement complying with internationally accepted principles of corporate governance and new Turkish Commercial Law will be done, to increase efficiency, accountability, and flexibility in decision-making processes of SEEs.

572. Strategic management approach will be expanded. Implementations will be carried out so as to improve the compliance of SEE activities to their strategic plans and performance programs. Effective internal audit and internal control mechanisms will be established and internal audit units will be activated in SEEs. External audit processes will be activated within the framework of accountability.

573. In order to contribute to the stable and high-growth, SEEs will focus on high value-added products via developing technological infrastructure and R&D activities. They will also benefit from domestic energy sources and utilize new export opportunities.

574. Quality-cost balance will be established through increasing the efficiency of service procurement processes in SEEs.

575. Privatization implementations will be sustained within a program considering long-term sectoral priorities. Public offering will be the major method in privatization implementations.

576. Enterprises with revolving funds, primarily university hospitals, will be restructured in a way that will ensure effective, economic and efficient use of public resources.

2.2.9. Investment Policies

2.2.9.1. Public Investments

a. Current Situation

577. In order to meet primary social needs and to develop infrastructure that supports productive activities, during the Ninth Development Plan period, development of infrastructure investments in education, health, technological research, transportation, irrigation, drinking water and ICT were given priority, while considering the need to reduce regional development disparities.

578. During the Ninth Development Plan period, public sector fixed capital investments were realized as predicted. While the share of total public sector fixed capital investments in GDP was 3.8 percent in 2006, this ratio increased to 4.2 percent in 2012 and is expected to reach 4.5 percent in 2013, in current prices.

579. During the Ninth Development Plan period, resources allocated to public investments were increased, many projects were completed, new projects were undertaken selectively, and thereby the average completion time of the existing investment stock decreased from 5.5 years to 3.7 years from 2006 to 2013.

580. During the Ninth Development Plan period, with 37.4 percent transportation sector had the largest share in public fixed capital investments including local administration investments and investment labor cost. Because of focusing on divided motorway and high-speed railway projects, the share of the transportation sector realized above the projections of the Plan. Therefore shares of other sectors were realized below targets. Especially in Southeast Anatolian Region, many projects were completed and approached to final stages of completion by transferring substantial resources to projects for regional development, with GAP Action Plan, DAP, KOP and DOKAP investments. However, investment need continues to reduce disparities among regions.

581. In order to meet Turkey's increasing need for infrastructure, utilizing alternative financial models facilitated by the participation of private sector is required in addition to the use of public resources. Within this framework, the PPP model, which has been used extensively in infrastructure investments in developing and developed countries in recent years, has also been implemented in Turkey. During the Ninth Development Plan period, the number of Built-Operate-Transfer and Built-Lease projects increased to 46 where the total investment value of these projects has been 28.5 billion dollars.

582. Despite the significant changes made on the PPP legislation, the need for aggregating the legislation under a framework law continues. The PPP process has a structure that may charge the public sector with long term fiscal liabilities, and it has to be designed and managed appropriately. Therefore, in the PPP structure, need for improving public sectors' institutional capacity based on project planning and management expertise is crucial.

583. In Turkey, in order to meet economic and social infrastructure needs, as well as new investments, increasing effectiveness in use of existing capital stock is required.

584. In the process of planning and implementing new investments, there is ongoing need for enhancing the capacity of public institutions in preparation, implementation, monitoring and evaluation issues.

b. Objectives and Targets

585. The main goal is to maximize the contribution of public investments for fostering economic growth, supporting private sector investments, reducing disparities among regions, increasing employment and welfare of Turkey.

586. At the end of the Plan period, the share of public sector fixed capital investments in GDP and the share of capital expenditures in central budget are expected to reach 4.8 percent and 11.1 percent, respectively.

c. Policies

587. Public and private sector investments will be addressed with a holistic approach for achieving high and stable growth performance. Public investments will be intensified on economic and social infrastructure areas that cannot be fulfilled by private sector.

588. Public investments will focus on infrastructure investments that support productive private sector activities.

589. In public investments, including the ones under PPP, education, health, drinking water, waste water, science-technology, transportation and irrigation sectors will have priority.

Table 18: Developments and Targets in Public Sector Fixed Capital Investments

(In 2013 Prices, Million TL)

Sectors	9th Development Plan (Realization) (2007-2013)[1]		10th Development Plan (2014-2018)	
Agriculture	39,947	10.2%	50,087	12.0%
Mining	8,483	2.2%	12,522	3.0%
Manufacturing	3,809	1.0%	3,757	0.9%
Energy	28,655	7.3%	15,026	3.6%
Transportation	146,123	37.4%	141,914	34.0%
Tourism	2,087	0.5%	2,504	0.6%
Housing	6,409	1.6%	4,174	1.0%
Education	47,886	12.3%	66,783	16.0%
Health	21,887	5.6%	21,287	5.1%
Justice	5,072	1.3%	6,261	1.5%
Security	3,894	1.0%	4,591	1.1%
Drinking Water	25,847	6.6%	29,218	7.0%
Wastewater	21,746	5.6%	24,209	5.8%
Technological Research	6,889	1.8%	10,435	2.5%
Other Services	21,951	5.6%	24,626	5.9%
Total	390,684	100.0%	417,393	100.0%

Source: Ministry of Development
Note: Including local administration investments and investment labor cost
(1) Realization forecast for 2013

590. During the Tenth Development Plan period; the share of agriculture sector is expected to rise as a result of acceleration in irrigation investments, especially in the GAP Region; since exploration of energy-raw materials within the framework of domestic resources based energy policy will be given priority, the share of the mining sector is expected to rise; as hydroelectric power plants (HPP) carried out by the public sector have come to stage of completion and privatization, the share of energy sector is expected to decrease; the share of transportation sector, despite its highest share, will decrease since some of highway, big seaport, airport, railroad station projects are being carried out with PPP model; the share of education sector will increase as a result of the needs of newly established universities and the goal of decreasing number of students per class; the share of health sector will decrease as a result of extensive use of PPP method in the projects of city hospitals and health campuses; the shares of justice, security, drinking water, waste water and technological research sectors will increase in accordance with the priorities.

591. Public investments will continue to be directed towards areas that target reducing regional development disparities and utilizing the potential of regional development. Accordingly, in addition to urban development-oriented projects, economic and social infrastructure projects which support productive private sector investments in GAP region, and in DAP, KOP and DOKAP regions, focus will be on the projects prioritized in the action plans.

592. Improvement in the average completion period of investment stock will be sustained by focusing on the sectors that still have relatively longer periods.

593. To ensure maximum benefit from the existing capital stock, maintenance-replacement, maintenance-repair and rehabilitation expenditures will be emphasized.

594. A strategy paper will be prepared as a future road map for the PPP model implementations and a framework law will be prepared in order to compile the scattered PPP legislation in force.

595. An effective monitoring and evaluation system will be established in order to strengthen the policy and practices of PPP, and to measure the risks and effects of the PPP projects on the budget.

596. The planning, implementation, monitoring and evaluation processes of public investment projects will be enhanced; in this context capacity of public institutions will be improved.

2.2.9.2. Private Sector Investments

a. Current Situation

597. The contribution of capital stock to growth, which had been around 80 percent in 1981-2012 period, has been 75 percent during the Ninth Development Plan period. Private sector capital accumulation had been the most important source of growth in Turkish economy in the past. Private sector fixed capital investments, recorded an annual average growth rate of 2 percent in real terms in 2007-2012 period, due to global financial crises and its share in GDP was realized as 18.9 percent in 2006 and 16.4 percent in 2012.

598. In order to foster private sector investments, the significance attributed to and the amount of support provided for investment incentives have risen during the Ninth Development Plan period. Incentives were provided for regional investments and large-scale investments since the start of New Investment Incentive Scheme in 2009. Since 2012 strategic investments were included in the scope of the scheme. In addition, a new six-layered regional map, which is based on Socioeconomic Development Index, was developed and used as a basis for regional support.

599. The Law on Monitoring and Supervision of State Aids, which is prepared to arrange state aids in accordance with the agreements between Turkey and EU and to inform relevant authorities, entered into force. The Committee for State Support Monitoring and Supervision, which is formed in this context, became operative. In addition, efforts to ensure collection, storage, reporting and monitoring of data from public organizations that provide state aids have been carried out.

600. Regarding the business environment, which is a determining factor for private sector investment decisions and increase in investments, significant developments have been achieved in Turkey in recent years. Coordination Council for Improvement of Investment Environment (YOİKK) was restructured in order to attain a more effective and result-oriented structure. In parallel with these developments, Turkey ranked 71st among 183 countries in the World Bank Doing Business Report, 2013. According to the report, Turkey has shown progress in the total tax rate as a percentage of gross profit and in registering property, whereas it ranked slightly under OECD average in business closure and slightly over the OECD average in terms of starting a business and registering property as of 2012.

601. In Turkey, from the commencement of the investment until the startup of operations, there is especially a need for improvement in the process of permits, approvals, licenses, provision of investment sites and legislative procedures.

602. Improvement of the legal framework and enhancement of the pace, effectiveness and consistency of the judicial system, are deemed to be top priority from the perspective of foreign direct investors. Predictability, clarity and transparency of legal arrangements are required for sustainability and stability of foreign direct investment.

603. Despite the fall in foreign direct investments in 2009 due to the effect of global economic crisis, during the period of 2007–2012 total FDI inflow, excluding real estate, has been recorded as 73.3 billion dollars. Particularly before the crisis, foreign direct investment had played an important role in financing current account deficit. In order to ensure the long-term sustainability of current account deficit, it is important that FDI is attracted to green field investments and to the investments that will increase existing production capacity rather than acquisitions, during the Tenth Development Plan.

b. Objectives and Targets

604. During the Plan period, the primary goal is to increase private sector investments required for high growth rate through improving attractiveness of the investment environment and by promoting investments.

605. The aim of investment incentives is to foster investments, exports and production with higher value added and R&D content, as well as increasing employment, improving international competitiveness and integrating regional potential to the national economy.

606. The share of private sector fixed capital investments in GDP is targeted to be 19.3 percent as of 2018. During the Plan period, an average annual FDI inflow of 2 percent of GDP is envisaged.

c. Policies

607. In the investment incentive programs, investment projects that promote employment, higher value-added and export growth will be given priority and the principles of cost-effectiveness, accountability, transparency, predictability, flexibility, productivity and avoiding idle capacity will be considered.

608. In the application of investment incentive programs, regular monitoring and evaluation will be conducted, macroeconomic, sectoral and regional impact of incentives will be measured and development of institutional capacity in this context will be given priority.

609. The data collection and monitoring system for state aids will be prepared and implemented.

610. For the promotion of strategic investments that include critical technologies for Turkey, utilization of public infrastructure investments as a support measures will be given priority.

611. Foreign direct investments that increase production and export capacity in priority areas will be supported with a view to encouraging local production for imported inputs, strategic products and industries.

612. Strategy work to identify priority areas for FDI will be conducted.

613. YOİKK work will focus on broad problem areas, with a more effective and result-oriented perspective.

614. Red tape in procedures of permits, approvals and transactions that investors and businesses deal with will be reduced, transparent and objective rules will be introduced.

615. In order to ensure allocation of proper investment sites for investors, adequate land will be generated, inventory of land suitable for investments, especially for state-owned lands, will be prepared and procedures regarding land allocation will be made more effective.

616. In order to improve the business environment, proper functioning of competitive environment will be ensured. In this context, competition rules will be applied effectively against agreements restricting competition, concerted practices and decisions, abusive behaviors of dominant enterprises, merger and acquisition transactions that significantly limit competition.

617. Regional Development Agencies will place emphasis to attracting foreign and domestic capital investments in order to exploit regional potentials and will assume a complementary role at the regional level for the Investment Support and Promotion Agency. Information and guidance capability of the Investment Support Offices that are established at the provincial level within Development Agencies will be increased.

2.2.10. Science, Technology and Innovation

a. Current Situation

618. During the Ninth Development Plan period, in the context of policies that target strengthening the science, technology and innovation capacity, the funds allocated to R&D and the number of researchers has increased along with R&D activities, expenditures, and researcher employment of the private sector. Research infrastructures at universities, public institutions and private sector were further developed.

619. Although R&D intensity of Turkey increased from 0.60 percent to 0.86 percent between 2006 and 2011, it is still behind the 2 percent target of the Ninth Development Plan and the EU average of 1.9 percent. In the same period, the number of full-time equivalent (FTE) researchers was targeted to be 80,000 and reached 72,000 in 2011. Number of FTE researchers per 10,000 people was 30 in 2011 which was below the EU average of 70.3 as 2010.

620. In 2011, the share of private sector in the total R&D expenditures was 43.2 percent and 48.9 percent of FTE R&D personnel were employed by private sector. R&D incentives, developments in Technology Development Zones (TDZ) and incentives for establishing R&D centers contributed to the rise in private R&D activities and R&D personnel employment.

621. About 2.4 billion TL was spent for establishing research infrastructure in public institutions and universities, especially in the priority technology areas specified by the Ninth Development Plan and the decrees of The Supreme Council for Science and Technology. Currently, 108 thematic research center projects have been completed and 65 projects are ongoing. Research areas of these centers are primarily in life sciences (including biotechnology), materials science, aviation and space, ICT, defense and nanotechnology. Furthermore, in order to improve the research capacity at universities, 20 central research laboratories were established and 62 are under construction. Preparations for establishing such centers in other public universities are going on.

622. Number of TDZs, their projects and researcher employment, together with R&D and innovation support programs led by public institutions including the Scientific and Technological Research Coun-

Table 19: Developments and Targets in R&D and Innovation

	2006	2011	2013	2018
Share of R&D Expenditures in GDP (%)	0.60	0.86	0.92	1.80
Share of Private Sector in R&D Expenditures (%)	37.0	43.2	46.0	60.0
Number of FTE R&D Personnel	54,444	92,801	100,000	220,000
Number of FTE Research Personnel	42,663	72,109	80,000	176,000
Share of Private Sector in R&D Personnel (%)	33.1	48.9	52.0	60.0

Source: 2006 and 2011 data are from TURKSTAT. 2013 and 2018 data are estimates of the Tenth Development Plan.

cil of Turkey (TÜBİTAK) and the budget allocated for these programs has increased and the projects were determined in line with technological priority areas. In 2010, Turkey was in the 18th place in terms of the total number of scientific publications globally. However, in terms of the publications per capita its ranking was 45th in the world and Turkey placed at the lower end of the EU rankings in terms of average citation. This indicates the need for improvement of research environment especially in basic sciences and enhancement of the qualifications and quantity of researchers.

623. In order to generate more value added in services and agriculture besides industry, to develop innovative entrepreneurship and to stimulate regional potential, implementing science, technology and innovation policies as complementary to other policy areas particularly education, industry and regional policies is important.

624. Despite the achieved progress, there is still need to increase the amount of financial resources allocated to R&D and innovation and to increase their effectiveness to obtain the desired results. Especially, the need for strengthening the commercialization phase of technological products, establishment of technology transfer interfaces, developing innovative entrepreneurship, transformation of public procurement system into a structure that supports the development of technologies in country, developing technologies that increase efficiency in production processes and support sustainable production, increasing the share of high-tech sectors within both manufacturing industry and exports are still important.

625. In R&D and innovation area, it is necessary to enhance the accreditation and standard setting capacity at international levels, to provide effective and sustainable use of research infrastructures via their diversification and to foster more cooperation among public and private sector. There is a need to enhance the human resources in terms of quality and quantity and to increase their employment in the private sector. Moreover, it is still important to develop regional and international cooperation, especially with the EU countries, in R&D activities, research infrastructures and research labor force.

b. Objectives and Targets

626. The primary aim of R&D and innovation policy is contributing to increase of technology and innovation activities with a private sector focus and get benefits from these activities, to commercialization of results of R&D activities via constituting an innovation based ecosystem, and to achievement of high global competitive power with branded technology products.

c. Policies

627. Research centers within the universities and public institutions will be transformed into sustainable structures which work in close collaboration with the private sector, employ highly skilled human capital, provide continuous service to researchers and have efficient management.

628. R&D and innovation programs will be started and implemented in order to develop internationally competitive and high value added new sectors, products and brands.

629. Innovation system will be transformed into a cluster oriented and entrepreneurship focused structure.

630. Coordination of various R&D support programs will be ensured and existing support programs will be reviewed by conducting impact analysis. R&D activities will be supported in a comprehensive way by taking the market conditions, including commercialization, into account within the framework of common objectives determined in the priority areas.

631. In all sectors, especially in the energy and manufacturing industries, R&D activities towards producing clean technologies and green products with high value added enabling the efficient use of natural resources and prevention of environmental degradation will be supported.

632. The structure and operation of technology development zones will be improved in order to foster university-industry cooperation, inter-firm joint R&D activities and innovative entrepreneurship.

633. Research centers, incubators, technology transfer and innovation centers and technology development zones will be ensured to specialize in certain fields and cooperate with each other; and these bodies will be encouraged to support relevant cluster activities.

634. Measures will be taken and interfaces will be established to facilitate and encourage university - private sector cooperation. In this context, during the restructuring of higher education system, R&D and entrepreneurship activities of academicians and students will be encouraged.

635. The quantity and quality of researchers will be further increased, while the incentives for researcher employment in private sector will continue.

636. Development of competent researchers in basic and social sciences will be supported; the number, quality and efficiency of research activities will be increased in these areas within the universities and public institutions.

637. Public procurement system will be improved in a way to encourage innovation, domestic production, environmental awareness, technology transfer and innovative entrepreneurship.

638. The capacity of public institutions for steering R&D activities and implementing results of R&D activities in cooperation with private sector will be strengthened.

639. Regional and global cooperation will be developed in R&D activities, research infrastructures and research labor force issues. In this context, priority will be given to facilitation of transfer, internalization and further development of critical technologies so as to compete with similar technologies around the world.

2.2.11. Transformation in the Manufacturing Industry

a. Current Situation

640. Annual average growth rates of production and employment in the manufacturing industry has been 3.7 percent and 1.5 percent respectively, in the 2007-2012 period. In 2012, share of manufacturing in GDP was 15.6 percent. The ratio of value added to production in the manufacturing industry was sustained during the Plan period and realized as 18.9 percent in 2010.

641. Despite the general increase in productivity per employee in the manufacturing industry during the Ninth Development Plan period, there is a marked difference in productivity between large and small scale companies against small scale ones in comparison to the EU countries. Human capital need to be used effectively alongside technology in order to improve productivity in the manufacturing industry. The need for skilled labor in the industry continues.

642. The annual average rate of increase in manufacturing exports and imports, in nominal terms (excluding gold), has been 8.5 percent and 8 percent respectively during the 2007-2012 period. The increase in the shares of Middle East and Africa within total exports has been effective in this export growth.

643. Increase in the share of medium-technology sectors in manufacturing industry exports has continued in the Ninth Development Plan period. Although the level of exports of the high-technology sectors has increased, their share in the manufacturing industry exports has declined. Consideration of the high share of intermediate goods in manufacturing imports together with the gap between the productivities of large-scale and small-scale firms points to the need for closer collaboration between SMEs and internationally competitive large-scale firms. In order to attain intended levels of R&D activity and innovation, main and supplier industry firms need to increase their collective capabilities through shared R&D and innovation activities.

644. Considering the increasing effect of non-manufacturing activities in the competitiveness of industrial goods, the need emerges for ensuring effectiveness of co-operation amongst manufacturing, agriculture and services sectors. Additionally, in order to benefit from the production capacities of manufacturing sectors at the highest level and to increase the domestic share in total value created, collaborative activity among the sectors of manufacturing industry needs to be strengthened.

645. Foreign direct investments in manufacturing industry increased in 2011 and 2012, after a decline observed in the 2007-2010 period. Greenfield investments being the priority, foreign direct investments that support the development of manufacturing industry need to be increased.

646. Although the domestic content ratio in defense needs rose from 41.6 percent in 2007 to 54 percent in 2011 for domestic demand, dependency on foreign supply continues in this industry. In developed countries, this ratio is at a level of 85-95 percent. In order to increase the domestic share in meeting defense industry requirements, projects on warship, helicopter, tank, unmanned aviation vehicle and satellite design and production are being carried out. The Defense R&D Roadmap has been formed in order to track the technological progresses systematically.

647. The unbalanced regional distribution of manufacturing activity continues. In order for Turkey to benefit from its potential to a higher extent, production capacity outside of the Marmara region needs to be increased.

648. In manufacturing industry, structural issues such as improving the capability of technology generation, maintaining rapid diffusion of modern technologies, supplying higher-skilled workforce, increasing the production capability in high-value added products, and improving the production and management structures of the SME's maintain their significance.

b. Objectives and Targets

649. In order to increase Turkey's international competitiveness and its share in world exports, the main objective is transforming the manufacturing industry so that a high value-added production structure and increased share of high-technology sectors are achieved.

650. The focal points of the transformation in the manufacturing industry are innovativeness and firm capabilities, effective contribution of regions to national productive activity, effective collaboration among the sectors, green technology and sustainable production, and export market diversification. Increasing productivity and domestic share in value added are targeted by means of developing greener production capacity, improving firm capabilities and thus innovativeness, and effective collaboration among the sectors; and ensuring a sustained and high growth rate is targeted by means of increasing the number of foreign markets served and improving regional production capacities.

651. Achieving TFP growth above long-term average in industry is targeted.

652. In line with the long-term goal of becoming the production center of Eurasia; during Plan period manufacturing industry is envisaged to transform towards a structure such that higher value-added is created, new technologies are developed and effectively diffused, environment-friendly technologies are used and developed, skills and capabilities are continuously improved, the needs of future global trade are fulfilled , sustained global competitiveness is achieved, the contribution of regional potentials to the economy is increased, efficiency in the supply of inputs is ensured, import dependency on capital and intermediate goods is decreased.

c. Policies

653. In order to increase the competitiveness and share of domestic value-added in the manufacturing industry, value-chain based integration will be enhanced both within the sectors of manufacturing industry and within the agriculture and service sectors.

654. As a means of increasing the ratio of domestic supply of industrial inputs, priority will be given to production of those intermediate goods and industrial raw materials that require high levels of investment. For such facilities, proper and large scale sites will be prepared, mechanisms will be created in order to encourage domestic and foreign investment and these investments will receive priority in public support schemes. In line

Table 20: Developments and Targets in Manufacturing Industry

	2006	2012	2013	2018
Manufacturing Industry VA / GDP (Current Prices, %)	17.2	15.6	15.5	16.5
Manufacturing Industry Exports (Billion Dollars)[1]	79.6	129.9	144.1	257.1
Share of High-Tech. Industries in the Exports of Manufacturing Industry (%)[1]	5.6	3.7	3.7	5.5
Share of Mid.-High-Tech Industries in the Exports of Manufacturing Industry (%)[1]	30.8	31.4	31.4	32.1
Numbers of Turkey's Triadic Patent Application[2]	14	35[3]	63	167
TFP Growth in Industry (%)	1.2	-0.9	-0.8	1.9

Source: 2006 and 2012 data are from TURKSTAT. 2013 and 2018 data are estimates of the Tenth Development Plan.
(1) Gold excluded.
(2) OECD Factbook, 2013
(3) 2010 figure

with these purposes, Input Supply Strategy will continue to be implemented.

655. Public procurement will be used as an effective tool in order to foster innovation and green manufacturing capacities of domestic firms. In this context, the capacity for preparation and evaluation of tender specifications will be developed; dissemination and introduction of best practices in the public sector will be ensured.

656. Urbanization and urban transformation will be conducted in association with manufacturing industry. In this context, production and export capacity will be increased in areas such as smart buildings, building and construction materials, and public transport and signaling systems.

657. Technological capabilities and domestic production will be improved in order to meet the rail transportation systems needs of public, in particular the municipalities of the metropolitan cities. In this context, the establishment of joint ventures in both domestic and foreign industry will be supported. TÜLOMSAŞ, TÜDEMSAŞ and TÜVASAŞ which are the subsidiaries of the General Directorate of Republic of Turkey State Railways (TCDD), will be restructured to meet the expectations of the market as a result of the legal regulations in the railway sector.

658. Country credit and guarantee programs will be used effectively to increase the export of high-technology products and capital goods.

659. To prevent unfair competition and to protect human health and safety, efforts will continue for the effective functioning of the market surveillance and control system. Development of quality infrastructure will continue in order to increase the competitiveness of enterprises.

660. Participation in the international standardization activities will be increased.

661. In food, clothing, metal goods, furniture sectors within which productivity differences between large and small-scale firms are high, priority will be given to increasing the productivity of small firms.

662. Pre-competitive collaboration, networking, joint R&D and design, joint procurement and marketing activities of firms will be encouraged.

663. Mechanisms for cooperation, including pre-financing models, will be established among internationally competitive domestic companies and supplier firms especially in domestic investments in new areas.

664. Mechanisms will be established to maximize benefits from the capabilities of firms that have gained international competitiveness, in order to help SMEs in areas like penetrating foreign markets and improving productivity.

665. Practices such as recycling and recovery in the industry will be given importance.

666. The buyout of foreign companies that will provide strategic branding advantage to domestic firms in the global value chain will be supported in the context of state support programs.

667. Sectoral and other strategy documents pertinent for manufacturing industry will be prepared in accordance with the objectives, targets and policies of the Development Plan.

668. Due to the continued need for large-scale strategic investments in the chemical industry, establishment of chemical parks will be supported by allocating logistically appropriate sites for new investments in areas such as petrochemicals, plastics, composites and advanced materials.

669. Pharmaceuticals industry will attain a more competitive state in which; exports are higher, its internationally competent technology is integrated with R&D, necessary measures are taken to develop new molecules in the long run, and higher value-added drugs, biotechnology and bio-similar products being the priority, are produced. In this context, R&D ecosystem will be developed and the pharmaceuticals industry will be focused with a strategic approach.

670. Transformation of textiles, clothing and leather sectors into a structure; where firms are customer-oriented, innovative, environment-friendly, effective in marketing and production channels, able to enrich their productive features by speed and flexibility, and able to create their own design, collection and brands, will be supported.

671. In furniture industry, design and brand development capability, utilization of modern techniques in production, registered working, ability of access to distribution channels will be improved.

672. Domestic production of imported refractory materials and advanced ceramics, investments geared to production of higher value-added and sustainable production will be supported in nonmetallic mineral products industries.

673. In the basic metals industry, sustainable and secure procurement of inputs will be ensured. Diversification in products that bear higher value-added and are imported, like stainless steel, special steel, structural steel and seamless pipes, will be ensured by increasing their weight in domestic production.

674. Technologies will be developed in the electronics industry as a means of entering new business areas. In this context, possibilities for utilization of dual-purpose technologies (defense/civil) will be considered and collaboration of the sector with other sectors; transportation, automotive and machinery industries being the priority, will be improved. In the field of electronic communications, development and production of base station and control units will be given importance in the transition period to next-generation wireless technology. The sector will be supported to take part as a manufacturer in the expansion phase of innovative solutions based on ICT. R&D prior to competition will be encouraged in the industry, laboratory capacity and research infrastructure will be developed in the lighting and display technologies.

675. Domestic capability in manufacturing and exporting will be improved in the medical devices and supplies industry. The experience of defense industry in generating local supply capability will be utilized in this area.

676. Products that make a difference and increase energy efficiency and activities related to after-sales service will be supported for custom-made, high-quality and high-performance manufacturing in the machinery sector.

677. In order to maximize the contribution of renewable energy in the economy, the level of domestic manufacturing will be increased and new technologies will be developed.

678. In the automotive industry, domestic share of value-added will be increased by covering a larger span of the supply chain, including design/R&D, manufacturing and sales/marketing activities in their entirety. Development of new environment-friendly technologies will be supported. Collaboration and integration of the sector with other sectors such as electronics, software, electrical machinery, basic metals and defense industry will be improved. Branding will be encouraged by means of concept vehicles designed for the needs of both domestic and global markets.

679. In the Turkish shipbuilding industry, which experienced a significant decrease in the level of production and exports due to the global financial crisis, global share of the industry in ship design and production will be increased by R&D activities in areas where the industry has competitive advantage.

680. Design and manufacture of sub-meter observation satellites and their sub-systems, communication satellites and sub-systems, satellite launch systems, data processing, storage, and support systems of satellites, domestic aircraft and helicopters will be achieved in the aviation and aerospace sectors. It will be ensured that Turkish aviation industry will obtain a larger share from international projects.

681. A competitive structure will be established in the defense industry. Defense system and logistic needs will be met ensuring original design, sustainability and integration with other national industries. Civil use of appropriate technologies, domestic supply ratio and share of allocation to R&D will be increased. Network and cluster structures will be supported in particular defense industry areas.

2.2.12. Entrepreneurship and SMEs

a. Current Situation

682. SMEs –by definition including majority of artisans and craftsmen– constitute 99.9 percent of all enterprises in terms of number of workers, 76 percent of employment, 54 percent of value added, 50 percent of investments and 56 percent of production. As of 2012, SMEs utilize 25 percent of all bank credits and realize 60 percent of exports.

683. During the course of the Ninth Development Plan, strategy and action plans for SMEs, artisans and craftsmen and cooperatives were prepared, an entrepreneurship council was established, several supports and awards for entrepreneurs were started and the legal and capacity development efforts to support clusters were continued.

684. According to the Global Competitiveness Index, while Turkey ranked 75th among 134 countries in terms of access to bank credits in 2007, this ranking improved to 62nd among 144 countries in 2012. The ranking for venture capital improved from 97th to 73rd during the same period.

685. It is essential to strengthen SMEs in issues such as succeeding in increasing global competition, accessing sufficient capital, breeding innovative projects and developing collaborative businesses and partnerships. The need to increase the number of entrepreneurs and their skills is ongoing, whereas access to finance needs to be improved considering both supply and demand.

686. Industry and technology zones have come a long way during the course of the Plan. In the 2006-2012 period, the number of organized industrial zones (OIZ) increased from 130 to 153, the total number of enterprises based in these zones increased from 35,000 to 45,000. Similarly, the number of Small Industry Zones (SIZ) increased from 405 to 448 and the number or enterprises increased from 88,000 to 93,000. The number of Technology Development Zones (TDZ) increased from 22 to 50 with the number of enterprises going up from 604 to 2,174. In addition, during the Plan period, Ceyhan and Karapınar Energy Specialty Industrial Zones and Filyos Industrial Zone have been established.

687. It is important to improve the number of enterprises that are active in OIZs and to improve capacity of OIZs to better serve the enterprises they host. Enhancing relationships with the TDZs and research centers is also a key.

688. There is a need to improve cooperatives as an important legal structure that contributes significantly to the culture of doing business together, accumulation of capital and income distribution.

Table 21: Developments and Targets in Entrepreneurship and SMEs

	2006	2012	2013	2018
Number of New Enterprises (Thousand)	53	39	50	75
Ratio of Small and Medium Enterprises to All Enterprises (%)[1]	1.7	2.4[2]	3.0	4.0
Number of Enterprises Operating in OIZs	35,000	41,000	45,000	65,000
Number of Completed OIZs	130	153	160	200
Exports of SMEs (Billion Dollars)	50[3]	90	100	150
Number of Exporting SMEs (Thousand)	44	50	52	60
Share of SMEs in R&D Expenditure (%)	10.0[3]	14.9[2]	17.0	20.0
Number of Enterprises Operating in TDZs	604	2,174	2,500	4,000

Source: 2006 and 2012 data are from TURKSTAT, Ministry of Science, Industry and Technology and The Union of Chambers and Commodity Exchanges of Turkey (TOBB). 2013 and 2018 data are estimates of the Tenth Development Plan.

(1) Includes small and medium enterprises with 20-249 employees.

(2) 2010 figure

(3) Estimate of the Ministry of Development

b. Objectives and Targets

689. The primary objective is to increase competitiveness of SMEs and consequently increase their contribution to economic growth. In this context, it is essential to support high growth or high potential enterprises and those that have innovative products, services or business models.

c. Policies

690. Entrepreneurial culture will be further improved by disseminating formal and informal programs at every level of the education system, increasing the quality of existing entrepreneurship training programs and promoting and awarding entrepreneurial role models.

691. In-house capabilities and collaboration capacity of all institutions that provide services and support within the entrepreneurial ecosystem will be improved. Professional associations that bear a public entity legal status will be restructured to support entrepreneurship and increase their contribution to the entire economy.

692. Quantity and quality of incubators, business development centers and accelerators will be improved to better serve entrepreneurs. Support models will be designed by collaboration of public, private and non-governmental institutions.

693. State support for entrepreneurship and SMEs will be provided on the basis of innovation, productivity and employment, growth and collaboration, as well as giving priority to women, youth and social entrepreneurship. Monitoring and evaluation of implementation will be enhanced and contribution of the supports to the economy will be measured by employing impact analyses.

694. Access to finance for startups and SMEs will be facilitated by improving angel investments, venture capital, credit guarantee fund, applications of micro-finance and by exploring other capital market opportunities.

695. Internationalization of SMEs will be augmented by improving their R&D, innovation and export capacity.

696. SMEs will be supported for further organized activities and forming clusters among themselves and with larger enterprises, universities and research centers.

697. SMEs will be ensured to become brands, institutionalize and generate innovative business models.

698. Implementation of OIZ, TDZ, SIZ and Industrial Zones will be improved to ensure higher quality service delivery through proper institutionalization and effective management.

699. Essential transformation of artisans and craftsmen enforced by the changing economic and social circumstances will be supported, while preventing negative impact of malls on smaller artisans and craftsmen.

700. Activities for becoming co-operatives will be encouraged in order to increase the contribution of individuals and small businesses to economic and social development.

2.2.13. Intellectual Property Rights

a. Current Situation

701. In the field of industrial property rights, an important impetus has been recorded in the Ninth Development Plan period; trademark applications which was 66,855 in 2006 reached 111,137 in 2012 with an average annual increase of 8.8 percent, design applications increased from 29,484 to 41,220 with 5.7 percent rise and patent applications increased from 5,165 to 11,599 with 14.4 percent rise in the same period. According to the 2011 data of World Intellectual Property Organization, Turkey ranks 17^{th} in national patent applications, 6^{th} in trademark applications, and 5^{th} in design applications. According to the overall data on the industrial property at the country level, Turkey was placed 9^{th} ahead of countries such as the United Kingdom, Russia, Spain, and Brazil.

702. The ratio of resident patent applications in total applications reached 39 percent in 2012 from 21 percent in 2006. However, this ratio should be higher for an economy based on innovative production.

703. The legal and institutional structure of the intellectual property system has been completed, relevant legal arrangements have been made, specialized courts have been created and General Directorate of Copyrights was established by restructuring the existing unit in the Ministry of Culture and Tourism. It is necessary to maintain the institutional capacity development efforts, and measures should be taken to accelerate the judiciary process.

704. In order to make more users benefit from the intellectual property system, a wide range of support tools are applied such as grants to marketing and promotional support in international markets. However, there is a need for manufacturing industry to benefit more from the intellectual property system and for development of a competitive environment based on intellectual property. Moreover, firm-level awareness of intellectual property and innovation culture; in particular knowledge and experience in small-sized enterprises should be increased.

705. The need to develop recording, data, and national statistics are still important in monitoring and policy making on cultural industries, which are protected by copyrights and have become increasingly important globally.

b. Objectives and Targets

706. The main objective is to increase the contribution of intellectual property rights and products subject to these rights to the development process, through creating a common and socially adopted system for the use and protection of intellectual property rights.

c. Policies

707. Adequate human and institutional capacity will be created in the relevant units of public sector dealing with protection and enforcement of intellectual property

Table 22: Developments and Targets in Patent Applications

	2006	2012	2013	2018
Resident Patent Applications[1]	1,090	4,543	5,600	16,000
Share of Resident Patent Applications in Total (%)[1]	21	39	42	55
Turkey Originated International and Regional Patent Applications[2]	605	1,130	1,260	2,140

Source: Turkish Patent Institute (TPI)
(1) Applications to TPI
(2) Sum of International Patent Applications (PCT) and European Patent (EPC) Applications

rights, in particular in judiciary, customs and constabulary.

708. Service capacity will be improved in technology transfer and innovation centers to make businesses benefit effectively from the intellectual property rights system and its subsidies.

709. Effectiveness of existing mechanisms in commercialization of intellectual property rights will be improved.

710. Public awareness of the intellectual property rights system will be increased by promotional and educational activities at all levels.

711. Identification, monitoring and evaluation of contribution of the works and products subject to intellectual property rights to the national economy will be provided, and information and data infrastructure will be strengthened.

2.2.14. Information and Communication Technologies

a. Current Situation

712. The importance of information and communication technologies (ICT) has been increasing in terms of enhancing the competitiveness of countries, increasing the level of welfare and qualified employment. With rapid spread of the usage of ICT at global level, particularly those of mobile devices and internet, the demand for knowledge intensive products and services is increasing and transformation of countries into knowledge based economies is accelerating.

713. The transformation process into an information society in Turkey has been carried out within the scope of e-Transformation Turkey Project since 2003. The first information society strategy and action plan was implemented during the period of 2006-2010.

714. Significant progress has been made in the last period towards dissemination of fixed and mobile broadband internet access services in Turkey. While the ratio of individuals using the internet was 30.1 percent in 2007, this ratio increased to 47.4 percent by end-2012; the number of fixed broadband internet subscribers increased from 4.5 million to 7.8 million. As of end-2012, fiber internet subscribers have reached 645,000; subscribers of 3G mobile internet service that was launched in 2009 have exceeded 12.2 million. In addition, the level of internet usage for enterprises with 10 and more employees approached 95 percent.

715. e-Commerce volume has increased significantly in recent years. While actual amount of online card payments was 2.4 billion TL in 2006, it has reached 30.7 billion TL in 2012.

716. Ways of access to audiovisual services are diversified thanks to the development of new broadcasting technologies and the convergence of telecommunications and broad-

Table 23: Developments and Targets in Information and Communication Technologies

	2006	2012	2013	2018
Broadband Subscriber Penetration Rate (%)[1]	3.8	26.5	45.0	70.0
Broadband Access Cost/GDP Per Capita (%)	---	2.0	1.8	1.0
Internet User Penetration Rate (%)[2]	30.1[3]	47.4	50.0	75.0
Information Technology Market (Billion Dollar)	5.1	10.5	11.6	23.0
Export of Information Technologies (Billion Dollar)	0.1	0.5	0.8	2.0
e-Commerce Transaction Volume (Billion TL)[4]	2.4	30.7	40.0	170.0
The Rate of Internet Shoppers (%)[5]	---	14.3	20.0	70.0

Source: 2006 and 2012 data are from the Information Technologies and Communications Authority, TSI, The Interbank Card Center. 2013 and 2018 data are estimates of the Tenth Development Plan.

(1) It shows the population ratio of the number of broadband subscribers and broadband subscribers are included in the number of mobile broadband subscribers.

(2) At any time, utilization rate of all individuals in the age range 16-74

(3) 2007 figure

(4) Amount of online card transactions

(5) Rate of online purchasing or goods or services ordering of individuals for private use over among individuals using the internet in the last three months

casting infrastructures. There is a shift from conventional program based linear broadcasting to video-on-demand services. By the endorsement of the Broadcasting Law in 2011, the process of transition to digital terrestrial broadcasting was identified and new regulations were adopted to adapt to the development of video-on-demand services and new broadcasting channels.

717. Activities for the transformation of Turkey to an information society should be accelerated, effective use of ICT must be provided to promote growth and to create employment. There is a need for effective and conscious use of ICT throughout the society, and for reduction of the digital divide between different segments and regions.

718. The law about electronic communication sector was updated in 2008, and consequent secondary legislations were considerably completed. The need for improvement of competition in electronic communication and effective utilization of arrangements and for improvement of broadband infrastructure and services in terms of speed, quality and cost, is continuing.

719. Establishment of a strong market structure maintains its importance in the ICT sector. There is a need for improvement of efficiency in information technology hardware expenditures for the utilization of software and information technology services with high value added. There is a shortage of qualified human resources in the ICT sector.

720. Cyber Security Board was established under the Ministry of Transport, Maritime Affairs and Communications and activities in the field of cyber security have been accelerated. The need for completing regulations in the field of personal data protection, national information security and e-commerce maintains its importance.

721. Development of the internet economy offers significant opportunities for growth and export targets of Turkey.

b. Objectives and Targets

722. For acceleration of transformation of Turkey into information society, the main goal is to make use of knowledge and communication technologies as an effective tool and to increase domestic value added in the production of such technologies in order for widespread and effective use of ICT, transformation into information based economy and improvement of qualified labor force.

723. The main objective is to improve audiovisual services sector in a way to diversify broadcasting infrastructure and services and to complete digital switch-over, and to provide public service broadcasting content directed to different groups of the society.

c. Policies

724. The activities for transformation into information society will be carried out to complement and support each other, with an effective coordination by considering participation of relevant parties.

725. In the process of transition into information society, the new information society strategy and action plan, in which policies, strategies and practices are defined, will be executed effectively.

726. Communication technology infrastructure will be developed so as to allow service delivery with appropriate quality and prices; and diffusion of the next-generation fixed and mobile networks, especially fiber infrastructure, that offer high-speed internet access, will be ensured.

727. Efficiency of the electronic communications sector regulations will be improved and competition in the sector and the development of co-operation will be ensured. Turkey will become a center of international data transmission.

728. Tender processes for ICT products and services in public projects, particularly FATİH Project, will be held with an approach that considers development of local SMEs and increase in the domestic value added.

729. R&D, innovation and export incentives for information and communication technology will be ensured to be implemented in identified priority areas with a focused and impact-measurable structure.

730. Information technology will be utilized in improving work productivity of enterprises, especially SMEs. For development and dissemination of cloud computing services, necessary legal and administrative arrangements will be made.

731. Use of smart applications, especially in health, transportation, building, energy and water management as well as disaster areas, will be expanded. Transformation of cities into smart cities will be supported by improving ICT infrastructure, capacity and skill levels.

732. Awareness about economic and social benefits of use of ICT will be increased and the skills related to these technologies will be developed.

733. In order to reduce the digital divide and its effects, social activities in this area will be supported.

734. Necessary education and employment programs according to the needs of ICT sector will be implemented.

735. The emergence and development of high value-added internet initiatives will be supported.

736. Technical, legal and administrative infrastructures, necessary for the development of internet economy, will be developed. Domestic internet initiatives will be encouraged to expand abroad, particularly in region countries.

737. Mobile applications, especially games, software, and information technology services, will be supported for development and commercialization of digital content.

Development of and access to Turkish content on the internet in terms of quality and quantity will be ensured.

738. Legal infrastructure will be completed in the areas of personal data protection and national information security.

739. The transition process to digital broadcasting over terrestrial transmitters will be accomplished. The digital dividend will be allotted and used effectively.

2.2.15. Agriculture and Food

a. Current Situation

740. At the beginning of the Ninth Development Plan period, due to the continuous and rapid changes in the world food supply-demand balance and excessive speculative movements, prices of agricultural products increased gradually causing instability, hence, these facts brought along a food crisis. In Turkey, agricultural product price index rose faster than the producer price index over the 2007-2012 period. Thereby, agriculture sector became relatively lucrative, thus employment rose due to increased investments in the sector.

741. Despite the fact that agriculture sector shrank significantly as a result of the drought in the country in 2007, the beginning of the Plan period; it exhibited an average annual growth rate of 2.1 percent in the 2007-2012 period. When year 2007 is excluded, average annual growth rate of the sector reaches 3.9 percent. The share of agriculture in total employment was 24 percent in 2006 and stood at 24.6 percent in 2012. The share of agriculture in GDP was 8.3 percent at the beginning of the Plan period and decreased to 7.9 percent by the end of 2012.

742. Turkey ranked 36th among 105 countries in the Global Food Security Index in 2013. According to this index, in dimensions of food security, Turkey ranked 44th in the accessibility (economic accessibility), 26th in the availability (physical accessibility) and 35th in the quality and food safety.

743. Rapid developments taking place in exports of agro-industrial products and rising domestic demand have led to a significant increase in the imports of agricultural products. Within this framework, agricultural exports rose from 3.6 billion dollars (8 billion dollars including the food and beverage industry) in 2006 to 5.4 billion dollars (14.9 billion dollars including the food and beverage industry) in 2012, and imports rose from 2.9 billion dollars (5.4 billion dollars including the food and beverage industry) in 2006 to 7.5 billion dollars (12.6 billion dollars including food and beverage industry) in 2012.

744. Total agricultural support payments were 4.8 billion TL in 2006, and increased by approximately 88 percent to 9 billion TL at the 2013 budget. Following the termination of implementation of direct income support in 2009, agricultural supports continued in the form of area and product based payments. Agricultural policies, outlined in the Agriculture Law No. 5488, are structured as product, production and farmer oriented and regional based. However, the need for designing agricultural subsidies so as to be allocated on agricultural basin and enterprise based structure and to ensure income stability of farmers prevails. Furthermore establishment of agricultural information systems to constitute the basis for the implementation of these policies has continued.

745. Small and fragmented structure of agricultural businesses, insufficiencies in market access and organization of farmers together with the needs in training and extension services constitute important problem areas.

746. The presence of different types of producer organizations which have the same function and scope of activity in the agriculture sector poses an obstacle for the effectiveness of these organizations. In addition, problems of producer organizations in accessing markets give rise to continuous expectations for state intervention in the product markets.

747. Considering the demand of non-agricultural sectors in particular, for agriculture, forest, meadow and pasture lands, it seems important to maintain the balance between protection and usage of these resources.

748. Until 2006, 0.6 million hectares of land has been consolidated and this amount is expected to reach 4.2 million hectares by the end of 2013. Moreover, net cumulative area opened to irrigation by the General Directorate of State Hydraulic Works (DSİ) which was 2.53 million hectares by the end of 2006, has increased to 2.81 million hectares by the end of 2012, and is expected to reach 2.91 million hectares at the end of the Plan period. The harmonization between land consolidation and irrigation investments, as well as increasing irrigation rate and efficiency has been given priority.

749. In the last decade, agricultural labor productivity, and unit area and livestock yields have increased. The public sector investments specifically by TİGEM (General Directorate of Agricultural Enterprises) and private sector investments in the production of certified seeds and in breeding animals, together with the ones realized through the rural development support programs, including investments in agricultural mechanization, have been effective on increasing plant and livestock productivity. In this context, increases in the production of milk and poultry as well as of corn, rice and sunflower have been observed as a result of improved productivity.

750. In Turkey, livestock enterprises are small-scaled in general, the fodder production, protection and improvement of pastures and meadows are insufficient, quantity of artificial insemination is below international averages and measures taken for animal health and animal movements are far from being sufficient. In this context, in the Plan period, animal husbandry supports was increased by quantity and diversity, regional projects were put into practice. These support mechanisms have brought increases in meat and milk production in recent years. On the contrary, in the same period, developments that gave rise to supply shortages in meat production and increase in meat consumption caused fluctuations in meat prices. Therefore, live animal and meat imports which have been launched in 2010, continued at a declining manner.

751. In order to convert agricultural product markets to a more competitive and efficient structure, legal arrangements for wholesale markets, licensed warehousing, product specific commodity exchanges together with futures and options have been made.

752. Referring to the agricultural R&D activities, progress has been made in the establishment of genebanks, in development of new product varieties and in the fields related to biotechnology and nanotechnology as well as establishment of agricultural techno-parks and use of renewable energy in agriculture.

753. During the Plan period, harmonization efforts with the EU acquis continued in agriculture in chapters; "Agriculture and Rural Development", "Food Safety, Veterinary and Phytosanitary" and "Fisheries". However, only "Food Safety, Veterinary and Phytosanitary" chapter has been opened for negotiation.

754. While there has been a fluctuation in the amount of fisheries production, the aquaculture production has been ascending annually. It has been observed that the 18 percent share of the aquaculture at the beginning of the Plan period has approached to 30 percent at the end of the period.

755. In the Plan period, forest area increased to 21.5 million hectares from its starting level of 21.2 million hectares. Afforestation for industrial, green belt and land protection in 290,000 hectares and erosion control activities in 346,000 hectares have been carried out in 2007-2012 period. Besides, ecosystem based functional management plans have been started to be prepared and the capacity of combating forest fires has been increased. Furthermore, priority has been given to biological methods in combating insect pests and diseases while reducing chemical methods.

b. Objectives and Targets

756. It is aimed to create an agriculture sector that aims to provide sufficient and balanced nutrition for the society, utilizes advanced technologies, has resolved infrastructural problems, has an effective organization and high productivity, and has increased its international competitiveness by its demand-driven production structure and utilizes natural resources in a sustainable manner.

757. It is expected that; the average annual growth rate of agriculture sector will be 3.1 percent, share of agricultural employment in total employment will decline to 21.9 percent, and share of agriculture sector in GDP will be 6.8 percent at the end of the Plan period.

c. Policies

758. In agriculture, effectiveness of agricultural businesses will be increased on the basis of business size with sufficient level of income according to the production type, considering the social structure of the sector.

759. Legislative and institutional arrangements will be put into action providing the entirety of agricultural businesses consisting of a significant number of scattered parcels, preventing land fragmentation, and constituting a well-functioning agricultural land market.

760. Coordination between public institutions on land consolidation activities, especially those related to irrigation and transportation will be maintained and irrigation ratio will be increased by enabling

Table 24: Developments and Targets in Agricultural Structure and Food Security

	2006	2012	2013	2018
Land Consolidation Activities (Cumulative, Mil. Hectares)[1]	0.6	3.2	4.2	8.0
Irrigation Area Put into Operation (Net Cumulative, Million Hectares)[2]	2.53	2.81	2.91	3.75
Afforestation (Cumulative, Million Hectares)[3]	2.38	2.92	3.05	3.70
Percentage of Area Based Supports in Total Support Budget (%)	55.9	31.7	29.0	45.0
Percentage of Certified Cereal (Wheat-Barley) Seed Usage (%)	30.0	59.5	60.0	70.0
Proportion of Pure Bred Cattle to Total Cattle Stock (%)[4]	26	42	44	56
Production Areas allocated to Good Agricultural Practices (Thousand hectares)	5	87	96	154
Self-sufficiency Ratio of Oil-seeds (%)[5]	28	36	38	45

Source: Ministry of Food, Agriculture and Livestock, Ministry of Forestry and Water Affairs, TURKSTAT, DSİ, General Directorate of Forestry

(1) Activities of Ministry of Food, Agriculture and Livestock are taken as a basis.

(2) Area constructed by DSİ

(3) Including areas for industrial, soil protection and expansion purposes and excluding those for rehabilitation.

(4) 2013 and 2018 data are estimates of the Ministry of Development.

(5) Self-sufficiency ratio is taken for the total of sunflower, soybean and rapeseed. 2013 and 2018 data are estimates of the Ministry of Development.

the agricultural land development services. Transition to the closed irrigation systems will be accelerated by renewing the existing channels and classical systems at the water transmission and distribution facilities.

761. Agricultural supports will be arranged according to the social purposes and production focus on the basis of agricultural basins and parcels. Furthermore, environment, plant, animal and human health will be taken into account on support policies and the effectiveness of supports will be assessed through monitoring. Compliance between the crop pattern and water potential will be considered in designing agricultural support programs, importance will be assigned to certified production methods. In addition, agricultural insurance schemes will be expanded by broadening their current scope.

762. Export markets for agricultural products will be expanded, support programs considering production stage will be implemented with the aim of exporting goods based on demand driven quality and quantities.

763. In order to ensure food security; effective stock management; diminishing the losses along the production, marketing and consumption chain; strengthening administrative and technical capacity related to the market regulation and effective use of foreign trade tools will be provided by taking into account stability in product markets and farmer incomes. Market access conditions of producer organizations will be improved.

764. Cooperation and integration among agricultural and industrial enterprises will be ensured, value added content and exports of local and traditional products will be increased.

765. Agricultural information systems will be integrated so as to enable their joint utilization.

766. Information and communication technologies will be utilized effectively for the vocational and technical education and extension services related to agriculture.

767. Priority will be assigned to development of high value added products, protection of genetic resources, breeding activities, research activities on nanotechnology and biotechnology; establishment of new agriculture and food techno-parks and sectoral technology platforms will be ensured.

768. Compliance of agriculture and food enterprises to the hygiene legislation for safe production will be accelerated via modernization investments and, to this end, resources and mechanisms directed to financial needs of these enterprises will be diversified.

769. In the food industry, sustainable supply of domestic raw materials at competitive prices and quality is aimed; high value added products to meet the needs of specific consumer groups in the domestic and international markets will be developed; environmental awareness will be considered; imitation, adulteration and informality will be diminished.

770. Supervision of reliability of agricultural and processed agricultural products will be improved; an accredited control and monitoring system based on risk assessment will be established. Biosafety criteria will be strictly applied for products manufactured using advanced technology, especially those containing genetically modified organisms.

771. In animal husbandry sector; improvement of beef cattle and sheep breeding will be given priority and implementation of regional support programs will be continued.

772. Farm-Oriented Preventive Veterinary Medicine System and One Health Policy including animal welfare measures will be implemented.

773. Efficient and productive use of meadows and pastures will be realized by accelerating identification, limitation, classification and reclamation efforts of these areas, and the forage needs will be met by increased production and product diversification.

774. In the fisheries sector, resource management will be based on scientific data and will be carried out efficiently. Additionally, institutional capacity will be strengthened. Environmental sustainability will be taken into consideration in the aquaculture activities and competitiveness in international markets will be improved through product diversification and branding.

775. In forestry, capacity to fight against fires, pests and diseases will be improved; afforestation and rehabilitation activities will be accelerated.

776. A planning approach, taking into account the economic, social and ecological functions of forests, will be adopted. Besides, efficient management of production and marketing of wood and non-wood forest products, especially industrial products, will be ensured.

2.2.16. Energy

a. Current Situation

777. During the Ninth Development Plan period, Turkey's energy consumption continued to grow, however the rise of energy consumption remained lower than expected due to negative effects of global crisis. Primary energy consumption increased at an annual average rate of 2.8 percent during the 2007-2011 period, whereas electricity consumption increased at an annual average rate of 5.6 percent during the 2007-2012 period. These increases have been more evident after 2009, when the impact of the crisis on the Turkish economy was alleviated.

778. The Ninth Development Plan period has become an era in which marketization process accelerated in the framework of liberalization of the energy sector. The interest of private sector in energy investments increased and its share in installed power capacity rose from 41.5 percent in 2006 to 56.6 percent in 2012. The share of private sector in electricity generation increased from 51.9 percent in 2006 to 62 percent in 2012. Remarkable progress was achieved in privatization of state-owned enterprises, especially in distribution. All distribution facilities are envisaged to be operated by private sector by the end of 2013. Partial progress was achieved in privatization of electricity generation.

779. 72 provincial centers were provided access to natural gas through natural gas transmission lines, which have reached 12,290 km as of end-2012. Of the natural gas transmission service contracts held by state-owned Petroleum Pipeline Corporation (BOTAŞ), 4 billion cubic meters were transferred to private sector. When BOTAŞ did not renew its West Line gas contract, the import license for 6 billion cubic meters of natural gas was transferred to private sector with contracts signed between the exporter country and private actors, thus total volume of natural gas imported by private sector on West Line increased to 10 billion cubic meters.

780. With the renewed Electricity Market Law, establishment of power exchange market was envisaged, pre-license mechanism was introduced to ensure acceleration of investments, and duration of incentives provided to investors was extended. For enabling electricity trade, synchronized parallel connection to the system of European Network of Transmission System Operators for Electricity (ENTSO-E) was realized on a trial basis and electricity commerce was initiated between Turkey, Bulgaria and Greece.

781. In order to maintain energy supply security, the incentive system for electricity generation from renewable resources was improved and domestic equipment production was encouraged, domestic lignite fields were transferred to private sector for electricity generation, a contract was signed with Russian Federation to build Akkuyu Nuclear Power Plant (NPP) whose power is 4,800 MW. Furthermore, a contract was signed with the Japanese government to build the second NPP, whose power is 4,480 MW, in Sinop. A bilateral cooperation agreement was signed with United Arab Emirates (UAE) to utilize Afşin-Elbistan lignite fields in electricity generation, Salt Lake Natural Gas Underground Storage Project was launched and intergovernmental agreement was signed with Azerbaijan to realize Trans-Anatolia Natural Gas Pipeline (TANAP) project.

782. With the Energy Efficiency Law, which encourages or obliges efficient use of energy, new regulations were introduced. With the Energy Efficiency Strategy Document published in 2012, reducing energy intensity at least 20 percent by 2023 is targeted.

783. Despite these positive developments, due to lacking rich fossil fuel reserves except lignite, Turkey's import dependency in energy supply continues. In order to reduce this dependency, domestic resources should be used in energy production to the extent possible. Similarly, improving efficiency and preventing wastage in all processes from energy production to transmission, from distribution to end-use; and reducing energy intensity in both sectoral and macro levels are of crucial importance to mitigate the impact of import dependency in energy supply.

b. Objectives and Targets

784. Based on the main targets of supplying continuous, qualified, secure, minimum-cost energy to the end-user and resource diversification in energy supply; the main objective is to reach a competitive energy system that exploits domestic and renewable energy resources to the extent possible, envisages the use of nuclear technology in electricity generation, supports reduction of energy intensity of the economy, minimizes waste and environmental effects of

Table 25: Developments and Targets in Energy Sector

	2006	2012[1]	2013	2018
Primary Energy Demand (Thousand Toe)	99,642	119,302	123,600	154,000
Electricity Demand (GWh)	174,637	241,949	255,000	341,000
Per capita Primary Energy Consumption (Thousand Toe per capita)	1.44	1.59	1.62	1.92
Per capita Electricity Consumption (kWh per capita)	2,517	3,231	3,351	4,241
Share of Natural Gas in Electricity Generation (%)	45.8	43.2	43.0	41.0
Share of Renewable Resources in Electricity Generation (%)	25.3	27.0	27.7	29.0
Installed Power of Electricity (MW)	40,565	57,058	58,500	78,000
Energy Intensity (Toe per 1000 dollars)[2]	0.288	0.276	0.272	0.243

Source: Ministry of Energy and Natural Resources, TEİAŞ, Ministry of Development

Note: Toe: Tonne of oil equivalent, GWh: Million kilowatt-hours

(1) Electricity data in 2012 reflects realized values whereas primary energy and energy intensity values are forecast numbers.

(2) Year 2000 dollar prices with eliminated climate effect

energy, strengthens the country's strategic position in international energy trade.

b. Policies

785. In the framework of the regulatory and supervisory role of public sector in energy, on one hand creation of competitive market and suitable investment environment will be supported, on the other hand supply security will be closely monitored. Public sector will contribute to healthy functioning of markets solely as an investor if the markets are insufficient in ensuring supply security.

786. Privatization of the major part of state-owned electricity generation facilities and the entire distribution network will be completed. The public sector will continue to generate electricity at the power plants that are excluded from privatization, and it will also continue transmission and wholesale activities.

787. A balanced resource diversification on the basis of primary energy resources and differentiation of origin countries will be ensured, share of domestic and renewable energy resources in the production system will be raised to the maximum extent.

788. In electricity transmission, which will remain under state ownership, investments will be realized in a way that protects the security of the electricity system. Necessary investments will be carried out with the aim of integrating the electricity generated from renewable energy resources to the grid without jeopardizing the system security.

789. Adequate emergency supply stocks for oil and natural gas will be created. Salt Lake Natural Gas Underground Storage Project and natural gas storage expansion projects in Thrace will be completed. Natural gas transmission and distribution networks will be extended throughout the country and natural gas will be transmitted to the locations where demand arises.

790. Construction of the first unit of Akkuyu NPP will be substantially completed during the Plan period. In addition, construction of a second NPP's first unit will be initiated in Sinop. In the Plan period, area identification, pre-feasibility and investment preparations of the third NPP having 5,000 MW will be started.

791. In the nuclear energy field, legal and institutional infrastructure will be strengthened. For the purpose of determining and confirming reliable and safe performance of activities in the area of nuclear energy, an independent, powerful and competent nuclear regulation and supervision system will be constituted.

792. Policies for storage, management, elimination of radioactive wastes will be formed taking into consideration the issues of transparency and reliable informing of the public. Activities for gaining competency in nuclear technology and increasing the share of domestic contribution, particularly in construction, will be supported.

793. Domestic coal resources will be used for electricity generation by private sector, through implementing highly productive and environment friendly technologies. The lignite reserves of Afşin-Elbistan basin will be utilized for generating electricity. Exploitation of small reserved coal deposits in the regional energy production facilities will be ensured.

794. Energy Efficiency Strategy will be applied in an effective manner and efficient use of energy in all sectors will be ensured. Rehabilitation works of the thermal and hydroelectric power plants that are envisaged to remain at public ownership will be completed; the ratio of loss and illegal use of electricity will be reduced to the minimum level.

795. Rapid and efficient market supervision and monitoring will be achieved in energy sector. Creation and healthy functioning of a power exchange market, which is expected to ensure the formation of a reference price in a liberalized market for investment and operation decisions, will be ensured.

796. Turkey will be brought into the position of a transit and terminal country between energy producing and consuming countries through effective utilization of its existing geostrategic location. Efforts will be pursued for transforming Ceyhan into one of the main distribution points in international oil markets and one of the important centers in oil price formation,.

797. Turkey will be actively involved in gas trade and transmission to Europe, necessary infrastructure will be created to increase the capacity of electricity trade with neighboring countries. TANAP Project will be completed, full integration with ENTSO-E system will be ensured and high voltage electricity transmission line projects carried out in collaboration with other neighboring countries will be finalized.

2.2.17. Mining Sector

a. Current Situation

798. In Turkey, share of the mining sector in GDP increased to 1.5 percent in 2012, from 1.2 percent in 2006. While total exports increased to 3.2 billion dollars in 2012 from 1.1 billion dollars in 2006, bulk of the exports consist of natural stone, copper, zinc, chromium, feldspar, and boron minerals. While the total imports were 22 billion dollars in 2006, in 2012 this figure increased to 42.2 billion dollars, 39.5 billion dollars of which was crude oil and natural gas imports, 1.1 billion dollars was hard coal imports, and 1.1 billion dollars was iron imports.

799. In order to reduce dependency on foreign energy and meet the raw materials demand of the industry, resources allocated for explorations of mines, fossil fuels, and geothermal resources have been increased considerably. In this context, between 2006 and 2013, funds allocated to the General Directorate of Mineral Research and Exploration (MTA) for minerals and geothermal explorations was increased to 200 million TL in 2013, from 32 million TL in 2006, and the funds allocated to TPAO for oil and natural gas exploration was increased to 1,050 million TL from 450 million TL within the same period. In order to increase the domestic crude oil and natural gas production and ensure continuation of the explorations without any interruption, a seismic research ship was bought in 2012. On the other hand, oil and natural gas exploration efforts initiated abroad by TPAO and BOTAŞ have been continuing. In addition, construction of the fully equipped national research ship of MTA has been continuing.

800. Rapid growth trends of the developing countries, especially those of China and India, have affected the global mining markets and caused substantial price increases in the mining products. The leading developed and developing economies of the world like USA, EU, Japan, South Korea, and China, have been working on supply and demand focused management of raw materials, and developing and implementing their own raw material management strategies. This situation emphasizes the need to develop Turkey's initiative in this topic.

801. The Law on Geothermal Resources and Natural Mineral Waters, which came into effect in 2007, and various arrangements and revisions in the Mining Law in 2010 eliminated the disorganization in the legislation and a legal basis has been established in order to use these resources more efficiently.

802. Boron minerals exports has increased substantially; while the exports was 367 mil-

Table 26: Developments and Targets in Mining Sector

	2006	2012	2013	2018
The Share of the Mining Sector Value Added in GDP (Current Prices, %)	1.2	1.5	1.5	1.5
Mining Sector Exports (Billion Dollars)	1.1	3.2	3.8	7.0
Boron Exports (Billion Dollars)	0.4	0.8	0.9	1.5
Drilling Length (Thousand Meters)[1]	500	1,000	1,300	3,000
Visible Lignite Reserves (Billion Tons)	8.3	12.8	14.0	18.0

Source: 2006 and 2012 data are from TURKSTAT and Ministry of Energy and Natural Resources. 2013 and 2018 figures are forecasts of the Tenth Development Plan.
(1) 2006 and 2012 data are estimates.

lion dollars in 2006, it reached 797 million dollars level as of 2012 and Turkey maintained its leader position in the boron products exports in the world with 46 percent market share. Moreover, raw marble exports reached to 881 million dollars in 2012, surpassing the 238 million dollars level of 2006. The known reserves of lignite were increased to 12.8 billion tons from 8.3 billion tons and 38 new geothermal sites were discovered as a result of the exploration activities during the Ninth Development Plan period. Nonetheless, it is important that underground resources that Turkey has big potential such as geothermal, lignite, marble, boron, and chromium be utilized in the economy with higher value added.

803. In the mining sector, there is still a need for enhancing license guarantees, simplifying complicated and long permit procedures, increasing value added by domestic processing of the minerals that are exported, increasing exploration activities, especially those of the private sector, restructuring the public institutions and increasing their productivity, planning the mining activities in coordination with activities and investments of other sectors, and eliminating the scale and technology problem of mining firms and enterprises.

b. Objectives and Targets

804. The primary objective in the mining sector is to identify the mining potential of Turkey accurately, ensure security of the industrial raw material supply, domestic processing of minerals and increase their value added and thus increase the contribution to national economy.

c. Policies

805. Consistent with the target of reducing foreign dependency on energy production, oil and natural gas exploration activities will be accelerated both at home and abroad, exploration activities aiming at identifying potential of domestic resources, such as lignite and geothermal, will be increased to the maximum extent. Extensive research activities about shale gas will be conducted.

806. Domestic exploration and production of industrial raw materials especially iron ore, marble and boron minerals will be prioritized.

807. A strategy for secure supply of raw materials that are essential and critical for Turkish economy will be developed. A system that brings order to exports of critical raw materials, metals and minerals will be established.

808. Regarding the lists of critical raw materials determined by several countries and country groups, a program for exploration and production of raw materials existing in Turkey, especially rare earth elements, will be initiated.

809. Harmonization of the mining sector with the occupational safety and environmental regulations will be improved.

810. Mining products such as chromium and marble will be domestically processed and the value added will be increased.

811. Establishment of global-scale and mining firms with high competitive power will be supported.

2.2.18. Logistics and Transportation

a. Current Situation

812. Logistics, which has shown a rapid progress in recent years, has great importance considering both its own sectoral growth potential and its basic role for achieving many economic targets of Turkey. Worldwide volume of logistics services including transportation, storage, packaging, customs clearance and delivery to the end user is increasing every day. It is observed that trade activities are more effective and productive in the countries with developed logistics infrastructure.

813. According to the Logistics Performance Index, Turkey ranked 34th in 2007, 39th in 2010 and advanced to the 27th place among 155 countries in 2012. Since the administrative power related with logistics is distributed among different public institutions, an effective coordination is needed in this area. Of the 18 logistics centers built by TCDD, three were put into operation and first stage construction works of four have been completed.

814. Secure, punctual, fast and more comfortable transport demands coming into prominence globally have expedited development of transportation in recent years. Within this framework, considering integrated operation of transportation modes supported by logistics services, establishment of productive and effective transport infrastructure, secure and sustainable transport modes, need for implementation of policies prioritizing human factor and minimizing environmental damage has emerged.

815. About 90.5 percent of the intercity passenger transport and 87.4 percent of freight transport are made through highways. The need for a balanced distribution within transportation modes continues.

816. Highway dominant structure of the transport network continues to be the source of environmental and road safety issues. Despite the achievements through the introduction of the dual-carriage ways, casualties in traffic accidents and economic losses continue to be a major problem.

817. By linking the General Directorate of Highways to the Ministry of Transport in 2007, establishing the Ministry of Transport, Maritime Affairs and Communications and integrating the Undersecretariat for Maritime Affair with the Ministry, the institutions related with transportation in Turkey are gathered under single body.

818. At the end of 2012, length of the motorway network has reached 2,236 km, along with motorways length of dual-carriage ways has reached 22,253 km, and the length of Bituminous Hot Mixture (BHM) paved road network which is suitable for heavy vehicle traffic has reached 15,386 km. In this context, the target of 15,000 km dual-carriage way road network and the target of 14,500 km of BHM paved road network in length have been exceeded. Service quality in highway transportation has increased with the effect of competitive pressures both from the sector internally and from other modes of transportation.

819. By end-2012, there is 12,008 km of railway network consisting of 8,770 km conventional line, 888 km high speed line and 2,350 km branch line. In 2009 Ankara-Eskişehir, in 2011 Ankara-Konya, in 2013 Eskişehir-Konya high speed lines were put into operation. In addition, Ankara-İstanbul high speed line is expected to be opened after the completion of Gebze-Eskişehir section in 2013.

820. With the Turkish Rail Transport Liberalization Law, restructuring process towards opening TCDD rail network to private operators and establishing a competitive market is initiated. Within the scope of increasing the share of private companies in rail manufacturing industry target, partnerships between TCDD, domestic and foreign companies have been established. In this context, production of rolling stock in Adapazarı, high speed rail switches in Çankırı and concrete sleeper in Sivas have started.

821. World maritime trade has been negatively affected by the global crisis. On the other hand, container handling has increased by 11 percent and total handling has increased by 8 percent on average at the Turkish ports during the Ninth Development Plan period. Turkish flag merchant fleet has grown from 7.3 million DWT in 2006 to 10.3 million DWT in 2012 and ranked 25th among world merchant fleets. However, foreign trade realized by maritime transport via Turkish merchant fleet has decreased from 21 percent in 2006 to 14 percent in 2012.

822. Turkey has been promoted to white flag in Paris MoU, important improvements have been achieved in flag, port and coastal state controls and Automatic Identification System was put into operation. Thus, an important improvement has been realized in maritime safety.

823. To correspond to Turkey's increasing foreign trade and to ensure that Turkey becomes a regional transshipment hub, of the large scale port projects the feasibility studies of Mersin Container Port and Filyos Port have been completed and construction of Çandarlı Container Port was started. Ports Master Plan was completed in 2010 but could not be put into implementation as a legal guide for relevant institutions.

824. Within the framework of revisions in air transport regulation such as removal of taxes and other fees, high growth has continued with the entry of new air carriers to the market. Air passenger traffic, which was 61.7 million passengers in 2006, reached 131 million passengers per year in 2012 with a 13 percent average annual growth. The active number of airports, which was 42 in 2006, increased to 49 in 2012.

825. GAP international airport and Hatay airport were put into service. New terminals in Kayseri, Denizli, Trabzon, Merzifon, Sivas, Balıkesir-Koca Seyit, Batman, Erzincan, Malatya, Kars, Iğdır, Elazığ, Ağrı, Adıyaman, Adana, Gökçeada airports were operationalized. Besides, Milas-Bodrum International terminal, Sabiha Gökçen international and domestic terminals, Adnan Menderes Airport international terminal, Esenboğa Airport international and domestic terminals and Zafer Airport which were built with build-operate-transfer model were put into service.

826. Efficient custom service results in decrease in the duration of foreign trade transactions, which makes logistics process more efficient. Border gates and facilities have been modernized by public-private partnership method, utilization of information

Table 27: Developments and Targets in Logistics and Transportation

	2006	2012	2013	2018	2014-2018[1]
Logistics					
Logistics Performance Index Ranking	34[2]	27	27	<15	---
Highway					
Dual-Carriage Way (km)	8,735	20,017	21,067	25,272	3.7
Motorway (km)	2,025	2,236	2,256	4,000	12.1
BHM Pavement (km)	8,855	15,386	18,486	39,552	16.4
Traffic (Billion vehicle-km)	65	94	98	119	4.0
Passenger Transport (Billion passenger-km)	188	259	276	321	3.1
Freight Transport (Billion ton-km)	177	216	232	294	4.9
Road Network Density (km/1000 km^2)	82	83	84	87	0.7
Motorway Network Density (km/1000 km^2)	2.60	2.85	2.88	5.11	12.1
Railway[3]					
Conventional Rail Network (km)	8,697	8,770	8,961	10,556	3.3
High-Speed Train Network (km)	0	888	1,376	2,496	14.6
Percentage of Electrical Network	21	26	29	70	19.3
Percentage of Signalized Network	28	33	35	80	18.0
Freight Transport (Billion ton-km)	9.6	10.9	12.4	22.5	12.7
Share of Rail Transport in Land Freight Transport (%)	5.1	4.8	5.1	7.1	6.8
Maritime					
Container (million TEU)	3.9	7.2	8.1	13.8	11.2
Handling (million ton)	248	388	418	615	8.0
Turkish Flag Merchant Fleet (million DWT)	7.3	10.3	11.0	14.0	4.9
Airway					
Airway Passenger Traffic (Million Passengers)	62	131	151	232	9.0

Source: 2006 and 2012 data are from the Ministry of Transport, Maritime Affairs and Communications and TURKSTAT. 2013 and 2018 data are estimates of the Tenth Development Plan.

(1) Shows the annual average change in 2014-2018 period.

(2) 2007 figure

(3) Freight transport is the total of national and international transport. In 2012 and 2013, track closures are being implemented in the network due to the constructions in Ankara-İstanbul High-Speed Rail Project and track renewal works.

technologies in custom processes has been disseminated, custom procedures have been simplified by introduction of Authorized Status Operators and bilateral cooperation agreements. Establishing new border gates and facilities, continuing modernizations and supplying the facilities with necessary equipment are important, parallel to the developments in foreign trade.

827. The importance of postal services in personal communication has decreased gradually and these services have turned into a major infrastructure of commercial and business to business communication. Many operators serve both parcel and logistics services since these services are supplied on the same network.

828. The Postal Services Law initiating liberalization process and separating operational and regulatory functions in the postal services sector and restructuring the Postal and Telegraph Administration (PTT) entered into force. Information Technologies and Communication Authority was assigned the task of supervision and regulation of the sector by the same Law.

b. Objectives and Targets

829. By making Turkey a regional hub in logistics; decreasing logistics costs, developing trade and increasing competitiveness are the main objectives. In logistics, by considering sub-costs of transportation, storage, inventory management and customs clearance; decreasing the transit transport time, increasing clean on board delivery ratio and by highlighting security and speed factors increasing customer service level are targeted.

830. Provision of freight and passenger transport services in an effective, productive, economic, environment friendly and secure manner; increasing the share of railway and maritime by developing combined transport applications in freight transport, enhancing the quality and security and transition to the corridor approach in transport planning are core principles.

c. Policies

831. Logistics Master Plan integrated with transportation modes and corridors, logistics centers and other logistics activities will be prepared and put into practice. Within this framework, transport corridor maps showing transport alternatives of Turkey will be prepared so as to be used as a guide for selection of logistics center locations.

832. In planning and investments of logistics centers across Turkey; regional potential and requirements will be taken into account, combined transport connections will be paid attention, by considering user requirements, effective use of public-private operation model will be employed and all logistics service providers will benefit from the model under equal terms.

833. Companies operating in logistics market will be supported towards reaching adequate scale.

834. An effective coordination and collaboration mechanism will be formed among public agencies and institutions in logistics field.

835. By determining most advantageous transport mode at appropriate volumes and distances, maritime and railway transport will be encouraged and combined transportation means will be improved. Priority will be given to transportation systems that provide energy efficiency, use of clean fuel and environment friendly vehicles.

836. Priority will be given to the routes which facilitate access to all neighboring countries and new markets, especially to projects connecting to transport network of EU (TENT-T) which will continue to be an important trade center.

837. Taking into account North-South corridor approach, construction of main arteries including Ovit and Cankurtaran tunnels and construction of trade improving corridors with neighboring countries will be continued.

838. In highways; an effective pavement management system that will; be based on preventive maintenance concept and ensure timely and adequate supply of maintenance and repair services be established. Necessary legal and institutional arrangements will be implemented to ensure delivery of maintenance and repair services mostly by private sector.

839. Informal economy in Highway transport will be prevented, establishment of efficient enterprises with financial and professional competence and reduction of excess capacity in the market will be encouraged.

840. In order to establish traffic safety at the highest level, inspection services will be detached from other administrative activities such as vehicle registration and driver certification and separate units will be established for these respective activities.

841. In line with the target of reducing fatalities resulting from traffic accidents by 50 percent mentioned in the Road Traffic Safety Strategy and Action Plan, Traffic Electronic Control Systems will be expanded in integrity with Intelligent Transportation Systems.

842. Ankara centered high speed rail network consists of İstanbul-Ankara-Sivas, Ankara-Afyonkarahisar-İzmir, Ankara-Konya and İstanbul-Eskişehir-Antalya lines. By the end of the Plan period, 393 km Ankara-Sivas High Speed Line and 167 km Ankara (Polatlı)-Afyonkarahisar High Speed Line will be put into operation.

843. Existing single-track rail lines will be upgraded to double-track in line with the prioritization based on traffic density. Moreover, necessary signalization and electrification investments will be accelerated.

844. Within the framework of the Turkish Rail Transport Liberalization Law; restructuring of TCDD will be completed and rail freight and passenger transport will be opened to private rail operators. The renovation and maintenance of TCDD's rail network will be carried out basically by private sector. Financial burden of TCDD on public finances will be reduced to sustainable levels.

845. Towards establishing uninterrupted & compliant rail transport with Europe, technical and administrative interoperability standards will be harmonized with European regulations.

846. First phase of the New İstanbul Airport will be completed until end of the plan period. İstanbul will be promoted as a transfer hub and maintenance & repair center.

847. To establish a competitive environment, slot allocation will be transparent and barriers to market entry for private airlines will be reduced.

848. To ensure that increasing foreign trade transport will be carried by Turkish flag merchant fleet, merchant fleet will be developed and preference of Turkish flag will be ensured.

849. For Turkey to reach its export targets, new port capacities will be realized at right place, right time with right scales within the scope of the developed plans. Rail and road connections of the ports will be completed. Çandarlı Container Port will be completed, while the construction of Mersin Container Port and Filyos Port will be started.

850. Maritime safety will be given utmost importance, Emergency Response Centers and Vessel Traffic Management Systems at busy ports will be completed and safe maritime navigation corridors will be established.

851. A port management model suitable for Turkey, which will coordinate all related institutions and implement public policies about ports by considering necessities of each port, will be realized.

852. Physical infrastructure of customs will be improved according to developments in foreign trade, utilization of information technologies and single window concept will be made prevalent, customs procedures will be expedited and made more efficient. Custom procedures will be minimized by bilateral cooperation agreements; single stop control–joint customs control projects will be completed.

853. In the liberalization process, a competitive market will be developed in the postal sector through effective regulation and supervision.

2.2.19. Commercial Services

a. Current Situation

854. In commercial services, productivity and performance increases have been achieved and a rapid transformation process has been observed with the continuously increasing use of modern operation techniques and technology. These developments contributed to improvement of quality and productivity in agricultural and industrial sectors. A transition has occurred from the conventional structure towards modern gross-markets and market chains. Share of organized retail volume within total retail volume has shown rapid growth and reached approximately 40 percent. There have been job losses in traditional segment due to development of organized retail and new supply methods, including e-commerce.

855. In recent years, one of the most affected sectors from global market fluctuations has been commercial services. In the 2007-2012 period, wholesale and retail trade sector had 2.8 percent average annual growth rate. GDP share of wholesale and retail trade sector has been 12.5 percent in 2006 and 12.2 percent in 2012. Employment share of the sector has been 16.8 percent and 14.1 percent, respectively in 2006 and 2012.

856. In 2007-2012 period, hotel and restaurant services has grown 2.8 percent annually on average. Share of these services in GDP rose to 2.4 percent from 2.2 percent, while their share in total employment increased from 4.6 percent to 4.9 percent from 2006 to 2012.

857. Turkish Code of Obligations and Turkish Commercial Code, which are main regulations in commercial transactions, were updated in 2011 and 2012, considering the current social and economic needs.

858. Establishing modern supply chain management and combined transportation systems, and increasing technology utilization are the primary needs in the commercial services. In order to reduce the unregistered transactions in commercial services, it is important that effective market surveillance mechanisms and coordination among institutions be achieved and consumer awareness be raised. In addition, improving product and presentation standards and strengthening market surveillance are needed to eliminate quality and hygiene problems and harmful effects of traded products on environment.

859. Population, economic growth, geographical location, metropolises and tourism potential of Turkey are considered as significant opportunities for development of commercial services. Particularly emerging markets of neighbor countries provide great potential for expansion of trade abroad. With the increasing computer use and trust in online transactions, penetration of e-commerce, and thereby business volume in commercial services is expected to grow. Besides, by supplying Turkish traditional cuisine in more modern and qualified ways to a wider population, and also by importing the experience of global restaurant chains business volume of restaurant sector is expected to increase.

b. Objectives and Targets

860. The main objectives in the commercial services sector are; to attain high value added service supply and productivity growth, to increase service quality through encouraging technology utilization and innovation,

to protect consumer and competition, and to maintain a proper business climate for fair development of all players within the sector.

c. Policies

861. Regarding the regulations towards the wholesale and retail trade services, the impact of the sector on agriculture and manufacturing industry as well as consumers will be analyzed in a multi-dimensional manner by taking both input and output aspects into account, and potential defects in market operations will be eliminated.

862. Supply and sale activities which enhance competitiveness of the traditional wholesale and retail sector will be improved. Modern operation techniques, new service models and technology utilization will be encouraged in this area.

863. Penetration towards especially emerging markets of neighbor countries will be achieved via branding and institutionalization in commercial services. E-commerce services will be developed for expansion of entrepreneurs to foreign markets.

864. Legislation on protecting consumers will be updated in parallel with current developments and related practices will be enhanced.

2.2.20. Tourism

a. Current Situation

865. In the 2007-2012 period, the number of foreign visitors increased by 8.2 percent annually on average and reached 31.8 million, and according to the revised tourism statistics, tourism receipts reached 29.4 billion dollars with an average annual growth rate of 7.9 percent. In 2012, Turkey ranked 6th in tourist arrivals and 12th in tourism receipts among top tourism destinations in the world.

866. The bed capacity certified by the Ministry of Culture and Tourism, which was 509,000 in 2006, increased to 716,000 in 2012, while the municipality certified bed capacity rose from 396,000 to 505,000 in the same period. The target of having 950,000 certified bed capacity in the Ninth Development Plan had been exceeded and Turkey had a bed capacity of 1.2 million in 2012.

867. Tourism has been mainly based on mass tourism in Turkey. In 2007-2012 period, the average tourism receipts per visitor remained at 784 dollars. Improvement of promotion and marketing in the industry and participation of the private sector to the financing of promotional activities still maintain its importance. In addition, expanding professional certification activities to cover all employees in the sector is required.

868. In order to encourage sustainable tourism, standards of environment-friendly accommodation establishments were determined and operations for certification started in 2008. Special importance should be attached to the resolution of problems regarding urbanization of tourism centers and infrastructure deficiencies as well as environmental problems and to ensure accordance of tourism investments with tourism-oriented development plans.

869. Global trends show that the education and welfare level of individuals will continuously increase and the number of experienced travelers will grow. Tourist preferences will be polarized; demand for innovation and diversity will continue to increase and patterns of comfort and adventure will become dominant in the future. In this context, greater importance should be given to diversification of tourism and improvement of the service quality. With the existence of its historical, natural and cultural assets, Turkey has a great potential to develop its tourism industry further by integrating them with health tourism, congress

Table 28: Developments and Targets in Tourism Sector

	2006	2012	2013	2018	2014-2018[1]
Number of Visitors (Thousand Person)	23,149	36,778	38,500	48,300	4.6
No. of Foreign Visitors (Thousand Person)	19,820	31,782	33,500	42,000	4.6
Tourism Receipts (Million Dollars)	18,594	29,351	32,000	45,000	7.1
Tourism Expenditure (Million Dollars)	3,271	4,593	4,990	8,000	9.9
Tourism Receipts per Visitor (Dollars)	803	798	831	932	2.3

Source: 2006 and 2012 data are from TURKSTAT and Ministry of Culture and Tourism statistics. 2013 and 2018 data are estimates of the Tenth Development Plan.
(1) Average annual growth rate in 2014-2018 period.

tourism, winter tourism, cruise tourism and cultural tourism. In the Tenth Development Plan period, especially the development of health tourism will be emphasized through the mobilization of the opportunities of hot springs, SPA with other related facilities and health infrastructure

b. Objectives and Targets

870. The main objectives related with tourism sector are to become an international brand with skilled labor, quality facilities and high service quality; to diversify and improve tourism products and services targeting higher income groups; to improve quality in all components of the tourism value chain and to make it a leading sector in regional development within the framework of sustainability principles.

871. In the tourism sector, maintaining the balance between protection and use of natural and cultural assets and realizing sustainable growth without sacrificing service quality are the targets.

c. Policies

872. The tourism market will be diversified by improving the infrastructure necessary for congress tourism, winter tourism, cruise tourism, golf tourism, cultural tourism and especially health tourism, so that development of alternative tourism types will be supported.

873. New projects about "Destination Management" will be implemented through assessing tourism types with a holistic approach.

874. Variations in demand and customer profile will be continuously monitored and promotional activities abroad compliant with evolving conditions will be carried out.

875. In the regions where tourism activities are more concentrated, participation of local administrations, NGOs and citizens in tourism related decisions will be ensured.

876. Supplying tourism services at higher standards through improving quality of labor force in the tourism sector will be a priority.

877. Within the scope of environment-friendly and responsible tourism approach sustainable tourism practices will be enhanced and the socio-cultural and environmental drawbacks of tourism will be reduced.

2.2.21. Construction, Engineering-Architecture, Technical Consultancy and Contracting Services

a. Current Situation

878. The construction sector achieved a robust post-crisis recovery after contracting substantially during 2008 and 2009 under the effect of the global financial crisis. However, parallel with the declining economic growth in 2012, the sector concurrently showed a limited growth performance of 0.6 percent. This is a reflection of the typical structural characteristics of the sector that during crisis times its growth rate is generally lower than the economy, while it achieves faster growth than the economy during recovery periods. Throughout the 2007-2012 period, the GDP share of the sector was around 5 to 6.5 percent and its employment share stayed between 5 to 7 percent.

879. There are a large number of contractors in Turkey, majority of which operate in small-scale, individual or family business form. There is an apparent need in the contracting sector to increase production quality, to enhance professionalization and to improve technical base and accumulation. There is also a necessity of shifting to information-intensive and high-standard projects and ensuring a quality-based competition environment to increase the sector's value-added.

880. Total contracting amount of international contracting services, which was around 25 billion dollars in 2007 decreased to 19.9 billion dollars in 2011, due to the effects of the global economic crises and the Arab Spring. However in 2012, total contracting amount increased to 27.2 billion dollars and Turkey achieved the second place after China in the Top 225 International Contractors List with 33 companies. However, a noticeable observation is that Turkish contracting companies operate mainly in labor intensive projects, such as residential buildings, hotels and road construction. In order to preserve the international competitive power, it is imperative to concentrate on high-quality and information-intensive projects.

881. As reported in the balance of payment statistics, the level of total services income from international construction services is around 1 billion dollars. However, international contracting services also provide indirect contributions to the economy in terms of construction material exports, employment abroad and technology transfer. Besides, Turkish contractors, with their entrepreneurial character, have started demonstrating further potential by penetrating various sectors abroad as investors and operators.

882. The construction sector, while performing successfully in international markets, has certain shortcomings in the domestic market in terms of providing high-quality services. Among the main reasons of this problem are lack of effective supervision, immature technical advisory services industry and technical standards that lack international norms. In addition, there is a need to improve human capital and technical-physical infrastructure as well as technical consultancy services to eliminate lack of environmental awareness and to improve occupational health and safety.

b. Objectives and Targets

883. The main objectives are to attain high-value-added and sustainable supply and demand with an innovative approach by ensuring a level of production and service quality that conforms to international standards; and to enhance technical consultancy services in the sector.

884. It is aimed that Turkey is ranked among the leading countries in the global market in constructing the infrastructure of the least-developed and developing countries; as well as in terms of total contracting amount, contract profitability and service quality.

c. Policies

885. It will be assured that the domestic market competition in the construction sector is based on quality and high-standard demand.

886. It will be ensured that domestic technical consultancy firms operate more effectively in all production processes of the construction sector, as well as public-private partnership and urban transformation projects. Additionally, international activities of technical consultancy firms will continue to be supported.

887. In the international contracting services, activities that would improve service quality and increase the export potential of construction materials will be supported.

888. Existing legislation, systems and practices of the construction supervision system will be reviewed and improved.

889. Quality of labor force in the construction sector will be enhanced and occupational health and safety practices will be improved.

890. Design and construction standards will be upgraded with the aim of building structures that are user-oriented, safe, environment friendly, energy-efficient and architecturally aesthetic.

Table 29: Developments and Targets in Contracting Services and Construction Materials

(Billion dollars)

	2006	2012	2013	2018
Contract Volume in International Contracting Services	24.3	27.2	30.0	50.0
Construction Material Exports	12.5	22.5	25.0	45.0

Source: 2006 and 2012 data are from the Ministry of Economy. 2013 and 2018 figures are estimates of the Tenth Development Plan.

2.3. LIVABLE PLACES, SUSTAINABLE ENVIRONMENT

891. Quality of working and living environments is one of the key indicators of development and prosperity. A more people-centered and quality of life focused approach is necessary in tackling issues such as regional development, strengthening local economies and rural areas, ensuring balanced spatial development and urbanization, eliminating the need for adequate, healthier and safer housing for all segments of the population. This approach requires living places to be designed and constructed as disaster-resistant, environmentally sensitive, cultural values based and to promote social solidarity and cohesion, as well as supporting economic development and competitiveness.

892. Shift of intensity of production from west to east and to developing countries, and preferences of location gaining transnational dimension have brought new regional development and urbanization phenomena, highlighting importance of cities and their competitiveness. Once economic geography is properly planned and quality of urban space and urban life are upgraded to higher levels, this trend will strengthen Turkey's geopolitical advantages and will support Turkey in being a center of attraction for investments and skilled human resources. Achieving this objective makes coordinated execution of growth, development, regional development and spatial development policies more important than before.

893. In Turkey, economic and social development has accelerated and significant increases in the level of per capita income and welfare have been recorded in recent years. However, these improvements are realized at different paces between urban-rural areas and among regions, and are reflected to quality of spaces, living areas and environmental standards at different levels. Settlement pattern and distribution in Turkey should be transformed to a level that is more commensurate with the current level of income and development in terms of quality and functionality of work and living areas, environmental impacts and adjustment of land use.

894. Despite the significant progress made in recent years, the need for reducing regional disparities still continues. These disparities keep their significance as one of major sources of problems in urbanization and settlement as well as of challenges such as unemployment, income distribution, social peace, security, social cohesion, excessive migration, idle resources and unused potential. In this regard, within the scope of regional development policies, provision of basic quality of life standards in all urban and rural settlements and minimization of disadvantages arising from spatial constraints are required in order to realize equal opportunity and inclusive development.

895. Despite the relative stabilization in recent years, concentration of production in certain regions expands development disparities across Turkey. For a balanced distribution of productive activities throughout the economy, need for a better production organization still continues which considers competitiveness of regions, increases regional interaction and has a spatial dimension.

896. Problems of excessive and low quality growth, housing, traffic, security, infrastructure, social cohesion and environment in cities of Turkey maintain their importance. On one hand, transforming cities into more livable places by managing these risks with proper interventions, and on the other, making them attractive centers by urban image management and branding efforts are main concerns.

897. Undertaking urban renewal with an integral system approach which responds to various needs such as revitalization, rehabilitation and restoration will increase implementation efficiency. Urban renewal with proper site identification in terms of land area and good planning has a potential to be an effective tool that both creates its own finance and offers more qualified, healthy and safer living places. Furthermore, the business volume that is brought forth through the extent of the needs for urban renewal provides large business and investment opportunities for several sectors, especially materials industry. If required conditions are provided, Turkey has the potential to achieve significant international competitiveness in these areas by accumulating knowledge and expertise.

898. Being primary responsible authorities for the quality of urban and spatial quality, restructuring local administrations based on good governance principle, supporting their financial and institutional capacities, and enhancing these institutions in accordance with subsidiarity principle maintain its importance. Number of metropolitan municipalities increased from 16 to 30 and their service areas were extended to provincial borders to cover rural as well as urban areas. In this context; planning, organization and service delivery models of metropolitan municipalities should be improved. In addition, improvement of the service capacity for public institutions, universities, development agencies, business organizations, chambers, NGOs and private sector organizations and strengthening the network structures constitute important factors of institutional capacity at the local level.

899. Risks associated with population decline and aging have been increasing in rural areas, where there is significant divergence between remote and integrated rural areas in terms of their relation to cities. Therefore, augmentation of policies and implementation approaches for rural areas; and development of an approach which does not limit policy design and implementation to only villages and their associated settlements, is needed.

900. One of the most important aspects of livable space phenomenon is the preservation of environmental quality, the adoption of a socio-economic and spatial development approach without compromising future generations' welfare and well-being. According economic growth with social and environmental elements, making use of returns of growth in strengthening social structure and in reducing pressures on the environment are emerging as a requirement of sustainable development. Improvement of cooperation, co-ordination and data sharing among organizations that are in charge of implementation, monitoring and evaluation of policies in this area and increasing the role of the private sector, local governments and NGOs become more important for advancement of sustainable development notion. In addition, combating climate change and sustainable utilization of biological diversity must be considered in parallel to the determination of economic value of natural resources and development of environmental standards in production and consumption through competitiveness and green growth approach.

901. The frequency of natural disasters has increased as one of the results of the climate change and their impacts have reached to serious levels. Although, some progress has been achieved in measures for disaster management and pre-disaster risk mitigation activities in Turkey, there is still need for preparation of comprehensive disaster hazard and risk maps and incorporating these maps into land use and zone planning processes.

2.3.1. Regional Development and Regional Competitiveness

a. Current Situation

902. Since the 2000s, the regional development policy in Turkey is transforming in a way to include objectives for improving competitiveness of regions and strengthening economic and social cohesion besides reducing disparities. During the Ninth Development Plan period, while increasing the effectiveness of regional development policies at central level, strategies and programs have been implemented in order to realize the potential of the regions; and developing institutional capacity at local level and accelerating rural development have been given prominence.

903. Socio-economic development disparities remain significant in Turkey along east-west direction, and between the coastal and the interior areas. As of 2008 and at NUTS-2 level, in terms of contribution to National Gross Value Added (GVA), the share of the last five regions was 4.4 percent while the share of the top five regions was 55.5 percent. There was 4.3-fold difference between income levels of the first and last ranking regions in terms of GVA per capita.

904. Population concentration tends to continue especially in metropolitan areas and large cities. Between 2007 and 2012, number of provinces with population over one million has increased from 18 to 20, and share of population living in these cities increased from 62 to 66 percent. In Turkey, direction of migration is generally from east to west; from the inland parts to large cities and towards the coastal parts, İstanbul being the most important center of attraction. In recent years, although intra-regional migration tended to increase relatively, due to the absence of cities that would function as developed centers of attraction especially in the Eastern and the Western Black Sea, the Middle East and the North-East Anatolia NUTS-I Regions, a significant part of migration continued to head to İstanbul. In order to stabilize this trend to some extent, the Growth Poles Support Program, targeting to transform some of the major cities in the central and eastern parts of the country into attraction centers, has been introduced in Diyarbakır, Erzurum, Şanlıurfa and Van gradually since 2008.

905. During the Plan period, significant and tangible progress has been recorded in regional development. While total exports increased by 57.7 percent, it rose by 268 percent between 2006 and 2011 in the last five NUTS-II regions according to the Socio-economic Development Index (SEGE 2011). In these regions, in the same period, number of university students increased by 81.4 percent, which is above the national average increase of 79.4 percent, and the number of hospital beds increased by 39.4 percent, while the national average was 18.6 percent. Developments on divided highway investments across Turkey were more apparent especially in GAP and DAP regions. In these regions, total length of divided roads increased to 4,917 km by the end of 2012 compared to 497 km in 2002.

906. Important regulations were realized in order to improve policy and implementation coherence in regional development and to strengthen financial and institutional aspects. To that end, Supreme Regional Development Council and Regional Development Committee were formed, and at the local level Development Agencies in all 26 NUTS-II regions have been operationalized. In addition to GAP, three new regional development administrations were established.

907. Regional plans were prepared in all regions under development agencies' coor-

Table 30: Various Indicators by NUTS-II Regions

Regions	SEGE 2011[1]	Share of Population[2]	Population Growth Rate[3]	Urbanization Rate[4]	Contribution to Gross Value[5]	Growth Rate[6]	Per Capita Income[7]	Unemployment Rate[8]
TR10 *(İstanbul)*	1	18.3	1.9	98.8	27.7	5.3	155	11.3
TR51 *(Ankara)*	2	6.6	2.1	96.1	8.5	5.6	134	9.5
TR31 *(İzmir)*	3	5.3	1.4	90.2	6.5	4.5	123	14.8
TR41 *(Bilecik, Bursa, Eskişehir)*	4	4.9	1.8	85.7	6.6	6.6	138	7.4
TR61 *(Antalya, Burdur, Isparta)*	5	3.7	2.3	64.1	3.9	4.9	110	8.2
TR42 *(Bolu, Düzce, Kocaeli, Sakarya, Yalova)*	6	4.5	2.0	76.0	6.2	6.6	141	10.5
TR32 *(Aydın, Denizli, Muğla)*	7	3.7	1.4	50.2	3.6	3.9	97	7.7
TR21 *(Edirne, Kırklareli, Tekirdağ)*	8	2.1	1.8	66.3	2.7	7.4	130	7.4
TR62 *(Adana, Mersin)*	9	5.0	1.1	82.2	4.0	4.9	78	10.6
TR22 *(Balıkesir, Çanakkale)*	10	2.2	0.7	49.9	2.2	6.7	96	5.4
TR52 *(Karaman, Konya)*	11	3.0	0.9	70.1	2.4	5.0	77	6.1
TR33 *(Afyon, Kütahya, Manisa, Uşak)*	12	3.9	0.2	55.1	3.6	6.4	88	4.4
TR81 *(Bartın, Karabük, Zonguldak)*	13	1.3	0.1	52.1	1.3	2.1	93	7.3
TR72 *(Kayseri, Sivas, Yozgat)*	14	3.1	0.5	65.0	2.3	5.0	73	8.2
TR83 *(Amasya, Çorum, Samsun, Tokat)*	15	3.6	-0.1	59.7	2.8	5.5	74	5.7
TRC1 *(Adıyaman, Gaziantep, Kilis)*	16	3.3	2.2	78.6	1.6	4.7	49	11.8
TR90 *(Artvin, Giresun, Gümüşhane, Rize, Trabzon, Ordu)*	17	3.4	0.4	37.9	2.6	6.7	75	6.3
TR71 *(Aksaray, Kırıkkale, Kırşehir, Nevşehir, Niğde)*	18	2.0	0.3	51.0	1.5	4.9	72	6.8
TR82 *(Çankırı, Kastamonu, Sinop)*	19	1.0	0.3	35.4	0.7	1.3	71	5.6
TRB1 *(Bingöl, Elazığ, Malatya, Tunceli)*	20	2.2	0.9	55.4	1.3	4.7	59	8.5
TR63 *(Hatay, Kahramanmaraş, Osmaniye)*	21	4.0	1.3	57.2	2.6	6.7	63	10.4
TRA1 *(Bayburt, Erzincan, Erzurum)*	22	1.4	-0.1	50.3	0.9	3.4	59	6.3
TRC2 *(Diyarbakır, Şanlıurfa)*	23	4.4	2.3	61.8	1.7	2.6	40	6.9
TRC3 *(Batman, Mardin, Siirt, Şırnak)*	24	2.8	1.6	58.5	1.1	8.0	41	21.3
TRA2 *(Ağrı, Ardahan, Iğdır, Kars)*	25	1.5	0.3	36.9	0.6	2.7	38	7.4
TRB2 *(Bitlis, Hakkari, Muş, Van)*	26	2.8	1.2	43.5	1.0	5.1	36	8.9
TÜRKİYE		100	1.4	72.3	100	5.4	100	9.2

Source: TURKSTAT and Ministry of Development

(1) Regions were ranked in order according to the results of the Research on Socio-Economic Development Index (SEGE 2011) of Provinces and Regions.

(2) Share of region in total population in percentages, as of 2012.

(3) Average annual population growth rate in 2007-2012 period in percentages.

(4) Share of settlements with more than 20,000 inhabitants in total regional population, in percentages, as of 2012.

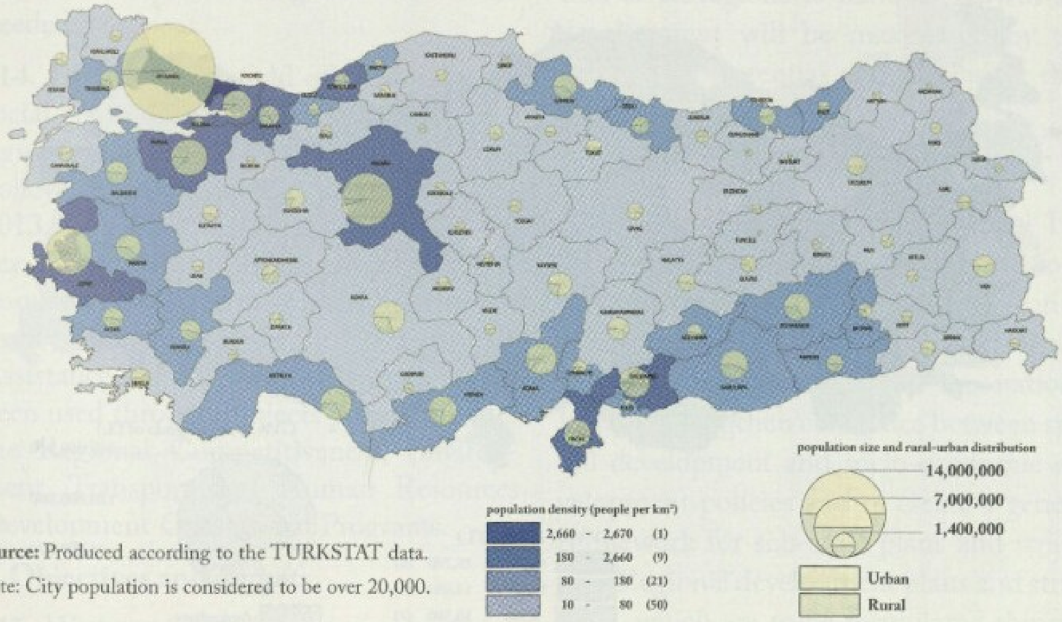
(5) Share of region in National Gross Value Added (GVA) in percentages, in 2008.

(6) Average annual growth rate of GVA at 2004 prices for 2004-2008 period in percentages.

(7) Indexed according to 2008 data and TR = 100.

(8) Unemployment rate in 2012, in percentages.

Map 1: Population Size, Density and Rural-Urban Distribution in Provinces



Source: Produced according to the TURKSTAT data.
Note: City population is considered to be over 20,000.

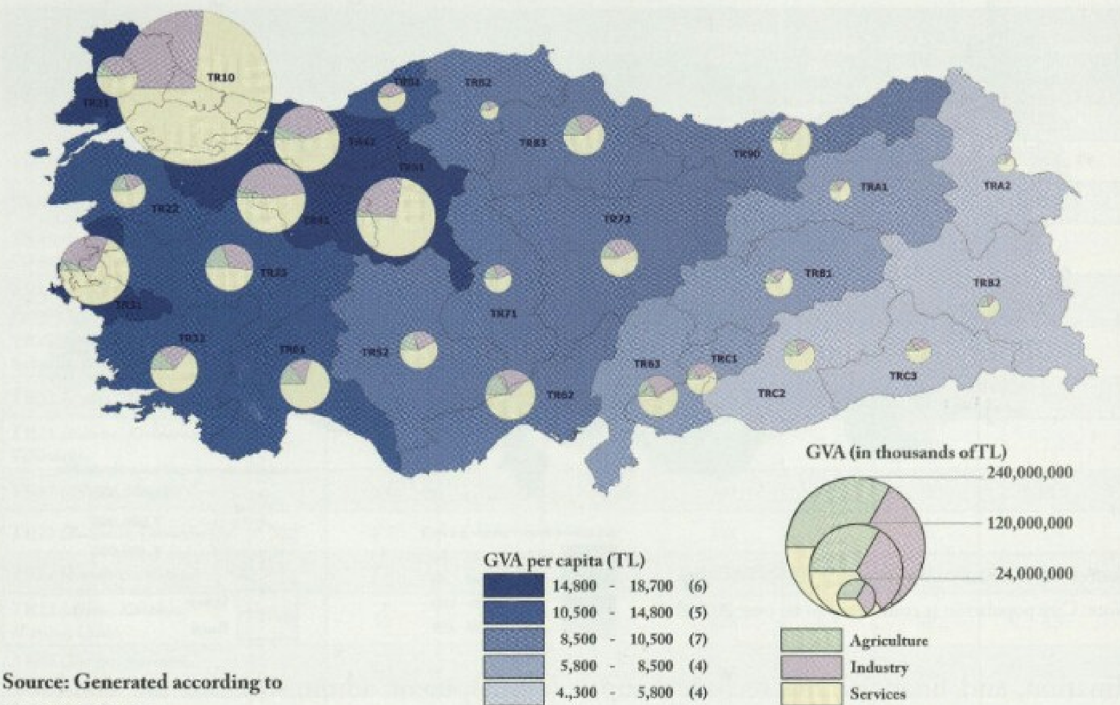
dination, and financial and technical support programs have been implemented accordingly. In the context of these programs public bodies, local administrations, universities, NGOs and enterprises submitted 34,000 project proposals out of which 8,400 projects were graded as successful. Under various financial and technical support programs, 1.6 billion TL was allocated to successful projects. With the addition of beneficiary co-financing, 3 billion TL will be mobilized in total.

908. In order to accelerate the implementation of Southeastern Anatolia Project, GAP Action Plan was prepared and a significant progress was achieved during 2008-2012 period, particularly in irrigation projects. By end 2012, 14.7 billion TL has been spent in the scope of the Action Plan; 610 km of irrigation canals have been put into service or made ready, and over 1.1 million hectares of land consolidation have been completed. The action plan is under revision to cover 2014-2018 period. Besides, Eastern Anatolia Project, Eastern Black Sea Development Project and Konya Plain Project regional development administrations are conducting preparatory action plans which would include priority public investments.

909. In addition to the developments on highway and airway transportation, the operation of high-speed train lines have helped work for increase accessibility of cities and regions. Issues such as strengthening links between production and service centers and ports, organizing production more efficiently, improving and extending railroad infrastructure for freight shipment, increasing interaction among regions and enhancing accessibility especially along the north-south corridors by considering attraction centers and growth poles, maintain their significance.

910. Production in Turkey is concentrated in metropolitan cities and in major cities with a population of over one million. Composition of regional production is advancing in favor of industry and services sectors. Manufacturing industry is predominantly located in Marmara and Aegean regions, and especially in Istanbul. Though the share of

Map 2: Regional Distribution of Gross Value Added in 2008



Source: Generated according to TURKSTAT Data

new Anatolian industrial growth poles in manufacturing industry have been increasing recently, R&D, commercialization of innovation and branding are mainly concentrated in metropolitan cities and a few additional important centers. Two thirds of patents have been registered in İstanbul, Ankara and İzmir.

911. Policy and implementation need to be more sensitive to region and settlement specific circumstances in order for a more balanced and effective spatial distribution and organization of economic activities. In this context, while metropolitan cities are ensured to supply goods and services at global quality standards, competitiveness of manufacture and export centers in Anatolia needs to be increased, and low and middle income regions' integration with the national market, as well as reinforcement and diversification of their economic structure are necessary.

912. In order to support the regions in areas that they have competitive advantage, regional and sectorial priorities of investment incentives system were defined more sensitively with the revisions made in 2009 and 2012. As a result of improving the scope, tools and ratios of the incentives in favor of regions with lower levels of socio-economic development, these regions' share in those that were granted investment incentive certificates has increased.

913. In the plan period competitiveness policies were tailor developed and implemented with respect to regions. Regional innovation strategies were formulated, the clustering model, which improves organization of value chains in production and exports through cooperation, has been supported at the national and regional levels. Local institutional capacity for consultancy and support services provision to investors has started to develop within development agencies. Still, a comparative analysis of competitiveness of regions, strengthening participation and subsidiarity in decision making and implementation, and improving coordination among institutions are needed.

914. Efforts in the field of economic and social cohesion with EU have contributed significantly to development of regional policy in Turkey. In the period of 2007-2013, 2.2 billion Euros is allocated to Turkey for regional development and human resource development within the framework of the Instrument for Pre-Accession Assistance (IPA). Allocated funds have been used through projects prepared under the Regional Competitiveness, Environment, Transport and Human Resources Development Operational Programs.

b. Objectives and Targets

915. With regional development policies, on one hand a more balanced distribution of welfare over the country will be achieved by reducing regional development disparities, and on the other hand the contribution of all regions to national growth and development will be maximized by utilizing their potential and increasing their competitiveness.

c. Policies

916. National Strategy for Regional Development (NSRD) will be put into force in order to set priorities and objectives with regard to regional development and regional competitiveness at the national level, to strengthen coherence between spatial development and socio-economic development policies and to create a general framework for sub-scale plans and strategies. Regional development plans and strategies, which are to be formulated through participatory processes at the regional level, will be implemented by regional programs and action plans.

Table 31: Developments and Targets in Regional Development and Competitiveness

	2006	2012	2013	2018
Ratio of Per Capita Income of the Highest-Income Region to that of the Lowest[1]	4.4	4.3	---	<4
Lowest Share of Industry and Services in the Regional Economy (%)	72.0	75.4	---	>80
Ratio of Graduates with a College Degree or Higher in the Five Regions with Lowest Educational Attainment (%)[2]	---	6.3	---	>12
Labor Force Participation Rate of the Last Five Regions according to SEGE (%)	38.0	38.9	---	>42
Share of the Amount of Investment with Incentive Certificates in Total Investment with Incentive Certificates in Provinces in the 5th and 6th Regions of the Incentive System (%)[3]	7.8	14.9	16.0	>20
Share of Employment in Investments with Incentive Certificates in Provinces in the 5th and 6th Regions of the Incentive System in Total Employment in Investments with Incentive Certificates (%)[3]	9.7	22.8	25.0	>30
Number of New Enterprises (The Lowest Five Regions' Average, per million inhabitants)	252[4]	535	570	>850
Number of New Enterprises (The Highest Five Regions' Average, per million inhabitants)	1,216[4]	2,083	2,250	>2,900

Source: 2006 and 2012 data are from the Ministry of Economy, The Union of Chambers and Commodity Exchanges of Turkey (TOBB), and TURKSTAT. 2013 and 2018 data are forecasts of the Tenth Development Plan.

Note: The term region refers to NUTS-II statistical units except for the indicators of the incentive system.

(1) 2008 (the most recent one) data is used for GVA.

(2) 2011 data, based on population aged 15 and older

(3) Provinces classified according to Decree no. 2012/3305 about Government Aids on Investments.

(4) TURKSTAT 2007 data

917. In low-income regions; fields of economic activity will be diversified, SME's and micro-enterprises will be developed, agricultural productivity will be increased, quality of life in urban and rural areas will be improved, human and social capital will be strengthened. Integration level of these regions with national market and with other regions will be raised. Delivery quality and accessibility of education, health, communication and local government services will be improved.

918. Support programs for centers with a potential of serving their hinterlands in terms of socio-economic development and infrastructure opportunities will be sustained and improved primarily in low income regions, and formation of conditions to divert migration to these centers which function as regional growth poles will be supported.

919. In middle-income regions, transformation of production structure, enhancement of sectorial diversification, improvements in entrepreneurship climate and culture, and creation of new employment opportunities will be ensured. By improving urban infra- and superstructure, attractiveness of these regions will be improved in terms of living and investment conditions.

920. In the border regions, cross border economic and social relations will be strengthened. Transportation infrastructure to the border gates will be improved, and service standards and capacities of gates will be upgraded.

921. Primarily, along the north-south corridors, transportation infrastructure connecting metropolitan cities, production centers and tourism cities will be reinforced. Regional airline operation between the cities which have appropriate infrastructure will be encouraged in order to increase accessibility of these cities and to reduce incurred expenses in connecting flights over Ankara and İstanbul. Connections of ports to Central and Eastern Anatolia and the GAP region will be strengthened.

922. In cities receiving intense migration, social cohesion will be strengthened. For this purpose, participation to community activities and to the labor markets will be facilitated by improving level of education and professional skills.

923. Infrastructure will be developed in order to effectively utilize ICT especially in the development of low-income and geographically disadvantaged regions. Distance learning programs and e-learning will be supported in order to strengthen human capital.

924. Taking value chain relations into consideration at the regional level, innovative and high value added cluster initiatives will be promoted, inter-firm cooperation in the existing clusters will be enhanced, integration of clusters with international markets will be strengthened and central and regional levels in supports will be considered.

925. For metropol cities to compete on the global scale, their R&D capacities and capabilities in producing innovation-based high-tech products and quality services, providing quality life and employment opportunities will be increased. Cohesion and integration between metropol cities and their hinterlands will be strengthened.

926. Specialization of the industrial centers in their respective competitive advantage areas will be supported. In these centers, R&D and innovation infrastructure will be developed, production of high value-added goods and services will be promoted and their integration with the global production systems will be facilitated.

927. Conditions required for branding cities with respect to their potentials, opportunities they offer and goods and services they produce will be created. Geographical indications will be supported in this context.

928. Institutional infrastructure and human capacity for comparative analyses of regional competitiveness and business and investment climate will be developed.

929. Spatial organization of production will be streamlined in order to increase production and export capacity primarily in OIZs and small industrial estates.

930. Innovative financial support mechanisms will be established at regional level, in this context, regional venture capital and credit guarantee fund practices will be initiated.

931. Regional investment support and promotion strategies supporting the national strategies for foreign direct investment will be formulated. Efficiency and inter-institutional coordination in this field will be enhanced.

932. Complementarity and coordination will be ensured among support programs for regional development.

933. Network connections among development agencies will be strengthened; collaboration and coordination among development agencies and central as well as local institutions will be ensured; cooperation mechanisms with specialized institutions will be set up. Role and effectiveness of development agencies in resource management, particularly in the EU funds management, will be increased.

934. In order to increase contribution of NGOs to local and regional development, their participation in decision-making processes will be increased, their financial management and technical capacity will be strengthened, and their project development and implementation skills will be developed. Collaboration of public institutions, particularly with NGOs engaged in development, will be promoted.

935. IPA funds for economic and social cohesion will be managed effectively through established monitoring and coordination mechanisms. Regional needs and priorities as well as complementarity with national funds will be taken as basis in the use of these funds.

2.3.2. Spatial Development and Planning

a. Current Situation

936. While country total population has increased 7.1 percent during 2007-2012 period, urban population in cities with a population of over 20,000 increased twice as much. Thereby, urbanization rate increased from 67.5 percent to 72.3 percent. This ratio is expected to reach 76.4 percent in 2018.

937. In addition to the increase in urbanization rate, increased level of income, improved financial opportunities, changes and mobility in family and community structures have put urban quality of life at the forefront. Increasing demand for larger, modern and secure housing with rich social infrastructure, and depreciation in functions and real estate values of old city centers and housing areas are significant trends. The urban fabric has been renewed quickly during this process leading to a transformation in decisions, densities and quality in land use. This phenomenon entails a multi-dimensional policy approach with respect to human welfare, accessibility and ease of use, social cohesion, urban integrity, aesthetics and culture.

938. During the plan period, Urban Development Strategy has been put into practice and significant regulations were introduced. Through a legislative regulation, the Ministry of Environment and Urbanization is commissioned with the preparation of stra-

Table 32: Developments in Urbanization

		2007	2008	2009	2010	2011	2012
Population (thousand)	Turkey	70,586	71,517	72,561	73,722	74,724	75,627
	Urban[1]	47,652	49,515	50,873	52,341	53,631	54,705
	Rural	22,934	22,003	21,689	21,382	21,093	20,922
Distribution (%)	Urban	67.5	69.2	70.1	71.0	71.8	72.3
	Rural	32.5	30.8	29.9	29.0	28.2	27.7
Population Growth (‰)	Turkey	---	13.2	14.6	16.0	13.6	12.0
	Urban	---	39.1	27.4	28.9	24.6	20.0
	Rural	---	-40.6	-14.3	-14.2	-13.5	-8.1

Source: TURKSTAT

Note: Population figures by the end of year

(1) Settlements which have population over 20,000 are considered as urban areas.

tegic spatial plans, and authorized to define main principles, strategies and standards for the preparation and implementation of all physical plans in all scales. With the same regulation, metropolitan municipalities were assigned to prepare environmental arrangement plans at provincial level.

939. Due to the structural and functional issues in physical planning system, planned spatial development process faces breakdowns. Developing principles, rules and standards in order to guide, adapt and enforce the administrations in the planning processes as well as establishing an effective monitoring and control system, maintain their importance.

940. Expectations of excessive increase in land value trigger demand for opening new areas to development and for increasing development rights permissions, affecting planning processes negatively. Consequently, it leads to dense, not resilient urban macroforms, implying low quality of life, high disaster risks, deterioration in unique identities of cities and inadequacies in transportation, infrastructure and public spaces.

941. Location processes of large-scale investments like housing, transportation, healthcare and education mostly implemented by the public sector are effective in driving urban development. There is still need to strengthen the cohesion between location and design criteria of large-scale housing investments, especially run by Housing Development Administration (TOKİ), with the characteristics, fabric and density of the cities.

942. In addition to urban regeneration activities, rapid growth in real estate investments has been remarkable. The processes that have transformed regions and cities into direct global actors, have resulted in increasing demand at the international level for real estate in metropolitan areas, for industrial, office and residential buildings. In this context, there is need for a real estate value assessment system based on objective criteria to increase the effectiveness of urban renewal, land expropriation and consolidation, land development implementation and to ensure a sound market structure.

b. Objectives and Targets

943. To provide high standard livable spaces, which, conform to geographic conditions, urban-rural differentiation, historical, cultural and environmental values; have larger public spaces and meet the needs of people and the society, is the main goal.

c. Policies

944. Spatial planning system will be transformed into a structure where central government will assume a regulatory and supervisory role and where planning and implementation will take place locally, which would strengthen the common decision-making processes.

945. Spatial planning and urban design schemes which target improvement of livability for different segments of the society; giving priority to the senior citizens, the disabled and children; protect equal opportunities and equity, will be put into practice.

946. Development of cities will be ensured to realize in such a way to minimize infrastructure and transportation costs and the required system will be set up to enable phasing in land development.

947. Decisions about detailed land use, property regulations and implementation will be based on sub-scale plans, whereas the upper-scale spatial plans guiding these plans will ensured to be strategic. The purpose, quality, scope and authoritativeness of land use decisions of plans will be clarified.

948. Utilization of innovative tools, such as transfer of development rights in unbuilt areas, will be rolled out to municipalities to lower financial burden in the development implementation and expand spaces of common use.

949. Value increases resulted by development plans and their revisions will be assessed by objective valuation criteria and the public will be ensured to benefit more from this increase to provide for basic social infrastructure and spaces of common use.

950. To achieve an efficiently operating real estate market, institutional and legal framework will be improved by monitoring trends in the market.

951. Principles and standards as to the scale and distribution of shopping centers over a city based on spatial and sectorial impact analyses.

952. Interoperability principles will be put into practice among agencies that provide and use geographic spatial data; generation and sharing of standardized data, which would establish a digital base for spatial plans and implementation, will be ensured.

2.3.3. Urban Regeneration and Housing

a. Current Situation

953. Factors such as sub-standard quality construction, old and wearing-out building stock, disaster risks, rapid population growth, changing spatial preferences, emergence of distressed areas and compression of production and service areas have increased the need for regeneration of urban areas and buildings.

954. After the authorization of municipalities for urban regeneration with new Municipality Law in 2005, Ministry of Environment and Urbanization was assigned for the identification and renewal of risky buildings in disaster prone areas in 2012. As of May 2013, 3,876 hectares area, which includes 97,300 buildings in 46 different districts in 19 provinces with a population of nearly 610,000, was declared as regeneration area.

955. Quick and extensive improvement in the technical, financial and administrative capacities of central and local administrations is crucial for planning and implementation of urban regeneration.

956. In the Ninth Development Plan period, housing need stemming from population growth, urbanization, renewal and disaster is estimated to be about 3.5 million. By the end of the period, the number of houses with occupancy permit is expected to reach 3.2 million. Housing shortage has significantly been reduced during the plan period.

957. The need for; striking balance between supply and demand in the housing market, development of housing finance, construction and organization methods and supply of land with infrastructure; directing the housing production with respect to the needs of income groups, development trends and features of settlements; designing and construction of housing and environment that respond to the needs of senior citizens, children and the disabled, continues.

b. Objectives and Targets

958. The main goal is to regenerate the districts that have disaster risk, infrastructure bottleneck and have lost their value and functions and has low spatial quality, by taking into account social, economic, environmental and aesthetical dimensions and to enhance urban welfare and quality of urban structure and life.

959. In the Tenth Development Plan period, total housing need due to the urbanization, population growth, renewal and disaster is estimated to be 4.1 million.

c. Policies

960. The regeneration projects, that yield high benefit and value in public spaces and production areas, particularly in disaster risk areas, contribute to growth and development and widely improve life quality, will be given priority.

961. Urban regeneration projects will be realized in an approach that integrates living areas of different income groups, reduces distance between residence and workplace, is compatible with the city's historical and cultural background and supports social integration.

962. In urban regeneration; ideal size and integrity of land will be considered; planning tools will be utilized most effectively; principles and procedures that define, the characteristics, prioritization, preparation, implementation, monitoring, evaluation, audit and governance processes of plans and projects will be developed.

963. Models and methods that would minimize public spending will be used in financing urban regeneration applications.

964. Practices that support; innovative and value-added creating sectors, creative industries and high-tech and environment-friendly production, will be given priority in urban regeneration projects.

965. Required measures will be taken in order to meet the basic housing need of the public at a higher rate, especially for those with low income, and alternative and sound solutions will be developed for the housing problem.

966. The guiding, regulatory, supervisory and supportive role of the government in the housing market will be strengthened and development of land with infrastructure will be accelerated.

2.3.4. Urban Infrastructure

a. Current Situation

967. Even though there have been remarkable advancements, need for ensuring persistence and sustainability, and enhancement of service quality, in meeting infrastructure requirements continues, which are increasing substantially due to rapid urbanization.

968. Ratio of municipal population served with drinkable and usable water to total

Table 33: Developments and Targets in Urban Infrastructure

	2006	2012	2013	2018
Ratio of Municipal Population That Have Access to Drinkable Water to Total Municipal Population (%)	98	99[1]	99	100
Ratio of Municipal Population Served with Sanitation Network to Total Municipal Population (%)	87	88[1]	91	95
Ratio of Municipal Population Served with Wastewater Treatment Plant to Total Municipal Population (%)	51	62[1]	68	80
Rate of Recycling of Packaging Waste (%)	33	50	53	56
Ratio of Municipal Population Benefiting from Sanitary Landfill (%)	34	60	65	85
Length of Intra-city Rail Systems (km)	292	455	477	787

Source: Data of 2006 and 2012 are from TURKSTAT and Ministry of Environment and Urbanization. Data of 2013 and 2018 are estimates of the Tenth Development Plan.
(1) 2010 TURKSTAT Data

municipal population has reached 99 percent by 2010. The need for drinking water network construction has decreased except the maintenance and repair work of the present networks and areas that have been recently set for settlement, while the need for treatment of drinking water has increased. 52 percent of drinkable and usable water was treated in 2010. Nevertheless, improving the quality of drinking water and reducing non-revenue water are still issues to be concerned with.

969. Ratio of municipal population served with sanitation network to total municipal population has reached 88 percent; and to total population has reached 73 percent by 2010. The ratio of municipal population served with wastewater treatment to total municipal population has increased to 62 percent in 2010 which was 51 percent in 2006, and to total population has reached 52 percent by 2010.

970. Due to reasons such as investment and operational costs, personnel, technology selection and supervision desired efficiency is not achieved in wastewater infrastructure services. Adjusting service charges at appropriate levels and enhancing institutional capacity are also important.

971. In order to fund urgent but insufficiently financed drinking water and sanitation projects of municipalities, SUKAP has been started in 2011. For the 2,392 drinking water and sanitation projects that are taken to the program scope, 1.4 billion TL fund is allocated for the 2011-2013 period. With this program, 50 percent grant is provided and the rest is borrowed from Bank of Provinces at favorable terms for the municipalities with 25,000 and less population.

972. In terms of solid waste, the ratio of municipal population benefiting from sanitary landfill to total population is around 60 percent in 2012, which was 34 percent in 2006. By 2012, the number of landfills in operation is 69, which serves 903 municipalities and 44.5 million people. Issues in solid waste management such as lack of awareness of benefits of recycling, lack of standards for recycled products and lack of incentives and guidance, affect the recycling activities negatively.

973. In many cities, especially in metropolitan regions, average speed in main arterials was increased by interchange, tunnel and bridge investments, and intelligent transport and traffic management systems such as Electronic Traffic Control System (TEDES). In İstanbul, a 52 km long bus rapid transit system called Metrobüs Project was constructed. Besides, in urban transportation, major rail transit system projects were carried out, practices to increase the share of maritime transport and expand bicycle use were implemented, and pedestrianization projects were realized in some city centers.

974. In the Ninth Development Plan period, a minimum demand criterion of 15,000 passenger/hour per direction was implemented for the approval of urban rail transit system projects. Within this period, rail transit systems which were planned in Adana, Antalya, Bursa, Gaziantep, İstanbul, İzmir, Kayseri and Samsun were almost completed and put into service. During the Plan period, a total of 185 km rail lines were constructed, and a total of 145 km are still under construction. On average, 700 million passengers are carried annually by the rail lines. In addition, by a legislative arrangement, appropriate rail system projects of municipalities were allowed to be undertaken by the Ministry of Transport, Maritime Affairs and Communications.

975. Based on urban transport plans developed consistently with spatial planning and development targets, in urban transport, issues such as strengthening intermodal integration and harmonization, development and transformation of infrastructure giving priority mainly to pedestrians and public transport, establishing efficient intercity and intra-city links, generalizing environment-friendly, intelligent, efficient and cost-effective practices, and establishment of infrastructure to meet the increasing vehicle ownership are still of importance.

b. Objectives and Targets

976. The main goal is to ensure public access to healthy and safe drinkable and usable water; realize efficient waste management by minimizing the effects of wastes to human health and environment; through policies coherent with land use decisions, establishing a highly accessible and fuel-efficient, comfortable, secure, environment friendly, cost-beneficial and sustainable transport infrastructure reducing traffic jam.

977. In the Plan period, Ankara Kızılay-Çayyolu, Batıkent-Sincan, Tandoğan-Keçiören Metro, Esenboğa Rail System Projects; İstanbul Üsküdar-Ümraniye, Otogar-Bağcılar, Aksaray-Yenikapı, Bakırköy-Beylikdüzü, Şişhane-Yenikapı, Kartal-Kaynarca, Kabataş-Mahmutbey, Bakırköy-Kirazlı Metro Projects, İzmir Traffic Management System, Improvement of Maritime Transport, Üçyol-F. Altay Metro, Konak and Karşıyaka Tramway Projects; 3rd Phase of Bursa, 2nd and 3rd Phase of Kayseri Light Rail System Projects, 3rd Phase of Gaziantep and 2nd Phase of Konya Tramway Projects are expected to be completed.

c. Policies

978. All of the drinkable and usable water need of settlements will be met, non-revenue water will be prevented, healthy and environment friendly material usage will be popularized through improving current networks.

979. In all settlements, drinkable and usable water will be provided to networks properly with necessary qualifications and standards.

980. Financial sustainability will be pursued in providing drinking water and sanitation investments and services.

981. Sanitation and wastewater treatment infrastructures in cities will be improved, these infrastructures will be operated in line with the basin specific discharge standards, and reuse of treated wastewater will be encouraged.

982. Through efficient solid waste management, waste reduction, separation at source, collection, transportation, recycle and disposal stages will be improved as a whole in technical and financial aspects; raising awareness and improving institutional capacity will be assigned priority. Usage of recycled materials in production processes will be encouraged.

983. In urban transport, coordination between institutions will be strengthened, more efficient planning and management will be ensured, and integration of urban transport infrastructure with other infrastructures will be enhanced.

984. Investments and practices in alternative transport options such as pedestrian and cycling will be incentivized.

985. Taking traffic density and passenger demand into account, bus, bus rapid transit and other similar systems will be the main preference, and in the routes where these are insufficient, alternative rail transit systems will be considered. Rail transit system are required to be planned in corridors where peak hours single direction minimum passenger demand projections are; 7,000 passenger/hour for tramway systems; 10,000 passenger/hour for light rail systems; and 15,000 passenger/hour for metro systems in the year they start operation.

986. The existing and planned urban rail transit system projects of metropolitan municipalities will be designed so as to integrate to main railway network, urban logistics centers, intercity bus terminals, airports and other transport modes.

987. In urban transport, information technologies and intelligent transport systems will be efficiently utilized in traffic management and public transport services.

988. Use of ICT will be considered important in order to increase public contentment, quality and efficiency in establishment and service provision of urban infrastructure systems.

2.3.5. Local Administrations

a. Current Situation

989. In the Ninth Development Plan period, within the framework of reconstruction of local administrations, the number of municipalities has been reduced to improve efficiency, coordination and quality of services through economies of scale.

990. According to the results of Address-Based Population Registration System (ADNKS) in 2007, population living in municipal boundaries was approximately 58.6 million and its ratio to total population was 83 percent, whereas in 2012 these figures have become 63.7 million and 84.3 percent respectively.

991. With the regulations made in 2012 and 2013, number of metropolitan municipalities has been increased to 30, their boundaries have been unified with provincial administrative boundaries; special provincial administrations, village municipalities and villages in metropolitan municipality boundaries have been removed. Besides, according to 2011 ADNKS results, the municipalities with a population

Table 34: Indicators about Local Administrations

	2006	2012
Number of Municipalities	3,225	2,950
Number of Districts	850	918
Number of Villages	34,406	34,340
Municipal Population (Thousand person)	58,582[1]	63,743
Number of Local Administration Personnel	310,883	256,501

Source: Ministry of Interior, TURKSTAT
(1) ADNKS Municipal Population in 2007

under 2,000 in provinces without metropolitan municipality, have been transformed into villages, and municipal shares from general budget have been reallocated. After 2014 local administration elections, total number of municipalities is expected to be decreased to 1,395 and more than 90 percent of total population is forecast to live in municipal boundaries.

992. Local administration balance, which had a deficit of 0.5 percent of GDP on average in the 2007-2009 period, have turned into positive with the economic growth and the increase in share of general budget tax revenues in the 2010-2012 period.

993. With the regulation in 2008, the shares and distribution principles of funds from general budget to local administrations have changed. Besides population criteria, new criterion such as development index, and for special administrations, surface area, number of villages and rural population, have been added and thereby share of municipalities and special province administrations from general budget has increased.

994. In the Plan period, rural infrastructure and small-medium size municipalities' infrastructure investments have been supported within the context of KÖYDES, BELDES and SUKAP projects. With the transfer of descriptive listing of permanent worker positions to central administration institutions, especially in small scale municipalities, burden of current expenditures on budget have been eased.

995. As a result of regulations made, discipline has been established in employment

Table 35: Number of Municipalities According to Types in Laws No. 6360 and 6447

	Current Situation (2013)	The Basis Set for Next Local Elections[1] (2014)
Metropolitan Municipality	16	30
Metropolitan District Municipality	143	519
Provincial Municipality	65	51
District Municipality	749	400
Village Municipality	1,977	395[2]
Total Municipality	2,950	1,395

Source: Ministry of Interior
(1) As of June 2013
(2) The legal entities of municipalities that have population over 2.000, by merging or joining of municipalities, will be kept according to law No 6360. Accordingly the number of municipalities in this list may increase.

Table 36: Developments and Targets in Revenues and Expenditures of Local Administrations

(Ratio to GDP, Percent)

	2006	2012	2013	2018	2014-2018
Revenues	3.20	3.66	3.78	4.46	4.32
Taxes	2.02	2.47	2.54	3.21	3.14
Non-Tax Normal Revenue	0.45	0.45	0.44	0.48	0.46
Factor Revenue	0.62	0.74	0.72	0.77	0.72
Capital Transfers (Net)	0.11	0.00	0.08	0.00	0.00
Expenditures	3.36	3.61	3.90	4.80	4.44
Current Expenditures	1.91	2.29	2.48	2.85	2.69
Investment Expenditures	1.37	1.07	1.19	1.52	1.39
Current Transfers	0.19	0.25	0.26	0.29	0.27
Expropriation and Fixed Asset	-0.10	-0.05	-0.02	0.00	-0.01
Capital Transfers (Net)	0.00	0.06	0.00	0.14	0.09
Balance	-0.16	0.04	-0.11	-0.34	-0.12

Source: 2006 and 2012 data are from the Ministry of Development. 2013 and 2018 data are estimates of the Tenth Development Plan.
Note: Local administration balance consists of special province administrations, municipalities, Bank of Provinces, municipality unions and administrations affiliated to metropolitan municipalities.

policies of municipalities, number of personnel and the ratio of personnel expenditures in GDP have been decreased. Moreover, common use of service procurement method reduced the budget savings gained from personnel expenditures.

996. The recent changes made in metropolitan municipality system are expected to increase financial needs of local administrations.

997. There is a need for evaluating service delivery methods with a new model framework, in order to ease access to service, reduce costs in delivery of infrastructure services, preserve subsidiarity and protect agriculture lands, pastures, forests and ecologically sensitive areas that lie within the expanding borders of metropolitan cities. On the other hand, within the context of sustainable cities approach, supporting local administrations, increasing authority and responsibilities in terms of development and widening service areas increased the need for improving institutional capacity.

b. Objectives and Targets

998. The main goal is to transform local administrations to a structure that; delivers more efficient, fast and qualified service; is participatory, transparent and environment friendly; cares for the needs of the disadvantaged and is financially sustainable.

999. The main target of local administrations is to maximize the satisfaction from public services delivered.

c. Policies

1000. The level of expertise of personnel will be increased and capacity on project preparation, finance, implementation, monitoring and evaluation, financial administration, participatory methods and similar topics will be enhanced in local administrations, especially in newly established metropolitan municipalities.

1001. Regulations that consider spatial properties, vary according to quality of service at all levels and are coherent with expanding service areas of metropolitan municipalities and diversifying duties and responsibilities will be made.

1002. Legal and institutional structure of water and sanitation administrations will be reorganized due to expanding duties of metropolitan municipalities.

1003. Resources of local administrations will be ensured to be allocated regarding the strategic priorities within the framework of basic principles and mechanisms of public financial management and accountability will be strengthened while considering participation in representation and decision making processes.

1004. Own revenues of local administrations will be increased in a way capturing value increases of urban real estates.

1005. Efficient supervision of the central administration will be ensured in service standards implementation of local administrations.

1006. Sustainability of village settlements will be ensured by strengthening village administrations.

2.3.6. Rural Development

a. Current Situation

1007. During the Ninth Development Plan period, rural development policies were implemented in coordination with agricultural policies to support primarily improvement of rural infrastructure and diversification of non-agricultural economic activities.

1008. For a more effective rural policy management, the National Rural Development Strategy and the Rural Development Plan were put into force for the first time, a multilateral committee was established to monitor implementation of the Plan, and implementation was delegated to local institutions to a great extent.

1009. The institutional capacity for rural development was strengthened at local level. The leading institutions that contributed to this capacity formation are Agriculture and Rural Development Support Agency, development agencies, special provincial administrations and village service unions. With the new legislative amendments, metropolitan municipalities in 30 provinces and sub-metropolitan municipalities have also become key actors for rural development.

1010. KÖYDES, which was launched in 2005 as a pilot project, was transformed to an integrated rural development program by the addition of small scale irrigation and wastewater components respectively in 2010 and 2011, in addition to essential road and drinking water components. Between 2005 and 2013, 8.5 billion TL was allocated to the Project. By the end of 2012, approximately 7,000 km of unpaved, 74,000 km of stabilized, 98,000 km of asphalt concrete base, 2,500 km of concrete and a total of 181,500 km of village roads were constructed. 32,000 km of village roads were repaired and 2,600 km of stone pavements were made. Moreover, sufficient and clean drinking water services were delivered to 47,461 rural settlements with no or partial access to clean water. In this period, the village road network was expanded to 35,000 km, asphalted-concrete road ratio increased from 33 percent to 45 percent. The ratio of rural settlements with access to sufficient drinking water also rose from 81 to 91 percent.

1011. Decline and aging trends in rural population has been continuing. According to the rural-urban definition based on the population threshold of 20,000, while Turkey's population increased by 7.1 percent from 2007 to 2012, rural population decreased by 8.8 percent and fell to 20.9 million from 22.9 million. Thus the share of rural population in that of the total shrank from 32.5 percent to 27.7 percent. As of 2012, 19 percent of the rural population lives in district centers, 24 percent in village municipalities and 57 percent in villages. In the same period, while the share of 65+ age group in total population went up from 9.6 percent to 11.3 percent, that of the 0-14 age group fell from 27.8 percent down to 25.5 percent.

1012. Despite the decline and aging in rural population, the labor force participation rate in rural areas has increased from 50.8 percent to 53.6 percent. However, rural labor force is predominantly employed in agriculture sector. In 2007-2012 period share of agriculture in rural employment was around 61 percent, while non-agricultural employment grew by 600,000 people, agricultural employment rose by 1.1 million in rural areas.

1013. In the Plan period, despite the rise in agricultural employment, rural poverty remained significant mainly due to the fact that agricultural employment is largely in subsistence farming enterprises that contain significant level of underemployment. Size and marketing issues of these enterprises hinder their earning sufficient and regular income, which triggers rural poverty and internal migration. In confronting the potential decline in agricultural employment, increasing non-agricultural employment opportunities and employability of rural labor force in non-agricultural sectors turn out to be even more crucial. In this context, in 2007-2012 period, share of rural labor force with a high school degree or more rose from 18 percent to 18.2 percent.

1014. Access to educational services is one of the effective and sustainable methods in the fight against rural poverty. There has been considerable improvement in pre-school educational services in villages. Moreover, the illiteracy rate for the 6+ population diminished from 13.3 percent to 7.3 percent during 2008-2012 period. On the other hand, in line with the population decline in villages, the number of pupils at school age has also fallen, which has led to a drop in the number of active schools. This tendency has added to the need for improvement of mobile educational services, as the need for accommodation in cities for secondary education pupils whose families reside in villages.

1015. There has been an ever increasing importance of ICT infrastructure and mobile applications in rural population's access to knowledge. In the of Ninth Development Plan period, individual access to internet reached from 15 percent to 26 percent and household computer ownership from 11 percent to 28 percent in the rural areas. Despite these developments, reducing the gap between urban and rural areas in computer ownership and internet access maintain its significance.

b. Objectives and Targets

1016. The main goal is making minimum level of wealth in rural areas converge towards country averages. Innovative methods of rural service delivery will be devised taking into account the new rural demography and geographical disadvantages; the institutionalization required for supply-oriented rural service delivery will be achieved through cooperation of central and local public administrations.

1017. The main objective of rural development policy is to improve the living and working conditions of the rural society in their own locality. The general framework of the rural policy is composed of; strengthening rural economy and employment, developing human resources and alleviating poverty, improving social and physical infrastructure, and protecting natural resources and rural environment.

c. Policies

1018. The production and employment structure of the rural economy will be diversified with non-agricultural economic activities such as tourism, trade, food industry and small-scale production.

1019. Rural development supports will be provided in a way that would improve competitiveness in agriculture. The commonality of objectives between the EU funds and national funds will be strengthened; the compliance and complementarity will be improved in terms of potential beneficiaries and geographical coverage.

1020. Social services and assistance will be provided with a supply-side orientation in villages and households below the poverty line and distant rural settlements will be prioritized.

1021. Due to the decreasing population density at villages, local service delivery capacity of public institutions will be strengthened and innovative models will be developed to make it easier for aging and disabled citizens to participate in social life and to have better access to personal care and other social services.

1022. In order to support rural population's access to ICT services, ICT infrastructure, which is currently defined under the Universal Service Fund, will be improved and disadvantageous settlements will be prioritized in investments.

1023. Support instruments based on production and income will be developed for villages located in and around forests in particular, for those located in or around preservation areas such as national parks and for those in mountainous areas, aiming at reducing development problems resulting from their disadvantageous locations.

1024. District based local development program which consists of the unified programming of sectorial needs of the rural settlements will be laid out. The design of the program will be differentiated with respect to proximity to cities, by taking into account specific conditions of rural areas at medium and far distances.

1025. Local development initiatives, which can ensure local buy-in for determining and monitoring of investment and service needs in the rural settlements and may improve the problem-solving capacity of rural areas, will be promoted.

1026. A level of institutionalization in municipalities, especially in the ones under the metropolitan municipalities, which will strengthen local service delivery capacity, will be achieved.

1027. The definition of "rural area" will be revised; provision of basic national data at provincial level and with urban-rural distinction will be published.

2.3.7. Protection of Environment

a. Current Situation

1028. In the Ninth Development Plan period, with an approach aiming sustainable development, environmental legislation and standards have been improved, institutional and technical infrastructure has been enhanced and projects towards strengthening environmental management have been implemented. Framework that directs environmental policy and implementation has advanced through preparation of basic strategy documents such as Climate Change Strategic Document and Biodiversity Strategy & Action Plan. Thereby, remarkable progress has been achieved on prevention of environmental pollution, improving environmental quality and sustainable management of natural resources, especially on control of emissions, expansion of protected areas and protection of biodiversity.

1029. In combating global climate change, with the measures taken within national circumstances, 1.4 billion ton cumulative emission has been saved in the 1990-2007 period. According to 2010 data, Turkey's annual greenhouse gas emission was 401.9 million ton carbon dioxide equivalent, equaling to an annual value of 5.51 ton carbon dioxide equivalent per capita. In the 2007-2012 period, a reduction of 50 percent in sulfur dioxide and 36 percent in particulate matter in atmosphere were achieved. The ratio of protected areas to total surface area has increased from 4.99 percent in 2006 to 7.24 percent in 2012.

1030. Despite these achievements, pressure on environment caused by economic growth, population growth, production and consumption patterns continues. Planning, implementing, monitoring and supervising in environmental and natural resources management should be enhanced. There is a need for removal of authority overlapping and strengthening of cooperation among institutions. Improving financial sources for environmental investments, using these sources efficiently and strengthening the mechanisms that will ensure prevention through evaluating the impacts of projects and programs that may have serious effect on environment, are needed. R&D and innovation on environment friendly method and technologies are also important, especially in terms of supporting economic growth.

b. Objectives and Targets

1031. The main goal is to increase environmental awareness and sensitivity, to protect the environment and to improve its quality in order to ensure that present and future generations benefit from scarce natural resources, while continuing economic and social progress.

1032. It is aimed that green growth is ensured through exploiting potentials of environment friendly approaches in terms of new job opportunities, income sources, product and technology development in areas like energy, industry, agriculture, transport, construction, services and urbanization.

c. Policies

1033. Uncertainties and inadequacies in duties, powers and responsibilities in environmental management will be resolved, supervising mechanisms will be strengthened; role of private sector, local administrations and NGO's will be increased.

1034. Environmental sensitivity and life quality will be improved with practices such as waste and emission reduction, energy, water and resource efficiency, recycling, prevention of noise and visual pollution, usage of environment friendly material in line with sustainable cities approach.

1035. Environment friendly practices in production and services such as renewable energy, eco-efficiency and cleaner production technologies will be supported and developing and branding of new environment friendly products will be encouraged.

1036. In order to support sustainable production and consumption, environment friendly products will be encouraged in public procurement.

1037. Value of natural resources and ecosystem services will be calculated and will be considered in policy making and implementation processes.

1038. Practices towards improving environmental consciousness, especially protection of nature and support of sustainable consumption, will be promoted.

1039. Detection, protection, sustainable usage, development and monitoring of biodiversity that is important for agriculture, forest, food and pharmaceutical industry will be ensured.

1040. Adapting and combating climate change will be maintained in line with the principles of "common but differentiated responsibilities" and "respective capabilities", while considering national circumstances.

1041. Green growth opportunities on areas such as energy, industry, agriculture, transportation, construction, services and urbanization will be evaluated and new business areas, R&D and innovation that provide environment sensitive economic growth will be supported.

2.3.8. Land and Water Resources Management

a. Current Situation

1042. Total available water resources in Turkey add up to 112 billion m^3, of which 39 percent is currently used; 32 billion m^3 (73 percent) in irrigation, 7 billion m^3 (16 percent) as tap-water and 5 billion m^3 (11 percent) in industrial use. Turkey is listed among water scarce countries with approximately 1,500 m^3 per capita water potential in 2013. By 2030, available water per capita is expected to decrease to 1,100 $m^3$and Turkey might be exposed to water scarcity.

1043. Efficient use of land and water resources, overseeing the balance between protection and utilization of natural resources are considered as priority. Within this context, land consolidation and reclamation, expansion of the irrigation infrastructure and water saving modern irrigation systems have been undertaken; water management structure has been improving through watershed based approaches. Aiming development and extension of forests, afforestation, effective protection and care, and erosion control measures have been prioritized. Besides, combating erosion should be accelerated especially on agricultural land.

1044. In order to enhance efficiency of water management under watershed-based integrated protection and controlled use principles, protection action plans have been prepared for all 26 river basins. Plans provide identification of and precautions against pressures and impacts resulting from domestic, industrial and agricultural uses. Within this context, initially implementation of Ergene Watershed Protection Action Plan has started.

1045. Water in use tends to be insufficient to meet the need because of increasing demand, drought and pollution in catchments. Inadequacy of planning, monitoring, evaluation and supervision; lack of a common database and information flow; and weakness of inter-institutional coordination are main problems of water resource management.

1046. Use of land resources in line with their capabilities and land use planning are still important. Effective implementation of prepared strategy documents and action plans on combating desertification and drought, enhancing efforts for combating erosion, prevention of pollution, strengthening of coordination in land management and thereby protection and rational use of land are priorities.

b. Objectives and Targets

1047. Preservation and development of quantity and quality of water and land resources, and development of a management structure that provides sustainable use of these resources, especially in the highly demanding agriculture sector, are fundamental objectives.

c. Policies

1048. Shortcomings and uncertainties in the legislation on water management will be eliminated, duties, powers and responsibilities of institutions will be clarified, and collaboration and coordination among all institutions involved in water management will be enhanced.

1049. National water basin classification system will be developed enabling protection and sustainable use of water resources.

1050. Quantity and quality of groundwater and surface water will be determined, monitored and relevant information system will be established; protection and improvement of water resources, prevention and control of water pollution will be ensured.

1051. Sustainable utilization of all of the national water potential according to requirements, and charging of its use on a tariff basis will be ensured.

1052. Through evaluating effects of climate change and all activities in catchments on water quantity and quality, measures for saving water, combating drought and preventing pollution will be taken.

1053. Measures will be taken to protect high quality agriculture lands and forests, particularly for special protected nature areas. Desertification and erosion combating efforts will be improved; preventive measures will be intensified after monitoring environmental and social impacts of agricultural activities on agricultural land resources.

1054. For current and reliable information about lands, remote sensing and geographic information systems will be used in establishing a National Database on Land, and efficient use of land through land use planning will be ensured, especially in agriculture.

1055. For sustainability of irrigation from groundwater resources, policy alternatives such as quantity restrictions and variable pricing will be developed.

1056. Functioning mechanism of irrigation unions will be reviewed, and alternatives will be developed to improve the system.

2.3.9. Disaster Management

a. Current Situation

1057. The importance of disasters in development policies is increasing due to its effects on all sectors by increasing the costs of economic, social and physical infrastructure. Instead of policies for post-disaster response, pre-disaster risk reduction policies maintain its importance.

1058. The Disaster and Emergency Management Presidency (AFAD) and the Provincial Disaster and Emergency Departments under the special provincial administrations were established in order to improve disaster risk reduction and preparedness activities and ensure cooperation and coordination between agencies working on disaster issues. Law on Transformation of Areas under Disaster Risk is enacted for regeneration of weak and illegal structures, building safe and good quality settlements which are important elements of disaster risk reduction.

1059. Disaster Insurance Law was enacted in 2012 in order to determine the principles and procedures related to the compulsory earthquake insurance, which secures the economic damages directly caused by the earthquake in buildings and damages resulting from fire, explosion, tsunami and landslide due to earthquakes. With the new law, the compulsory earthquake insurance has started to be controlled in electricity and water subscription operations in addition to title deed and mortgage credits transactions. However, the need to extend this law to cover other types of disasters is still valid.

1060. Reviewing the legal and institutional structure of disaster management; strengthening fast, effective, secure information and communication and coordination systems among public institutions and NGOs; increasing resilience of the society against disaster risks are still considered important.

1061. Preparation of the National Disaster Strategy, to be used as a guide in conducting disaster risk mitigation, preparation, response and post-disaster recovery works in coherence, is in progress. Within this context, National Earthquake Strategy and Action Plan, National Disaster and Emergency Response Plan have been prepared.

1062. The need for regulation towards strengthening relations among central and local authorities to ensure effectiveness of disaster management, and strengthening the capacity of the units responsible for disaster management at the local level still continue.

b. Objectives and Targets

1063. The main goal is; to mainstream disaster risks in macroeconomic, sectoral and spatial planning processes; to raise awareness and resilience against disasters; to build disaster-resilient and safe settlements.

c.Policies

1064. Institutional authorization and responsibilities will be reorganized in order to determine, evaluate and supervise disaster risks and to improve the effectiveness of response practices during and after disasters.

1065. Microzoning practices will be completed primarily in high-risk areas and disaster risks will be taken into consideration in master plan processes.

1066. Risk mitigation practices, which vary depending on socio-economic and physical characteristics of regions and different disaster types, will be accelerated and post-disaster recovery plans of high-risk areas will be prepared.

1067. Implementation mechanisms that will reduce disaster risks will be strengthened. Retrofitting of public places like hospitals, schools and dormitories that are important for disaster preparation and response processes, and critical infrastructures like energy, transportation, water and communication will be prioritized.

1068. In order to combat disasters more effectively, disaster information management system, that enables fast, safe and efficient information exchange among public institutions, will be established. Infrastructure will be reinforced to provide efficient and uninterrupted communication.

1069. Resilient buildings and infrastructure will be built and the supervision of construction activities will be strengthened via independent, capable and authorized individuals and institutions.

Table 37: Developments and Targets in Disaster Risk Mitigation

	2006	2012	2013	2018
Number of Provinces with Completed Integrated Disaster Hazard Map	---	3	6	81
Number of Houses and Workplaces with Compulsory Earthquake Insurance (Million)	2.5	4.8	5.4	9.5

Source: Data of 2006 and 2012 belong to Ministry of Development and Turkish Catastrophe Insurance Pool. Data of 2013 and 2018 are Tenth Development Plan estimates.

2.4. INTERNATIONAL COOPERATION FOR DEVELOPMENT

1070. In recent years, interaction among countries has increased and bilateral, multilateral, regional and global relations with other countries have gained more importance for the economic and social development of countries in the process of globalization. In this process, Turkey has actively participated in multilateral organizations such as UN, OECD, IMF, WTO, NATO, EU, WB, OIC, BSEC, ECO and G-20 and thereby increased its bilateral relations in terms of quality and quantity.

1071. Due to its increasing opportunities and capabilities in recent years, Turkey re-shaped its foreign policy in a way that is active, pre-emptive and more sensitive to developments in its periphery. Meanwhile, this policy paves the way for sensitivity and responsibility on a global scale and acting accordingly. In this context, to ensure sustainability of development, strengthening mutual economic and commercial cooperation and establishing strategic partnerships, especially with the neighbors and the countries in the region, is of utmost importance.

1072. Turkey, in recent years by placing joint development with neighboring region perspective to the center of its foreign policy, has facilitated movement of people, goods, capital and services with many bilateral and multilateral arrangements and has contributed significantly to development of countries in its region through development cooperation programs.

1073. In order to use international cooperation effectively in the process of development in the Tenth Development Plan period; coherent, complementary and decisive policies are needed at national, regional and global levels.

2.4.1. International Cooperation Capacity

a. Current Situation

1074. Turkey is an emerging donor in the development cooperation field and official development assistance (ODA) provided by her has increased rapidly in recent years. The rate of increase of ODA provided by Turkey has been more than the rate of increase of the total ODA provided by the members of OECD's Development Assistance Committee (DAC) consisting of eminent donor countries. This trend is expected to continue in the forthcoming years.

Table 38: Official Development Assistance

	2007	2008	2009	2010	2011	2012[2]
Total ODA (Billion Dollars)						
DAC Countries	104.3	122.0	119.8	128.3	133.7	125.7
Non- DAC Countries[1]	5.6	8.3	5.6	5.5	8.0	3.7
Turkey	0.6	0.8	0.7	1.0	1.3	2.5
Total ODA (Percentage Change)						
DAC Countries	-0.6	17.0	-1.8	7.1	4.2	-6.0
Non- DAC Countries	9.6	47.5	-33.1	-1.2	45.1	-53.3
Turkey	-15.7	29.6	-9.4	36.8	31.6	98.9

Source: OECD DAC Statistics
(1) Of the Non-DAC Countries, the ones that report to DAC are included.
(2) 2012 figures are provisional.

1075. In the Tenth Development Plan period, the main axis of development cooperation of Turkey is expected to comprise of regional and peripheral countries which are in the process of economic and social transformation. Preparation of the law on development cooperation, which will provide the legal framework for effective and result-oriented use of public resources allocated to development cooperation and achieving transparency and public accountability in utilization of these resources, has become more essential.

1076. Targeting on improving its impact on development cooperation, Turkey must develop its institutional capacity in this field, particularly human resources, and ensure more contribution from private sector and NGOs as well as individuals.

b. Objectives and Targets

1077. The main objective is to attain higher level of national administrative and human resource capacity in order to strengthen the international dynamics of development process of Turkey, to share knowledge and experience with countries in need and to attain a sustainable and strong ground in economic, social, cultural relations in international cooperation activities.

c. Policies

1078. Policy framework, administrative and legal infrastructure of development cooperation will be improved; in this context, Development Cooperation Strategy will be formed and Development Cooperation Law will be prepared.

1079. Administrative and technical capacity of central agencies and their branches abroad working in the field of development cooperation will be strengthened; monitoring, evaluation and coordination will be made effective.

1080. By encouraging participation of private sector and civil society, public-private sector-civil society cooperation will be increased in development cooperation activities.

1081. In order to improve analytical capacity and experience in international cooperation, academic studies and scientific publications will be diversified, establishment of new think-tanks will be encouraged and their activities will be supported.

2.4.2. Regional Cooperation

a. Current Situation

1082. Development agenda of Turkey entails an effective cooperation in economic and commercial fields with the peripheral countries at the regional level. In this framework, Turkey pursues a policy targeting development within a trans-boundary perspective and extension of development to its close vicinity.

1083. Turkey maintains its efforts constantly towards achieving the goal of full EU membership. Considering Turkey's historical background, economic potential, cultural diversity, young population and geopolitical position, Turkey's accession to EU will both contribute to relations of EU with other countries and generate a significant synergy for Turkey.

1084. Despite Turkey's intense efforts during the process of EU accession negotiations initiated in 2005, satisfactory progress could not be achieved so far. Nevertheless, 13 out of 35 chapters have been opened for negotiations until now and Turkey continues its efforts to fulfill the obligations to become a full member of EU.

1085. In terms of relations with EU, financial cooperation advances more effectively compared to the negotiation process. Under the IPA, a total of 4.8 billion Euros has been allocated to Turkey in 2007-2013 period. In this field, process has also started for opening of negotiation of Chapter-22 Regional Policy and Coordination of Structural Instruments, which has been subject to political hindrances for a long time.

1086. With contraction of European market as a result of the global crisis, Turkey has intensified its quest for alternative markets. In this context, substantial progress has been achieved, in increasing market share in the countries which Turkey already has had intensive commercial relations with, as well as in entering new targeted markets.

1087. In the last decade, while the share of trade with EU countries in Turkey's total trade has decreased, the share of trade with neighboring countries and countries in the region increased significantly. In this framework, comprehensive economic cooperation launched through the mechanisms of High Level Strategic Cooperation Council, technical cooperation and development cooperation programs intensified by bilateral FTAs are enabling Turkey to increase and diversify economic and trade interactions with its vicinity and facilitate institutionalization of relations.

1088. Turkey considers the COMCEC as the most important project of the Islamic World in the economic and commercial domain. The COMCEC, whose permanent presidency and secretariat have been carried out by Turkey for almost 30 years, is a formation that offers important opportunities at regional and global levels. Improvement of relations with the COMCEC Member Countries, which have significant cooperation potentials for Turkey in many areas, particularly in investment, trade, tourism,

Table 39: Share of Country Groups in Total Exports of Turkey

(Percent)

	2002	2008	2009	2010	2011	2012
European Union (EU-27)	56.6	48.0	46.0	46.3	46.2	38.8
Organization of Islamic Cooperation (OIC)	13.1	24.7	28.0	28.6	27.7	36.2
Middle East and North Africa (MENA)	13.1	23.7	26.1	26.6	25.7	34.0
Land Bordering Countries	5.3	10.8	13.5	14.2	14.7	18.5

Source: TURKSTAT

Table 40: Share of Country Groups in Total Imports of Turkey

(Percent)

	2002	2008	2009	2010	2011	2012
European Union (EU-27)	49.8	36.8	40.1	38.9	37.8	37.0
Organization of Islamic Cooperation (OIC)	7.3	10.9	9.5	12.0	13.0	13.4
Middle East and North Africa (MENA)	6.2	8.3	6.6	8.7	9.9	10.4
Land Bordering Countries	4.4	6.2	4.6	6.5	7.7	8.0

Source: TURKSTAT

transport and finance, will make significant contributions to the development efforts of Turkey. Furthermore, the cooperation programs and projects, which will be developed within the COMCEC Strategy adopted in 2012, will enable formation of a common development agenda within Islamic Countries and will enhance the interaction and solidarity among these countries.

1089. The ECO, of which Turkey is a founding member, has a significant potential to enhance economic relations with the neighboring countries and vicinity of Turkey. However, in view of its expertise capacity and financial constraints, there is a need to focus the activities carried out by ECO towards result-oriented programs and projects in the prioritized cooperation areas. In this context, the Eminent Persons Group established upon the proposal of Turkey will make a significant contribution to turn ECO into a more effective, dynamic and a highly-visible organization.

b. Objectives and Targets

1090. The main objective is to enhance mutual economic, social and cultural relations with the EU, regional countries and regional initiatives and to benefit more efficiently from the potential of multilateral and regional cooperation.

c. Policies

1091. Efforts towards full EU-membership will be continued resolutely, the focus would be to maximize benefits of the process with the reforms carried out in line with the objective of full membership. The relations will be carried out on the basis of the rule of law and in accordance with the principle of long term and reciprocal benefits.

1092. EU membership process will be carried out in a transparent and participatory approach and all relevant segments of the society will continue to be involved in the process with accurate and adequate information flow. An effective communication strategy will be implemented including promotion of Turkey in public opinion of the Member States.

1093. EU financial assistance provided to Turkey will be used more efficiently and effectively by considering national priorities as well, also preparatory work will be done to benefit from the Structural and Cohesion Funds after EU membership, and institutional capacity will be improved to that end.

1094. Necessary measures will be adopted regarding Turkey's liabilities arising from the Customs Union lest they become a significant economic cost element in Turkey's trade with third parties.

1095. Due regard will be given to sustain strong economic and trade relations with EU and through joint programs, projects and activities, social and institutional relations will be enhanced further, and efforts will be intensified for termination of the practices, particularly the visa practices which prevent or obstruct the execution of such activities.

1096. Mutual economic activities with neighboring and regional countries will be increased and diversified.

1097. Special loan programs will be launched for the target and priority markets along with the countries with which Turkey has signed preferential trade agreements.

1098. The efforts towards trade facilitation and liberalization by means of regional trade agreements will be increased, and the trade arrangements ready for implementation will be put into force.

1099. Efforts will be intensified towards establishing FTAs with the countries in the region, including provisions about trade in services and investments.

1100. Special methods of economic cooperation such as joint and/or qualified industrial zones and common economic areas will be developed in order to benefit from the potential of trade and investments with neighboring and regional countries.

1101. In order to develop multi-dimensional relations with neighboring countries and enhance synergies, implementation of cooperation programs among cities and regions will be strengthened.

1102. Required support will be provided to the development efforts of the countries that we have advanced cooperation, especially to the region countries in transformation process. In this context, in order to share development experience of Turkey and establish strong, sustainable economic and trade relations, regional and country-specific development strategies will be prepared and result-oriented development cooperation programs will be implemented.

1103. COMCEC will be made more effective and in this framework, the COMCEC Strategy which will direct the cooperation efforts in the forthcoming period will be fully operationalized with the contributions of working groups.

1104. Project Support System, designed for concrete implementations and for paving way for efficient cooperation under the COMCEC, will be launched and the programs providing technical and financial support to proposed projects from Member States will be implemented.

1105. Efforts will be intensified towards transforming ECO into a more efficient cooperation platform, in this regard development of necessary infrastructure will be pioneered to enable implementation of result oriented programs and projects in priority areas.

1106. Efforts towards increasing the number of members of ECO Trade and Development Bank and its financial facilities will be intensified.

1107. For enabling ECO Secretariat to serve more effectively, efforts towards strengthening Secretariat's institutional capacity and resources will be actively supported.

1108. To activate collective potential, regional cooperation opportunities in energy, education, health, agriculture, transportation and tourism areas will be fully utilized. In this context, sectoral strategies, joint programs and projects focusing on neighboring region will be prepared.

2.4.3. Contribution to Global Development Agenda

a. Current Situation

1109. Turkey, in line with its rising regional and global profile, assumes important responsibilities in establishment of global peace, welfare and stability. Developing relations in different regions of the world in a wide geographical area, Turkey has increased its effectiveness on regional and global scale in bilateral and multilateral platforms and has led many global initiatives.

1110. It is foreseen that in the upcoming period; there will be a decrease in the weight of northern countries in the global economy, in contrast to an increase especially in the share of developing Asian countries; interaction and interdependence between emerging and developing countries will become more important; south-south economic and trade relations will strengthen. Turkey has the ability to use effectively its long-established relations with the West as well as the ability to establish close dialogue with "South" and the potential of being a developing country at the same time.

1111. Due to strong interaction in today's global system, the global economic crisis has led to serious repercussions in developing countries as well as in developed countries. In order to combat such crises, the need for effective functioning of global economic governance has become more apparent. However, developed countries are dominant in institutional structures and decision making processes of international organizations, which have an important role in determining global agenda.

1112. Making platforms such as G-20 more effective, which is an important initiative towards coping global economic issues, and addressing challenges of developing countries on these platforms is of utmost importance. In this context, showing a successful economic performance in global crisis environment, Turkey has the potential to assume an active role in development of global economic governance mechanisms. Turkey is also in a position to support the developing countries for having more voice in global economic governance by increasing the effectiveness of platforms such as COMCEC.

1113. Turkey contributes to establishment of a just and prosperous international system based on peace and stability by supporting development efforts of less developed countries. In this context, Turkey hosted the United Nations Conference on the Least Developed Countries (LDC) in 2011 and has committed to provide 200 million dollars for the development of the LDCs in the next ten years.

1114. Meeting emergency and humanitarian assistance demands in an active, effective and timely manner; creating human resource capacity that could respond to countries in need and strengthening operational structure are important considering Turkey's sense of responsibility and approach to regional and global issues.

b. Objectives and Targets

1115. The main objective is to provide better quality and stronger contribution to the global development agenda; through effective participation in international organizations, efforts towards improvement of global governance and developed relations at global scale, particularly with emerging economies and LDCs.

c. Policies

1116. Turkey will carry out active policies on multilateral platforms to improve global economic governance and will make every effort to ensure closer cooperation and coordination among member states.

1117. Strategies and programs will be developed to increase economic and commercial relations with emerging economies.

1118. Aid committed to the LDCs will be used in line with the strategy aiming at developing capacity of the target countries and also improving long-term economic and trade relations with them. Moreover, efforts for development of these countries at multilateral platforms will be increased.

1119. Effectiveness of Turkey in international organizations will be increased. In this respect, expertise of staff of Turkish missions in international fora will be strengthened; efforts towards increasing number of Turkish citizens working at international organizations will be accelerated.

1120. Institutions that are internationally effective and specialized in the field of development cooperation will be rigorously encouraged to open regional offices in Turkey.

1121. Efforts will be actively carried out regarding the interim membership for 2015-2016 UN Security Council. In addition to the UN, the demand for fair representation on other global platforms will be emphasized in the global agenda.

1122. Capacity and effectiveness of Turkey in emergency and humanitarian aid activities, at the global level and towards countries in crises, will be increased. Within this context, institutional capacity and coordination among institutions will be strengthened; NGO's and private sector activities will be encouraged.

1123. Capacity development support will be provided to countries in crises or transformation in areas of disaster and emergency relief; institutional and operational cooperation with international aid organizations, the UN in particular, will be enhanced.

1124. To serve international peace, prosperity and stability, an effective development cooperation policy will be pursued. Development cooperation efforts will be carried out in a strategic manner, cooperation strategies will be developed at the global and country-specific levels.

1125. Development cooperation activities will be carried out with a perspective that supports institutional capacity building in the countries concerned.

CHAPTER 3

1. PRIORITY TRANSFORMATION PROGRAMS

1126. Priority Transformation Programs are designed for critical reform areas which; are important for achieving 2023 targets and the objectives of Tenth Development Plan; could provide solutions for the main structural problems;, may contribute to the transformation process; is usually in more than one ministerial area of responsibility; require effective coordination and responsibility sharing among institutions.

1127. Number of Priority Transformation Programs was limited to keep the program portfolio manageable and the results measurable. The programs were designed with both sectoral and cross-sectoral perspectives; and to serve as guidelines, they include targets and scope, objectives, performance indicators and components. Also, for the programs, central implementation mechanisms and intervention tools were designed; organizations responsible for the components and coordination were identified.

1128. The design of Priority Transformation Programs was linked with the policies in the second chapter; basic elements of the programs were presented to ensure effective implementation of these policies. Program details, sub-components, implementation activities and projects, budget requirements and legislative infrastructure will be turned into action plans with joint participation and contribution of coordinator and responsible institutions for the components after the adoption of the Plan at the Grand National Assembly of Turkey. Principles and procedures of final design and implementation will be determined by a resolution of the High Planning Council.

1129. The Ministry of Development is responsible for the coordination of preparation, implementation, monitoring and evaluation of action plans.

1130. High Planning Council is the authority with the right of revision of the programs if needed, considering the implementation results.

1131. These programs will be considered as priority in all public organizations and institutions in terms of legislation, administrative decisions and financing needs.

1.1. PROGRAM FOR ENHANCING PRODUCTIVITY IN MANUFACTURING

i. Objective and Scope of the Program

Productivity growth has crucial importance in terms of increasing production capacity in the economy, enhancing competitiveness and accelerating economic growth. In the 1981-2012 period Turkish economy grew by 4.3 percent on average and contribution of total factor productivity to this growth was only 0.2 percentage point. Thereby, with the productivity-focused approach in the Tenth Development Plan period, it is aimed to achieve a high and stable growth by improving competitiveness without facing a current account deficit problem. In this context, with the Program for Enhancing Productivity in Manufacturing, enhancing productivity awareness, improving production process, increasing value-added and thereby contributing to the aforementioned target is aimed.

In the Tenth Plan Period, policies to be implemented in the areas such as infrastructure investments, foreign direct investment, R&D and education will support productivity growth. On the other hand, it is necessary to implement additional policies at micro-scale in order to reach targets.

There are several reasons behind the low level of productivity growth in Turkish economy. One of these reasons is the constraints in growth motivations in small firms and as a result inability of firms to sufficiently benefit from the economies of scales. Furthermore, value chains have not been strengthened sufficiently due to weak interaction between enterprises. As a matter of fact, in Turkey, labor productivity of high-scaled enterprises (250+ employment) has reached to almost 5.5 fold of labor productivity of small-scaled enterprises (1-19 employment). The other important reasons of low productivity growth are inadequate technology development and usage capacity and low average level of labor quality. In this context, together with the efforts improving productivity awareness, it will be worthwhile to implement activities for enhancing governance, improving production processes and mitigating scale problems.

While this program has been designed to increase the productivity in production, energy productivity is not covered in this program but considered as a different program. Furthermore, the program has been designed mainly focusing on the private sector production and efficiency in public sector has been handled as a separate program. The results of the program will contribute to the programs for reducing import dependency and increasing domestic saving; and the other programs on education, professional skill, technology, R&D and informality will provide substantial inputs to this program.

ii. Program Target

• Increasing the contribution of total factor productivity to growth in industry sector to levels above 20 percent

iii. Performance Indicators

• Survey results of governance and productivity awareness for the small and medium-sized enterprises

• Difference in labor productivity based on firm size in manufacturing industry

• Partial labor force productivity in industry sector

• Total factor productivity in industry sector

iv. Program Components

Component-1: Strengthening Productivity Awareness and Implementation Capacity to Increase Productivity

• Ensuring experience sharing of good examples among firms

• Increasing productivity awareness and the capacity on productivity boosting techniques via effective consultancy services

Component-2: Enhancing Governance of Firms

• Providing consultancy services, developing legal regulation and reviewing incentive mechanism for the purpose of improving governance

Component-3: Enhancing Production Processes

• Ensuring the interaction between the representative firms and the other ones on using technology and improving production process and also providing consultancy service for production process

• Ensuring more efficient usage of non-energy inputs in production process

• Supporting on the job training to increase the quality of existing employees

Component-4: Supporting Economies of Scale for Firms

• Increasing market access opportunities

• Increasing firm's capacities on product design, product differentiation, branding, marketing and advertisement

• Mitigating the problems of small and medium sized firms on access to finance and incentives

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Development

Organizations/Institutions Responsible for Components

Component-1: Ministry of Development

Component-2: Small and Medium Enterprises Development Organization

Component-3: Ministry of Science, Industry and Technology

Component-4: Ministry of Economy

1.2. PROGRAM FOR REDUCING IMPORT DEPENDENCY

i. Objective and Scope of the Program

Increased capital inflows due to easy external financing opportunities have resulted in appreciation of TL against foreign currencies in general, increase in credit facilities, acceleration in domestic demand and imports. These developments have increased use of imported inputs in the production processes and have gradually created an environment against the domestic production of intermediate goods. Thus, the share of imported intermediate goods in GDP increased from 13.6 percent (10.1 percent non-energy) in 2000, to 22.4 percent (15.6 percent non-energy) in 2011. This increasing trend in imports of intermediate goods shows the importance of effective and productive use of domestic resources in the production process for stable and sustainable growth. In this framework, measures should be taken towards; supporting increase of standards, quality and technology capacity of domestic production; increasing the level of knowledge and awareness among the consumers about domestic goods (especially intermediate inputs); choosing domestic products or products which use domestic inputs in the process of public procurement; using domestic natural resources effectively; recycling waste for the benefit of economy; and lowering production costs such as energy, transportation, and labor.

While taking these measures to balance use of imported goods in production, utmost care should be given to prevent directing available resources to unproductive areas which would form an inefficient production structure and decrease competiveness that would contradict with the medium and long term targets. With this program, reducing the dependency on imports is targeted via transforming production in favor of high value added products and promoting domestic input production and use.

As there are specific programs in the energy topic, energy imports constituting a significant part of the trade deficit, was excluded from this program in the analyses of import dependency in production process.

ii. Program Target

• Foreign trade deficit will be realized as 9.9 percent of GDP at the end of the Plan period.

iii. Performance Indicators

• Ratio of export to imports

• Gold and energy excluded-imports to GDP ratio

• Share of medium-high and high-tech products in export and imports

• Import/aggregate supply ratio in priority sectors such as manufacture of basic metals, electrical and electronics, machinery and equipment, chemical industry, automotive

• Rank of Turkey in the global competitiveness index

• Rate of foreign exchange use under the inward processing regime

• Share of consumer goods in total imports

• Capacity utilization rates in selected priority sectors and product groups

iv. Program Components

Component-1: Realization of Transformation of Production

• Towards production of the materials needed by manufacturing industry, encouraging production of products/types that will increase the domestic value added

• Concentration of R&D, innovation and design activities in the medium-high and high-tech products

• Cost reduction in energy, labor, transportation and infrastructure

Component-2: Increasing Localization and Use of Domestic Inputs

• Increasing constant supply of domestic inputs at appropriate standards and costs

• More effective utilization of domestic natural resource potential

• Supporting localization and developing appropriate mechanisms for this purpose

• In order to reduce use of imported products in public sector, developing public procurement policies that encourage use of domestic products

Component-3: Reviewing Foreign Trade Regulations

• Attracting foreign investments in product groups in which domestic production capacity could not be established due to scale and technology insufficiency of domestic firms and scale advantage of global firms

• Reviewing inward processing regime

• Reducing trade diverting, competition distorting effects of EU's FTAs

Component-4: Increasing Economic Benefits of Recycling

• Taking health, environment and energy issues into consideration, efficiently increasing the economic benefits of recyclable/recoverable and collectable-separable wastes

• Supporting efforts to increase supply of domestic scrap

• Supporting initiatives for scrap collection, separation and processing centers

v. Coordinator and Responsible Institutions/Organizations

General Coordinator: Ministry of Economy

Organizations/Institutions Responsible for Components

Component-1: Ministry of Science, Industry and Technology

Component-2: Ministry of Economy

Component-3: Ministry of Economy

Component-4: Ministry of Science, Industry and Technology

1.3. PROGRAM FOR INCREASING DOMESTIC SAVINGS AND AVOIDING WASTE

i. Objective and Scope of the Program

Domestic savings, which constitute the unconsumed part of gross national disposable income, are of great importance in financing investments. International data indicate that investments are positively correlated with domestic savings for developing countries, even under open economy conditions. In attaining the medium-long term development targets of Turkey, securing stable and high growth is pivotal. Sustaining sound growth performance requires stability in investments. The current level of domestic saving rate in Turkey, which is below 15 percent, is low compared to the countries with similar incomes and the fast growing countries. Although Turkey has not encountered any difficulty in accessing external financing in the recent past, taking measures to increase domestic savings is important to sustain stable levels of investments and growth.

Waste, which corresponds to inefficient use of available resources, leads to a decrease in savings and adds to the pressure on natural resources.

In order to contribute to achieving high and stable growth dynamics, this program aims at increasing domestic savings that is the most reliable and sustainable source in financing investments; directing the increased savings to productive investments and decreasing waste.

ii. Program Target

- Increasing domestic saving rate to 19 percent

iii. Performance Indicators

- Domestic saving rates (public and private)
- Rate of access to financial services
- Share of consumer and commercial credits in total credits
- Share of industrial sector in commercial credits
- Share of machinery and equipment in total private investments
- Size of the private pension system and rate of immature exits from the system

iv. Program Components

Component-1: Encouraging Savings with Financial Market Instruments

- Increasing financial literacy and expanding financial education
- Attracting under-the-mattress savings into financial system
- Promotion and protection of small sized savings
- Increasing variety of financial products
- Directing savings to long-term financial instruments
- Encouraging utilization of financial markets in financing private sector

Component-2: Reducing Waste and Preventing Duplicative Consumption

• Identifying the extent of waste

• Protection of consumer rights

• Popularizing conscious consumption

• Efficient market surveillance and supervision

• Getting children and families into saving habit

• Organization of campaigns against waste

• Supporting rational consumption behavior by eliminating cross-subsidies and non-commercial price cuts in goods produced by public and private sector

Component-3: Encouraging Savings and Directing Investments into Productive Areas with Credit Regulations

• Keeping the increase of consumer credits under control by macro prudential measures

• Revising limit setting, bonus and installment practices for credit cards

• Increasing the share of commercial credits in total credits by using credit cost differentiation and other incentive or dis-incentive measures

Component-4: Developing Complementary Insurance System

• Converging administrative and operating expenses to global averages for further expansion of private pension system

• Developing complementary health insurance

• Developing long-term life insurance products

Component-5: Encouraging Savings and Directing Investments into Productive Areas with Tax Instruments

• Revising indirect tax composition regarding savings concerns

• Encouraging investments in productive areas using tax instruments

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Development

Organizations/Institutions Responsible for Components

Component-1: Capital Markets Board of Turkey

Component-2: Ministry of Customs and Trade

Component-3: Banking Regulation and Supervision Agency

Component-4: Undersecretariat of Treasury

Component-5: Ministry of Finance

1.4. İSTANBUL INTERNATIONAL FINANCIAL CENTER PROGRAM

i. Objective and Scope of the Program

In order to support economic growth and develop the high value-added financial sector, works on IFC-İstanbul have been initiated in 2009. Continuing the works on IFC-İstanbul decisively is crucial, as it would contribute to the formation of a financial sector which is integrated with global markets, collects funds and allocates them in an effective way and is capable of exporting financial services on international scale. Accordingly, in order for İstanbul to become a globally competitive international financial center, the aim is to establish an effectively-audited and transparent market, which can correspond to the needs of real economy, has a strong physical, technological and human infrastructure, and in which all kinds of financial instruments can be issued.

ii. Program Targets

- İstanbul will rank among the first 25 in the Global Financial Centers Index
- Turkey will rank among the first 30 in Financial Development Index

iii. Performance Indicators

- Global Financial Centers Index (Z/Yen)
- Financial Development Index (World Economic Forum)
- Share of financial services in GDP
- Change in the financial services exports
- Number of domestic and foreign companies traded on İstanbul Stock Exchange (Borsa İstanbul)
- Stock market capitalization and its ratio to GDP
- Number of promotions that IFC-İstanbul administration makes on international stage
- Number of new financial product introductions
- Number of new financial market established
- Number of education institutions with international accreditation
- Number of licenses granted in the field of finance
- Number of financial education activities
- Number of individual and institutional domestic investors
- Better Life Index (OECD)

iv. Program Components

Component-1: Establishing a New Administrative Structure for IFC-İstanbul

- Creating an organizational structure in which private sector participates more actively on the basis of good practices
- Promoting İstanbul more effectively in the presence of international financial institutions and investors
- Improving coordination among domestic shareholders

Component-2: Increasing the Diversity of Financial Products and Services

- Ensuring effective operation of financial intermediation sector
- Developing new markets and financial products
- Expanding institutional investor base
- Extending alternative distribution channels such as online banking, mobile and branchless banking
- Developing interest-free financing instruments
- Reinforcing payment systems

Component-3: Enhancing Legal Infrastructure

- Establishing an institutional arbitration center in İstanbul
- Establishing specialized courts on financial sector specific issues
- Taking IFC-İstanbul Project into consideration during new legislation works

Component-4: Improving Physical Infrastructure in the Clustering Areas

- Improving and diversifying transportation facilities
- Improving communication infrastructure to ensure rapid execution of businesses and operations of financial institutions
- Meeting the energy requirements, developing social facilities and recreational areas (parks and sports complex) for financial clustering areas in İstanbul

Component-5: Strengthening Technological Infrastructure

- Consolidating electronic communications, telecommunication and operating infrastructure of capital markets
- Improving the quality of services outsourced by financial institutions in information technologies
- Forming common strategies on data security and distribution in capital markets

Component-6: Increasing Qualified Human Resources

- Increasing the number of people with advanced foreign language and internationally valid certificate in finance field
- Improving undergraduate and graduate curriculum in line with the needs of the financial sector
- Extending financial education across all citizens

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Development

Organizations/Institutions Responsible for Components

Component-1: Ministry of Development

Component-2: Capital Markets Board of Turkey

Component-3: Ministry of Justice

Component-4: İstanbul Metropolitan Municipality

Component-5: Borsa İstanbul

Component-6: Ministry of National Education

1.5. RATIONALIZATION OF PUBLIC EXPENDITURES PROGRAM

i. Objective and Scope of the Program

Efficient use of public resources is an important policy tool for increasing and fair distribution of social welfare, maintaining stable growth process and is also one of the most important elements of healthy functioning public financial structure. Measuring the efficiency of public spending, and in this context timely and accurate determination and analysis of expected utility from a public expenditure and its effect on whole economy is important.

Under this program, by reviewing existing expenditure programs ending inefficient spending, allocating the gained fiscal space to priority areas of spending and keeping the size of public non-interest expenditures at a certain level is aimed.

ii. Program Targets

• Non-interest expenditures of central government budget will be realized as 21.8 percent of GDP at the end of the Plan period

• Ratio of public sector borrowing requirement will be realized as 0.5 percent of GDP at the end of the Plan period

• Improving the quality and appropriateness of public expenditures

iii. Performance Indicators

• Share of public consumption in GDP

• Average completion time of the projects in investment program

• Average duration of utilization from selected social benefits

• Ratio of draft laws with impact analysis to total number of draft laws submitted to the Parliament

• Per capita drug consumption in terms of boxes

• Ratio of agricultural supports to agricultural added value

• Ratio of support to product value for selected agricultural products

iv. Program Components

Component-1: Ensuring Efficiency in Social Supports and Services

• Developing a holistic approach in social supports and services

• Ensuring coordination among public and private sector and the NGOs in social aids and services and eliminating duplications

Component-2: Ensuring Efficiency in Agricultural Supports

• Combining legislations and implementations related to agricultural supports and reorganizing these supports considering the needs of related sectors and parties which have interaction with these supports

• Establishing a support system which ensures food safety, sustainable use of natural resources and formation of an organized and highly competitive structure in the agriculture sector

• Establishing a monitoring and evaluation system that enables comparison between intended social and production-oriented benefits and public fiscal burden of agricultural subsidies and thereby regular measuring of the effectiveness of agricultural subsidies

Component-3: Rationalization of Public Investments

• Directing investments to areas contributing to higher growth

• Establishing the project stock in accordance with objectives of the Plan and resources

• Selecting investment projects based on cost-benefit analysis, performing effective monitoring and evaluation

• Managing the in-year operations without deteriorating the budget, program and sectoral balances

• Concentrating on repair and maintenance expenditures for efficient use of the existing physical capital stock

• Considering possible current spending needs in investment decisions

Component-4: Keeping the Current Expenditures under Control

• Avoiding waste and establishing saving awareness in the public sector

• Meeting the staff need primarily by using idle staff

• Basing service procurement on cost-benefit analysis

• Reducing service costs in public sector by accelerating e-transformation

• Appropriate and cost-effective provision of public service buildings (rental, procurement, construction)

• In the budget preparation process, determining non-personnel current expenditures in a zero-based budget principle

• Reporting current expenditures in line with the international standards

Component-5: Strengthening of Program-Budget Connection

• Integrating management information systems

• Strengthening the relationship of resource allocation process with strategic plans and performance-based budgeting system

• Gradual transition to budget system handling public services with a program based approach

Component-6: Effectiveness of Health Expenditures

• Extending rational use of medicine

• Gradual transition to referral chain implementation

• Revision of the health insurance packages

• Developing protective and preventive health services

v. Coordinator and Responsible Organizations/Institutions

General Coordinators: Ministry of Development, Ministry of Finance

Organizations/Institutions Responsible for the Components

Component-1: Ministry of Family and Social Policies

Component-2: Ministry of Food, Agriculture and Livestock

Component-3: Ministry of Development

Component-4: Ministry of Finance

Component-5: Ministry of Finance

Component-6: Ministry of Health

1.6. PUBLIC REVENUE QUALITY ENHANCEMENT PROGRAM

i. Objective and Scope of the Program

For an efficient public financial system, it is crucial to collect public revenues from healthy and permanent sources with modern methods. In this process, considering not only fiscal concerns but also economic and social targets is a necessity of modern public administration.

In taxation process, it is very important to increase the quality of all stages, from establishing revenue regulations to collecting revenues and to informing the public. Within the context of this program; in addition to basing public revenues on healthy and permanent sources, economic and effective collection of revenues, improving income distribution, contributing to rise in savings and decreasing the financial dependency of local administrations to the central government, are aimed. Although there are many issues that could be considered in scope of the program, focus areas are limited to following components.

ii. Program Targets

- Increasing the service quality in taxation process
- Obtaining public revenues from healthy and permanent sources
- Rising the own revenues of municipalities and provincial special administrations, excluding capital incomes, to 1.7 percent of GDP at end of the Plan period
- Increasing the tax burden by 0.6 percentage points at the end of the Plan period with the contribution of fair and foreseeable widening of tax base

iii. Performance Indicators

- Share of tax revenues in GDP
- Fiscal size of removed tax exemptions, exceptions and reductions
- Time spent by tax payers to comply with taxation rules
- Ratio of own revenues of local administrations to their total revenues
- Satisfaction rate of tax payers
- Ratio of unpaid taxes to accrued taxes
- Share of direct taxes in total tax revenues

iv. Program Components

Component-1: Review of Tax Exemptions, Exceptions and Reductions

- Estimating fiscal effects of tax expenditures resulting from the tax exemptions, exceptions and reductions
- Eliminating or revising ineffective regulations
- Determining criteria about tax exemptions, exceptions and reductions planned to be introduced to the system and regular evaluation of implementation results
- Detailed and regular informing of public about tax expenditures

Component-2: Increasing the Effectiveness of Tax Administration

• Improving human capital and technological facilities of tax administration

• Increasing the effectiveness of tax payer services

• Improving the information sharing process among tax administration and other public institutions

• Reviewing the problematic implementation areas such as reconciliation system and tax appraisal committees

• Increasing the effectiveness of tax penalty system

• Increasing cooperation with foreign tax administrations

Component-3: Increasing Applicability and Predictability in Taxation

• Increasing predictability in regulations and administrative applications

• Making tax regulations in a process where contributions of society and related parties are considered

• Pursuing the simplification works on tax regulations

• Expanding technology use in taxation

Component-4: Increasing Effectiveness of Public Revenue Statistics

• Increasing scope, detail and quality of public revenue statistics and easing their accessibility

• Improving the statistics production capacity of tax system and implementations

Component-5: Increasing the Own Revenues of Local Administrations

• Increasing the own revenues and improving accountability of local administrations

• Providing more benefit to the public from value increases due to public services and zone development arrangements

v. Coordinator and Responsible Organization/Institution

General Coordinator: Ministry of Finance

Organizations/Institutions Responsible for Components

Component-1: Ministry of Finance

Component-2: Revenue Administration

Component-3: Ministry of Finance

Component-4: Revenue Administration

Component-5: Ministry of Interior

1.7. BUSINESS AND INVESTMENT CLIMATE IMPROVEMENT PROGRAM

i. Objective and Scope of the Program

In World Bank's Doing Business 2012 report, which provides measurements as to business regulations relevant to business and investment environment and their implementation processes as well as comparisons among countries based on these measurements, in overall ranking Turkey improved from 84th among 175 countries in 2006 to 71st among 183 in 2012.

Among the problems pertinent to business and investment environment bureaucratic processes, legal processes and those related to the investment site have presented significance. It is apparent that, solving these problems with an effective coordination mechanism will reduce uncertainties and thus facilitate both domestic and foreign direct investments.

This program aims to focus on problems of business and investment climate, which are of higher significance in order to reduce uncertainties faced by investors and improve existing mechanisms and foster investments. It will be ensured that activities addressed in this program will be given priority by YOİKK.

ii. Program Targets

• Increasing the share of private sector investments in GDP to 19.3 percent by end-2018

• Reaching a cumulative amount of 93.9 billion dollars of foreign direct investments (excluding real estate) within the Plan period

• Advancing Turkey to top 50 countries in Ease of Doing Business ranking

• Increasing the amount of investment sites allocated to investors by improving allocation processes

iii. Performance Indicators

• Turkey's ranking in the Ease of Doing Business Index

• Amount of Foreign Direct Investments

• Share of private sector investments in GDP

• Number and amount of investment incentive certificates

• Rate of realization of measures in the Action Plans of YOİKK Technical Committees

• Number of parcels in land inventory suitable for investments on provincial level

iv. Program Components

Component-1: Improvement of the Bureaucratic Processes

• Implementation of regulations that will provide fast and effective operation of bureaucratic processes and reduce the direct and indirect costs faced by investors

• Conducting public services provided for the investors in electronic environment in an integrated fashion

Component-2: Improvement in Legal Processes

• Improvement of legal processes and infrastructure regarding business and investment environment in Turkey

• Updating of the legislation in accordance with international standards and best practices

Component-3: Facilitation of Investment Site Provision

• Identifying suitable sites for investment at provincial level and constructing an inventory of such sites

• Development of a geographical information system infrastructure to effectively and efficiently introduce investors the inventory of suitable investment sites in provinces

• Preparing legislative arrangements in order to accelerate allocation process of investment sites to investors

• Preparation of investment territories, suitable for strategic and large-scale investments

Component-4: Improvement of the Governance as to Business and Investment Environment at the Regional Level

• Development of a regular monitoring and evaluation mechanism by developing indicators at national and regional level regarding business and investment environment

• Ensuring extension and development of the approach about improvement of business and investment environment at the regional level and thus promoting support for the investors at local level

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Economy

Organizations/Institutions Responsible for Components

Component-1: Prime Ministry

Component-2: Ministry of Justice

Component-3: Ministry of Environment and Urbanization

Component-4: Ministry of Development

1.8. PROGRAM FOR IMPROVING LABOR MARKET EFFECTIVENESS

i. Objective and Scope of the Program

In recent years, as a result of the measures taken to increase the effectiveness of the labor market, substantial improvements have been achieved. However, ineffective matching of unemployed and vacancies; low female labor force participation and employment rates; problems in severance payments and subcontracting; ineffective implementation of flexible working types; and weak linkage between employment and social assistance decrease the effectiveness of the labor market.

The target groups of this program are unemployed, women not in the labor market, informal workers and employers. The program aims to increase skilled jobs and decent employment required by a competitive economy; reduce unemployment; and increase productivity of labor by improving the effectiveness of the labor market.

ii. Program Targets

- Increasing female labor force participation rate to 34.9 percent and female employment rate to 31 percent at the end of the Plan period.
- Enhancing effective implementation of flexible working types
- Strengthening the linkage between employment and social assistance
- Increasing the effectiveness of employment incentives

iii. Performance Indicators

- Female employment rate
- Part-time working rate
- Job placement rates of unemployed registered to the İŞKUR
- Ratio of beneficiaries of the unemployment insurance to workers losing their jobs
- Number of social assistance beneficiaries who find job
- Vulnerable employment rate
- Ratio of long-term unemployed to total unemployed

iv. Program Components

Component-1: Increasing Female Labor Force Participation and Employment

- Increasing effectiveness of the employment incentives towards women
- Effective implementation of childcare, elderly care and nursery services
- A comprehensive support program for female entrepreneurs

Component-2: Enabling Active Labor Market Programs

- Assessing impacts of the ALMP and redesigning ALMP according to labor market needs
- Increasing the number of job and vocational counselors and increasing their skills

Component-3: Enhancing Flexicurity

• Solving the severance payment problem by protecting the vested rights through a social dialog process

• Reorganizing subcontracting

• Making eligibility requirements of unemployment insurance more flexible and extending benefit periods

• Limiting overtime work

• Extending implementation of flexible working types by taking into account the vested worker rights

Component-4: Strengthening the Linkage between Employment and Social Assistance

• Strengthening the linkage between social assistance and İŞKUR systems.

• Providing necessary training and job placement services to social assistance beneficiaries who are eligible for working

• Taking job offers from İŞKUR into account while determining the continuity of social assistance benefits

Component-5: Effective Implementation of Employment Incentives

• Performing an impact assessment of employment incentives

• Designing employment incentives focusing on specific target groups, regions and sectors; preventing informal working; and requiring to stay employed for a predetermined time period

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Labor and Social Security

Organizations/Institutions Responsible for Components

Component-1: Ministry of Labor and Social Security

Component-2: İŞKUR

Component-3: Ministry of Labor and Social Security

Component-4: İŞKUR

Component-5: Ministry of Labor and Social Security

1.9. PROGRAM FOR REDUCING INFORMAL ECONOMY

i. Objective and Scope of the Program

Despite the measures taken in recent years, informal economy is still one of the important problem areas. Reducing informal economy will contribute to improvement of macroeconomic factors such as economic stability, income distribution and employment, to rising productivity and competitiveness levels as well as increasing public revenues in the medium to long run. This program aims to reduce informal economy.

In addition, this program will contribute to more effective implementation of the Action Plan of Strategy for Fight Against Informal Economy.

Although strengthening formal sectors and promoting entries into formal system are important issues, considering that other programs in the Tenth Development Plan will directly or indirectly contribute to these issues, this program will not include them.

ii. Program Targets

• Reducing the ratio of informal economy to GDP by five percentage points

• Reducing the informal employment rate in non-agricultural sectors by five percentage points

iii. Performance Indicators

• Ratio of informal economy to GDP

• Ratio of informal employment in non-agricultural sectors to employment in non-agricultural sectors

• Annual rate of change in the number of audits

• Number of informal employees detected via audits

• Amount of tax base differences detected via audits

• Level of satisfaction with public services

iv. Program Components

Component-1: Measuring the Volume and Effects of Informal Economy

• Enhancing the current standard methods used to measure volume of informal economy via considering the conditions specific to Turkey

• Measuring the effects of problems caused by informal economy

Component-2: Improving the Efficacy of Audits and Sanctions

• Enhancing the quality and quantity of audits by developing the auditing capacity of public institutions

• More widespread utilization of the risk analysis models, data mining and information technologies to improve the efficacy of audits

• Increasing the sanctions targeting the groups conducting informal economic activities

Component-3: Enhancing Coordination and Data Sharing Among Institutions

• Sharing the audit reports and data in the administrative records among public institutions

• Developing joint databases and auditing practices among public institutions

• Making the required legal arrangements with the cooperation of public institutions about the current arrangements leading to informality

Component-4: Assuring Social Consensus for the Combat Against Informality

• Achieving active participation of related segments of society into combat against informality

• Enhancing the social awareness about the adverse effects of the informality by public institutions and NGOs

Component-5: Effective Combating Against Smuggling

• Measuring the economic volume of smuggling with more emphasis on the smuggling of fuel, alcoholic beverages and tobacco products

• Strengthening the efficacy of audits by enhancing the administrative and technical capacity to combat smuggling

• Enhancing coordination among institutions

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Revenue Administration

Organizations/Institutions Responsible for Components

Component-1: Ministry of Development

Component-2: Revenue Administration

Component-3: Revenue Administration

Component-4: Revenue Administration

Component-5: Ministry of Customs and Trade

1.10. STATISTICAL INFRASTRUCTURE DEVELOPMENT PROGRAM

i. Objective and Scope of the Program

Nowadays, accurate, reliable and timely produced statistical data is very important for communities to see their current economic, social and cultural situation, to make right decisions about ongoing issues, and to make healthy future plans. In addition to providing service support to public, information is also considered as a strategic resource for societies. Providing necessary information especially for rapid and correct decision making; being open to new ideas, which is necessary in the age of information; establishing a strong statistics and information system infrastructure are important for present and future of Turkey. Thus, improving the statistical information infrastructure of all institutions, especially the TURKSTAT, taking part in statistical information production; planning, implementation and monitoring of the statistical processes are very important.

Increasing the number and quality of the reliable statistics obtained with a participative, collaborative and planned statistical production process by scientific methods will also bring expansion of the statistical range required to be produced in accordance with national and international needs. In this respect, keeping healthy administrative records, detailing the current statistical data and prioritization of statistics production in line with the needs of economy by the institutions are of utmost importance.

ii. Program Targets

• Statistics portal meeting the information/ data needs

• Increasing the number of statistics produced with international standards

• Production of statistics on regional level

• Integrated and sustainable statistics system

• Statistics produced from administrative record systems

iii. Performance Indicators

• Number of new statistics produced

• Punctuality rate of publications according to the Publication Calendar

• Number of surveys compiled on electronic environment

• Utilization rate of administrative records in production of statistics

• Number of statistics produced with standard classification and coding

• Number of statistics for which metadata system is established, among statistics produced under the Official Statistic Program

• Compliance ratio of statistical subjects and modules evaluated by Eurostat in the context of Statistical Management Information System (SMIS)

iv. Program Components

Component-1: Prioritizing the Statistical Information Production

• Determining the national statistics priority list for providing accurate transfer of resources allocated for statistics production

• Determining statistics that can be produced in accordance with international standards by considering the needs and priorities of the national and international users

• Producing statistics that have great importance for analyzing economic development in national and regional level, such as regional domestic product and domestic product by income components, rather than statistics that are not demanded or of no use.

Component-2: Strengthening of Collaboration among Institutions

• Increasing the consciousness of collection, production, use and sharing of statistical data in public institutions and organizations

• Producing the administrative records by the institutions, using the international classifications and codes

• Improving the institutional databases and sharing with TURKSTAT

• Improving the administrative record systems in the institutions and organizations taking part in the formal statistics production process, providing technical and informatics consultancy service by TURKSTAT on the subject of standardization of the institutional databases

• Developing the systems to be used in transferring the administrative record information to TURKSTAT, which are compiled within the public institutions and organizations and available in the databases to be used in official statistics production process, with the cooperation of TURKSTAT and public institutions and organizations

• Establishing statistical analysis units in institutions

Component-3: Providing Statistics Production at International Norms

• Increasing and enhancing cooperation with international institutions and organizations

• Producing reliable, comparable, compatible and consistent statistics by ensuring data integration

• Developing methodology and content of statistics and thereby increasing data variety

• Producing statistics that international institutions and organizations need

• Improving timeliness and punctuality in publication in line with international standards

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: TURKSTAT

Organizations/Institutions Responsible for Components

Component-1: Ministry of Development

Component-2: TURKSTAT

Component-3: TURKSTAT

1.11. PROGRAM FOR COMMERCIALIZATION IN PRIORITY TECHNOLOGY AREAS

i. Objective and Scope of the Program

Although important progress has been achieved for improvement and expansion of R&D activities in Turkey; particularly the commercialization phase in the production process of new technology product, which includes activities ranging from basic research to launching of product into market, needs improvement. In this sense, through commercialization of R&D and innovation activities, creating globally competitive, new intermediate or final technologic products and brands is of critical importance.

With this program, creating globally competitive technological products and brands in the sectors important for the economy is aimed. In this context, priority sectors are energy, health, aviation and space, automotive and rail systems and defense; within the framework of the program, subprograms will be developed that will ensure generation of final product and gains.

ii. Program Targets

- Increasing number of technological products and brands in priority sectors
- Increasing share of priority sectors in the manufacturing industry production and exports
- Training qualified researchers and increasing their employment in private sector
- Increasing number of research, incubator, accelerator, technology and innovation centers
- Shifting Technology Development Zones (TDZ) to a sector-focused structure
- Developing innovative entrepreneurship
- Enhancing technology transfer interfaces

iii. Performance Indicators

- Number of new products, brands and patents
- Number of researchers with Ph.D. degree
- Number of accredited research, measurement and testing centers
- Share of high-priority sectors in manufacturing production and exports
- Number of clusters in priority sectors
- Number of entrepreneurs
- Number of technology transfer offices, number of companies served by these offices, amount of license revenues of these offices

iv. Program Components

Component-1: Supporting Commercialization in Priority Areas

- Creation of support programs for prototype development in priority sectors
- Promoting investments for technological products in priority sectors
- Supporting intellectual property rights for development of commercial products and implementing awareness-raising activities
- Establishing standards for technological products generated

Component-2: Strengthening Human and Physical Infrastructure

• Developing qualified human resources required by commercialization

• Attracting qualified native and foreign people from overseas to the economy, making necessary arrangements for this purpose

• Increasing co-operation between Technology Development Zones (TDZ), OIZs , clusters, technology platforms and research centers

• Creating an internationally accredited research, measurement and testing infrastructure

Component-3: Increasing Domestic Production and Exports of Technological Goods

• Supporting domestic production through public procurement

• Providing support for internationalization of domestic technological products, promoting their export

• Launching technology transfer program and dissemination of localized technologies to sectors, especially to SMEs

• Increasing R&D oriented FDIs

Component-4: Supporting Innovative Entrepreneurship

• Developing venture capital and individual capital facilities to increase access to finances

• Focusing TDZs to priority sectors

• Establishing accelerator and incubator centers and improving the existing ones

• Dissemination of clusters

Component-5: Establishing Mechanisms for Technology Transfer

• Creating flexible working autonomous transfer structures in universities and private sector, and their support, financing and operational models

• Increasing qualified human resources specialized in areas such as R&D, innovation, intellectual property rights, entrepreneurship for technology transfer

• Establishing a structure in ownership and transfer of intellectual property rights that supports technology transfer

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Science, Industry and Technology

Organizations/Institutions Responsible for Components

Component-1: Ministry of Science, Industry and Technology

Component-2: Ministry of Science, Industry and Technology

Component-3: Ministry of Economy

Component-4: Ministry of Science, Industry and Technology

Component-5: Ministry of Science, Industry and Technology

1.12. PROGRAM FOR TECHNOLOGY DEVELOPMENT AND DOMESTIC PRODUCTION THROUGH PUBLIC PROCUREMENT

i. Objective and Scope of the Program

Public procurement which has been approximately 94 billion TL and 7 percent of GDP in 2012, create an important opportunity in terms of contributing to R&D and innovation activities in Turkey. Despite there is a 15 percent price advantage in favor of local applicants in Public Procurement Law, public procurement could not contribute sufficiently to technology transfer and industrial development. In developed countries, public procurement is used as a political instrument intensively to support domestic production and technology development.

By adopting approaches in public procurement that will contribute to R&D and innovation activities, cost of domestic products could decrease, imported goods could be produced locally and local firms could become more active in export markets. With this program, using public procurement to promote innovation, domestic production, technology transfer and innovative entrepreneurship is aimed.

In the scope of the program, considering domestic R&D and innovation contribution requirement in public procurements and right of use allocations; promoting innovation, domestic industry and technology transfer; and increasing FDI by policies implemented in public procurement are envisaged.

ii. Program Targets

- Increasing share of domestic firms in medium-high and high technology sectors in public procurement
- Supporting international branding process in high technology sectors and increasing number of branded products
- Increasing R&D expenditure by public procurement system
- Increasing FDI by policies that will be implemented in public procurement

iii. Performance Indicators

- Share of domestic production in public procurement
- Share of SMEs in public procurement
- Share of domestic production based on public purchase guarantee in total public procurement
- In procurements from abroad, share of domestic firms established with offset practices
- Number and amount of offset agreements

iv. Program Components

Component-1: Organizing Public Procurement System in a Way That Will Promote R&D and Innovation

- Ensuring long-term requirement planning of in public institutions and organizations

• Establishing database and portal of public procurement

• Promoting public purchase guaranteed production in technology intensive products

Component-2: Developing Financing and Organization Model

• Developing a model to finance strategic public procurement by national sources

• Developing strategy and action plan for public procurement

• Developing a model for offset practices in public procurement from abroad

• Developing a model for collective public procurement

• Ensuring consideration of intellectual property rights and local content requirement (including raw materials) in public procurement system and right of use allocations

Component-3: Developing Legislative Infrastructure

• Designing the legislation regarding public procurement and right of use allocations in a way that will promote domestic production, innovation and technology transfer

• Developing regulation regarding offset practices in procurement from abroad

• Making arrangements in public procurement practices in favor of SMEs

Component-4: Increasing Entrepreneurship and Innovation Capacity of Private Sector by Public Procurement

• Increasing number of enterprises in technological areas by public procurement

• Extending the offset practice in defense industry to civil sectors, especially energy, transportation and health

Component-5: Developing Institutional Capacity

• Establishing a coordination mechanism for public procurement

• Developing capacities of supplier public institutions in subjects such as preparing terms of reference, forming standards

• Raising awareness by informing universities, public institutions and private sector

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Science, Industry and Technology

Organizations/Institutions Responsible for Components

Component-1: Ministry of Science, Industry and Technology

Component-2: Ministry of Science, Industry and Technology

Component-3: Ministry of Science, Industry and Technology

Component-4: Ministry of Science, Industry and Technology

Component-5: Ministry of Science, Industry and Technology

1.13. DOMESTIC RESOURCE BASED ENERGY PRODUCTION PROGRAM

i. Objective and Scope of the Program

45 percent and 62 percent of the trade deficit resulted from net energy imports in 2011 and 2012 respectively. Oil, natural gas and hard coal imports are continuously increasing to meet rapidly growing energy demand. This situation leads to continuation of high import dependency in energy and creates pressure on current account balance and energy supply security.

To establish high and stable growth in Turkish economy, utilization of all possible domestic resources in energy production is deemed as a priority. Utilization of especially renewable energy resources both for primary energy supply and for electricity generation is of crucial importance for enabling sustainable development. By this program, through increasing the share of domestic resources in energy production, decreasing import dependency in energy is aimed.

ii. Program Targets

- Increasing the share of domestic resources, including domestic and international oil and natural gas drillings, in primary energy production to 35 percent at the end of 2018 which was 28 percent at the end of 2011.

- Increasing electricity generation from domestic coal sources to 60 billion kWh in 2018 which was approximately 39 billion kWh in 2012.

- Putting into operation additional 10,000 MW hydraulic capacity during Plan period.

iii. Performance Indicators

- Amount of lignite used for heat and electricity production

- Amount of domestic oil and natural gas production

- Amount of electricity generation provided by renewable resources

- Amount of heat produced from solar, geothermal and biomass resources

- Amount of bioethanol and biodiesel blended with gasoline and diesel

iv. Program Components

Component-1: Utilization of Domestic Coals for Electricity Generation

- Developing and implementing a special financing method to utilize coal reserves in Afşin-Elbistan basin

- Ensuring transfer of the fields ready for operation, from state ownership to private sector by royalty method

- Increasing reserves by accelerating coal exploration activities

- Focusing on R&D activities that will raise the quality of domestic coals or increase their calorific values

- Monitoring and, if needed, updating incentive program regarding the investments on domestic coal-based power plants

- Rehabilitation of lignite-fired thermal power plants owned by government

Component-2: Increasing Domestic and International Oil and Natural Gas Exploration Activities

• Accelerating domestic investments to meet needs of oil and natural gas by domestic production to the extent possible

• Increasing cooperation with foreign countries and companies and international oil and gas exploration, drilling and production activities carried out by TPAO

Component-3: Utilization of Water Resources for Electricity Generation

• Investing rapidly on the water potential that is not yet utilized to generate electricity when the projects meet the feasibility and environmental criteria

• Rehabilitation of hydroelectric power plants owned by government

Component-4: Utilization of Non-Hydraulic Renewable Resources

• Determining exact potential of wind, solar, biomass and geothermal resources for electricity generation and in this regard, accelerating geothermal exploration activities

• Monitoring and evaluating of investment realizations for increasing the electricity generation from non-hydraulic renewable resources

• Mobilizing the current potential for utilization of biomass, geothermal and solar resources for primary energy supply

• Monitoring blending applications of bioethanol and biodiesel fuels with gasoline and diesel fuels in terms of food safety, environmental impacts, and development of the capacity of facilities

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Energy and Natural Resources

Organizations/Institutions Responsible for Components

Component-1: Ministry of Energy and Natural Resources

Component-2: Ministry of Energy and Natural Resources

Component-3: Ministry of Energy and Natural Resources

Component-4: Ministry of Energy and Natural Resources

1.14. ENERGY EFFICIENCY IMPROVEMENT PROGRAM

i. Objective and Scope of the Program

Despite making progress in the area of energy efficiency in the recent years, Turkey is one of the "energy intensive" economies compared to developed countries. According to International Energy Agency (IEA) and Eurostat data, energy intensity of Turkey is over the OECD and EU-27 averages.

Reducing energy intensity of Turkey, which is high when compared to developed countries, and providing progress in the area of energy efficiency is quite important in terms of sustainable development. Energy Efficiency Strategy Document (2012-2023) came into force in 2012 submits an illuminating perspective for the required activities in the area of energy efficiency. By this program, performing activities towards improving energy efficiency in some chosen sectors and fields, disseminating some existing practices, raising public awareness by announcing good practices and ultimately contributing to demand side management are aimed.

ii. Program Targets

• Reducing Turkey's primary energy intensity, which was 0.2646 Toe/1000 dollars with eliminated climatic influences and 2000 based dollar prices at the end of 2011, to lower than 0.243 Toe/1000 dollars at the end of 2018

• Until the year 2018, reducing energy consumption of public buildings by 10 percent via implementations for efficiency rise with respect to indicators set on the basis of year 2012.

iii. Performance Indicators

• Primary energy intensity

• Decrease in the energy consumption with respect to reference scenario

• Decrease in the energy consumption of public buildings

iv. Program Components

Component-1: Developing Administrative and Institutional Capacity for Energy Efficiency

• Gathering energy efficiency works in an administratively and financially strong single body which is structured to perform studies in horizontal sectors, and ensuring integration of policies and implementations designed for different sectors

• Establishing a mechanism for statistics, measurement-evaluation and monitoring in energy efficiency field

Component-2: Developing Sustainable Financial Mechanisms for Financing of Energy Efficiency Studies and Projects

• Enabling and dissemination of financial incentives that are currently being implemented

• Taking additional financial measures to encourage energy efficiency investments, developing mechanisms to benefit from the financial opportunities in this field in a particular discipline

Component-3: Increasing Energy Efficiency in Industry

• Replacing low efficient AC electric motors, which consume more than 70 percent of the electricity used in industry, with high-efficient ones

• Improving the support mechanisms for SMEs on energy efficiency training, studies and consultancy services

Component-4: Improving Energy Efficiency in Buildings

• Disseminating energy efficiency investments in public buildings by various financing methods including energy performance contract (EPS) borrowing model that allows debt repayment with savings obtained after project implementation

• Converting the external structures surrounding the buildings and the heating systems in old buildings with low and/or insufficient insulation to thermally insulated ones, which also meet the current standards

Component-5: Improving Energy Efficiency in Transportation

• Disseminating use of public transportation, small engine volume and electric and hybrid vehicles, establishing smart bike networks in appropriate residential areas and creating pedestrian paths closed to traffic

• Disseminating use of low fuel consumption vehicles in the public sector

Component-6: Disseminating On-site Production, Cogeneration and Micro Cogeneration Systems in Electricity Generation

• Developing projects to benefit from the waste heat generated by existing coal-fired thermal power plants for local district heating and agricultural activities

• Disseminating electricity generation from waste heat in industry, creating market for waste heat energy sales, taking measures to encourage establishment of cogeneration and micro cogeneration facilities to spread these applications

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Energy and Natural Resources

Organizations/Institutions Responsible for Components

Component-1: Ministry of Energy and Natural Resources

Component-2: Ministry of Energy and Natural Resources

Component-3: Minister of Science, Industry and Technology

Component-4: Ministry of Environment and Urbanization

Component-5: Ministry of Transportation, Maritime Affairs and Communications

Component-6: Ministry of Energy and Natural Resources

1.15. PROGRAM FOR ENHANCING EFFICIENCY OF WATER USE IN AGRICULTURE

i. Objective and Scope of the Program

Efficient use and management of water resources is critical for sustainability of development and food security.

Turkey is a water scarce country, with total usable water potential of 112 billion m^3, an equivalent of 1,500 m^3 water per capita. Of this total potential, total use reaches 44 billion m^3 and 73 percent of this amount is consumed in agriculture.

With this program, starting from increasing efficiency of water use in agriculture, the aim is to eliminate country-wide and waterbasin level problems emanating or are likely to emanate from climatic conditions or wrong and over-use of water resources.

ii. Program Targets

• Percentage of irrigated land, on which water saving modern irrigation techniques are used, among total irrigated land that are developed via DSİ investments, is targeted to increase from 20 percent to 25 percent during the Development Plan period. Increasing percentage of irrigation performed by DSİ from 62 percent to 68 percent and irrigation efficiency from 42 percent to 50 percent during the Plan period

• Increasing the number of water saving modern irrigation systems in use by 10 percent per annum

• Decreasing use of underground water by 5 percent during the Plan period

iii. Performance Indicators

• Irrigation efficiency

• Percentage of irrigated land

• Amount of land irrigated via modern techniques

• Amount of water use from underground resources

• Number of farmers participated in irrigation trainings

• Number of types of commercial seeds resistant to drought

• Magnitude of consolidated land in irrigation areas

• Budgetary sufficiency rates of organizations established for irrigation purposes

• Observed nitrate pollution rate in underground and surface water

iv. Program Components

Component-1: Modernization and Increasing Efficiency of the Current Irrigation Infrastructure

• Renewal of old canals and irrigation networks according to priorities to be set while transforming to closed systems

• Dissemination of water saving modern irrigation techniques in current and new constructions of small irrigation systems

• Increasing R&D works and implementation of new irrigation techniques

• Accelerating land consolidation in irrigated areas and increasing effectiveness in water distribution

• Completing irrigation investments primarily in gravity irrigation and limited pump irrigation choices

Component-2: Increasing Number of Training and Extension Activities towards Agricultural Producers to Raise Consciousness in Water Use

• Increasing number of training and extension activities to ensure correct use of water saving irrigation systems in agricultural production

Component-3: Assessment of Support Policies Considering Water Constraint

• Considering regional water constraint and environment protection in design of support policies

• Supporting development of drought resistant plant types

• Encouraging different product patterns on regional basis

• Monitoring of water pollution caused by agricultural activities, assessment of the monitoring results and considering pollution prevention criteria in support provision

Component-4: Preparation of Water Budget Studies on the Basis of Waterbasins

• Pricing of water considering regional constraints and enforcement of these prices

• Enforcing new water saving policies in agriculture on basis of waterbasins

• Limiting and registering use of underground water in irrigation

Component-5: Increasing Effectiveness of Administrative Structure

• Improving coordination and cooperation among institutions that provide supports and design policies in agricultural production and irrigation

• Reinforcing public supervision systems and administrational structures of irrigation oriented organizations to ensure their solvency

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Forestry and Water Works

Organizations/Institutions Responsible for Components

Component-1: Ministry of Forestry and Water Works

Component-2: Ministry of Food, Agriculture and Livestock

Component-3: Ministry of Food, Agriculture and Livestock

Component-4: Ministry of Forestry and Water Works

Component-5: Ministry of Forestry and Water Works

1.16. HEALTHCARE RELATED INDUSTRIES STRUCTURAL TRANSFORMATION PROGRAM

i. Objective and Scope of the Program

Increase in the demand for drugs and medical devices due to factors such as growing and aging population, increase in the average life expectancy, improvement in access to health care and drugs, increased level of welfare and self-awareness, apply pressures on social security spending and the current account deficit.

In the long run, it is deemed important that Turkey become a global pharmaceutical R&D and production center and achieve a competitive position in pharmaceuticals and medical devices fields. By this program, the aim is transforming into a production structure which is capable to produce high value-added products, offer such products and services to global markets and meet a higher portion of domestic pharmaceutical and medical device demands.

In this context, increasing the effectiveness in global value chain by means of improving domestic production capacity and developing R&D and entrepreneurship ecosystem in the medium term, and in the longer term building capability of developing new molecules, capability of producing higher value-added pharmaceuticals and medical devices, is envisaged.

ii. Program Targets

• Meeting 20 percent of the domestic medical devices and supplies demand by domestic production

• Meeting 60 percent (by value) of domestic pharmaceutical demand by domestic production

iii. Performance Indicators

• Ratio of exports to imports in pharmaceuticals and medical devices

• Share of pharmaceutical and medical device R&D expenditures in GDP.

• Number of domestic and international patent applications made by pharmaceutical sector

• Number of companies producing medical devices in Turkey

• Number of employees in the pharmaceuticals industry

• Number of new drugs started to be produced in Turkey

iv. Program Components

Component-1: Strengthening Steering Capacity of Public Sector

• Preparing medium and long-term strategies and roadmaps in pharmaceutical and medical device industries

• Creating a steering committee to improve co-ordination and governance of health, social security and industry policies and practices in pharmaceuticals and medical devices field

• Preparing a medium and long-term procurement plan for key products in medical devices

• Creating a data infrastructure and setting standards for data sharing to identify future needs

• Developing the standards for medical devices with health service delivery perspective

• Strengthening capacity of procurer institutions in steering and arranging the sector benefiting from public experience of local supply generation in defense industry

Component-2: Developing R&D and Innovation Fields

• Increasing number of Turkish and foreign qualified researchers

• Establishing main research programs in priority areas to be identified

• Establishing accredited research, test and measurement centers which will work in close cooperation with domestic and foreign private sector

• Designing programs for sustainable R&D, production, commercialization using alternative financial models

• Developing the R&D support programs

Component-3: Developing Business and Entrepreneurship Ecosystem

• Developing models for collaboration with domestic pharmaceutical industry while creating new health programs

• Developing financing methods and designing support instruments for new venture models

• Creating clusters in the pharmaceutical and medical device industries

• Developing industry-specific university-industry cooperation systems and models

Component-4: Promoting Production and Exports

• By means of bilateral agreements, seeking initiatives to facilitate licensing and technical control processes in targeted regions and countries

• Enhancing effectiveness of the supports provided for FDI having significant transformative effects on the manufacturing industry

• Implementing new measures in compliance with international rules and regulations to promote production and exports of pharmaceuticals

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Development, Ministry of Health

Organizations/Institutions Responsible for Components

Component-1: Ministry of Health

Component-2: Ministry of Science, Industry and Technology

Component-3: Ministry of Science, Industry and Technology

Component-4: Ministry of Economy

1.17. HEALTH TOURISM IMPROVEMENT PROGRAM

i. Objective and Scope of the Program

Parallel with the gradual rise in getting medical treatment, use of thermal sources, rehabilitation services that provide people with wellbeing and healthiness, and considering tourism potential of Turkey in these areas, health tourism provides an important opportunity.

With this program, enhancing competitiveness by raising the quality of services in the fields of medical tourism, thermal tourism, senior (elderly) tourism and tourism for the disabled, in which Turkey is a globally rising market, is aimed.

ii. Program Targets

• Establishing 100,000 bed capacity in thermal tourism

• Supplying service to 1,500,000 (600,000 treatment purposes) foreign tourists in thermal tourism

• Obtaining 3 billion dollars revenue in thermal tourism

• Being among top 5 global destinations in medical tourism

• Providing medical treatment to 750,000 foreign patients

• Obtaining 5.6 billion dollars revenue in medical tourism

• Establishing 10,000 bed capacity in senior tourism

• Reaching 150,000 foreign visitors in senior tourism

• Obtaining 750 million dollars revenue in senior tourism

iii. Performance Indicators

• Bed capacity of thermal tourism, medical tourism, and senior tourism

• Tourist number in thermal tourism, medical tourism, and senior tourism

• Revenue from thermal tourism, medical tourism, and senior tourism

• Turkey's rank at global medical tourism

iv. Program Components

Component-1: Developing Institutional and Legal Infrastructure of Health Tourism

• Preparing a medical tourism strategy and action plan, taking into account target countries, regions and branches

• Developing coordination mechanisms among public institutions, strengthening cooperation between public and private sector

• Establishing legislative infrastructure which allows price differentiation

• Improving statistical infrastructure

Component-2: Improving Physical and Technical Infrastructure in Health Tourism

• Preparing inventory lists of medical tourism infrastructure and thermal tourism assets

• Increasing utilization of facilities such as hospital, thermal hotel, elderly (senior) and disabled nursing centers in health tourism

• Providing investment and planning support in health tourism, establishing new models for land acquisition

Component-3: Increasing Quality of Health Tourism Services

• Improving quality and quantity of personnel in health tourism

• Raising standards of service and facilities in health tourism

• Developing facilitation mechanisms for accommodation and other ancillary services

Component-4: Making Effective Promotion and Marketing in Health Tourism

• Increasing promotion and marketing activities in target countries and regions

• Increasing cooperation between public and private sector in promotion and marketing

v. Coordinator and Responsible Organizations/Institutions

General Coordinators: Ministry of Health, Ministry of Culture and Tourism

Organizations/Institutions Responsible for Components

Component-1: Ministry of Health

Component-2: Ministry of Culture and Tourism

Component-3: Ministry of Health

Component-4: Ministry of Culture and Tourism

1.18. TRANSFORMATION PROGRAM FROM TRANSPORTATION TO LOGISTICS

i. Objective and Scope of the Program

In industry sector, freight costs for products or raw materials affect investment decisions and competitiveness of companies. Increasing the potential for manufacturing industry investments is only possible by enhancing logistics opportunities and reaching a globally competitive level in terms of logistics costs.

This program aims to increase contribution of logistics, which is making a fast progress in recent years, to growth potential and aims to rank among first 15 countries in Logistics Performance Index in order to achieve export, growth and sustainable development objectives of Turkey.

Program concentrates on legislation, education, customs, infrastructure and increasing the competitive power of companies operating in the sector to make effective and productive planning in logistics field.

ii. Program Targets

- Strengthening Turkey's international position in logistics
- Reducing share of logistics cost in total cost of industry products
- Decreasing delivery time of end products to consumer markets

iii. Performance Indicators

- Logistics Performance Index ranking of Turkey
- Preference rate of intermodal transport and rate of transit freight
- Ratio of domestic to foreign companies in the sector
- Number of companies conducting R&D in logistics and number of annual innovations performed
- Average time spent on customs operations in logistics cycle
- Ratio of logistics costs to total cost of particular industrial products
- Containerization ratio and container handling capacity in ports
- Share of rail transport for freights handled in ports
- Share of private sector in railway freight transport
- Share of air cargo in total foreign trade volume

iv. Program Components

Component-1: Building Strategy and Institutional Structure in Logistics

- Defining the roles of public institutions in logistics
- Constituting a new structure for coordination among institutions
- Developing and realizing Logistics Master Plan, which has the characteristics of a legislation including transportation modes and corridors, logistics centers and other logistics activities together with minimum and maximum requirements

• Opening TCDD network to private carriers by completing secondary legislation studies within the scope of Turkey Railway Transport Liberalization Law and enabling liberalization in railway transport

Component-2: Improving Logistics Infrastructure in Cities

• Improving logistics infrastructure parallel to development of cities

• Building logistics centers in cities by allocating specific areas for logistics activities

Component-3: Ensuring Effectiveness in Customs Operations

• Expediting customs operations with neighboring countries and other foreign trade partners, improving physical and human resource capacity of customs, extending information technology usage in customs

Component-4: Completing Major Transport Infrastructure Investments

• Completing Çandarlı Container Port, starting construction of Mersin Container Port and Filyos Port

• Completing highway and railway connections of main ports and highway investments in the corridors that connect border gates

• Making dual-carriage way and BHM investments in the parts of highway network which have intense vehicle traffic

• Making new air cargo terminal investments in the regions which have intense trade of high value added goods

• In railways, completing ongoing 19 logistics centers and constructing double line railways in the regions with intense traffic

• Eliminating the deficiencies of electrification and signalization systems in the existing conventional lines

• Constructing branch lines to the OIZs, Free Zones and large factories

Component-5: Increasing Competitive Power of the Companies Operating in the Sector

• Structuring logistics companies so as to manage supply chain with a modern warehousing perspective together with transportation

• Supporting merger of small local companies in logistics

• Supporting logistics companies for technology usage, R&D and innovation activities

Component-6: Supporting Domestic Logistics Structuring with Foreign Structuring

• Building logistics centers to targeted and priority export countries

• Developing new export routes

v. Coordinator and Responsible Organizations/Institutions

General Coordinators: Ministry of Development; Ministry of Transport, Maritime Affairs and Communications

Organizations/Institutions Responsible for Components

Component-1: Ministry of Development

Component-2: Ministry of Environment and Urbanization

Component-3: Ministry of Customs and Trade

Component-4: Ministry of Transport, Maritime Affairs and Communications

Component-5: Ministry of Economy

Component-6: Ministry of Economy

1.19. BASIC AND OCCUPATIONAL SKILLS DEVELOPMENT PROGRAM

i. Objective and Scope of the Program

Ongoing rapid change in the business world requires individuals to attain not only vocational qualifications but also basic skills. These skills allow individuals to remain longer at work, to increase their productivity in work life and adapt to changing business and living conditions more quickly. In this framework, with a perspective of developing human resources in Turkey, it is of utmost importance to ensure that individuals acquire basic skills required by working life in addition to occupational skills, and strengthen the link between educational system and the labor market.

This program aims to ensure that individuals have the basic skills required by the labor market such as ICT, foreign language, financial literacy, problem-solving, critical thinking, communication, leadership, career planning, job searching, in addition to artistic and athletic skills.

ii. Program Targets

• Increasing the weight of basic skills in different levels of education system

• Developing lifelong learning programs which provide basic skills

• Strengthening the link between the labor market and the education system

• Reducing the number of young people who are neither in education nor in employment

iii. Performance Indicators

• Duration of the transition from school to work

• Total number of employees working at jobs appropriate for their skill levels

• Number of young people who take basic skills training

• Youth long-term unemployment rate

iv. Program Components

Component-1: Increasing Harmony between Labor Market and Education System

• Determining the basic skills demanded in labor market and the qualifications of young people

• Strengthening the school-business cooperation by improving internship processes

• Improving the quality of statistical data on the education system and labor market, establishing an effective monitoring and evaluation system

• Planning of vocational training programs in line with market needs through making needs analysis of the labor market

Component-2: Developing Basic Skills of Young People at Education Age

• Updating curriculums at all levels of education system to involve and develop basic skills

• Establishing a guidance system for middle and high school students which will guide them according to individual capabilities

Component-3: Developing Basic Skills of Young Labor Force

• Ensuring that all young high school and college graduates be reached by job and occupational counselors in İŞKUR and benefit from basic skills development trainings organized by İŞKUR

• Restructuring the public education centers and the local vocational training centers under the title of lifelong learning centers and increasing the quantity and quality of basic skills development activities carried out in these centers

Component-4: Developing Artistic and Sports Activities

• Redesigning the educational curricula to equip each young people with ability to perform at least in one field of artistic or sports activity

• Improving physical environment in schools at all levels of education system, where cultural and sports activities can be carried out

Component-5: Improving Vocational Qualifications

• Expanding the National Qualifications Framework to cover higher education and non-formal education qualifications and supporting entrepreneurship culture with vocational qualifications

• Encouraging lifelong learning activities by diversifying learning opportunities for individuals

• Starting accreditation of education and training institutions

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Labor and Social Security

Organizations/Institutions Responsible for Components

Component-1: Ministry of Labor and Social Security

Component-2: Ministry of Education

Component-3: Turkish Employment Agency-İŞKUR

Component-4: Ministry of Youth and Sports

Component-5: Vocational Qualification Authority

1.20. ATTRACTING QUALIFIED HUMAN RESOURCES PROGRAM

i. Objective and Scope of the Program

Countries can make their development processes more competitive by utilizing global high quality human capital on top of their own qualified human resources. Compared to developed countries, Turkey is not benefiting sufficiently from the highly qualified international human capital.

With this program, in order to increase knowledge based competitiveness at global level, the aim is to make Turkey an attractive country for national and international highly qualified human power, with a special attention to Turkish nationals living abroad, through creating suitable environment and conditions, and improving cooperation among universities, industry, public sector and research centers.

The target group of the program is highly qualified international human power, especially Turkish nationals living abroad, who can provide Turkey with impetus in needed areas and accelerate Turkish development processes.

ii. Program Targets

• Increasing the number of qualified human power, especially Turkish nationals living abroad, moving to Turkey

• Increasing the number of foreign researchers working under contract at educational and research institutions

iii. Performance Indicators

• Ratio of Turkish nationals living abroad and foreigners visiting Turkey for research, education, internship and work purposes in total incoming visitors

• Number of foreign researchers working in TÜBİTAK supported projects

• Number of Turkish nationals living abroad who visit Turkey with support of TÜBİTAK programs

• Number of research centers established abroad about Turkey

• Number of foreigners who work at educational and research institutions

• Number of foreigners and Turkish nationals living abroad who benefit from internship, mobility and exchange programs

iv. Program Components

Component-1: Publicity, Organization and Networking

• Determining areas which need qualified international human power

• Improving the capacity of representative offices abroad to publicize research environment in Turkey

• Conducting activities towards increasing participation to the EU Framework Programs

• Developing programs similar to the EU Framework Programs, with countries that Turkey has strong economic, historical and cultural connections

• Developing partnerships with corresponding research centers and academic institutions abroad, especially in health and priority technology fields

• Publicity of research centers in Turkey to researchers abroad

• Establishing a communication network to keep active the connection of Turkish nationals with advanced degrees living abroad with Turkey

• Establishing research centers abroad about Turkey

Component-2: Improving Work and Living Environment

• Increasing attractiveness of R&D infrastructure, research supports and entrepreneurship environment for researchers from abroad

• Directing human power from abroad to the provinces with advanced research and production infrastructure

• Developing housing and accommodation facilities around research centers

• Facilitating the work and residence permit processes for foreign researchers and their families

• Facilitating the admission process to Turkish citizenship for foreign researchers

Component-3: Developing Support Mechanisms

• Improving the legislation concerning working of foreign researchers under contract at public universities, public research centers, foundation universities and private research centers

• Enabling recruitment of contracted foreign specialists at research projects

• Supporting visits of scientists and researchers to Turkey with research, lecturing and conference purposes

• Supporting visits of Turkish nationals living abroad to Turkey with research, education, lecturing and conference purposes

• Developing exchange, mobility and internship programs for university students abroad and qualified labor force abroad who are prominent in science, arts and culture fields

• Supporting internship of Turkish citizens studying at universities abroad

• Extending the R&D supports to attract Turkish citizens who have completed or continuing their graduate education abroad to Turkey

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Scientific and Technological Research Council of Turkey

Organizations/Institutions Responsible for the Components

Component-1: Scientific and Technological Research Council of Turkey

Component-2: Ministry of Science, Industry and Technology

Component-3: Scientific and Research Technological Council of Turkey

1.21. HEALTHY LIFE AND MOBILITY PROGRAM

i. Objective and Scope of the Program

Health is a state of complete physical, mental and social well-being and absence of any disease or infirmity. For a healthy life, in addition to therapeutic and preventive health services for disability and epidemic diseases, fight against non-communicable diseases and their risk factors is also important. Healthy and high quality life is a main element in enhancing the welfare and happiness of individuals.

This program aims to combat unhealthy nutrition, tobacco use, sedentary lifestyle, alcohol and substance addiction and to improve food safety, preventive health services and mental health.

ii. Program Targets

- Reducing the rate of deaths from non-communicable diseases
- Reducing the ratio of obese people among 19+ population to 24 percent
- Increasing the ratio of people having adequate physical activity among 15+ population to 62 percent (age-standardized)
- Decreasing the daily tobacco use rate to 19 percent among adults (15+)
- Decreasing the rate of stunting in 7.5 percent among children under age of 5

iii. Performance Indicators

- Mortality rate from non-communicable diseases
- Ratio of obese population
- The ratio of people having inadequate physical activity among 15+ population
- Daily tobacco use rate among adults (15+ population)
- Percentage of stunting among children under age of 5

iv. Program Components

Component-1: Increasing Food Safety

- Informing and raising awareness of the society based on scientific data, for safe food production and consumption in terms of health and hygiene conditions
- Increasing the efficiency of food and feed control services, updating the legislation regularly considering international developments
- Developing the food inspection and control infrastructure
- Improving food labeling, traceability, product tracking system for safe food production and consumption

Component-2: Enhancing Level of Healthy and Balanced Nutrition

- Arranging activities that promote healthy nutrition and physical activity especially for children under risks of obesity and chronic diseases
- Developing programs of awareness raising and behavioral change in society for healthy and balanced nutrition purposes

• Improving standards of treatment and monitoring to follow up individuals with obesity and chronic disease risks

• Strengthening of inter-sectoral coordination and cooperation geared to increasing food safety and nutritional quality and reducing sugar, fat and salt content

Component-3: Decreasing Tobacco Use and Alcohol & Substance Addiction

• Organizing programs and campaigns, conducting effective controls within the context of fight against tobacco use and alcohol and substance addiction

• Implementing the indoor tobacco use restrictions effectively

Component-4: Reducing Risk Factors and Incidence of Non-communicable Diseases as Cancer, Cardiovascular and Diabetes

• Organizing education programs and campaigns about non-communicable diseases, establishing surveillance system for monitoring and management

• Increasing education and research capacity for non-communicable diseases

Component-5: Improving Mental Health Services

• Constituting programs to improve mental health of individuals

• Improving the quality and quantity of community-based mental health centers

• Arranging education and support programs that raise awareness to prevent suicide attempts

Component-6: Promoting Mobility and Exercising Habits

• Designing living environments to facilitate exercising and physical activity

• Ensuring effective use of and unrestricted access to public sports facilities

• Developing sport fields, parks, pedestrian and cycling lanes

• Promoting exercising culture and awareness in society

• Increasing quantity and variety of sports activities in schools

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Health

Organizations/Institutions Responsible for Components

1. Component: Ministry of Food, Agriculture and Livestock

2. Component: Ministry of Health

3. Component: Ministry of Health

4. Component: Ministry of Health

5. Component: Ministry of Health

6. Component: Ministry of Youth and Sports

1.22. FAMILY AND DYNAMIC POPULATION STRUCTURE CONSERVATION PROGRAM

i. Objective and Scope of the Program

Communication among family members has decreased, divorces and share of single parenthood have increased and family institution has started to weaken because of migration and urbanization, erosion in the cultural values, rise of individualism, deficiencies in family education, new communication technologies. For the future, there is risk of higher ratio of inactive population as a consequence of changes in population age structure and risk of higher ratio of aged population due to decreasing fertility rates.

This program aims to conserve the dynamic population structure, strengthen family institution in order to support economic and social development of Turkey and thereby increase social welfare and social capital.

In the scope of this program, protection of family welfare, reviving of premarital education and family counseling, family based provision of social supports and services, maximum utilization of demographic opportunity window created by young population structure are envisaged.

ii. Program Targets

- Protecting family welfare and strengthening family institution
- Strengthening intergenerational solidarity
- Harmonizing work and family life
- Increasing total fertility rate
- Improving population registration system

iii. Performance Indicators

- Divorce ratio
- Marriage ratio
- Number of people getting family counseling services
- Number of people attending premarital educations
- Total fertility rate
- Total fertility rate among working women

iv. Program Components

Component-1: Improving Family Related Services

- Expanding premarital education and family counseling services
- Accelerating integration of domestic migrants to urban life
- Preventing intra-family violence and exploitation, developing services towards decreasing bad habits and addiction
- Developing mechanisms to solve the problems of single parent families

Component-2: Increasing Family Welfare and Intergenerational Solidarity

- Building sustainable consumption habits in families
- Implementing social services and aids in coordination with other public services and providing these services effectively with a family based approach

• Ensuring transfer of social and cultural values by strengthening intergenerational solidarity

Component-3: Conserving Dynamic Population Structure

• Strengthening harmony of family and working life

• Extending high quality, affordable and accessible nursery and preschool facilities

• Developing a family friendly cultural environment by education curriculum, media and supporting related activities of NGO's

• Improving child friendly delivery conditions and implementations in the health area

• Developing and expanding child friendly and secure areas in the cities by local administrations

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Family and Social Policies

Organizations/Institutions Responsible for the Components

Component-1: Ministry of Family and Social Policies

Component-2: Ministry of Family and Social Policies

Component-3: Ministry of Family and Social Policies

1.23. INSTITUTIONAL CAPACITY IMPROVEMENT PROGRAM AT LOCAL LEVEL

i. Objective and Scope of the Program

Lack of technical and human resources capacity at local level is negatively affecting the quality and efficiency of local services. The expansion in responsibilities and duties of local administrations with recent regulations and particularly the rise in the number of metropolitan municipalities and extension of their service areas to cover also rural areas increase the need to improve local institutional capacity, especially in the newly established metropolitan municipalities.

The governance mechanisms that aim public, private and NGOs to flesh out common ideas and solutions in local and regional policy making have increasingly become important. However, due to technical, administrative and financial constraints, on one hand the interest in and participation level of local institutions to these structures remain insufficient; on the other reflection of local problems and priorities to the policies of central agencies becomes more difficult.

The aim of this program is to improve institutional capacity, participation and governance at local level, to set priorities correctly, increase implementation quality and efficiency in the use of public resources and support development initiatives.

The target groups of the program are provincial branches of central administrations, local administrations especially the metropolitan municipalities, universities, professional organizations and NGOs.

ii. Program Targets

• Increasing efficiency in local service delivery

• Strengthening human resources management strategies and practices in the target administrations and institutions

• Increasing project management capacity in target institutions and administrations

• Increasing the contribution of NGOs, including professional organizations, and universities to policy formulation and implementation processes at local level

iii. Performance Indicators

• Number of metropolitan and provincial municipalities that implement human resource strategy

• Number of metropolitan municipalities that implement capacity improvement programs

• Ratio of formal university graduates among workforce at provincial branches of line ministries

• Number of NGO and university delegates participating in city councils and development councils

• Number of projects by universities, local administrations, professional organizations, chambers and NGOs that are granted financial support

• Amount of capacity development assistance provided by development agencies

• Public satisfaction level about local services

iv. Program Components

Component-1: Improving Institutional Capacity of Local Administrations

• Setting standards for local services and ensuring adherence to them, particularly for metropolitan municipalities

• Developing alternative planning, organization and service delivery models that will enable effective performing of increasing duties of metropolitan municipalities

• Improving administrative, technical, and human resources capacity of the metropolitan municipalities, particularly in the newly established ones, especially for new duties and service delivery in rural areas

• Increasing financial management capacity and own revenues of local administrations, particularly the metropolitan municipalities

Component-2: Improving Capacity, Governance and Participation at Local Level

• Supporting provincial branches of central administrations and local administrations for having adequate quantity and quality personnel and strengthening their human resources management

• Improving technological infrastructure of local institutions, particularly of local administrations

• Increasing project management, financial management and administrative capabilities of NGOs, universities and other institutions, and making institutional governance principles operational

• Increasing contribution of professional organizations, universities and NGOs to local development processes

• Making local governance mechanisms operate more effectively, establishing new ones when necessary

• Increasing civil and professional organizational level

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Development

Organizations/Institutions Responsible for Components

Component-1: Ministry of Interior

Component-2: Ministry of Development

1.24. COMPETITIVENESS AND SOCIAL COHESION ENHANCING URBAN REGENERATION PROGRAM

i. Objective and Scope of the Program

72.3 percent of the population of Turkey lives in cities. Rapid urbanization and unplanned construction have led to economic and social problems in cities and reduced life quality. Problems in areas such as infrastructure, environment and safety adversely affect the competitiveness of cities by increasing labor and production costs.

The purpose of this program is to improve the competitiveness and life quality in Turkish cities by decreasing their economic, social and physical disadvantages. Investments and expenditures made to this end will be implemented by planning them in accordance with macro-economic balances and public finance.

Within the scope of this program, implementation of urban regeneration through supporting domestic and innovative production; rehabilitation of disaster prone sub-standard construction; increasing the attractiveness of cities in terms of working and living conditions; strengthening social cohesion in metropolitan cities; revitalization of town centers that have historical and cultural value through transformation; and increasing homeownership are envisaged.

ii. Program Targets

- Developing of new urban renewal models that differ according to spatial features
- Raising finances to the state from value increases arising from urban regeneration
- Developing new products and technologies
- Developing new models of housing production focusing on middle and lower income groups
- Strengthening social dimension in planning and project implementation
- Facilitating social cohesion in metropolitan cities

iii. Performance Indicators

- Total area to be regenerated
- Number of urban regeneration projects developed by private sector
- Number of new patents registered in the construction industry
- Number of R&D projects carried out in universities about building materials
- Rate of home-ownership in middle and lower income groups
- Area of park and green space per capita
- Number of social and cultural centers
- Number of beneficiaries in social cohesion works

iv. Program Components

Component-1: Increasing the Competitiveness and Livability Level of Cities

- Selecting more efficient sites for production and trade areas, especially for OIZs and small industrial areas; effective use, infrastructure renewal and development or relocation of these areas

• Restorating city centers and areas that have historical and cultural value

• Increasing the spatial and social cohesion in the designation of reserve building areas

• Reducing bottlenecks in infrastructure investments with regeneration projects

• Increasing number and quality of recreation areas

Component-2: Promoting Domestic and Innovative Production in Urban Regeneration

• Promoting domestic development and production of advanced material, intelligent building technologies, implementation tools that improve durability and high technical construction machines

• Utilizing domestic production at maximum level in procurements

Component-3: Facilitating Financing of Urban Regeneration

• Increasing the state share of the value increases arising from urban regeneration in project financing

• Developing new financial instruments for financing regeneration projects

• Establishing a system that enables cross-financing between areas with high and low value increases to facilitate financing

Component-4: Increasing Home-Ownership

• Speeding-up infrastructure ready land development

• Increasing the effectiveness of long-term housing finance system for basic home-ownership

• Developing and disseminating social housing implementation

Component-5: Strengthening the Cohesion in Areas with Intensive Social Problems in Metropolitan Cities

• Determination and detailed analysis of the areas of intensive migration, low-spatial quality, concentrated unemployment, education and poverty problems

• Physical renewal of aforementioned areas and improvement of quality and efficiency of public services

• Increasing employability of the target group with active labor force programs

• Developing capacity for social cohesion studies in local administrations

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Environment and Urbanization

Organizations/Institutions Responsible for Components

Component-1: Ministry of Environment and Urbanization

Component-2: Ministry of Environment and Urbanization

Component-3: Ministry of Development

Component-4: Housing Development Administration

Component-5: Ministry of Family and Social Policies

1.25. PROGRAM FOR IMPROVING THE INFRASTRUCTURE OF INTERNATIONAL COOPERATION FOR DEVELOPMENT

i. Objective and Scope of the Program

The long-term development perspective of Turkey should be considered together with the international cooperation dimension. In this respect, development cooperation is a tool which provides partner countries with access to knowledge, experience and opportunities that Turkey has in the development topic.

The purpose of this program is to establish a strategic framework for the development cooperation policy; to strengthen the legal basis together with financial, institutional and human capacity for development cooperation; to use development cooperation opportunities for improving the social welfare of Turkey and partner countries; to increase the awareness about international cooperation and to strengthen cultural cooperation between Turkey and partner countries.

ii. Program Targets

• Improving the legal and strategic framework of Turkey's international cooperation infrastructure

• Enhancing institutional and human capacity of public institutions, private sector and NGOs in the field of international cooperation

• Increasing the awareness of national and international public opinion

• Turning Turkey into a regional center for international development cooperation organizations

iii. Performance Indicators

• Publishing legislative and main policy documents

• Number of training programs and activities that are implemented for international awareness

• Number of people who are fluent in local language and have specific expertise in foreign missions

• Number of countries in which emergency and humanitarian aid activities are carried out

• Number of people who benefit from training, research and mobility programs for LDCs and countries in transition

• Official Development Assistance to GDP ratio of Turkey

iv. Program Components

Component-1: Enhancing Legislative, Institutional and Human Infrastructure

• Analyzing the development cooperation capacity

• Finalizing studies for preparation of the Development Cooperation Law and the National Development Cooperation Strategy

• Determining public and non-public human resources that could be assigned for the programs of development cooperation and simplifying the appointment procedures

Component-2: Improving the Training and Research Activities for International Cooperation

• Implementing programs and activities in education institutions to increase global perception and awareness

• Promoting training, research and mobility activities in universities and research institutions, that are targeting the LDCs and transition countries

• Launching academic programs for the students and academicians from the LDCs and countries in social and economic transition

Component-3: Strengthening Foreign Relations Departments of Public Institutions and Improving Effectiveness of Their Activities

• Strengthening the human resource in departments responsible for coordinating international relations in terms of regional expertise, common foreign language, local language literacy, diplomatic communication, negotiation techniques and field experience

• Increasing the flexibility of respective departments for expert assignment and service procurement

Component-4: Strengthening Expertise Capacity of Foreign Missions

• Developing flexible employment models for personnel needs in foreign missions

• Increasing the number of experts who are fluent in local languages

Component-5: Increasing Effectiveness of Emergency and Humanitarian Aid

• Swift, efficient and sustainable implementation of emergency and humanitarian aid towards countries in crises in a way to establish stability

• Developing disaster management systems, disaster preparedness and risk reduction activities in countries that demand support

v. Coordinator and Responsible Organizations/Institutions

General Coordinator: Ministry of Development

Organizations/Institutions Responsible for Components

Component-1: Turkish Cooperation and Coordination Agency Directorate

Component-2: Ministry of National Education

Component-3: Prime Ministry

Component-4: Ministry of Foreign Affairs

Component-5: Disaster and Emergency Management Directorate www.mod.gov.tr

REBUBLIC OF TURKEY
MINISTRY OF DEVELOPMENT
GENERAL DIRECTORATE OF ADMINISTRATIVE SERVICES
DIVISION OF KNOWLEDGE MANAGEMENT AND DOCUMENTİON

Ankara 2014

Necatibey Cad. No: 110/A 06100 ANKARA-TURKEY
Phone: +90 (312) 294 50 00 • Fax: +90 (312) 294 69 77

ISBN: 978-605-9041-18-8