

Creating Opportunity in Turkey

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Standing at the crossroads between the East and the West, Turkey has always been an important country and a long-term partner for IFC. We have been contributing to the development of the private sector in Turkey for over 40 years. Our work in Turkey, this year's host country for the Annual Meetings of the World Bank and International Monetary Fund, is part of a joint World Bank Group Country Partnership Strategy that sets broad development goals for the next three years. The partnership strategy supports Turkey's own development agenda and its goal is to contribute to improving the lives and opportunities for all Turkish people.

Turkey's economic development has global significance considering its size, role as a regional power and strategic location. A member of the Organisation for Economic Co-operation and Development (OECD) and with accession efforts to the European Union (EU), Turkey is focused on reducing poverty and sustainable development. Among the world's largest 20 economies and a member of IFC since 1956, Turkey is IFC's fifth largest exposure with a diversified committed portfolio of nearly \$2.7 billion—with \$1.9 billion for IFC's own account. In Turkey, IFC also plays an important role in mobilising investments from other financial resources.

IFC's work in Turkey is part of the joint World Bank/IFC Country Partnership Strategy for financial years 2008-2011, which has three main development pillars: (i) improved competitiveness and employment, (ii) equitable human and social development, and (iii) efficient provision of high-quality public services. To support Turkey realising its development vision through the development of the private sector, IFC invested US\$734 million in about 14 projects and mobilised US\$660 million in 2008 and invested US\$351 million in about 9 projects in 2009 despite the challenging economic conditions this year. The partnership strategy anticipates IFC committing up to US\$2 billion worth of investment between fiscal years 2008 and 2011.

Priority areas for impact: Energy efficiency and climate change

While having a growing demand for energy, Turkey is committed to sustainable development. IFC is supporting this commitment by working with the private sector for energy efficiency projects and projects that have a climate change aspect. Many Turkish companies are working to reduce



Rotor Windfram Project

energy consumption and to decrease their environmental footprint by reducing emissions of greenhouse gases.

Gains in energy efficiency are also an integral part of IFC's climate change strategy. In a country like Turkey, where 70% of the generation comes from thermal sources, using mainly gas and coal, each gain in efficiency has an important impact in the reduction of greenhouse gases. IFC continues to selectively support post-privatisation flagship power and gas distribution projects.

In its first investment in the Turkish power sector IFC supported the construction of a large thermal power plant fueled by natural gas and ten small-to medium-sized hydroelectric plants. IFC mobilised EUR 513 million (including EUR 355 million in syndicated loans) to help Enerjisa Group, a joint venture of Turkey's Sabanci Group and Austria's Verbund that aims to become the leader in the Turkish electricity market by 2015

Another example is the project to expand access to clean energy. IFC has committed 55 million Euro to help finance the construction of a 135-megawatt wind farm by Turkey's Rotor Elektrik Uretim that will help the country curb electricity supply shortages using sources of renewable energy. Building the largest wind farm in Turkey, Rotor Elektrik will develop the country's strong wind energy resources, boosting output by 35% and displacing approximately 241,000 tons of carbon emissions a year.

In coordination with the Bank, IFC is also considering to finance projects through Clean Technology Fund with particular focus on Small and Medium Enterprises.

Supporting long time clients in challenging times

In this year of economic crisis and at a time when financing resources have become scarce and limited in developing countries, IFC's services are even needed more. Learning from past financial crisis in Turkey, IFC is working closely with its



TAV Tunisia Airport Project

clients, taking a more selective and prudent approach in supporting restructuring and re-capitalisation of Turkish companies, with priority given to its existing and long term clients. IFC is selectively supporting innovative and environmentally friendly projects of long-standing clients.

IFC recently provided \$70 million to the Sisecam Group, a long time partner in Turkey and the country's largest glass manufacturer. The financing is supporting the company's investment in low iron energy glass used in solar energy systems. This segment of the renewable energy market is expected to double over the next five years due to rising demand for solar power from countries committed to reducing carbon emissions and fossil fuel use. IFC's funding will also enable Sisecam to further improve environmental standards and finance energy efficiency upgrades at its glass manufacturing facilities in Turkey and Bulgaria.

Another example is IFC's \$30 million investment in Assan Alüminyum, a leading Turkish manufacturer and exporter of aluminum coil, sheet and foil products, to support the company's modernisation and energy efficiency improvements. The investment entails installation of advanced technology and energy efficiency upgrades, which will reduce energy consumption by up to 70 percent per ton of aluminum, while

decreasing carbon emissions by up to 12 percent. This will follow a 50 percent reduction already achieved since the investments began in 2006.

Helping Turkish companies to grow outside Turkey

One of IFC's priorities is supporting developing country clients expanding to other developing countries in order to help build private sectors by increasing capital flow, technology, management expertise, and of course, creating jobs.

Promoting south-south partnerships and investments remains key to IFC's approach in Turkey and we will continue to partner with good Turkish companies to expand their operations outside of Turkey and to become competitive regional players. So far we have committed over \$400 million in total for real sector projects, helping Turkish companies to expand their presence in other countries.

IFC recently made a 15 percent equity investment in TAV Tunisia, a subsidiary of Turkish TAV Airports Holding, a leading airport operator currently operating several airports in Turkey, Georgia and Tunisia. Previously IFC had also arranged a financing package of €398 million to implement the first large infrastructure Public-Private-Partnership project in Tunisia and overall the first airport concession in North Africa and

helped the company invest in another airport in Georgia.

Reaching Small and Medium Enterprises to create more jobs

Small and medium enterprise (SME) sector is a vital contributor to creating jobs and economic growth in emerging markets, especially at a time of global financial crisis. However lack of access to finance is often the primary constraint to the development of the SME sector. In line with IFC's Access to Finance strategy, we are aiming to reach that important segment by providing services to financial intermediaries such as commercial banks, microfinance institutions, leasing institutions and investment funds.

In Turkey IFC is working with Sekerbank, a leading local bank, providing a €36 million loan, which will enable the bank to reach more than 10,000 micro and small entrepreneurs through its nationwide branch network across Anatolia. We have also made a \$50 million loan to help leasing company Yapi Kredi Leasing develop Turkey's nascent market for SME energy efficiency financing.

IFC will continue to work to create more opportunity in Turkey as elsewhere to help people improve their lives and help Turkey to reach its development by supporting the private sector.