

REPUBLIC OF TÜRKİYE

**PRE-ACCESSION
ECONOMIC REFORM PROGRAM
(2025-2027)**

**ANKARA
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5. STRUCTURAL REFORMS

5.1. Competitiveness

i. Business environment and reduction of the informal economy

a) Analysis of main obstacles

Monitoring, evaluation and coordination of the components and actions in the Action Plan for the Fight against the Informal Economy for 2023-2025 will continue to be carried out. Risk analysis and assessment studies to be developed through the use of technology will be supported by informal economy and tax gap measurements.

Since 2013, it has been observed that approximately 6 million 600 thousand disputes have been discussed before mediators and approximately 4 million of them have been concluded with an agreement through mediation, which is one of the alternative dispute resolution methods used extensively in our country for the rapid, economic and friendly settlement of disputes.

With a contribution to the healthier and faster functioning of commercial life, mediation, which is used by our citizens in all disputes that the parties can freely dispose of, has contributed to the healthier and faster functioning of commercial life.

The ‘Singapore Convention’, which is the United Nations Convention on the settlement of international commercial disputes through mediation, was signed by 46 countries, including our country, at the ceremony held in Singapore on 7 August 2019, the Convention was ratified on 22 April 2021 with the decision of our President, and our country became a party to the Convention on 11 April 2022, when the instrument of ratification was deposited with the Secretary General of the United Nations. As of today, the number of countries signing the Convention has already reached 57.

The Singapore Convention is one of the biggest steps towards establishing an international legal framework for the enforcement of agreements concluded as a result of commercial mediation. The Singapore Convention, which enables the enforcement of agreements signed as a result of mediation within the scope of commercial disputes without the need for a court or arbitral decision approving them in the party countries, makes a significant contribution to the development of a culture of consensus in international commercial law and to the revitalisation of international trade.

ii. State-owned Enterprises

a) Analysis of main obstacles

Although State-Owned Enterprises (SOEs) are an important policy instrument for the Turkish economy, the share of SOEs in the economy has decreased over time in line with the policy of reducing the share of the public sector in the economy. In 2000, the ratio of the value added produced by SOEs to GDP was 3.4 percent while this ratio is estimated to be 0.5 percent by the end of 2024. In parallel to this, the share of SOE investments in total public and private sector investments is estimated to decline from 5.8 percent in 2000 to 1.8 percent in 2024. In the same period, the annual average number of personnel of SOEs is expected to decrease from 435,000 to 95,000. As of 2024, the number of SOEs operating under Decree Law No. 233 and Law No. 4046 is 21.

Decree Law No. 233 on State Owned Enterprises, which entered into force in 1984, is a comprehensive legislation in which the shareholding rights of SOEs are distributed to the relevant public administrations within the framework of the needs of the period, and which includes the main elements regarding the activities and organizational structure of these enterprises. However, following the many transformations that have undergone in both the public and private sectors over time, Decree Law No. 233 may be insufficient to meet today's needs.

In this context, important steps have been taken to increase the efficiency and productivity of SOEs, which have been established long ago and have an important place in the national economy, in line with international best practices and the transformation in Turkiye, such as establishing internal control systems and subjecting them to independent audit.

On the other hand, efforts are underway to implement regulations in line with corporate governance principles in order to ensure that SOEs continue their operations as required by commercial life, to create a structure that will not allow them to become a direct or indirect burden/risk on public finances by prioritizing efficiency and productivity in their operations, to make arrangements to strengthen their institutional structures and to professionalize SOE boards of directors.

In the 2025-2027 period, the efforts towards the corporate governance reforms for SOEs, which were programmed for the 2024-2026 period, are expected to continue. In this context, it is programmed to make arrangements in the relevant legislation to strengthen the corporate governance approach in the senior management of SOEs. In addition to these, it is planned to increase the accountability of public enterprises and boards of directors by using performance-based measurement methods, and to establish mechanisms and implement institutional arrangements to ensure coordination among public enterprises that interact with each other in sectoral, administrative and financial areas due to their activities.

In this way, SOEs will increase their competitiveness not only within the country but also on international platforms and contribute positively to the sustainable development in the long term.

iii. Economic integration reforms

v. Agriculture, Industry and Services

a) Analysis of main obstacles

Agriculture

Industry

Today, in light of technological developments, Türkiye focuses on the development of local and national innovative technologies, support of national software, protection of critical infrastructures, and digital transformation of the manufacturing industry. In this context, policies that will increase Türkiye's global competitiveness and ensure breakthroughs in critical technologies that will ensure its economic and technological independence have been structured in the "National Technology Move" approach. In Türkiye's 2023 Industrial and Technology Strategy, 5 main components have been determined: "High Technology and Innovation", "Digital Transformation and Industrial Move", "Entrepreneurship", "Human Capital" and "Infrastructure". There are certain challenges to the digital transformation of industry in Türkiye. In this context, several needs such as guidance in the management and implementation of digital transformation, qualified human capital, and the financing burden of necessary investments come to the fore. To accelerate digital transformation in the industry in Türkiye, there have been important public support and incentive mechanisms such as consultancy services, project support, and investment incentives. On the other hand, the digital transformation speed of the industry needs to be increased to achieve the National Technology Move targets and gain an advantage in global competition in this field. In this regard, there is a need for studies that will eliminate the basic barriers identified and raise the digital maturity level of the industry to higher levels altogether.

Problems such as increasing raw material and energy prices due to the global economic crisis and unexpected payments due to high inflation, loan costs, and worsening loan conditions are the financial difficulties experienced by SMEs. In addition to financial problems, the main obstacles are that issues such as institutionalization, digitalization and improvement of production processes are left behind in SMEs. Insufficient motivation and awareness level of businesses to receive training and consultancy services in the field of productivity, as well as the lack of a financial support mechanism, are seen as obstacles experienced by businesses in the manufacturing industry. The need to increase production efficiency and disseminate Industry 4.0 applications continues intensely. With the implementation of Model Factories, which are successfully implemented in some countries of the world, it is aimed to strengthen the productivity ecosystem with a holistic approach. Model Factories aims to provide training and consultancy services that enable teaching and disseminating activity-based excellence principles using experiential learning techniques in a real production environment where there is freedom to make mistakes. Centers aim to change the current mindset of businesses in the fields of continuous improvement, lean production, and digital transformation; to use human, machine/equipment, raw materials, materials, time, and energy resources most efficiently, and increase their competitiveness in a short time.

The European Green Deal was adopted in 2020 by the European Commission as a set of policy initiatives aimed at making the European Union (EU) climate-neutral by 2050. The Green Deal plans to review every existing law from a climate perspective, as well as introduce new laws on the circular economy, renovation, biodiversity, agriculture, and innovation. The Green Deal, which will have significant impacts in many areas, is expected to have a transformative effect on the EU Single Market. The Green Deal is expected to have important consequences for Türkiye's harmonization with the EU, both as a candidate country and as a Customs Union partner. The green transformation of the Turkish economy and industry is highly important in terms of establishing inclusive and sustainable growth, maintaining and strengthening Türkiye's competitiveness in exports to third countries, especially the EU, integration into global value chains, and increasing its share in international investments. In this context, The Green Deal Action Plan was announced in July 2021. In the plan; there are sections covering "Border Carbon Regulation, Green and Circular Economy, Green Financing, Clean, Economical and Safe Energy Supply, Sustainable Agriculture, Sustainable Smart Transportation, Combatting Climate Change, Diplomacy and Awareness Raising Activities". A green and circular economy requires that reducing greenhouse gas emissions and increasing energy and resource efficiency be taken into account when determining both investments and growth strategies. Therefore, green and circular economy goals need to be addressed together and the activities to be developed in this context need to be implemented with a holistic approach.

KOSGEB, the national organization responsible for SMEs, fulfills an important function for the development of businesses with its versatile support mechanisms for SMEs. In the context of sustainable development, two important topics, Digitalization and Green Economy, need to be addressed in a disciplined manner for SMEs to adapt to today's conditions. In a free market economy, businesses can maintain their competitiveness according to the degree to which they can use their organizational, human, and technological resources and talents uniquely, effectively, and efficiently. Businesses must create competitive strategies with the right information technologies, increase their business performance, and create organizational structures suitable for competitive conditions to maintain their existence. Increasing the performance of the business will create a competitive advantage and contribute to the development of the country, increasing international competitiveness and ultimately raising the welfare of citizens. The transformation caused by the Fourth Industrial Revolution and the challenges arising from the Pandemic in recent years has made it necessary for businesses to review the way they do business to maintain their competitiveness. At this point, digitalization, which can be defined as the process of transforming digitalized resources into operational results that will add new income, growth, and value to the business, has emerged as one of the most important elements in maintaining the competitiveness of businesses. Each country produces strategies and policies for the Fourth Industrial Revolution in line with its own needs, infrastructure, and plans. In this process, Türkiye aims to demonstrate its will to become one of the leading countries in technology by implementing its road map with the National Technology Move. With this approach, Türkiye plans to implement policies as a whole that will increase its global competitiveness, ensure economic and technological independence, and make a breakthrough in critical technologies.

Adapting to digital technologies is also inevitable for the sustainability of SMEs. The sustainability of SMEs directly affects the speed and flexibility of the main industry. In this context, meeting digital transformation problems and needs is possible with more effective and target-oriented work. At the same time, data is needed to develop policies that will support digital transformation, conduct impact analyses of ongoing investments, and determine joint investments to be made by digital transformation competence and innovation centers and traditional structures and organized industrial zones. Data is collected with many tools developed domestically and abroad, but these data are not sufficient to produce policies and provide input to investment decisions. From the past to the present, KOSGEB has provided many supports and services to create added value by specializing in skilled jobs by automating jobs that require unskilled labor in businesses. In recent years, it has addressed the theme of "digitalization" in depth in its call-based support programs, aiming to contribute to the digitalization of the processes of businesses operating in the manufacturing sector or to the development of digitalization products by technology-developing businesses. The support for digitalization must continue to be increased, become permanent, and increase the awareness and willingness of businesses about digitalization. In the coming period, KOSGEB plans to encourage studies on the green and digital transformation of businesses by using the knowledge and experience it has gained in the implementation processes of support and services. KOSGEB implements activities to increase the awareness and competencies of businesses on climate change, green growth, energy efficiency, resource efficiency improvements, circular economy, digital transformation, and efforts for competitiveness and sustainability in businesses. In light of all these objectives, it works by establishing national and international collaborations.

To achieve its goals within the framework of the "Türkiye Century" vision in the second century of the Republic, it aims to transform the industry into a greener and more competitive industrial structure where resources are used effectively, by realizing high value-added domestic production based on knowledge and technology. In this context, to achieve all the determined targets, the Ministry of Industry and Technology performs various activities on green transformation and digital transformation at both national and international levels. The prominent activities among these are as follows:

Instrument for Pre-Accession (IPA) III: The Ministry of Industry and Technology is the Managing Authority responsible for Thematic Priority 2 "Private Sector Development, Trade, Research and Innovation" under Window 4 "Competitiveness and Inclusive Growth" of the five windows in the IPA III (2021-2027) Programming Framework.

The programming framework of IPA III in this thematic priority has been drawn by the European Commission to support socio-economic recovery after COVID-19, improve the business environment, innovation ecosystem and investment climate of the countries in order to increase the competitiveness of economies, and promote integration with EU industrial value chains. This will rely on smart specialization to strengthen research, technological development and innovation. IPA III aims to support private sector development and trade, expand entrepreneurs' financing options, diversify financial markets, promote sustainable financing, and support interactions between academia, industry, governments and civil society in research and innovation through a quadruple helix innovation model. These priorities are in line with Türkiye's 12th Development Plan, Medium Term Program and 2023 Industry and Technology

Strategy. Under IPA III, the priorities for Türkiye proposed by the European Commission for cooperation in 2025-27 are strengthening innovation and technological development in digital solutions and enhancing alignment with the EU acquis on digital transformation. The action on supporting innovative industries in deploying technologies that can accelerate the digital transition aims to contribute to increasing Türkiye's innovation potential through creating and promoting innovations directed towards sustainable and human capital development and a digital future. The action on increasing alignment on digital transformation and digital aspects of the functioning of the Customs Union aims to support Türkiye's further alignment with the EU legislation in the customs sector, and in the aspects considered mutually beneficial.

When viewed comparatively with the 2025-2027 ERP structural reform areas, it can be seen that intervention areas of IPA III are in direct alignment with the reform areas of "Business Environment", "Industrial Sector", "Research, Development and Innovation" under the heading "Competitiveness", "Green Transition" and "Digital transformation" under the heading of "Sustainability and Resilience". With a more focused approach as funding under IPA has become very limited, the Action proposals under IPA have been prepared in line with the Economic Reform Program, focusing on the green and digital transformation areas and further alignment of Türkiye with EU legislation in the customs sector. In line with the thematic areas, 15 projects with a budget of EUR 44 million for the 2024-2027 period have been submitted to the European Commission for relevance and maturity assessment through Action Documents. IPA III projects supporting the reforms in the Economic Reform Program are presented in the Annex of ERP.

Digital Europe Programme (DEP): The Digital Europe Program (DEP), which the European Union will implement in 2021-2027 with a budget of 8.2 billion Euros, focuses on building strategic digital capacities across Europe and expanding the use of digital technologies. Türkiye's Association Agreement was signed on August 31, 2023, and entered into force with the publication of Presidential Decree No. 7746 dated November 2, 2023, in the Official Gazette. The coordination of the Program in Türkiye is provided by the Ministry of Industry and Technology and the Digital Transformation Office of the Presidency.

DEP is a program that aims to guide the digital transformation of society, public institutions, private sector and especially SMEs in European countries and other countries included in the Program by supporting actions that no member country can achieve alone. In the first stage, the Program will support the establishment of critical digital infrastructure and the development of innovative digital technologies of strategic importance in the field of "High-Performance Computing", "Artificial Intelligence", and "Data and Cybersecurity". The second stage aims to make the established infrastructures and digital technologies accessible to SMEs, public institutions, and citizens and to expand their use. Türkiye's participation in DEP is aimed at domestic stakeholders to benefit from EU funds by participating in the establishment processes of digital infrastructures to be established across Europe, for the private and public sectors, especially SMEs, to have access to these infrastructures that will ensure their digital transformation, and to improve the digital skills of the society through the calls to be opened under the program. "The Digital Transformation Accelerator" structure has been established to strengthen the efficiency and capacity of EDIHs. The Accelerator provides capacity building, training, consultancy, twinning, and networking support to EDIHs. With 4.5 million Euros

allocated to Türkiye by the European Commission, 5 EDIHs are expected to be operational by early 2025. EDIHs will provide complementarity with the Digital Transformation Support Programs supported by the Ministry of Industry and Technology and KOSGEB, Model Factories and digital transformation infrastructures established with the Competitive Sectors Program in the IPA II 2014-2020 period. In 2023 and 2024, 13 project applications with a total budget of 13.4 million Euros were submitted to the Digital Europe Program by 70 institutions/organizations in the fields of "Digital Capacity Building", "Artificial Intelligence", "Advanced Digital Skills" and "Support Actions" by consortia of universities, techno parks, private sector representatives, civil society organizations, chambers of industry and commerce, public and private research centres. By this time, 8 projects with a budget of 4.5 million Euros have been awarded grants. The Ministry of Industry and Technology will continue its efforts to ensure that Türkiye obtains maximum benefit from the DEP by establishing synergy between the national programs/resources and IPA projects/resources.

Harmonization with the EU Acquis: Under the Customs Union Agreement signed with the EU, Türkiye agreed to transpose various EU technical legislation into its domestic law. In this context, EU technical legislation is followed by relevant Ministries or public institutions. The Ministry of Industry and Technology is responsible for harmonization of the EU legislation for industrial products. Recently, many EU regulations have been affected by the twin transformation process as in the case of technical legislation that needs to be harmonized by the Ministry of Industry and Technology within the framework of the Customs Union. In this regard, the Ministry of Industry and Technology have started the harmonization studies for the "Ecodesign for Sustainable Products Regulation (ESPR)" in 2024 under the European Green Deal framework. In addition to this, harmonization studies with the "EU Regulation on Batteries and Waste Batteries" have been carried out with the Ministry of Environment, Urbanization and Climate Change. In 2024, the EU technical legislation to be harmonised under the digital transformation process was closely followed as well. Among these, the harmonisation of the new Machinery Regulation was completed and submitted to the European Commission assessments. The harmonisation studies of the EU AI Act are being carried out in partnership with the Digital Transformation Office of the Presidency of the Republic of Türkiye and the Ministry of Industry and Technology.

Low Carbon Road Maps in Manufacturing Industry Sectors: Within the scope of the European Green Deal, sectoral low carbon pathways have been prepared to reduce greenhouse gas emissions in priority manufacturing industry sectors that may be subject to the Carbon Border Adjustment Mechanism (CBAM). The road maps prepared in cooperation with the Ministry of Industry and Technology and the European Bank for Reconstruction and Development (EBRD) are as follows:

- A Low Carbon Pathway for the Steel Sector in the Republic of Türkiye
- A Low Carbon Pathway for the Aluminium Sector in the Republic of Türkiye
- A Low Carbon Pathway for the Cement Sector in the Republic of Türkiye
- A Low Carbon and Climate Resilient Pathway for the Fertilizer Sector in the Republic of Türkiye

Projects carried out to prepare low carbon pathways; it is designed as a continuation of the policy steps taken in the World and in Türkiye to control the greenhouse gas emissions of the sectors. Within the scope of the studies; Scenarios have been developed to determine the necessary technologies, additional investments and policy steps on a sector basis to ensure green transformation and reduce carbon emissions.

With the low carbon pathways prepared in line with Türkiye's 2053 net zero emission target; a 75 percent emission reduction is targeted in the aluminum sector, a 99 percent emission reduction in the steel sector, a 93 percent emission reduction in the cement sector, and zero emission in the fertilizer sector.

Accordingly, the net present value of the total investments required to reach net zero emissions is expected to be around 11 billion dollars for the steel sector, 2 billion dollars for the aluminum sector and 3 billion dollars for the cement sector in the next 30 years.

b) Reform measures

Measure 1: "Supporting the modernization of SMEs and increasing their efficiency and competitiveness through digital transformation and green transformation in the manufacturing industry"

1. Description of measure: The measure was determined as "Supporting the modernization of SMEs and increasing their efficiency and competitiveness through digital transformation and green transformation in the manufacturing industry."

The measure is included in the Twelfth Development Plan (2024-2028) under Measure number 428 (The development of digital transformation in the manufacturing industry will be supported) and under Article 428.2 (SMEs in the manufacturing industry will be informed and supported to use digital technologies more effectively.), 428.3 (Digitalization applications commonly needed in SMEs will be met with a central infrastructure and supporting software tools.) and 428.4 (Model factories established to increase productivity will be designed on a regional basis and to provide new services for digital transformation, and their effectiveness will be increased.) It overlaps with measures numbered 561.1 (SMEs and entrepreneurs will be supported with a focused approach within the framework of criteria such as rapid growth, technology-oriented exports, operating in the field of high technology, and increasing productivity).

There is an inclusive target entitled "Within the scope of supporting the transition to digital transformation during the program period, by accelerating the digital transformation process and supporting the capacity and capabilities of companies, especially SMEs, in adopting digital technologies, the sustainability of growth will be ensured." under the title of Growth under Macroeconomic Targets and Policies in the Medium Term Program (2025-2027). This target coincides with the Measure expressed in this section of the Economic Reform Programme.

Under this measure, sub-activities have been determined to increase the efficiency and competitiveness of SMEs and ensure their digital transformation and green transformation. Detailed information about each activity and its content is given below:

Activity 1: Establishment of Model Factories (Competence and Digital Transformation Centers) to increase the productivity of SMEs and ensure their digital transformation

Model Factories provide services in the fields of awareness-raising seminars, experiential training, learn&transform programs, and the development of university-industry cooperation projects. Trainers who will work in Model Factories are provided with 2-stage training of trainers and training and consultancy work is carried out for companies selected as pilots. The Model Factory establishment process continues with construction works, purchase of machinery and equipment, and installation of the learning line in the workshops. After the learning line is established, the training curriculum is created. Digital transformation competencies are provided to the existing line and digital transformation trainings are provided through this line. In the educational production environment offered by the Model Factory, the training program is structured on a sample product without any commercial activity. Model factories continue their activities as legal entities; as joint stock companies or economic enterprises with the contributions of local stakeholders such as chambers of industry and commerce, universities, and organized industrial zones.

In principle, Model Factories, which have a non-profit structure, offer their services for a fee and are managed by a structure in which public and private sector organizations, universities, and non-governmental organizations are represented.

Based on the results of the Learn&Transform Program that Model Factories are completing, the practical training has been highly effective in the performance of the enterprises. Within the scope of the "Applied SME Competence Center (Model Factory) Project" carried out in cooperation with the General Directorate of Strategic Research and Efficiency of the Ministry of Industry and Technology and the United Nations Development Program, the "Model Factory Performance Monitoring and Evaluation System - System Design Report" was prepared by the Policy Analysis Laboratory. According to the findings of this report, the main impacts of the companies that received Learn & Transform Program from Model Factories services were 85 percent increase in capacity utilization rate, 87 percent reduction in cycle time, 75 percent space saving in the production area, 76 percent increase in production per person, 72 percent increase in Overall Equipment Effectiveness (OEE) and 68 percent reduction in cost per product. Secondary effects are; It was realized as a 58 percent reduction in electricity consumption, a 42 percent reduction in the number of defective products, a 39 percent reduction in the number of waste, a 38 percent reduction in the number of malfunctions and a 31 percent reduction in the amount of waste.

In line with the mentioned benefits, many studies are being carried out to increase the number of Model Factories and the capacities of Model Factories. In order for more SMEs to access Model Factory services, 2 new Model Factories (Eskişehir and Samsun) were added to the 8 Model Factories (Ankara, Bursa, Konya, Konya, Kayseri, Gaziantep, Mersin, Adana, İzmir), which are currently in operation, in 2024, and the number of Model Factories in operation reached 10. With the 5 Model Factories targeted to be established in the coming period, the total number is expected to be 15. The establishment of new Model Factories in Kocaeli, Denizli, Tekirdağ, Trabzon and Malatya provinces, which are planned to be opened, is ongoing.

The Model Factory Lean Transformation Support program, which is carried out by KOSGEB in order to contribute to the determination of the current situation of enterprises in lean practices, to determine their problems and needs, to create road maps in this regard, and to increase their skills and capabilities in line with these road maps, was developed and updated as the Direction-Leadership and Evaluation Support Programme (YÖNDE) in 2024. With the Lean Maturity Assessment Analysis (YODA) Service Support included in this programme, it is aimed to determine the current status of enterprises in lean practices, to determine their problems and needs, and to contribute to the creation of road maps in this regard. As a result of the YODA service, enterprises are directed to Model Factory services in line with their identified needs. Support is provided for YODA services that enterprises will receive from Lean Transformation Consultants, and the support rate for YODA service is 80 percent and the upper limit of support is determined as 40,000 TL.

The Model Factory Trainer Training Program was carried out to develop human resources with the competence to provide services in Model Factories. More than 2,000 applicants applied to the program, and approximately 240 people successfully passed the competency assessment phase and participated in the training. A total of 233 people who completed the program were included in the Model Factory Trainer pool. This activity is financed by the Investment Program. UNDP contributes to the Model Factory establishment process coordinated by the Ministry of Industry and Technology by providing technical support.

The activity was also included in ERP 2024-2026, and two of the 4 new Model Factories planned for 2024 (Eskişehir and Samsun Model Factories) were completed and started operating in 2024. The installation work for the other newly established Model Factories is ongoing. In addition, due to the transformation of KOSGEB Lean Transformation Support into a different support mechanism, the activities planned in the ERP 2024-2026 period could not be followed and it was decided not to include this indicator in the ERP 2025-2027 period. However, since the newly developed support program does not have a direct connection with Model Factories, it was deemed appropriate not to include the planning for these activities in ERP 2025-2027.

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs

The “Turkey Green Industry Project”, created to encourage sustainable growth and green transformation in Türkiye, was implemented with the support of the World Bank. With the 450 million USD budget project carried out by Ministry of Industry and Technology, TÜBİTAK, and KOSGEB, industry is preparing for the new competitive conditions brought by the EU green agreement. The activities of each project partner within the scope of the project, which is planned to last 6 years, are listed as follows:

- The Ministry of Industry and Technology, under the technical support component, carries out technical assistance and capacity building activities, primarily the preparation of green transformation roadmaps for industrial enterprises, with a budget of 25 million USD.
- With a budget of 250 million USD carried out by KOSGEB, activities carried out by SMEs in thematic areas such as renewable energy, resource efficiency, waste management, circular economy, and sustainability are supported. In this context, the

Green Industry Support Program launched on December 8, 2023, and the calls for “Supporting Solar Energy Investments of Industrial SMEs” and “Clean and Circular Economy in Industry” were opened.

- With a budget of 175 million USD within the scope of TÜBİTAK, all companies engaged in green innovation activities that include the development of new green technologies, products, or processes are supported. In this context, “1831 - Green Innovation Technology Mentorship Support”, “1832 - Green Transformation Support in Industry” and “1833 - SAYEM Green Transformation Support” were launched.

Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs

To ensure digital transformation in SMEs; it is important to analyze their current situation, determine their digital transformation needs, and prepare their own digital transformation roadmaps in line with these needs.

In the “2023 Industry and Technology Strategy” announced by the Ministry of Industry and Technology in 2019, it was also aimed to develop a digital transformation maturity assessment system in order to determine the digital transformation roadmap of enterprises, make comparisons according to the size of the enterprise, monitor the impact of the investments made and provide data for industrial policies, and to develop a Türkiye model that will determine the digital transformation maturity levels and roadmaps of enterprises and reveal the areas to be invested. In line with this goal, the D3A digital transformation assessment and roadmap tool, which includes a software-based algorithm and was created by TÜBİTAK TÜSSİDE with stakeholder institutions/organizations, was developed in order to standardize the digital maturity level of enterprises and develop a strategy regarding digitalization. A hybrid training program was also prepared to train Digital Transformation Consultants who will measure the digital maturity level of enterprises using D3A and create a roadmap in this context. 111 Digital Transformation Consultants who have completed their training and been certified have started to provide services.

In 2021, a cooperation protocol was signed between KOSGEB and TÜBİTAK TÜSSİDE covering the cooperation issues to be made for the establishment of the necessary mechanism for enterprises to provide digital transformation consultancy services in the most effective way. Within the framework of the protocol, digital transformation consultancy services received from Digital Transformation Consultants to small and medium-sized enterprises operating in the manufacturing sector were supported by KOSGEB with the Digital Transformation Consultancy Support included in the Enterprise Development Support Program, which was repealed on April 15, 2024. This support was later included in the YÖNDE - Guidance and Assessment Support Program, which was put into effect on August 1, 2024. Within the scope of the new support program, small and medium-sized enterprises operating in the manufacturing sector will receive; Digital transformation assessment analysis and roadmap service, Sustainability reporting service, Lean maturity assessment analysis (YODA) service will be provided with non-refundable support with an upper limit of 280,000 TL, and the support rate is 80 percent. With YÖNDE; The aim is to contribute to determining the current status of SMEs on priority issues, determining their problems and needs, creating the necessary strategies, developing their capacities in line with these strategies and meeting their needs.

The Memorandum of Understanding titled “Cooperation for Supporting SMEs within the Scope of Digital Transformation and Disaster Response Initiatives” was signed between KOSGEB and the European Bank for Reconstruction and Development (EBRD) on 2 August 2023. The aim of the said Memorandum of Understanding is to provide financing for the investments to be made by SMEs in the manufacturing sector for their digitalization. The SME Digital Transformation Support Program, which was launched in May 2024 in cooperation with KOSGEB, the European Bank for Reconstruction and Investment (EBRD), TÜBİTAK Türkiye Industrial Management and Administration Institute (TÜSSİDE) and contracted banks, focuses on contributing to the digitalization of small and medium-sized enterprises and increasing their productivity and competitive advantage. Within the scope of the program, SMEs are provided with financial support to improve, modernize and make their business processes more efficient in line with the solution suggestions included in the digital transformation/maturity assessment reports. Through stakeholder banks, businesses are provided with up to 20 million TL in loans for digitalization investments and a portion of the loan costs are supported by KOSGEB.

Within the scope of providing SMEs with access to financing for digitalization investments, the SME Digital Transformation Support Program was put into effect on 3 May 2024 in cooperation with the European Bank for Reconstruction and Development (EBRD), KOSGEB, TÜBİTAK TÜSSİDE and contracted banks in order to support digital transformation processes in order to improve and make SMEs' business processes more efficient, increase their competitiveness and increase their share in the economy in line with national and international goals. The program focuses on contributing to the digitalization of small and medium-sized enterprises and increasing their productivity and competitive advantage. Within the scope of the program, SMEs are provided with financial support to improve, modernize and make their business processes more efficient in line with the solution suggestions included in the digital transformation/maturity assessment reports. In the support program, the implementation of digitalization strategies in line with the approved DDX Digital Transformation Assessment Reports prepared by consultants certified/authorized by TÜBİTAK Türkiye Industry Management and Administration Institute (TÜSSİDE) has been prioritized, and the applications to be made with the approved SIRI digital maturity reports prepared by consultants certified/authorized by the Turkish Metal Industrialists' Union (MESS) Technology Center (MEXT) as well as the improvement works carried out in September 2024 have also been included in the scope of support. Within the scope of the SME Digital Transformation Support Program, it is anticipated that the support applications of 50 enterprises will be approved and their credit usage will begin.

Activity 4: Supporting the green transformation of Organized Industrial Zones

The 12th Development Plan of the Republic of Türkiye includes "designing green transformation projects for existing OIZs and Industrial Zones and promoting clean energy production and use by disseminating Green OIZs and Green Industrial Zones". The Organized Industrial Zones Law No. 4562 was amended on April 10, 2023, and the "Green OIZ definition" was added. On this occasion, the Ministry of Industry and Technology has allowed the carrying out of green OIZ projects that will ensure the integration of OIZs into the green economy. To support the development of Türkiye, important studies are carried out in both the public and

private sectors to turn concepts such as renewable energy, clean production, green infrastructure and resource efficiency into sustainable policies.

In this context, the Ministry of Industry and Technology carries out projects that contribute to the transformation of OIZs into "green/sustainable production areas" to use resources effectively and transform them into a greener and more competitive industrial structure. One of these projects is the World Bank-financed "Türkiye Organized Industrial Zone Project". A loan agreement with a budget of 250.3 Million Euros was signed with the World Bank. In this regard, subprojects deemed suitable for the project objectives are credited for 13 years with a 3-year grace period, with a 3 percent interest rate, if they are accepted into the investment program. Under the project, credit support is offered to 36 OIZs for 43 sub-projects. The project will be completed on December 31, 2026. The development goal of the project is to increase the efficiency, environmental sustainability and competitiveness of OIZs in Türkiye. Within the scope of the Green OIZ Project, supporting the infrastructure and suitable environment for the sustainability, competitiveness and efficiency of the OIZ and technical assistance, capacity development and project management activities will be carried out.

i. Activities planned in 2025:

Activity 1: Establishment of Model Factories (Competence and Digital Transformation Centers) to increase the productivity of SMEs and ensure their digital transformation"

- Establishing Model Factories in 4 new provinces (facility construction, machinery-equipment procurement, personnel employment, service procurement for training-consultancy); Establishing, developing, and strengthening the digital transformation infrastructures of Model Factories and carrying out studies to improve their institutional capacities.

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs

- It is anticipated that 250 businesses will be supported by KOSGEB, and 200 businesses will be supported within the scope of increasing the renewable energy capacities of Industrial SMEs. Support will be provided on a call basis.
- The Green Industry Project aims to carry out technical assistance and capacity-building activities for the Ministry of Industry and Technology and project partners, to carry out awareness-raising activities among organizations, companies, and individuals related to green transformation, and to increase the national visibility of green transformation efforts.
- Under the Türkiye Small Industrial Sites Reconstruction and Regional Economic Recovery Project, the Ministry of Industry and Technology will oversee the construction of workshops as part of the reconstruction of industrial sites. The allocation processes of the completed workshops to the beneficiaries will also be managed.

Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs

- It is expected that KOSGEB will determine the current status of approximately 200 manufacturing small and medium-sized enterprises regarding digital transformation

and create road maps. It is planned to implement this support openly and continuously. It is anticipated that loan interest/profit share support will be provided to 150 businesses within the scope of providing SMEs with access to finance for their digitalization investments.

Activity 4: Supporting the green transformation of Organized Industrial Zones

- Within the scope of the Türkiye OIZ Project, it is planned to complete the tenders for investments on Wastewater Treatment Facilities, Wastewater Reclamation and Reuse Facilities, Solar Energy Power Plants, Infrastructure, Environmental Laboratory, Integrated Communication and Security System, fiber optic, scada systems, led lightings, electric distribution systems.

ii. Activities planned in 2026:

Activity 1: Establishment of Model Factories (Competence and Digital Transformation Centers) to increase the productivity of SMEs and ensure their digital transformation"

- Establishing Model Factory in 1 new province (facility construction, machinery-equipment procurement, personnel employment, service procurement for training-consultancy); Establishing, developing and strengthening the digital transformation infrastructures of Model Factories and carrying out studies to improve their institutional capacities.

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs

- It is anticipated that 250 businesses will be supported by KOSGEB, and 200 businesses will be supported within the scope of increasing the renewable energy capacities of Industrial SMEs. Support will be provided on a call basis.
- The Green Industry Project aims to carry out technical assistance and capacity-building activities for the Ministry of Industry and Technology and project partners, to carry out awareness-raising activities among organizations, companies, and individuals related to green transformation, and to increase the national visibility of green transformation efforts.
- Under the Türkiye Small Industrial Sites Reconstruction and Regional Economic Recovery Project, the Ministry of Industry and Technology will oversee the construction of workshops as part of the reconstruction of industrial sites. The allocation processes of the completed workshops to the beneficiaries will also be managed.

Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs

- KOSGEB is expected to determine the current status of approximately 200 small and medium-sized manufacturing enterprises regarding digital transformation and create road maps. It is planned to implement this support openly and continuously. It is anticipated that loan interest/dividend support will be provided to 150 businesses within the scope of providing SMEs with access to finance for their digitalization investments.

Activity 4: Supporting the green transformation of Organized Industrial Zones

- Within the scope of the Green OIZs Project, it is planned to complete construction works in the following areas: wastewater treatment plants, wastewater recovery and reuse facilities, sludge drying plants, solar power plants (SPPs), LED lighting systems, infrastructure, environmental laboratories, integrated communication and security systems, electrical distribution systems, SCADA systems, and fiber optic infrastructure.

iii. Activities planned in 2027:

Activity 1: Establishment of Model Factories (Competence and Digital Transformation Centers) to increase the productivity of SMEs and ensure their digital transformation"

- Establishing, developing, and strengthening the digital transformation infrastructures of Model Factories and carrying out studies to improve their institutional capacities.

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs

- It is anticipated that 250 businesses will be supported by KOSGEB, and 200 businesses will be supported within the scope of increasing the renewable energy capacities of Industrial SMEs. Support will be provided on a call basis.
- The Green Industry Project aims to carry out technical assistance and capacity-building activities for the Ministry of Industry and Technology and project partners, to carry out awareness-raising activities among organizations, companies, and individuals related to green transformation, and to increase the national visibility of green transformation efforts.

Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs

- It is expected that the current status of approximately 250 manufacturing small and medium-sized enterprises regarding digital transformation will be determined and road maps will be created. It is planned to implement this support openly and continuously. It is envisaged to provide loan interest/dividend support to 200 businesses within the scope of providing SMEs with access to finance for their digitalization investments.

Activity 4: Supporting the green transformation of Organized Industrial Zones

- Within the scope of the Türkiye OIZ Project, it is planned to complete the construction works of all sub-projects whose tenders have been completed in 2026 and put them into operation.

2. Result Indicators:

Indicator	Current Situation	2024	2025	2026
<i>Activity 1: Establishment of Model Factories to increase the productivity of SMEs and ensure their digital transformation</i>				
Number of Capability and Digital Transformation Centers (Model Factory) in operation*	10	14	15	15

Number of businesses served by Capability and Digital Transformation Centers (Model Factory) that started operating**	519	550	600	650
<i>Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs</i>				
Decrease in Electricity Consumption per Production Unit by Beneficiary Companies (%)	0	10	10	10
Decrease in Water Consumption per Production Unit by Beneficiary Companies (%)	0	10	10	10
Decrease in Non-Circular Waste by Beneficiary Companies (%)	0	10	10	10
Annual Electricity Generated from Renewable Sources Used by Beneficiary Companies (MWh)	0	70	70	70
<i>Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs</i>				
Number of Businesses Where the Current State of Digital Transformation is Identified and a Roadmap is Prepared	35	1430	1560	1720
Number of Businesses Using Credit for Digitalization Investments	0	143	156	172
<i>Activity 4: Supporting the green transformation of Organized Industrial Zones</i>				
Energy savings from OIZ both basic and green infrastructure investments	2840.11	8,379	16,759	27,932.80
Water savings from OIZ green investments	0	1,988,400	3,976,800	6,628,000
Annual reduction in CO2 emissions due to supported investments	1802.05	5,530	11,060	18,434
Share of OIZs that attract new investments	0	9	18	30
Number of firms that benefit from OIZ basic and/or green infrastructure investments	2526 (achieved)	300	600	1000
Renewable energy generated due to OIZ green infrastructure investments	2457.44	9780	19560	32600
Proportion of private sector investments facilitated in OIZs as compared to disbursed loan for infrastructure development	0	2	2	3
The establishment of a database/system to track, collect and disaggregate gender related data	Yes (achieved)	Yes	Yes	Yes
Number of laws/standards/regulations or amendments to current regulations enacted in pursue to support Green OIZ development	1 (achieved)	1	1	1
Number of OIZs certified as Green OIZs	9	2	6	10

Number of firms reporting that they benefit from improved OIZ basic, green and competitiveness infrastructure investments	0	240	480	1000
Number of firms reporting that they understand the benefits of certified Green OIZs	0	139	420	700
Wastewater treated in new/upgraded facilities	0	8,760,000	17,520,000	29,200,000

* Since the model factories are significant investments, it is important to ensure that local stakeholders are fully involved in the process and that the infrastructure works are completed. Considering these issues, the result indicators stated in the previous ERP have been updated.

** Values are cumulative.

3. Expected impact on competitiveness:

Activity 1: Establishment of Model Factories to increase the productivity of SMEs and ensure their digital transformation: Increasing the awareness and competencies of SMEs on lean production and digital transformation, productivity, and competitiveness of SMEs.

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs

- Fulfilling carbon reduction targets and international commitments,
- Increasing the productivity and competitiveness of Turkish industry through resource efficiency, especially in the manufacturing sector, in climate adaptation and resilience, considering Türkiye's extreme vulnerability to climate change and natural disasters,
- Increasing new business opportunities and economic diversity by maintaining and expanding access to the EU and other international markets where Türkiye has great potential,
- Contributing to innovation,
- Reducing investment risk and financing costs by addressing information asymmetries,
- Ensuring economic resilience and long-term growth,
- Increasing awareness of SMEs about digital transformation,
- It is expected that the level of digitalization will increase thanks to the digital transformation investments of SMEs.
- In addition to direct financial support, the Turkish Green Industry Project will create the appropriate environment for the effective management of green investments or promote remedial and regulatory reforms (including the adoption of new green standards for industry). All of this will help support a greener economy, better jobs, more exports, and economic transformation and diversification.

4. Estimated cost of the activities and the source of financing:

2025: 6,712,766,020 TL (Central Budget + Project Loans)

Activity 1: Establishment of Model Factories to increase the productivity of SMEs and ensure their digital transformation 50,000,000 TL

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs
2,329,125,000 TL

Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs 28,600,000 TL

Activity 4: Supporting the green transformation of Organized Industrial Zones
4,305,041,020 TL

2026: 4,512,912,220 TL (Central Budget + Project Loans)

Activity 1: Establishment of Model Factories to increase the productivity of SMEs and ensure their digital transformation 60,000,000 TL

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs
1,898,125,000 TL

Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs 31,200,000 TL

Activity 4: Supporting the green transformation of Organized Industrial Zones
2,523,587,220 TL

2027: 3,250,939,000 TL (Central Budget + Project Loans)

Activity 1: Establishment of Model Factories to increase the productivity of SMEs and ensure their digital transformation 0 TL (Since the establishment of a new Model Factory is not planned, there is no determined budget for 2027.)

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs
2,019,959,000 TL

Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs 34,400,000 TL

Activity 4: Supporting the green transformation of Organized Industrial Zones
1,196,580,000 TL

5. Expected impact on social outcomes, such as employment, poverty reduction, gender equality and access to health care:

Activity 1: Establishment of Model Factories to increase the productivity of SMEs and ensure their digital transformation: Employment will increase due to the employment of the personnel required by the project in the Model Factories to be established and in the project partners. In addition, an increase in employment is expected in the manufacturing industry due to the increase in productivity in the medium and long term.

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs: With the Türkiye Green Industry Project, economic growth will be achieved and employment creation will be encouraged. In the project, Disadvantaged and Vulnerable Individuals or Groups were identified. The ability of these groups to benefit from the project will be ensured through promotional activities. It is not thought that these groups will be negatively affected by the project. (Disadvantaged groups are recognized as Businesses run by or owned by women, and Businesses managed by or owned by refugees/immigrants. Vulnerable groups are recognized as Young businesses: Businesses with less than 5 years of operation, and Businesses in underdeveloped regions: Businesses located outside the borders of metropolitan cities.)

Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs: It is expected that the activities to be carried out by KOSGEB will contribute to employment creation, but it is not foreseen that it will have a direct impact on disadvantaged groups.

6. Expected impact on environment and climate change:

Activity 1: Establishment of Model Factories to increase the productivity of SMEs and ensure their digital transformation: In Model Factories, with the lean and efficient production techniques learned in Model Factories, companies will make serious improvements in resource use and waste production. With the activities of the Model Factory, it will be possible to develop new technologies for sustainable production.

Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs & Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs:

- In the Green Industry Project, based on a circular economy, manufacturing industry companies will benefit from the power of renewable energy, apply energy-efficient technologies, and pave the way for a sustainable future. It is aimed to ensure that companies transition towards a sustainable and durable future with low carbon emissions.
- It will contribute to a good quality of life by reducing health risks arising from the negative environmental effects of traditional production.
- It will help preserve biological diversity and protect national resources by increasing usage efficiency.
- Investments financed by the project will create net employment as well as improve the quality of jobs, which will help eliminate poverty by promoting prosperity and social equality.
- It will motivate new foreign direct investment flows into the sector and promote an environmentally friendly business environment that uses resources efficiently.
- It is expected that digitalization of the manufacturing processes of small and medium-sized manufacturing enterprises will reduce carbon emissions and contribute to green growth.

Activity 4: Supporting the green transformation of Organized Industrial Zones

- In the Green OIZ Project, potential subprojects are expected to have positive environmental and social impacts. The Environmental Risk of the Project is rated as "Significant". On the other hand, the social impacts of the project are expected to be lower and therefore its social risk has been determined as "Medium". It is aimed to minimize or eliminate all environmental and social impacts that may arise during implementation with the environmental and social assessment tools to be prepared (ESIA: Environmental and Social Impact Assessment and ESMP: Environmental and Social Management Plan).

7. Potential Risks:

Risk	Probability	Planned mitigating action
<i>Activity 1: Establishment of Model Factories to increase the productivity of SMEs and ensure their digital transformation</i>		
Insufficient demand for training and consultancy services from businesses	Medium	Awareness raising activities for businesses will be organized.
Competence of the project partners in carrying out the activities and the negative effects of the periodic situations in the country on the budget and sustainability	Medium	The Project is strengthened due to its multi-structure involving public and private sectors, international organizations and universities in terms of capability and risk management.
<i>Activity 2: Ensuring the Effective Green Transformation of Industrial SMEs & Activity 3: Ensuring the Digital Transformation of Manufacturing SMEs</i>		
Environmental and social impacts that may arise from activities planned to ensure the green and digital transformation of SMEs	Medium	Taking protective measures by evaluating environmental and social impacts
<i>Activity 4: Supporting the green transformation of Organized Industrial Zones</i>		
Environmental and social impacts that may occur during the implementation of sub-projects to be carried out under the Green OIZ Project	Medium	During project implementation, minimizing or eliminating risks/impacts with the environmental and social assessment tools to be prepared (ESIA: Environmental and Social Impact Assessment and ESMP: Environmental and Social Management Plan).

Table 10a: Cost of Structural Reform Measure (TL)

Year	Salaries	Goods and Services	Subsidies and Transfers	Capital Expenditures	Total
<i>"Supporting the modernization of SMEs and increasing their efficiency and competitiveness through digital transformation and green transformation in the manufacturing industry"</i>					
2025			6,712,766,020		6,712,766,020
2026			4,512,912,220		4,512,912,220
2027			3,250,939,000		3,250,939,000

Table 10b: Financing of Structural Reform Measure (TL)

Year	Central Budget	Local Budget	Other National Public Finance	IPA Funds	Other Grants	Project Loans	TBD	Total
<i>"Supporting the modernization of SMEs and increasing their efficiency and competitiveness through digital transformation and green transformation in the manufacturing industry"</i>								
2025	78,600,000					6,634,166,020		6,712,766,020
2026	91,200,000					4,421,712,220		4,512,912,220
2027	34,400,000					3,216,539,000		3,250,939,000

Table 11: Reporting of the Structural Reform Measure in the ERP (2024-2026)

Year	ERP (2024-2026) Measure No: 1 'Supporting the modernization of SMEs and increasing their efficiency and competitiveness through digital transformation and green transformation in the manufacturing industry'	Evaluation of the Implementation Status of the Reform (1-5) *
	<p>Activity 1</p> <ul style="list-style-type: none"> - Continuing the activities to establish Model Factories in 4 provinces - Supporting 75 enterprises within the scope of KOSGEB Lean Transformation Support 	
Activities Planned for 2025	<p>Activity 2</p> <ul style="list-style-type: none"> - It is anticipated that 250 businesses will be supported by KOSGEB, and 200 businesses will be supported within the scope of increasing the renewable energy capacities of Industrial SMEs. - Under the Turkey Green Industry Project, it is aimed to carry out technical assistance and capacity building activities for the Ministry of Industry and Technology and project partners, to carry out awareness raising activities among organizations, companies and individuals related to green transformation, and to increase the national visibility of green transformation efforts. 	4
	<p>Activity 3</p> <ul style="list-style-type: none"> - It is expected that KOSGEB will determine the current status of approximately 200 manufacturing small and medium-sized enterprises regarding digital transformation and create road maps. It is planned to implement this support openly and continuously. It is anticipated that loan interest/profit share support will be provided to 150 businesses within the scope of providing SMEs with access to finance for their digitalization investments. 	* Activity 1: 3 * Activity 2: 4 * Activity 3: 5 * Activity 4: 5 * Cumulative: 4
	<p>Activity 4</p> <ul style="list-style-type: none"> - Within the scope of the Green OIZ Project, it is planned to complete the tenders for Solar Energy Power Plants, Infrastructure, Wastewater Treatment Facilities, LED lighting, and Digital Transformation Center. 	
Information on the status of the implementation, if the implementation is incomplete or there is no improvement	<p>Activity 1</p> <ul style="list-style-type: none"> - In the previous ERP, two of the 4 new Model Factories planned for 2024 have started operations, and since the installation works of two of them are still ongoing, it seems likely that there will be a delay in the planned start-up period. <p>To date, Learn- Transform services have been provided to more than 500 companies, Experiential Training services have been provided to more than 650 companies, Project Implementation services have been provided to more than 170 companies, and Awareness Trainings have been provided to more than 2300 companies in 10 Model Factories in operation. Considering these numbers, it can be said that the number of enterprises receiving services from the Model Factories determined in the previous ERP has been realised.</p> <p>Due to the transformation of the KOSGEB Lean Transformation Support into a different support mechanism, the activities planned in the ERP 2024-2026 period could not be followed and it was decided not to include this indicator in the ERP 2025-2027 period. However, since the newly developed support programme does not have a direct connection with Model Factories, it was deemed appropriate not to include the planning</p>	

	for these activities in ERP 2025-2027.
	<p>Activity 2</p> <p>-Within the scope of ensuring energy and resource efficiency of SMEs in the industry, the projects of 390 enterprises and within the scope of increasing the renewable energy capacities of SMEs in the industry, the projects of 698 enterprises have been accepted and it is planned to make a total support payment of 4,744 million TL to these enterprises. This support continues on a call basis.</p> <p>- Under Turkiye Green Industry Project;</p> <p>“ISO 14064 Corporate Carbon Footprint Calculation, ISO 14067 Product Carbon Footprint Calculation, ISO 14046 Water Footprint Calculation, ISO/IEC 17029: 2020 General Principles and Requirements for Conformity Assessment, Verification and Validation Bodies Trainings Service Procurement” was carried out. The first face-to-face training program was held in 2024.</p> <p>In order to prepare the green transformation roadmaps of 100 enterprises that will apply to the Green Transformation Support Program carried out by the Ministry, a tender for “<i>Consultancy Service Procurement for the Preparation of Roadmaps for the Green Transformation Support Program and Raising Awareness</i>” was opened and the evaluation processes of the applications received are ongoing</p> <p>Within the scope of efforts to improve the technical and institutional capacity of the Ministry's Central Units and Affiliated and Related Organizations regarding green transformation and to raise awareness in these areas; in order to follow the latest developments on net zero emission technologies, to increase competence in this field and to guide sectors with the information to be obtained, “<i>Net Zero Emission: Technologies to Accelerate Transformation in Industry</i>” online information meetings are planned to be organized. These meetings were started on November 15, 2024, and will continue with two technology presentations to be held every two weeks until March 7, 2025.</p> <p>At the third meeting of the “<i>Sustainability of Industry Governance Board</i>” established within the Ministry held on 4 September 2024, it was decided to “visit the legal entities of Organized Industrial Zones (OIZs) and the companies located in OIZs”. Accordingly, it was planned to visit the OIZs in Ankara and the companies located in these OIZs between October 3, 2024 and November 28, 2024. In this context, “<i>Within the Scope of Turkey Green Industry Project; OIZ and Company Visits Program with a Focus on Sustainability and Green Transformation</i>” has been created. Visits to Başkent, ASO 1, ASO 2-3 OIZ and OSTİM OIZ were completed within this scope.</p>
	<p>Activity 3</p> <p>Digital Transformation Consultancy Support has been included in the YÖNDE - Guidance and Evaluation Support Program, which was launched on August 1, 2024. So far, 550,000 TL worth of Digital Transformation Consultancy Support has been provided to 52 businesses.</p>
	<p>Activity 4</p> <p>Within the Green OIZs Project, two sub-projects were completed and put into service in 2024. Construction work contracts for 6 sub-projects were signed. Within the project, 363,547,819.54 TL (as of 20.12.2024) was spent in 2023-2024.</p>

*: 0 = no application, 1 = application preparation stage, 2 = first steps taken, 3 = implementation continues with some leading results, 4 = implementation progress, 5 = full implementation

Annex 2 Table: Links between Reform Areas and Relevant Policy Documents

Reform Measures ERP 2025-2027	Commission Assessment of Key Structural Challenges in ERP (2024-2026)	ERP Policy Guidance 2023	Enlargement Package 2024	Sustainable Developments Goals 2020-2030	European Green Deal	European Digital Agenda	IPA III projects supporting this reform
Supporting the modernization of SMEs and increasing their efficiency and competitiveness through digital transformation and green transformation in the manufacturing industry	Measure 1	<p>Article 5 proposes to adopt a Climate Law focusing on climate management, fair transition and the establishment of an Emissions Trading System (ETS) align with the EU. Therefore, the new measure is in line with the climate law framework.</p> <p>Article 6 proposes to continue increasing adult participation in lifelong learning in developing a workforce suitable for green and digital transformation. This proposal is in line with the new measure.</p>	<p>The activities and projects within the scope of this measure on Green Transformation, Clean Energy, and Digitalization mentioned in the Enlargement Package will contribute to the development and modernization of SMEs in Türkiye.</p>	<p>6. Clean water and sanitation</p> <p>8. Decent Work and Economic Growth</p> <p>9. Industry, Innovation and Infrastructure</p> <p>10. Reduced Inequalities</p> <p>12. Responsible Consumption and Production</p> <p>13. Climate Action</p> <p>17. Partnership for Goals</p>	<p>2. Model Factories contribute to digitalization, green and circular economy, and sustainable production policies.</p> <p>Objective 2.1: Designing a set of transformative policies</p> <p>Objective 2.1.2: Goal to provide clean, affordable, and secure energy</p> <p>Objective 2.1.3: Goal to drive industry for a clean and circular economy</p>	<p>Model Factories and Digitalization Support programs to increase capacity contribute to digitalization and innovation policies in the industry.</p> <p>In addition, Türkiye's participation in the Digital Europe Program and the IPA III Projects supporting the Reform Measure are in line with the European Digital Agenda.</p>	Eighteen IPA III projects are supporting green and digital transformation.

Tourism

The tourism sector is one of Türkiye's globally competitive sectors and accounts for a significant share of Türkiye's services exports. However, this sector stands out with its dependence on seasonality, complex structure that brings together different sectors, interdependence, labor-intensive structure and vulnerability to various external factors. Especially unexpected situations such as pandemics, economic crises and natural disasters can deeply affect the tourism sector.

Since 2019, tourism sector has been greatly affected by global crises such as the pandemic and the events in the Black Sea region, but Türkiye has undertaken significant efforts to minimize the impact on the sector. The results of these efforts can be observed in monthly and year-end tourism statistics.

While the total number of visitors to Türkiye was 51.7 million in 2019, the number of visitors declined to 16 million and 30 million in 2020 and 2021, respectively, due to border closures and travel restrictions during the pandemic period. In 2022, despite the negative developments in the Black Sea region, our intensive promotional activities did not lead to a decline in the targets and the total number of visitors to our country reached 51.4 million, almost reaching the pre-pandemic level. Although 2023 started very well in terms of tourism, in February, Türkiye experienced a major earthquake disaster that affected many provinces of Türkiye and the number of visitors from some countries was negatively affected. In line with our effective strategies, this negative situation was overcome and the total number of visitors reached 56.7 million by the end of 2023, exceeding the pre-pandemic level. As of October 2024, the number of visitors exceeded 54 million in line with our tourism targets.

On the other hand, the tourism sector is a highly vulnerable sector, but it continues to exist as a sector where consumer demands change rapidly, is open to innovations and changes, constantly evolving and highly competitive.

In addition to their direct negative effects, crises have significantly affected the tourism sector with the changes they have created in consumer behavior, and the rapid change in demand has made effective digital and sustainable transformation critical for the continuity of tourism activities and the competitiveness of tourism.

b) Reform measures

Measure 2: "Promoting Sustainable Tourism and Branding"

1. Description of measure: As the tourism sector is very sensitive to global developments and crises, it is critical to ensure its continuity and resilience, as it plays an important role in the development of country, and to ensure its competitive position in the world. In this context, this measure includes sustainability-oriented promotion and marketing strategies that aim to protect Türkiye's existing tourism capacity, its unique historical, cultural and natural values, and to increase its brand value to reach target audiences in different market countries.

In line with the objectives of the Twelfth Development Plan, the priorities are to adopt a holistic approach in destination management planning by considering sensitivity to environmental and cultural values, protection-utilization balance and carrying capacity;

harmonize international criteria for sustainable tourism within the framework of national and local needs; increase the participation of local people in sustainability in tourism; develop cooperation and good practices in sustainability; determine measurement tools to generate data on sustainability in tourism and creating platforms for data distribution; increase the adaptation capacity of the sector against the dangers and risks arising from climate change and reduce its impact to climate change; ensure sustainability in product diversity and establish decision mechanisms; harmonize vocational training with sectoral requirements, sustainability principles and the conditions of the age; ensure the relationship and harmony of plan objectives, goals and policies with sustainable development aims and align tourism policies with sustainable development scopes.

In order to implement this measure, the development of branded tourism products that will appeal to various consumer preferences that are evolving and changing with a focus on sustainability, effective digital promotion (social media, travel media, etc.) suitable for the target audience, as well as traditional promotion activities are being carried out.

By deploying strategies that are put into an action by economic resilience and flexibility, has focused on different markets and strengthened its portfolio with a variety of tourism products. In addition to mass tourism products focused on sea, sand and sun, different tourism products with a focus on sustainability are highlighted in promoted campaigns and diversity in tourism products is emphasized. In this way, it is aimed to contribute to increasing the resilience and sustainability of tourism by extending the tourism season to 12 months and across the country.

The Safe Tourism Program, which was launched in June 2020 with the pandemic process, has ensured that tourism enterprises provide reliable services, and as of 2023, more than 12,000 facilities and vehicles have been audited by international audit firms authorized by the Tourism and Development Agency (TGA) within the scope of the program and have been awarded certificates. Due to the easing of Covid-19 measures across the country, the Safe Tourism Program became voluntary as of May 2023, and the criteria of the program were revised as general hygiene standards. These standards are ready to respond quickly to the needs of the industry in possible crisis situations such as Covid-19.

During the 2020-2021 pandemic period, "Safe Tourism" and "Safe in Istanbul" campaigns were launched with a focus on health and hygiene service approach in order to increase the market share and brand value of country and to instill a sense of trust in the sustainability of tourism activities, and various promotional activities, especially on digital platforms, were carried out in this context.

In addition to Istanbul is the New Cool, Turkegian, Turkish Riviera regions, which were branded in 2021-2022 and continued to be communicated in 2023, promotional and branding activities were carried out globally on the themes of Anatolian Culture Routes, Cycling, and Sustainability in 2023 in Cappadocia, the region that will be a "branded destination" in the world, and in the Black Sea Region.

In 2023-2024, the global communication campaign for the "Sustainable Türkiye" brand was successfully conducted, highlighting Türkiye's achievements in sustainable tourism

worldwide. Additionally, to further develop the branding of gastronomy tourism, “Deliciously Türkiye” brand was launched. The “Eastern Anatolia” brand was also established, incorporating Eastern and Southeastern regions of among the “branded destinations.”

As of 2024, insight-driven content directly appealing to target countries and audiences has been rolled out as part of the brand communication efforts of Türkiye as a prime tourism destination. For example, to resonate with the established perception of “Türkiye is romantic” in China, the “Romantic Türkiye” campaign was launched. In the Gulf countries, where Turkish TV series enjoy widespread popularity, the “Türkiye Awaits You” campaign was introduced, featuring famous actor Burak Özçivit. To attract cultural tourists by showcasing Türkiye’s rich archaeological heritage, the “Cultural Journeys - Heritage for the Future” campaign was launched, further highlighting our efforts in cultural sustainability. Additionally, the “How to be Cool in Istanbul” campaign, designed to highlight the most sought-after experiences and personalize visitor experiences in Istanbul, continues to be promoted globally.

In addition to all these, in order to take into consideration Turkey's high potential in the field of Sustainable Gastronomy, the "Deliciously Sustainable" series, in which Michelin Green Star chefs explain how they continue the theme of sustainability in gastronomy, was published in December 2024.

Within the scope of updating the Safe Tourism Certification Program in line with new needs and demands, it is planned to transform the Safe and Sustainable tourism concept into an international program. Adopting the principle of sustainability in tourism planning, Türkiye has increased its efforts in this field with the cooperation agreement signed with the Global Sustainable Tourism Council (GSTC) in 2022 and launched the "Türkiye Sustainable Tourism Program" by signing a 3-year cooperation agreement with the GSTC to develop a national Sustainable Tourism Program with international standards. Türkiye has taken a pioneering step in sustainability on a global scale by becoming the first country to reach a government-level agreement with the GSTC.

Under the program, the Türkiye Sustainable Tourism Criteria (TR-I) for accommodation facilities were established and officially declared "Recognized" according to GSTC standards in 2022. The program includes accommodation facilities, tour operators and destinations within its broad scope. The criteria contribute to the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs).

The program is designed to be implemented in three phases: Stage 1 Verification, Stage 2 Verification and Stage 3 Certification. Accommodation facilities that comply with the 14 criteria set for Stage 1 receive the Stage 1 Verification (30 percent compliance). Facilities that comply with the 14 Stage 1 criteria along with the 15 additional criteria for Stage 2, totaling 29 criteria, receive the Stage 2 Verification (70 percent compliance). Facilities meeting all 42 criteria are obtained the Level 3 Certificate (100 percent compliance) and qualify for the Sustainable Tourism Certification.

On November 15, 2022, Circular No. 2022/2 was published, making it mandatory for accommodation facilities to obtain at least Stage 1 Verification in the Sustainable Tourism Program until December 31, 2023. This regulation represents an exemplary legal arrangement

for the world. It also contributes to supporting the United Nations Sustainable Development Goals, ensuring compliance with legal regulations and commitments such as the Paris Climate Agreement, and protecting Türkiye's competitiveness in the tourism sector.

With the circular dated 25 July 2024 and numbered 2024/5; it is obligatory for all accommodation facilities, except for the facilities that already have a Stage 3 Certificate, to obtain a Türkiye Sustainable Tourism Programme Stage 2 Verification until the end of 2025.

By the end of 2023, 10,558 facilities were verified or certified, including 9801 facilities with Stage 1 Verification, 1 facility with Stage 2 Verification and 756 facilities with Stage 3 Certification. The second phase will be completed by the end of 2025, with the aim of meeting all international standards by 2030. As of November 11 2024, 1.318 accommodation facilities have received a Stage 3 Certificate, 13 accommodation facilities have received a Stage 2 Verification and 17,679 accommodation facilities have received a Stage 1 Verification. In total; 19,010 accommodation facilities have been registered as sustainable verified/certified.

With the support of the Türkiye Tourism Promotion and Development Agency (TGA), The Global Sustainable Tourism Council (GSTC) is further developing with a new standard for tourism food service providers. In addition, it is planned to launch a Pilot Certification Program for the Turkish Food and Beverage sector. This program will be implemented as a module of the Türkiye Sustainable Tourism Program with the criteria and revised indicators in the GSTC Industry Criteria to assess the feasibility of restaurant certification.

In order to ensure the sustainable development of the tourism sector in country, primarily in line with the aim of determining the effects of climate change on the tourism sector, taking sectoral measures against these effects and increasing the adaptation capacity to climate change, as well as determining the principles for reducing the greenhouse gas emissions and climate change effects resulting from tourism activities and facilities in 2021;

- “Report on Determining the Conceptual Framework of Climate Change and Tourism Relations on a National Scale”,
- “Report on Determination of Spatial Planning Principles Compatible with Climate Change in Tourism Areas” were prepared and completed in 2022.

Within the scope of mitigating the impacts of climate change on the tourism sector and increasing the adaptation capacity of the sector, Vulnerability and Risk Analysis studies are going on Çanakkale, Mersin and Kayseri provinces in 2024. This study is planned to be completed in December 2024. Tourism Climate Adaptation Assessment Report was completed in August. With these studies, it is aimed to reveal the mutual effects of climate change and tourism, which are increasingly felt today, and to obtain measures and action plans that can be taken to reduce these effects. In the following period, it is aimed to produce risk maps in the pilot regions to be selected, to carry out spatial planning studies compatible with climate change and to prepare a climate adaptation guide.

The Ministry of Culture and Tourism plans the necessary work to protect and increase the number of Blue Flags, which is one of the most important and effective issues in terms of the sustainability of sea, sand and sun themed tourism in coastal areas, and intervenes when necessary, by taking strict measures against possible problems.

In line with the Sustainable Development Goals, in order to realize the principles of sustainability at the destination, projects are planned and pilots are implemented to protect cultural and natural values, ensure energy efficiency, implement renewable energy applications, separate waste, expand tourism to four seasons, bring technology and art together, and increase the welfare of the people of the region. In addition, different pollution prevention projects are implemented regionally with the awareness of environmental protection.

A "Bicycle Friendly Hotel" concept will be implemented for bicycle tourism, which protects the nature by enabling emission-free travel and at the same time makes it possible to visit the environment in harmony with nature. It is aimed to increase the number of facilities included in the concept every year.

In line with the expectations and demands of consumers in terms of cultural sustainability, the region that encompasses many excavation sites in Şanlıurfa such as Göbeklitepe and Karahantepe, one of the most important archeological sites in the world, was branded as "Taş Tepeler - Land of Great Transformation" to raise awareness and emphasize the importance of the region. In 2023, "Taş Tepeler" brand was deemed worthy of an award among Türkiye's Superbrands (Superbrands Türkiye).

The pandemic process has once again revealed the importance of digitalization and information technologies, especially in tourism, and made it one of the indispensable elements for the sustainability of tourism. Within the scope of the goal of increasing market diversity, cooperation with global channels, which started in 2022, continues in 2024 and our commercials are broadcast in over 200 countries on CNN, BBC, Bloomberg, Euronews, and Al Jazeera channels. In addition to our commercials, TV and digital documentaries, articles, social media content, and banner displays continue on their TV and digital platforms.

In addition, in 2020, there was a need to create a "sustainability inventory" in Turkish tourism, which could serve as a basis for sustainability studies by TGA, and the Sustainability Atlas of Türkiye was prepared by Cappadocia University (KUN). Within the scope of this inventory, the Sustainability GoTürkiye (<https://sustainable.goturkiye.com/>) microsite was created under GoTürkiye, Türkiye's official tourism platform, and launched in September 2021. In 2024, more than 50 sustainable tourism experiences in 7 regions and 81 provinces under the GoTürkiye portal are promoted in 10 different languages with a focus on sustainability.

In order to increase the number of visitors to the country and to create alternative markets, it has been determined as a priority to carry out promotional and marketing activities in main market countries such as Germany, Russia and the UK, as well as Scandinavian countries, whose tourism expenditures are increasing day by day and attract attention with their sustainable tourism-oriented demands, and emerging market countries such as South American countries, Gulf countries, South Korea and India. Border and flight situations caused by the global pandemic are regularly monitored for our main markets and emerging markets, and communication activities are focused on our main markets. In promotional activities for our main and emerging markets, target audience-oriented promotional strategies are developed; in addition to digital promotional campaigns, press members, influencers, opinion leaders and tour operators from target countries are hosted, and special events and activities are organized. Social media accounts for 81 provinces were opened to promote each region of Türkiye.

Product and destination promotions are carried out in the provinces, taking into account the guidance of the Provincial Promotion and Development Boards established to spread tourism to all 81 provinces of Türkiye and to carry out tourism sustainability activities in destinations. With the development of Turkish tourism and raising awareness in overseas markets, joint advertising activities are carried out with local tour operators and airline companies in many countries, where the advantage of quickly directing to hot sales is used, and these plans are developed according to the reports received at the end of the campaign.

GoTürkiye Destination Promotion Events are organized to support Türkiye's promotion by bringing together Turkish travel agencies and hotels with companies in target markets. These events provide opportunities for collaboration while highlighting potential destinations.

The online training platform "All in Türkiye" was designed for international travel agencies, tour operators, and industry professionals, offer tourism professionals the most up-to-date and relevant information on Türkiye's destinations and tourism experiences, allowing them to promote Türkiye successfully and effectively. Participants who satisfactorily complete the courses that are offered on the platform are granted the "Türkiye Tourism Specialist" certificate. Currently available in 12 languages, the platform plans to introduce additional language options by 2025.

In 2024, in line with the goal of expanding global networks, establishing and maintaining international collaborations, and implementing mutually beneficial projects through active communication with other members, Türkiye has become a member of 30 international associations such as including the World Travel & Tourism Council (WTTC), European Travel Commission (ETC), UN Tourism, and the Global Sustainable Tourism Council (GSTC).

In the fields of cultural routes, Ministry of Culture and Tourism has been a member of the The Enlarged Partial Agreement on Cultural Routes of the Council of Europe (EPA) since 2018. Directorate General of Promotion and TGA actively work on the Cultural Routes of the Council of Europe programme. In May 2024, representative of the Ministry of Culture and Tourism was elected as the Chairman of Governing Board of the Cultural Routes of CoE. The Cultural Routes Annual Advisory Forum with a expected participants of 400-500 people will bring together various actors in the culture and tourism sector and it will be hosted by Türkiye in Cappadocia in 2025. There are currently 48 cultural routes certified by Council of Europe. Türkiye is included in 11 of these routes.

By the end of 2024, participation will have been ensured with a Türkiye pavilion in a total of 33 international tourism trade fairs, including 27 fairs in 24 countries abroad and 6 fairs domestically. Together with 437 tourism sector professional organizations participating in major fairs abroad, Türkiye's tourism promotion is being carried out effectively.

In order to strengthen the promotion of Türkiye both domestically and internationally, various activities have been hosted, supported, and participated in within the field of congress tourism. Comprehensive initiatives such as fairs, fam trip organizations, digital and print publications, and international events have been carried out. These efforts have been conducted with the aim of diversifying tourism and enhancing Türkiye's promotion on the global stage.

Under the MEET Türkiye brand strategy, lobbying activities at international congress tourism events and fairs (IMEX Frankfurt, IMEX Las Vegas, IBTM Barcelona) have effectively promoted Türkiye's destinations and tourism offerings. Collaborating with international industry leaders and organizers, the goal is to position Türkiye as an attractive congress destination.

According to the 2023 global congress rankings of countries and cities released by ICCA – the International Congress and Convention Association, for which Türkiye has been a destination partner since 2022, Türkiye maintained its position in the world and European rankings compared to 2022. Meanwhile, Istanbul showed an upward trend in both world and European rankings. Globally, 9,042 congresses were held in 2022, increasing to 10,197 in 2023, although this figure has not yet reached the 2019 level of 13,254. Compared to 2022 congress numbers, Türkiye hosted 119 congresses in 2023, reflecting a 45 percent increase, while Istanbul hosted 72 congresses, marking a 24 percent increase.

In 2022, advertising agreements were established globally with the most recognized OTAs (Online Travel Agencies), metasearch platforms, Price Comparison Websites (PCWs), and GDS (Global Distribution System) digital travel channels. Budget allocation was planned based on the strengths of these companies in specific countries and regions, taking into account target countries and tourism goals. In 2024, additional agreements were made with digital travel channels. For the first time, agreements were signed in the APAC region, alongside existing collaborations in Europe, the Americas, Scandinavia, and the Gulf regions. As a result, by 2024, promotional campaigns were conducted across 15 platforms in 30 countries.

To promote Turkey globally, collaborative advertising partnerships are being implemented with tour operators to increase awareness of Turkey as a destination and highlight its diverse tourism offerings. As part of this effort, 182 campaigns were carried out in collaboration with 95 tour operators across 39 countries by 2024. Since 2019, Ministry of Culture and Tourism initiated a study to improve Türkiye's current position and data sources in the Travel and Tourism Development Index published by the World Economic Forum (WEF). In this process, the necessary corrections to the index methodology and data sources were made in consultation with relevant non-governmental organizations and ministries. In the first version of this index prepared with 2019 data, Türkiye's ranking was 49, while in the version prepared with 2024 data, Türkiye's ranking increased to 29.

In order to ensure unity of standards by registering and controlling rental houses for tourism purposes, which is one of the important elements of accommodation activities, and to prevent unregistered tourism activities the Law No. 7464 on the Leasing of Houses for Tourism Purposes and Amendments to Certain Laws and the Regulation on the Regulation of Activities for Rental Houses for Tourism Purposes entered into force on January 1, 2024. The Law and the related sub-legislation made it compulsory to have a licence from the Ministry of Culture and Tourism for rental activities for less than 100 days and the criteria for having a licence were determined.

These legal arrangements were made in order to regulate the unregistered tourism activities by renting out residences for short periods of time, which have been frequently occurring in our country in recent years, and to ensure that the inventory of residences is kept

and the income generated is recorded, and that the persons who will stay in the residences are regularly notified in accordance with the Law on Identity Notification, thus a reliable investment environment was created for all stakeholders serving in the tourism sector.

On-the-Job Training Courses (Front Office, Housekeeping, Food and Beverage Service, Food Production, Training of Managers as Trainers Program, Home Boarding Training Course) and Personal Development Seminars are carried out in order to improve the professional knowledge and skills of the personnel working in accommodation and food and beverage establishments in the tourism sector and to boost service quality. 1316 sector employees participated in a total of 61 on-the-job training courses organized as of November 2024.

As part of gastronomic tourism promotion activities and the destination partnership agreement with the international restaurant rating system, the Michelin Guide, the Michelin Guide 2025 selection for İstanbul, İzmir and Muğla was announced at a ceremony held on December 5, 2024. This year's selection has been enriched with 32 new venues, bringing the total number of recommended establishments in Turkey to 132, distributed as 77 in İstanbul, 24 in İzmir, and 31 in Muğla. The MICHELIN Guide 2025 selection for İstanbul, İzmir, and Muğla is as follows:

- 1 Two-MICHELIN-Starred restaurant
- 13 One-MICHELIN-Starred restaurants (including 2 newly added restaurants)
- 27 Bib Gourmand restaurants (including 8 newly added and 1 promoted)
- 91 recommended restaurants (including 22 newly added)
- 10 MICHELIN Green Star restaurants (6 new additions) – awarded for sustainable gastronomy

i. Activities planned in 2025:

Activities Planned by the Ministry of Culture and Tourism under the responsibility of the Directorate General for Türkiye Tourism Promotion and Development Agency

Activities Related to Sustainable Tourism Program

- All accommodation facilities will be required to obtain at least the Stage 2 Verification of the Türkiye Sustainable Tourism Program by the end of 2025 and efforts will be made to increase the number of facilities achieving the Stage 3 Certificate through training and promotional activities.
- As a module of the Türkiye Sustainable Tourism Program, expert teams and technical support will be provided to the GSTC for the development of international restaurant standards to position the food and beverage sector internationally.
- To design and implement certification processes for the food and beverage sector as part of the Türkiye Sustainable Tourism Program, consultancy support will be utilized. Operational processes will include training, capacity building, software and digital product development, legal consultancy, call and operations center services, collaboration, and promotional activities.
- To expand the scope of the Türkiye Sustainable Tourism Program, activities in categories such as destinations, tour operators, travel agencies, and MICE will be conducted with consultancy support. Operational processes will be facilitated

through training, software and digital product development, capacity building, legal consultancy, call and operations center services, collaboration, and promotional activities.

- To enhance Türkiye's ranking in international sustainability competitiveness indices, collaborative and academic studies will be carried out with relevant institutions and stakeholders.
- To promote sustainability labels and certifications, certification and promotional activities will be implemented for sustainable museums and cultural centers.

Activities Related to Promotion

- In line with Türkiye's sustainable tourism vision to expand tourism in Türkiye to 12 months and 81 provinces, Türkiye's promotions on TV, digital and printed media as well as hosting press members, digital content producers, opinion leaders and tour operators from target countries will be organised to strengthen the perception that Türkiye has alternative and especially sustainable tourism products other than sea-sand-sun tourism and to ensure branding in this context.
- Within the framework of agreements with global channels, it is planned to continue the number of spots at least 5,000, digital screenings at least 15,000,000 and TV/digital promotional films at least 4 throughout the year. Additionally, in print media, planning will focus on the markets to be determined in the international arena, selecting the most prestigious and high-circulation outlets with a frequency of at least 3 placements.
- Within the scope of sustainable tourism communications, digital broadcasts are planned in 15 countries with the Türkiye Sustainable Tourism Program film communication.
- Increasing demand and raising awareness for Türkiye by establishing sustainable collaborations with airlines operating flights to Türkiye, tour operators and Online Travel Agencies's (OTA) selling Türkiye and Mediterranean destinations.
- Promoting Türkiye effectively in China through agreements with leading companies in China after the opening of China for tourism.
- Continuing to diversify Türkiye's tourism branding strategies to include new destinations, tourism products and themes in line with sustainability principles; raising awareness on different tourism products that can be experienced across Türkiye throughout all four seasons; promoting new branded destinations under Türkiye's umbrella brand communication by implementing thematic brand communication strategies for gastronomy, Eastern and Southeastern Anatolia, sports, health and faith tourism,
- Creating promotional materials specific to the needs of the provinces and continuing their work on behalf of sustainable tourism. Domestic Tourism activities should also be actively continued in 81 cities 42 projects with 150 local influencers this process,
- To promote Türkiye internationally, campaign collaborations have been planned with globally recognized Online Travel Agencies (OTAs) and tour operators. These

initiatives aim to enhance awareness of Türkiye as a destination and showcase its diverse tourism offerings.

Activities Related to Product and Destination Development

- Total of 243 Provincial Promotion and Development Board meetings will be held in 81 cities.
- In order to develop gastronomy tourism, which is one of the cornerstones of sustainability in tourism and one of the leading alternative tourism products, within the scope of the Turkish Cuisine Week, a special menu consisting of healthy, traditional and waste-free Turkish Cuisine flavours will be introduced in world cuisines in the events to be held in the third week of May every year and promotional activities will be carried out to increase the number of destinations included in the Michelin Guide Türkiye selection,
- The village of Birgi, located in the Ödemiş district of İzmir, will be a pilot destination for the creation of a "Sustainable Green Destination Model" in collaboration with the United Nations Development Programme (UNDP), Enerjisa and Ministry of Culture and Tourism (Türkiye Tourism Promotion and Development Agency (TGA) and General Directorate of Investments and Establishments). It will be transformed into a Sustainable Energy-Based Tourism Application Center (SENTRUM) project to promote sustainable tourism and support local economic development.

Activities Planned by the Ministry of Culture and Tourism under the responsibility of the Directorate General for Investments and Establishments

- Providing vocational training to approximately 4,100 people in 2025 within the scope of Vocational On-the-Job Training Programs organized by the Ministry of Culture and Tourism, if requested by tourism facilities.
- Ministry of Culture and Tourism' efforts will continue to increase the number of Blue Flag facilities and aim to increase the number of Blue Flag beaches to over 639 by the end of year 2027.
- The village of Birgi, located in the Ödemiş district of İzmir, will be a pilot destination for the creation of a "Sustainable Green Destination Model" in collaboration with the United Nations Development Programme (UNDP), Enerjisa, Ministry of Culture and Tourism (Türkiye Tourism Promotion and Development Agency (TGA) and General Directorate of Investments and Establishments).It will be transformed into a Sustainable Energy-Based Tourism Application Center (SENTRUM) project to promote sustainable tourism and support local economic development.
- In order to mitigate the impacts of climate change on the tourism sector and increase the adaptation capacity of the sector, it is aimed to carry out climate compatible spatial planning studies and prepare adaptation guides in selected case study areas (coastal and winter tourism centers) in 2024.
- In order to register and control the residences, which have an important place in accommodation activities by renting for short-term for tourism purposes in Türkiye.

to prevent informality and to increase service standards in 2026 it is aimed at arrangement of 48,000 touristic rental residence licence for tourism purposes.

Within the scope of the activities planned in 2025, the Ministry of Culture and Tourism (relevant units, especially the TGA), other relevant public institutions and organizations, NGOs, municipalities, academia and sector representatives will be responsibly included in the process.

ii. Activities planned in 2026:

Activities Planned by the Ministry of Culture and Tourism under the responsibility of the Directorate General for Türkiye Tourism Promotion and Development Agency

Activities Related to Sustainable Tourism Program

- By the end of 2025, all accommodation facilities will be required to obtain at least the Stage 2 Verification of the Türkiye Sustainable Tourism Program, and efforts will be made to increase the number of facilities achieving the Stage 3 Certificate through training and promotional activities.
- As a module of the Türkiye Sustainable Tourism Program, initiatives will be conducted to position the food and beverage sector internationally by providing expert teams and technical support to the GSTC for the development of international restaurant standards.
- For the design and implementation of certification processes tailored to the food and beverage sector as a module of the Türkiye Sustainable Tourism Program, consultancy support will be utilized. To execute operational processes, efforts will include training, capacity building, software and digital product development, legal consultancy, call and operations center services, collaboration, and promotional activities.
- To expand the scope of the Türkiye Sustainable Tourism Program, activities will be carried out in categories such as destinations, tour operators, travel agencies, and MICE through consultancy support. Operational processes will be facilitated through training, software and digital product development, capacity building, legal consultancy, call and operations center services, collaboration, and promotional activities.
- To improve Türkiye's ranking in international sustainability competitiveness indices, collaborative and academic studies will be undertaken with relevant institutions and stakeholders.
- To promote sustainability labels and certifications, certification and promotional activities will be carried out for sustainable museums and cultural centers.

Activities Related to Promotion

- Producing 16 new provincial films, creating content management and plans for 81 province's social media accounts, carrying out project-based paid social media advertisements, for social media accounts, continuation of domestic tourism activities by hosting 180 local social media influencers in 52 projects in 81 provinces, continuing brochure studies, working on all promotional materials for the needs of the provinces,

- Keeping sustainability in focus in every aspect of the brand development process and brand communication campaigns,
- Exploring new and alternative platforms for more effective and targeted brand communication to attract the attention of potential high-end tourists,
- Within the agreements with global channels, it is planned to continue the number of spots at least 6,000, digital screenings at least 18,000,000 and TV/digital promotional films at least 4 throughout the year. Additionally, in print media, planning will focus on the markets to be determined in the international arena, selecting the most prestigious and high-circulation outlets with a frequency of at least 4 placements.
- Based on tourism goals and the campaign outcome reports provided by the companies, the digital travel channel campaigns and joint advertising investments with tour operators for 2026 will be revised.
- Positioning Türkiye as a suitable destination for filming and production of movies, documentaries, TV series and music videos through collaborations with content producers with global reach and, through these productions, influencing new groups of travelers and positioning Türkiye as a must-visit country with a focus on sustainability,

Activities Related to Product and Destination Development

- Focusing on the principle of sustainability within the framework of the Provincial Promotion and Development Program, a total of 324 Provincial Promotion and Development Board meetings will be held in 81 cities,
- Developing and using technology-oriented tools to attract tourists,
- Developing and promoting the products on the GoTürkiye digital platform focusing on the principle of sustainability,
- The number of road bicycle, mountain bike and electric bicycle routes introduced on the gocyclingturkiye.com platform will be increased to 250 and the bicycle network will be spread throughout Türkiye. In parallel to this study, carrying out various promotional activities to increase the number of facilities certified as bicycle-friendly hotels to 150 by 2026,
- Continuing sustainability-oriented studies to ensure that Türkiye is recognized as a destination for global meetings and events by 2026,

Activities Planned by the Ministry of Culture and Tourism under the responsibility of the Directorate General for Investments and Establishments:

- Providing vocational training to approximately 4,200 people in 2026 within the scope of Vocational On-the-Job Training Programs organized by the Ministry of Culture and Tourism, if requested by tourism facilities
- It is aimed to review the existing frameworks and approaches to accelerate the green transition in the sector. In this context, factors such as climate-compatible spatial development principles, water use and energy consumption should be taken into consideration in planned areas,

- Ministry of Culture and Tourism' efforts will continue to increase the number of Blue Flag facilities and aim to increase the number of Blue Flag beaches to over 639 by the end of year 2027,
- In order to register and control the residences, which have an important place in accommodation activities by renting for short-term for tourism purposes in our country, to prevent informality and to increase service standards in 2026 it is aimed at arrangement of 53,000 touristic rental residence licence for tourism purposes

Within the scope of the activities planned in 2026, the Ministry of Culture and Tourism (relevant units, especially the TGA), other relevant public institutions and organizations, NGOs, municipalities, academia and sector representatives will be responsibly included in the process.

iii. Activities planned in 2027:

Activities Planned by the Ministry of Culture and Tourism under the responsibility of the Directorate General for Türkiye Tourism Promotion and Development Agency

Activities Related to Sustainable Tourism Program

- Efforts will be continue to increase the number of facilities achieving the Stage 3 Certificate through training and promotional activities.
- As a module of the Türkiye Sustainable Tourism Program, initiatives will be conducted to position the food and beverage sector internationally by providing expert teams and technical support to the GSTC for the development of international restaurant standards.
- For the design and implementation of certification processes tailored to the food and beverage sector as a module of the Türkiye Sustainable Tourism Program, consultancy support will be utilized. To execute operational processes, efforts will include training, capacity building, software and digital product development, legal consultancy, call and operations center services, collaboration, and promotional activities.
- To expand the scope of the Türkiye Sustainable Tourism Program, activities will be carried out in categories such as destinations, tour operators, travel agencies, and MICE through consultancy support. Operational processes will be facilitated through training, software and digital product development, capacity building, legal consultancy, call and operations center services, collaboration, and promotional activities.
- To improve Türkiye's ranking in international sustainability competitiveness indices, collaborative and academic studies will be undertaken with relevant institutions and stakeholders.
- To promote sustainability labels and certifications, certification and promotional activities will be carried out for sustainable museums and cultural centers.

Activities Related to Promotion

- To continue to explore new, trendy and alternative platforms for effective and targeted brand communication to attract the attention of potential high-end tourists, in order to adopt a sustainability-focused approach in all aspects of the sustainability

brand development process and brand communication campaigns, it is planned to continue

- Within the agreements with global channels, it is planned to continue the number of spots at least 7,000, digital screenings at least 20,000,000 and TV/digital promotional films at least 4 throughout the year. Additionally, in print media, planning will focus on the markets to be determined in the international arena, selecting the most prestigious and high-circulation outlets with a frequency of at least 4-5 placements.
- Positioning Türkiye as a suitable destination for filming and production of movies, documentaries, TV series and music videos through collaborations with content producers with global reach and, through these productions, influencing new groups of travelers and positioning Türkiye as a must-visit country with a focus on sustainability,
- Studies on creating high-performance, desirable brands that maximize interest and developing potential new advertising campaigns for these brands in order to observe demand and trends in sustainable tourism by regularly monitoring demand and perception on social and digital platforms for target countries and tourist segments,
- Focusing on the principle of sustainability within the framework of the Provincial Promotion and Development Programme; producing 20 new provincial films, creating content management and plans for social media accounts, making project-based paid social media advertisements for 81 cities, continuing domestic tourism activities will also be actively continued in 81 cities 65 projects with 220 local influencers, continuing brochure studies, and carrying out studies on all promotional materials for the needs of the provinces.
- Based on tourism goals and the campaign outcome reports provided by the companies, the digital travel channel campaigns and joint advertising investments with tour operators for 2027 will be revised.

Activities Related to Product and Destination Development

- Efforts will maintain to effectively promote Türkiye's destinations that offer experiences for groups with special interests such as faith, sports, gastronomy, etc. during their travels, and to spread and distribute demand to off-season periods covering 81 provinces,
- With focusing on the principle of sustainability within the framework of the Provincial Promotion and Development Programme, to carry on organizing 405 Provincial Promotion and Development Board meetings, at least 5 in each of 81 provinces.

Activities Planned by the Ministry of Culture and Tourism under the responsibility of the Directorate General for Investments and Establishments

- Providing vocational training to approximately 4,300 people in 2027 within the scope of Vocational On-the-Job Training Programs organized by the Ministry of Culture and Tourism, if requested by tourism facilities
- It is aimed to reconsider existing frameworks and approaches to accelerate the sector's green transition in legal and spatial terms. Accordingly, spatial

development principles on compatible with climate, water usage, energy consumption, etc. are the areas planned to be taken into consideration.

- Ministry of Culture and Tourism' efforts will continue to increase the number of Blue Flag facilities and aim to increase the number of Blue Flag beaches to over 639 by the end of 2027.
- In order to register and control the residences, which have an important place in accommodation activities by renting for short-term for tourism purposes in our country, to prevent informality and to increase service standards in 2027 it is aimed at arrangement of 58,000 touristic rental residence licence for tourism purposes.

Within the scope of the activities planned in 2027, the Ministry of Culture and Tourism (relevant units, especially the TGA), other relevant public institutions and organisations, NGOs, municipalities, academia, sector representatives will be included in the process as responsible.

2. Results indicators:

Indicator	Current Situation	2025	2026	2027
Number of facilities certified under the Sustainable Tourism Program	1,318	2,300	4,000	5,000
Number of interactions achieved for Go Türkiye accounts on digital channels related to Sustainable Tourism	24,880,929	22,012,899	22,07,571	23,002,243
Number of Blue Flag Beaches	567	595	617	639
The Completion rate of analyzes and spatial studies that will provide tourism development compatible with climate, revealing the relationship between tourism and climate change (%)	20	50	70	90
Number of Touristic Rental Residence License	41,212 pieces of documents (1/1/2024- 09/12/2024)	48,000	53,000	58,000
Number Of Participants In Vocational Tourism Training Program	2,750 (end of 2024 estimated realization)	6,850	11,050	15,530
Number of Tourist Arrivals in Türkiye	54.6 Million (Jan-Oct. 2024)	63.735 Million	66.6 Million	69.3 Million
Tourism Income	46.9 Billion (Jan-Sep. 2024)	63.6 Billion \$	68.7 Billion \$	74.1 Billion \$

Note: Works on wastewater treatment plant are ongoing and will be constructed when necessary.

*Number of participants in Vocational Tourism Training Programs The realization prediction data for 2024 is considered as the initial value and cumulative in the following years.

3. Expected impact on competitiveness: This measure is expected to increase tourism revenues from the global tourism sector, increase the share of tourism revenues in gross national product, make a positive contribution to the foreign trade balance, and contribute to the reduction of the current account deficit. The restructuring of the Türkiye brand aims to create a sustainable tourism economy by increasing Türkiye's competitiveness in the global tourism market.

Türkiye's Sustainable Tourism Program is planned in three phases, aiming to initiate sustainability practices in all accommodation facilities, regardless of size, location and capacity. Scheduled to be completed by 2030, the first phase of the program will take place in 2023, the second phase in 2025 and the final phase in 2030, with the aim of meeting all international standards. In the first phase, accommodation facilities will comply with 30 percent of the standards set, in the second phase 70 percent and in the third phase 100 percent, and by 2030 all facilities will be Sustainable Tourism Certified. The program is expected to certify more than 22,000 hotels in Türkiye. The program is the first mandatory national hospitality program under the guidance of the GSTC and based on the GSTC Criteria. The pioneering program, thanks to the government agreement with the Global Sustainable Tourism Council (GSTC), is expected to serve as a model for other countries.

According to the World Economic Forum (WEF) Travel and Tourism Development Index 2024 report, Türkiye ranked 29th in 2024, rising 20 places compared to 2019. Thanks to the measures taken and promotions made after the pandemic, Turkish tourism is expected to perform better than other countries and rise in the competitiveness index.

4. Estimated cost of the activities and the source of financing: Costs related to the activities planned by the Ministry of Culture and Tourism of the Directorate General for Türkiye Tourism Promotion and Development Agency (TGA) are indicated below for each year and these activities are planned to be financed by the budget of the TGA.

2025: 6,018,743,178 TL

(Central Budget– TPDA Budget)

2026: 6,871,250,262 TL

(Central Budget– TPDA Budget)

2027: 7,826,109,186 TL

(Central Budget– TPDA Budget)

Between 2025-2027, in line with the objective of mitigating the impacts of climate change on the tourism sector and increasing the adaptation capacity of the sector; the following activities are covered by the budget of the General Directorate of Investments and Enterprises.

- In 2025 and 2026, the works of producing risk maps, conducting spatial planning studies compatible with climate change and preparing a climate adaptation guide will be completed in the pilot tourism regions to be selected. Since these works require expertise, the service procurement method will be used and the estimated cost for 2025 and 2026 is estimated to be 3 million TL and 2 million TL, respectively.
- In 2027, it is envisaged to complete the necessary legislative work that will form the basis for climate change compatible planning studies on the subject (circular and regulation work including the regulation of indications and technical requirements) and to work in coordination with central and local governments in order to spread climate change compatible tourism plans throughout the country. The estimated cost of these activities cannot be estimated at this stage.

- In line with the target of increasing the number of Blue Flag facilities between 2025 and 2027; within the scope of the protocol dated 13 April 2001 and numbered 2343 between the Ministry of Culture and Tourism and the Ministry of Health, 5,000,000 TL for 2025, 5,500,000 TL for 2026 and 6,000,000 TL for 2027 were allocated to meet the resources needed for the processes of taking sea water samples and analyzes in the provinces for the Blue Flag project.

5. Expected impact on social outcomes, such as employment, poverty reduction, gender equality and access to health care: This measure will increase employment and thus contribute to reducing poverty. In addition, the tourism sector is expected to make a positive contribution to reducing gender discrimination because it is suitable for the employment of women. From a healthcare perspective, this measure is neutral.

As of November 2024, 1,316 people participated in a total of 61 on-the-job courses. Efforts are underway to make vocational tourism training programmes available online through the Presidential Human Resources Office Distance Education Gateway.

6. Expected impact on environment and climate change: The concept of sustainability has gained importance in the development of tourism products and consumer destination preferences. Emphasizing this concept in the promotional campaigns of our country will contribute positively to the planning and supply creation process of the tourism sector and will contribute to the reduction of environmental pressure caused by tourism.

In order to ensure the sustainable development of the tourism sector in country, primarily in line with the aim of determining the effects of climate change on the tourism sector, taking sectoral measures against these effects and increasing the adaptation capacity to climate change, as well as determining the principles for reducing the greenhouse gas emissions and climate change effects resulting from tourism activities and facilities;

- “Report on Determining the Conceptual Framework of Climate Change and Tourism Relations on a National Scale”,
- “Report on Determination of Spatial Planning Principles Compatible with Climate Change in Tourism Areas”,
- “Tourism Climate Index Analysis and Climate Suitability Assessment Report for Çanakkale, Mersin and Kayseri Provinces” has been prepared.

With these studies, the mutual effects of climate change and tourism, which are increasingly felt today, have been revealed and the measures and planning principles that can be taken to reduce these effects have been determined.

It is planned to complete the preparation of Vulnerability and Risk Analysis and Adaptation Plans in Çanakkale, Mersin and Kayseri Provinces.

In the following period, it is aimed to carry out risk and vulnerability analyses and produce maps in pilot regions to be selected in order to carry out climate compatible tourism development fiction and to direct tourism investments in a way to minimize the negative impacts of climate change, and to carry out spatial planning studies compatible with climate change.

On the other hand, the Blue Flag Program carried out by TÜRÇEV with the support of Ministry of Culture and Tourism and the Ministry of Health aims to protect and use our seas in

a clean and sustainable way without damaging their ecosystem. Türkiye is currently ranked third in the world with 567 blue flag beaches.

In addition, in order to eliminate polluting elements that will directly affect the quality of urban infrastructure, especially swimming water, in coastal areas, Ministry of Culture and Tourism carries out studies to ensure that infrastructure facilities such as wastewater treatment plant, deep sea discharge, sewage network and collector lines are completed immediately and sea water quality complies with EU criteria.

7. Potential risks:

Risk	Probability	Planned mitigating action
Geopolitical developments and possible natural disasters in country and in the world	Medium	Preparation of Contingency Plans to be prepared for the possible crisis
Difficulties that may be experienced in accessing the financing needed for the investments that accommodation facilities need to realise in order to obtain certification	Medium	Reducing the risks with the Investment Commitment Advance Loan, which is currently being implemented, and the loan methods to be applied in the upcoming period in agreement with the relevant public institutions and organisations and financial institutions
Decrease in airline traffic, border closures due to the unforeseen pandemics	Medium	Expanding the scope of the Safe Tourism Certification Program to be valid for other unforeseen epidemics or infectious diseases, making it permanent and permanent

Table 10a: Costing of Structural Reform Measure (TL)

Year	Salaries	Goods and Services	Subsidies and Transfers	Capital Expenditure	Total
<i>“Promoting Sustainable Tourism and Branding”</i>					
2025		6,015,743,178		3,000,000	6,018,743,178
2026		6,869,250,262		2,000,000	6,871,250,262
2027		7,826,109,186			7,826,109,186

Table 10b: Financing of Structural Reform Measure (TL)

Year	Central Budget	Local Budget	Other National Public Finance Sources	IPA Funds	Other Grants	Project Loans	To be determined	Total
<i>“Promoting Sustainable Tourism and Branding”</i>								
2025	8,000,000		6,010,743,178					6,018,743,178
2026	7,500,000		6,863,750,262					6,871,250,262
2027	6,000,000		7,820,109,186					7,826,109,186

Table 11: Reporting on the implementation of the Structural Reform Measures of ERP 2023-2025

<i>“Promoting Sustainable Tourism and Branding”</i>		Stage of reform implementation (0-5)*
Activities planned for 2025	<ul style="list-style-type: none"> - Updating the GoTürkiye platform and promoting Türkiye's destinations and experiences - For market diversity, TV and digital promotional activities will continue to be carried out through global channels in more than 200 countries as of 2025. -Attending events that provide direct access to luxury tourism and destination wedding professionals. -Transforming the Safe Tourism Certificate Program into the Safe and Sustainable Tourism concept as an international program, taking into account the current needs and demands of the sector, and promoting the program abroad. -Increasing the number of certified tourism facilities within the scope of the Sustainable Tourism Program and establishing a basic sustainable infrastructure in all accommodation facilities in order to raise awareness of Türkiye as a sustainable destination. 	4-5
Description of implementation and explanation if partial or no implementation	<p>The update of the GoTürkiye platform has been partially completed, with improvements in digital infrastructure and content updates; however, further development processes need to continue. From 2022 to 2024, promotional activities have been conducted across TV and digital channels in over 200 countries, increasing global visibility, though market diversification remains limited in certain regions. International conferences, events, and fairs have been held in major Turkish cities such as Istanbul, Antalya, and Izmir, while participation in events targeting luxury tourism and destination wedding professionals has strengthened sectoral promotion. The Safe Tourism Certification Program has been expanded into a Safe and Sustainable Tourism concept, with ongoing international promotional efforts. Under the Sustainable Tourism Program, the number of certified facilities is increasing, and efforts are being made to expand sustainable infrastructure; however, more facilities need to be certified in this area.</p>	

v. Research, development and innovation

5.2. Sustainability and Resilience

i. Green Transition

a) Analysis of main obstacles

Türkiye's green transformation efforts are aligned to the EU Green Deal. To adapt to these policy changes, Türkiye published the Green Deal Action Plan, a comprehensive road map for a green, sustainable and resource-efficient economy, in July 2021. While these efforts aim to achieve Türkiye's 2053 net zero emission target, they also aim to protect its rights arising from the Customs Union and maintain its competitiveness in the EU market.

The action plan aims to maintain and develop a high level of integration with EU policies, especially the protection of the free movement of goods, which will be greatly affected by the policies and legislation within the scope of the Green Deal, and includes a total of 32 targets and 81 actions to ensure green transformation. In the plan, the relevant institutions responsible for each action are defined and a calendar for the completion of the actions is determined.

While the Action Plan provides the general framework of the alignment to European Green Deal, more focused and sectoral work has been going on under the 20 Specialized Working Groups, which are coordinated by relevant Ministries in an inclusive and transparent manner, with the participation of all relevant stakeholders from public, private sector, academia and the civil society. The progress of the Action plan was reported and the Activity Report of Green Deal Action Plan during the year of 2022 was published in the web site of the Ministry of Trade. Furthermore, due to the dynamic structure of the European Green Deal, efforts have been initiated to update the Action Plan according to new developments and priority actions that have arisen in the context of the European Green Deal.

In line with the main objectives and actions within the Green Deal Action Plan initiated efforts for preparation of more specific documents such as national strategies on circular economy, green energy transition etc. The Action Plan also form the basis for green transition policies within the framework of other policy documents as the 12th Development Plan (2024-2028), Medium Term Program (2024-2026), which lay down the economic and social strategy of Türkiye.

During the work of the Green Deal Action Plan main obstacles in this process were identified as follows: the effects of CBAM on the competitiveness of the Turkish industry and mitigation of the additional costs of the ETS, complexity of the Green Deal legislation, which involve market access rules and may result in the erosion of the free movement of goods within the Customs Union; lack of awareness and involvement of stakeholders in specific sectors, and especially SMEs and access to finance mechanisms needed for green transition.

a) Reform measures

Measure 3: "Accelerating green transformation"

1. Description of measure: Türkiye has prepared the draft Climate Law and continues to work on the development of the Turkish Emission Trading System (ETS) in a structure compatible with the SKDM. This system is positioned as one of the most important mitigation tools. Furthermore, as stated in the Green Deal Action Plan, the National Green Taxonomy, is being developed in line with the European Union Taxonomy and it will support efforts to ensure that the financial resources needed to achieve a green transformation are allocated to green investments.

Activity 1) Establishment of the Turkish Emission Trading System

Studies are continuing to develop a Turkish Emissions Trading System (ETS) in a structure compatible with the European Union's Carbon Border Adjustment Mechanism (CBAM) as specified in the Medium-Term Program of Türkiye for the 2024-2026 period, which is positioned as one of the most important mitigation tools in our country's climate policy shaped in line with 2053 net zero emission target.

In this context, the grant agreement for the Türkiye PMIF Carbon Market Development Project, within the scope of the World Bank Partnership for Market Implementation (PMI) programme was signed on 18 October 2023 and published in the Official Gazette dated 12 December 2023 in order to support the institutional and technical structure in our country. The opening event of the Project, which became active on January 8, 2024, was held on April 30, 2024, and the project activities are ongoing. Within the scope of said project, the following studies are aimed to be completed regarding the Turkish Emission Trading System set-up.

Outlining design options for the ETS;

- Preparation of draft ETS legislation
- Modeling the economic and socioeconomic impacts of ETS and building capacity in modeling
- Deciding on the cap-setting method for the ETS and conducting technical studies for allocation distribution.
- Determining emission intensity benchmarks for ETS sectors

For the compliance of the ETS with the EU ETS, the "Transposition of EU ETS Legislation Project" will be implemented within the scope of the Instrument for Pre-Accession Assistance (IPA) fund, in order to preserve and further advance the competitiveness in foreign trade under the title of "Stable Growth, Strong Economy" in the 12th Development Plan. The process will be followed to establish national carbon pricing mechanisms and, as a priority, to implement an Emission Trading System (ETS) compatible with the EU.

Activity 2) Preparation of Turkish Green Taxonomy

Within the scope of the 2021 Green Deal Action Plan, which aims to mobilise green finance and support green transformation in all relevant policy areas in our country, national

taxonomy legislation is being prepared, which determines the qualities that an economic activity must have to be sustainable.

Taxonomy is a classification system that translates climate and environmental objectives into criteria for specific economic activities for investment purposes. The taxonomy establishes a list of environmentally sustainable economic activities, thus indicating to companies, investors and policy makers which economic activities are environmentally sustainable. The taxonomy is intended to be a tool that reassures investors, protects private investors from greenwashing, and supports companies to direct their investments to the areas of greatest need.

Türkiye Green Taxonomy regulation that categorizes the sustainability of investments and includes financing flows to green investments will be included in the Climate Law. Türkiye Green Taxonomy consists of 6 environmental targets: reduction of greenhouse gas emissions, adaptation to climate change, sustainable use and protection of water and marine resources, transition to circular economy, prevention and control of pollution, protection and restoration of biodiversity and ecosystems. With the regulation planned to enter into force in 2025, voluntary reporting will start in 2026.

Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.

The harmonization efforts regarding the Industrial Emissions Directive (2010/75/EU), amended by 2024/1785, which is also evaluated under the "pollution prevention and control" section of the European Green Deal, Zero Pollution Action Plan, and Taxonomy Regulation, are being carried out under the auspices of the Ministry of Environment, Urbanization, and Climate Change. The "Regulation on the Management of Industrial Emissions", which is compatible with this Directive, has been prepared and sent to the Presidency for publication. With the Regulation, both the permit procedure align with the EU, such as the waste shipment regulation, the documentation of cleaner production on product labels, and the requirements targeting emission reduction and zero pollution mentioned in decarbonization and taxonomy regulations will be provided, and the Green Transition Certificate in Industry, which will be equivalent to the EU Integrated Pollution Prevention and Control (IPPC) Certificate, will facilitate easier access to national and international credit funds for industry.

Apart from the draft Industrial Emissions Management Regulation, which will be a framework regulation, sectoral communiqués and guidelines have been prepared for 33 sectors. Certification software, which will also provide the Green Transition in industry certificate, has been prepared and pilot studies have been initiated. With the publication of the regulation, document applications will be received through this system.

In addition to the European Union and credit institutions, environmental performance criteria, which are also included in the certification systems related to energy and production models of our ministries such as the Ministry of Industry and Technology, the Ministry of Trade, and the Ministry of Energy and Natural Resources, will also be documented. Within the scope of covering the investment costs associated with all these regulations affecting trade, a new collaboration for financial support has been initiated under the leadership of the Ministry

of Environment, Urbanization, and Climate Change, involving the World Bank and the Development and Investment Bank of Türkiye (TKYB). Starting in 2024, a five-year loan agreement for a total of \$406 million has been established for industrialists who hold the Green Transition Certificate, and applications are being accepted from industries listed in Annex I of the EED. Applicants must demonstrate that the modernization or new production they are applying for financing has resulted in reductions of particulate matter, nitrogen dioxide, and greenhouse gases.

Relationship of the measure with top policy documents/national strategic documents

As stated in the 12th Development Plan (2024-2028), policy and measures no. 297, 317, 865 and 866; "865.4. "Within the scope of the "Green Deal Action Plan", sectoral road maps will be updated, monitoring and evaluation systems will be developed, and legislative studies will be carried out." "866.1. "Efforts will be carried out to disseminate the best existing environmental practices regarding sustainable consumption and production." "297. In line with net zero emission targets, regulations will be implemented that will minimize the economic costs of combating climate change and ensure maximum benefit from the opportunities brought by digital transition and green transition." "317. Sustainable, low emission, integrated and environmentally friendly policies with digital production techniques will be adopted, especially in the energy, transportation, industry and agriculture sectors, and the necessary regulations for green transition will be implemented in line with net zero emission targets."

The Mid-Term Plan for 2024-2026 8. as declared by Green Transition Measures 27 and 28; With this measure, "financing opportunities for green transition will be increased, existing support mechanisms will be reviewed, the institutional capacity on sustainable finance will be increased and the green finance ecosystem will be developed." (MTP 8. Green Transition, Policy/Measure 27) "Legislative studies will be carried out to establish a National Green Taxonomy that is compatible with international taxonomy examples, especially the European Union taxonomy, and takes into account Türkiye's needs." (MTP 8. Green Transition, Policy/Measure 28)

The Mid-Term Plan for 2025-2027 also includes a similar goal: "Accelerating Green Transition: Policies will be implemented to accelerate the green transition process for sustainable growth, strengthening alignment with international regulations, increasing the use of renewable energy sources, and improving energy efficiency."

Additionally, the Investment Environment Improvement Coordination Council (YOİKK) and the Türkiye's International Direct Investment Strategy (UDYS) have developed actions under the responsibility of the Ministry's General Directorate of Environmental Management, with details provided below, and these actions are monitored on a monthly basis.

To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.	As part of the alignment efforts with the 2010/75/EU Industrial Emissions Directive, a system for the Green Transition Certificate for Industry, equivalent to the EU Integrated	Responsible Authority: Ministry of Environment, Urbanization, and Climate Change, General Directorate of
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	Pollution Prevention and Control (IPPC) Certificate, will be set up.	Environmental Management
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i. Activities planned in 2025:

Activity 1) Establishment of the Turkish Emission Trading System

- Launching the Pilot ETS phase with 2025 emission data
- Initiation of buying and selling (trading) of allocations in the primary and secondary markets
- Starting work on the harmonization of the Turkish ETS with the EU ETS by means of a project within the scope of the Instrument for Pre-Accession Assistance (IPA) program.

Activity 2) Preparation of Turkish Green Taxonomy

- The Regulation on Green Taxonomy of Türkiye, which was submitted for opinion in accordance with the provisions of the Regulation on the Principles and Procedures for the Preparation of Legislation, will be revised in line with the opinions received and necessary actions will be taken by the Directorate of Climate Change.

Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.

- It is planned to publish the Industrial Emissions Management Regulation and to start publishing sectoral communiqués following this framework regulation.
- With the publication of the regulation, certification software will also begin to receive applications.
- As part of facilitating access to financial incentive mechanisms within the scope of green transition in industry, the Green Transition Certificate will provide access to green financing, and industrialists will be able to apply for loans offered by both international and national banks in this area. In this context, under the leadership of the Ministry of Environment, Urbanization, and Climate Change, a financial support agreement has been made between the World Bank and the Development and Investment Bank of Türkiye (TKYB) for industrialists with a Green Transition Certificate. A five-year loan agreement totaling \$406 million has been established, and applications are being accepted from industries listed in Annex I of the EED. Applicants must document that they have achieved reductions in particulate matter, nitrogen dioxide and greenhouse gases through the modernization or new production for which they apply for the loan.

ii. Activities planned in 2026:

Activity 1) Establishment of the Turkish Emission Trading System

- Continuing the Pilot ETS phase with 2026 emission data
- Determining the benchmark values of 2025 and the execution of the compliance processes of the facilities

Activity 2) Preparation of Turkish Green Taxonomy

- Voluntary disclosures and reporting will be made by the responsible parties within the scope by using the Türkiye Green Taxonomy.

Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.

- Following the publication of the Industrial Emissions Management Regulation, sectoral communiqués will continue to be published.
- Document applications will continue to be received and evaluated through the certification software, which started receiving applications with the publication of the Industrial Emissions Management Regulation.
- The World Bank and Türkiye Development and Investment Bank Inc., under the leadership of the Ministry of Environment, Urbanization and Climate Change. According to the 5-year loan agreement was signed between the companies in 2024, it is planned to provide loans to our industrialists who have a green transition in the industry certificate within the scope of the loan agreement.

iii. Activities planned in 2027:

Activity 1) Establishment of the Turkish Emission Trading System

- End of the pilot period and start of the ETS 1st Implementation period with 2027 emission data
- Assessing the impact of the ETS implementation on sectors

Activity 2) Preparation of Turkish Green Taxonomy

- Mandatory disclosures and reporting will be made by the responsible parties in scope using the Türkiye Green Taxonomy.

Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.

- Document applications will continue to be received and evaluated through the certification software, which started receiving applications with the publication of the Industrial Emissions Management Regulation.
- The World Bank and Türkiye Development and Investment Bank Inc., under the leadership of the Ministry of Environment, Urbanization and Climate Change. According to the 5-year loan agreement was signed between the companies in 2024, it is planned to provide loans to our industrialists who have a green transition in the industry certificate within the scope of the loan agreement.

2. Result indicators:

Indicator	Current Situation	2025	2026	2027
<i>Activity 1) Establishment of the Turkish Emission Trading System</i>				
Publishing the regulatory legislation for the Turkish ETS		1	1	1
Operation of the ETS Pilot Period		1	1	
Launch of ETS First Implementation Period		-	-	1
<i>Activity 2) Preparation of Turkish Green Taxonomy</i>				
Türkiye Green Taxonomy Regulation entered into force.		1	-	-
Voluntary disclosure and reporting by the responsible organisations within the scope.			1	
Mandatory disclosures and reporting by the responsible organisations within the scope				1
<i>Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.</i>				
Number of Sectoral Communiqués to be Published	-	15	18	-
Number of Green Transition Certificate Applications	-	50	100	200
Number of Green Transition Financial Support Applications	-	100	200	300
Financial Support Amount of Green Transition (million dollars)	-	70	150	186

3. Expected impact on competitiveness:

Activity 1) Establishment of the Turkish Emission Trading System

The implementation of carbon pricing within the framework of the Emissions Trading System (ETS) in Türkiye is expected to accelerate the green transformation process.

In this regard, carbon pricing is anticipated to positively impact Türkiye's competitiveness, especially considering the trade effects of the EU's Carbon Border Adjustment Mechanism (CBAM).

The study titled "Potential Impact of the Carbon Border Adjustment Mechanism on the Turkish Economy," conducted by the European Bank for Reconstruction and Development (EBRD), quantitatively estimates the impact of the Turkish National Emissions Trading System on the country's competitiveness. This impact has been evaluated based on the cost savings that will be realized.

The analysis includes two pricing scenarios: €75/tCO₂e and €150/tCO₂e. According to the findings, if Türkiye continues its current approach, the implementation of a €75/tCO₂e CBAM price by the EU is projected to cost the Turkish industry €138 million annually at 2027.

Under the €150/tCO₂e CBAM price scenario, this cost is estimated to rise to €2.6 bil-lion annually at 2032.

The analysis further suggests that in the scenario where the EU applies a €75/tCO₂e CBAM price, Türkiye's adoption of a €20/tCO₂e domestic carbon price could reduce potential CBAM costs to €56 million annually at 2027. This indicates that a cost saving of 82 million euros will occur.

In the scenario of the EU applying a €150/tCO₂e CBAM price, Türkiye's implementation of a €50/tCO₂e domestic carbon price could reduce CBAM costs to €1.08 billion annually at 2032. This indicates that a cost saving of 1,52 billion euros will occur.

By implementing a domestic ETS, Türkiye could internalize these costs as ETS revenues. These revenues could then be strategically utilized to accelerate national low-carbon development.

Activity 2) Preparation of Turkish Green Taxonomy

Through the disclosure and reporting to be made within the scope of the Türkiye Green Taxonomy, market actors will have easier access to financing provided by investors with environmental and social sensitivities. Thus, green investments will be encouraged and the development of environmentally friendly technologies and products will accelerate. This will create new business opportunities and increase competition.

Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.

With the publication of the Industrial Emissions Management Regulation, a legal basis will be laid for the actions included in the measure to be carried out. In this respect, it is aimed to prevent and reduce emissions (in air, water, soil, noise environments) and waste originating from industrial facilities with high pollution by using the best techniques and technologies at their source.

In the green transition process, which aims at EU-compatible production, the production stages of the industry will be evaluated and scored according to the best available techniques. A Green Transition in Industry Certificate, which is valid nationally and internationally, facilitates access to green financing, and will be equivalent to the EU Certificate, will be issued to the facilities that receive the required minimum score, stating that they carry out environmentally friendly and sustainable production. It will be necessary to ensure technological transition in existing facilities that causes minimal damage to the environment and is based on the entire enterprise. It is aimed planning new investments in this direction during the design phase.

It will be shown that full compliance has been achieved in sectors such as iron and steel, scrap imports, batteries and fertilizers, which are mandatory to remain competitive within the framework of trade relations with the EU. With the green transition process, high-pollution sectors such as textile, chemistry and automotive will be added to these sectors, and certification of environmental production in trade will become increasingly mandatory for other sectors.

Again, the "minimum damage to the environment" prerequisite of the EU taxonomy, which affects competition in trade and regulates access to green finance, will be met with this document. It is evaluated that sectors that are currently exporting and have a high level of compliance will be able to overcome the bottlenecks that may occur in trade with this document.

It is aimed to ensure that our country's industry does not fall behind in trade and competition and remains in the race by obtaining "green transition in industry certificates", which are indicators of environmentally sustainable production, which is a prerequisite for the loan and grant agreements provided to industrialists at the point of access to finance.

4. Estimated cost of the activities and the source of financing:

Activity 1) Establishment of the Turkish Emission Trading System

2025: 558.464.000 TL (World Bank) + 34.299.000 TL (IPA)

2026: 58.464.000 TL (World Bank) + 51.448.000 TL (IPA)

2027: 50.668.000 TL (World Bank) + 34.298.000 (IPA)

Activity 2) Preparation of Turkish Green Taxonomy

2025: -

2026: 270.000 Euro (IPA Fund)

2027:

Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.

2025: 70 Million Dollars (Foreign Financed Budget- Loans)

Within the scope of the project, credit can be provided to all sectors listed in Annex 1 of EED, except for energy facilities, if they document that they have reduced particulate matter, nitrogen dioxide and greenhouse gases with a new facility or modernization investment. There are approximately 5500 facilities in Turkey that fall within this scope, except for the energy sector, and it is anticipated that a budget of 70 million dollars can be spent in the first period, assuming that large companies will apply first. Credit base and ceiling fees have been determined in the range of 2 to 50 million dollars.

2026: 150 Million Dollars (Foreign Financed Budget- Loans)

It is anticipated that in the second period, there will be approximately twice as much credit opportunity compared to the previous period, assuming that the project announcement reaches a larger audience.

2027: 186 Million Dollars (Foreign Financed Budget- Loans)

It is planned to lend the remaining portion of the \$406 million loan in the third period.

5. Expected impact on social outcomes, such as employment, poverty reduction, gender equality and access to health care: The results obtained from the international literature indicate that emission trading system applications have positive environmental and

economic impacts. ETS is expected to encourage companies to invest in carbon-saving technologies to achieve emission reductions in a cost-effective manner and to invest in carbon-saving technologies, while paving the way for the development of low-carbon technologies. The ETS, which is expected to provide employment gains by increasing productivity and public revenues, is also expected to have positive effects on public health through emission reductions. In these aspects, the ETS is considered to be a flexible, adaptable and politically feasible instrument.

With the green transition, there will be impacts on employment as new regulations include environmental regulations in trade in line with EU and world norms. If the regulations are implemented within the scope of the measure, the negative impact on employment will be minimized and it will even be possible to open new employment areas if domestic production technologies are introduced in the industry along with the green transition.

6. Expected impact on environment and climate change:

Activity 1) Establishment of the Turkish Emission Trading System

With the activation of the emission trading system, which is determined as a reduction tool in Türkiye's updated 1st nationally determined contribution (NDC), it is expected that policies for the market-based and cost-effective reduction of greenhouse gas emissions will be strengthened, and an important step will be taken in terms of contributing to the global fight against climate change.

Activity 2) Preparation of Turkish Green Taxonomy

Markets will be created for new environmentally friendly technologies and products. New business models and collaborations will be developed to improve environmental performance. Supporting efforts to reduce greenhouse gas emissions and adapt to the effects of climate change.

Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.

The measure has a direct impact on environmental and climate change policies. With the publication of the Industrial Emissions Management Regulation on green transition, the industry will need to operate within stricter emission ranges than those specified in the environmental legislation currently in force, and with lower emission levels, an increase in air, water and soil quality and waste reduction will be possible.

7. Potential risks:

Risk	Probability	Planned mitigating action
Activity 1) Establishment of the Turkish Emission Trading System		
Difficulty in compliance of compliance entities with the ETS	High	Ensuring close cooperation and coordination with all stakeholders during the ETS design and implementation process

Activity 2) Preparation of Turkish Green Taxonomy		
The effectiveness of the taxonomy may be reduced if those responsible do not have sufficient data to accurately measure and report their environmental impacts.	High	Preparation of guidelines for implementation, organisation of trainings to increase capacity
Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.		
Applications not at the expected level	Low	Increasing promotional activities regarding financial support and carrying out the work of the support program by holding meetings with the target audience through the relevant industry chambers, and making updates to the program if necessary according to the feedback.
Failure to publish the regulation within the planned timeframe	Low	Increasing promotional activities regarding financial support and carrying out the work of the support program by holding meetings with the target audience through the relevant industry chambers, and making updates to the program if necessary according to the feedback.

Table 10a: Costing of structural reform measure (TL)

Year	Salaries	Goods and Services	Subsidies and transfers	Capital expenditure	Total
Activity 1) Establishment of Turkish Emissions Trading System					
2025	10.000.000	82.763.000			92.763.000
2026	12.000.000	97.912.400			109.912.000
2027	15.000.000	69.986.000			84.986.000
Activity 2) Preparation of National Green Taxonomy					
2025					
2026		270.000 Euro			270.000 Euro
2027					
Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.*					
2025			70 Milyon Dolar		70 Milyon Dolar
2026			150 Milyon Dolar		150 Milyon Dolar
2027			186 Milyon Dolar		186 Milyon Dolar

* The above figures are derived from the Investment Analysis and Final Reports obtained from the DIES Project (Determination of Industrial Emissions Strategy of Türkiye in Accordance with Integrated Pollution Prevention and Control, funded by IPA 2). The costs were calculated for short, medium, and long-term, considering minimum, average, and maximum costs.

Table 10b: Financing of structural reform measure (TL)

Year	Central budget	Local budgets	Other national public finance sources	IPA Funds	Other grants	Project loans	To be determined	Total
Activity 1) Establishment of Turkish Emissions Trading System								
2025				34.299.000	58.464.000			92.763.000
2026				51.448.000	58.464.000			109.912.000
2027				34.298.000	50.668.000			84.986.000
Activity 2) Preparation of National Green Taxonomy								
2025								
2026				270,000 Euro				270,000 Euro
2027								
Activity 3) To facilitate easy access to financial mechanisms for industrial facilities that engage in clean production, a Green Transition Certification System for industry will be established.*								
2025					70 Milyon Dolar		70 Milyon Dolar	
2026					150 Milyon Dolar		150 Milyon Dolar	
2027					186 Milyon Dolar		186 Milyon Dolar	

Table 11: Reporting on the implementation of the structural reform measures of the ERP 2023-2025

Tebbir **: “Accelerating green transformation”			Stage of reform implementation (1-5)*
Activities planned for 2024	Establishment of Turkish Emissions Trading System		3
Description of implementation and explanation if partial or no implementation	Significant progress has been made in determining the design elements of the Turkish ETS through all the work carried out within the Directorate of Climate Change, information, consultation, and working meetings held with public institutions, private sector representatives, and verification bodies, as well as the site visits conducted. The goal is to complete the work on defining the design components for the remainder of the year.		
Activities planned for 2024	Preparation of National Green Taxonomy		4
Description of implementation and explanation if partial or no implementation	Within the framework of the Green Consensus Action Plan, in line with the task of preparing a national green taxonomy legislation, 15 technical consultation meetings were organised by the Presidency with relevant stakeholders in 2024, taking into account the criteria listed in the EU Taxonomy. As a result of the meetings and studies; Turkey Green Taxonomy Draft Regulation was prepared, a list of priority sectors was created, Technical Screening Criteria were created for economic activities taking into account the EU Taxonomy, and scenarios for taxonomy implementation were studied. Following these studies, the Climate Finance Working Group meeting was held in May and as a result of the final arrangements made, the Draft Regulation on Turkey Green Taxonomy and the Technical Screening Criteria in its Annex were submitted for opinion on 16 September 2024.		

ANNEX 2: LINKS BETWEEN REFORMS AND RELEVANT POLICY DOCUMENTS

Reform measures ERP 2025-2027	Key structural challenges (Commission assessment of ERP 2024-2026)	ERP Policy Guidance 2024	Enlargement Package 2024	Sustainable development goals 2020-2030	European Green Deal / Green Agenda for Western Balkans	European Digital Agenda / Digital Agenda of Western Balkans	IPA projects supporting this reform
Accelerating green transformation		5. Adoption of the climate law focused on establishing an emissions trading system (ETS) compatible with the EU ETS. Green Transition and Digitalization	Economic Reform and Green Transition in Industry	SDG 7: Affordable and Clean Energy SDG 9: Industry, Innovation, and Infrastructure SDG 12: Responsible Consumption and Production SDG 13: Climate Action	Financing Green Transition, EU Zero Pollution Action, Green Transition in Industry	Digital and Green Transition	Green Agenda and Sustainable Development

ii. Digital Transformation

a) Analysis of main obstacles

b) Reform measures

Measure 4: “Increasing secure sharing and accessibility of public sector data with the new data strategy”

1. Description of measure: The measure is planned in line with the National Artificial Intelligence Strategy 2021-2025 (NAIS) taking into account the “Preparation and Implementation of the National Data Strategy and Action Plan”¹ in the Medium Term Plan 2025-2027, as well as "Public data space infrastructure will be implemented to increase institutional capacity through inter-institutional advanced data analytics and artificial

¹ Medium Term Program 2024-2026, <https://www.sbb.gov.tr/wp-content/uploads/2023/09/Medium-Term-Program-2024-2026.pdf>

intelligence projects”² in the Twelfth Development Plan 2024-2028, which is among the Digital Government policies.

The measure defines data governance roles and responsibilities as well as data relationship between public institutions in line with advanced standards and guidelines that enable them to store, share and process data in a reliable and data sovereign manner. With the implementation of this measure, public institutions will be able to make discoveries to improve existing policies/products/services or design new policies/products/services by using advanced analytical and artificial intelligence techniques, making use of each other's data in line with their competencies, within the framework of reliability and privacy principles.

With this measure, a "central public data space" will be established in line with the principles of public sector data governance to be defined by examining the sectoral "data space" studies of the European Union (EU) and the best practices of other countries. Within the scope of this measure, necessary regulatory proposals will be made to ensure technical, administrative and legal interoperability; a current situation analysis and recommendation report on data governance will be prepared in line with national needs and international developments in order to prioritize and expand existing advanced analytics and AI studies. This will generally facilitate the accessibility of public sector data, secure data sharing and the transition to a data-driven economy and society.

As part of the Public Data Space pilot application, the protocol draft prepared for the year 2024 has been presented to stakeholders for feedback and has reached its final version. Additionally, a pilot application has been carried out with the participation of four public institutions, resulting in the implementation of an AI-focused project. Furthermore, the preparation of the "Data Governance Current Status and Needs Assessment" report for the AI ecosystem has continued, with ongoing improvements being made through monthly consultation meetings with the NAIS Data Governance Working Group. Based on the data space interoperability framework and the "AI Data Governance Current Status and Needs Assessment" document, the reference architecture involving institutions in the Public Data Space pilot has been improved, covering identity and role management, API libraries, virtual machines, code libraries, problem pools, and service layers.

In line with the pilot application of the Public Data Space, the "Public Data Space Reference Architecture" has been prepared to be updateable according to evolving conditions. A maturity analysis of data, infrastructure, human resources, and regulations in public institutions has been conducted, and preparations for a transition plan for institutions to integrate into the Public Data Space have begun. In line with the transition plan, discussions have been initiated regarding the preparation of AI competency frameworks, current status analysis, and training plans aimed at capacity improvement through Human Resources (HR) training in public institutions. These training sessions will focus on data governance, advanced analytics, and artificial intelligence techniques, and the content will incorporate best practices from EU member states and other advanced countries.

² On İkinci Kalkınma Planı 2024-2028, https://onikinciplan.sbb.gov.tr/wp-content/uploads/2023/11/On-Ikinci-Kalkinma-Planı_2024-2028.pdf

Additionally, in the fields of data governance, advanced analytics, and artificial intelligence, the central government has launched a new recruitment process. In collaboration with TÜBİTAK, the second call for the KAMAG 1007 "Public Artificial Intelligence Ecosystem" program has been opened.

i. Activities planned in 2025:

- The Public Data Space protocol will be signed and the process data sharing in the Public Data Space will be initiated.
- Advanced analytics and AI projects to be developed in the Public Data Space will continue to be developed.
- Through the artificial intelligence projects carried out within the scope of the pilot implementation, work on maturing the draft architecture and determining the technical requirements for improvement will continue.
- A transition plan will be prepared for institutions to be included in the Public Data Space by analyzing the maturity of data, infrastructure, human resources and legislation in public institutions.
- In line with the transition plan, HR trainings and capacity building training programs will be launched in public institutions.
- The recruitment process for central administration in the areas of data governance, advanced analytics and artificial intelligence will continue.
- In line with the transition plan, infrastructure capacity improvement will be carried out in public institutions and activities to expand the use of the Public Data Space will be initiated.
- The scope of the KAMAG 1007 "Public Artificial Intelligence Ecosystem" call will be expanded and projects for the use of the Public Data Space will be included in the scope of the call and dissemination activities will continue in line with the transition plan.
- The number of public institution participation in the Public Data Space pilot implementation will be increased.

ii. Activities planned in 2026:

- Data sharing will continue in the Public Data Space.
- Technical improvement studies will continue for the needs of the Public Data Space.
- The recruitment process for central administration in the areas of data governance, advanced analytics and artificial intelligence will continue.
- In line with the transition plan, HR trainings and capacity building training programs will continue in public institutions.

- Incentive mechanisms will be expanded for joint artificial intelligence and advanced analytics projects involving the public, private sector and universities, which will be realized through the use of the Public Data Space in priority areas to be determined.

iii. Activities planned in 2027:

- Data sharing process will be initiated in the Public Data Space.
- In line with the transition plan, HR trainings and capacity building training programs will continue in public institutions.
- Advanced analytics and AI projects to be developed in the Public Data Area will continue to be developed.
- The recruitment process for central administration in the areas of data governance, advanced analytics and artificial intelligence will continue.
- Technical improvement studies will continue for the needs of the Public Data Space.
- Incentive mechanisms will be expanded for joint artificial intelligence and advanced analytics projects involving the public, private sector and universities, which will be realized through the use of the Public Data Space in priority areas to be determined.

2. Result indicators:

Indicator	Current Situation	2025	2026	2027
Number of datasets shared in the Central Public Data Space	5	100	250	300
Number of public employees trained in data governance, advanced analytics and artificial intelligence	0	250	400	500
Number of central government new recruitment in data governance, advanced analytics and artificial intelligence	200	200	150	200
Number of sector-based project calls on Central Public Data Space	1	15	25	30
The number of institutes involved in the Central Public Data Space	4	10	50	60
The number of projects launched through the Central Public Data Space	1	10	20	25

3. Expected impact on competitiveness: Private sector, universities and research centers will have easy access to public data through a standardized framework. The Public Data Space is expected to facilitate joint projects across sectors. The "AI Data Governance Current Situation and Needs Assessment" document and the "Data Governance Framework Recommendation Report for Turkiye" realized in cooperation with UNDP are expected to support the establishment of sectoral data spaces. In this way, competitive advantage will be gained by developing high value-added products and services. Thus, it is expected that public service delivery will be made more efficient, data will be reused, and the quality and quantity of academic publications will increase by ensuring public-academia cooperation. In the long

term, it will contribute to the development of data-driven public policies and strengthen transparency and accountability.

4. Estimated cost of the activities and source of financing:

2025: Establishing a Central Public Data Space, employing new experts, providing trainings for domain expertise in line with the Transition Plan, and providing consultancy and project calls to improve the capacity of public institutions (38.500.000 TL)

2026: Increasing the number of institutions and datasets to participate in the Public Data Space (32.910.000 TL)

2027: Realization of joint projects in the Public Data Area through collaborations with public, private sector and universities (42.256.440 TL)

5. Expected impact on employment, poverty, equality, gender and health care: The measure is gender neutral. It will support increased employment in public institutions, especially in data expertise. It will increase demand for new digital skills. The sharing of public data will create opportunities to increase data-driven collaborations with universities and private sector organizations and provide solutions for different sector problem areas.

6. Expected impact on the environment and climate change: Although no direct impact is expected in the short term, the implementation of the measure will facilitate the access of researchers and relevant public institutions to environment and climate focused datasets. An important basis will be provided for raising awareness and investigating the relationship between different policy areas and environment and climate. Data from different sectors will be analyzed together with environment and climate related data to develop data-driven innovative policies in areas such as sustainability, combating climate change, green and digital transformation. On the other hand, recent studies have documented that the infrastructures used for AI studies have a negative impact on the environment and climate change as they require high amounts of energy. It is expected that the negative impact on the environment and climate change will be reduced by using these infrastructures in an optimum way.

7. Potential risks:

Risk	Probability	Planned mitigating action
Lack of legislation on data sharing by public institutions.	Medium	Transforming the protocol created within the scope of the pilot study carried out in the Public Data Area into a draft legislation by making use of other related current situation and guidance documents

Table 10a: Cost of Structural Reform Measure (TL)

Year	Fees	Products and Services	Subsidies and Transfers	Capital Expenditures	Total
Name of the Measure - "Increasing the secure sharing and accessibility of public sector data with the new public data strategy and increasing the evaluation capacity"					
2025	16.000.000	5.000.000		10.000.000	38.500.000
2026	13.164.000	10.970.000		10.970.000	32.910.000
2027	18.780.640	11.737.900		11.737.900	42.256.440

Table 10b: Financing of Structural Reform Measure (TL)

Year	Central Budget	Local Budget	Other National Public Finance Sources	IPA Funds	Other Grants	Project Loans	To be determined	Total
Name of the Measure - "Increasing the secure sharing and accessibility of public sector data with the new public data strategy and increasing the evaluation capacity"								
2025	23.500.000		15.000.000					38.500.000
2026	12.910.000		20.000.000					32.910.000
2027	17.256.440		25.000.000					42.256.440

Table 11: Reporting of Structural Reform Measures in the ERP (2024-2026)

		Name of the Measure - Increasing secure sharing and accessibility of public sector data with the new data strategy	Assessment of the Implementation Status of the Reform (0-5)*
Activities Planned for 2024	<ul style="list-style-type: none"> The Public Data Space protocol will be signed and the data sharing process will be initiated. Advanced analytics and AI projects to be developed in the Public Data Space will continue to be developed. Through the artificial intelligence projects carried out within the scope of the pilot implementation, work on maturing the draft architecture and determining the technical requirements for improvement will continue. A transition plan will be prepared for institutions to be included in the Public Data Space by analyzing the maturity of data, infrastructure, human resources and legislation in public institutions. In line with the transition plan, HR trainings and capacity building training programs will be launched in public institutions. The recruitment process of central administration in the areas of data governance, advanced analytics and artificial intelligence will continue. In line with the transition plan, infrastructure capacity improvement will be carried out in public institutions and activities to expand the use of the Public Data Space will be initiated. 	5	
		3	
		4	
		3	
		3	
		2	
		3	

	<ul style="list-style-type: none"> The scope of the KAMAG 1007 "Public Artificial Intelligence Ecosystem" call will be expanded and projects for the use of the Public Data Space will be included in the scope of the call and dissemination activities will continue in line with the transition plan. 	2
	<ul style="list-style-type: none"> The number of public institution participation in the Public Data Space pilot implementation will be increased. 	2
Description of implementation and explanation if partial or no implementation	<ul style="list-style-type: none"> "Data Governance Current Situation and Needs Assessment" document, which will be merged in line with the NAIS measures 3.2.1, 3.2.2 and 3.2.3, is in progress and is planned to be published by the end of 2024. The protocol prepared specifically for the Public Data Area created for the pilot application has completed the negotiation stages and has reached the signature stage. The process regarding the management of identity, role management and responsibilities has been determined and finalized by the protocol. Work has started to determine the reference architecture and the parts including API libraries, virtual machine, code libraries and problem pool and service layer that will continue in line with this work with the technical specification being prepared by TURKSTAT and is planned to be completed in the first quarter of 2025. 	

* 0=no implementation, 1=implementation is being prepared, 2=initial steps have been taken, 3=implementation ongoing with some initial results, 4=implementation is advanced, 5=full implementation

Annex 2 Table: Relation of Measures to Related Policy Documents

Reform measures ERP 2025-2027	Commission Assessment of Key Structural Challenges in ERP (2024-2026)	ERP Policy Guidance 2024	Enlargement Package 2024	Sustainable Development Goals 2020-2030	European Green Deal	European Digital Agenda	IPA III projects supporting this reform
"Increasing the secure sharing and accessibility of public sector data with the new public data strategy and increasing the evaluation capacity"						It supports the objectives of the EU Data Strategy to share and add value to public data and the 5th Strategic Priority of the Digital Europe Program.	

iii. Energy Market Reforms

a) Analysis of main obstacles

The two main factors shaping the Türkiye's energy sector are considered to be rapid demand growth and import dependency. In this regard, top priority is decreasing the import dependency by improving security of supply and utilizing domestic and renewable energy sources to the maximum extent in an environmentally sound manner.

Türkiye attaches utmost importance and gives priority to realizing energy market reforms and adapting the national energy legislation fully with the EU energy legislation. In this context, fundamental sectoral laws were completed at great extent and efforts for establishing a fully competitive energy market are ongoing. Adapting to the needs and necessities of the EU Green Deal is another important milestone for Türkiye. Within this context for accomplishment of green energy transition, increasing energy efficiency in industry, buildings and energy production and transmission; increasing the share of renewable energy in energy mix; support the utilization of hydrogen; integration and digitalization of the energy systems to provide sustainable and uninterrupted energy supply and resilient energy market are the main targets of the Turkish energy sector.

The “Strategic Plan 2024-2028” prepared by the Ministry of Energy and Natural Resources was shared with the public on November 11, 2024. This plan, which includes critical targets such as ensuring sustainable energy supply security, reducing carbon emissions, supporting domestic technologies and improving institutional capacity, includes strategic steps in areas such as increasing diversity in energy production and encouraging the use of domestic resources, accelerating renewable energy investments in line with the 2053 net zero emission target, increasing domestic production capacity in the energy sector and encouraging innovation, as well as strengthening human resources capacity by activating management and audit processes.

Within the scope of the plan, the installed capacity of renewable energy is planned to increase from 63 GW in 2023 to 91 GW by 2028. Within this increase, it is aimed to increase the installed capacity of solar energy from 15 GW to 33 GW and wind energy from 11 GW to 19 GW.

The share of renewable energy sources in electricity generation is targeted to reach 50% in 2028, up from 43% in 2023. In addition, the share of solar and wind energy in total electricity generation is planned to increase from 17% to 26%.

The 2024-2028 Strategic Plan aims to contribute to Türkiye's energy transformation process, increase sustainability and efficiency in the energy sector, create added value in the mining sector and enhance international competitiveness.

Electricity and natural gas markets were liberalized to provide the platform for the commercial transactions. In order to ensure supply and system security, Ancillary Service Market and Capacity Mechanism are included to electricity market activities.

An amendment was made to the Electricity Market Licensing Regulation and published in the Official Gazette dated 8 March 2020 and numbered 31062 to allow electricity generation

projects which have more than one renewable resource. In addition, the By-Law on Storage Activities in the Electricity Market, prepared by EMRA, was published in the Official Gazette in May 2021 and entered into force, allowing generation or supply companies to establish electricity storage units or facilities. In addition, the RES-G (YEK-G) system and the Organized RES-G (YEK-G) Market, based on the proof, disclosure and tracking of electrical energy produced from renewable energy sources, were opened by Energy Market Operation Company (EPIAS) in June 2021. These regulation are expected to provide an increase in the capacity of renewables in electricity generation and a decrease in the carbon emission level.

As of January 2024, the eligibility threshold was lowered to 950 kWh/year. The corresponding theoretical degree of market opening on demand side is calculated as 98.54 percent.

Power futures market (PFM) was opened by EPIAS on 1 June 2021. The PFM enables market participants to preserve their positions and protect themselves from market price fluctuations and anticipate futures price expectations (price discovery). Moreover, it provides price signals for investors and hence will support long-term security of supply. Likewise, market operations on the Gas Futures Market (GFM) were started as of 1 October 2021.

The Intraday Market (IDM), launched on July 1, 2015, has been rewritten with increased performance, a user-friendly interface and new offer types within the scope of "GİP Phase 2.0". The project went live on December 31, 2023.

The YEK-G Charging Stations Project aims to contribute to Türkiye's green transformation with YEK-G certificates by successfully integrating participants holding charging network operator licenses into the YEK-G System and further developing the YEK-G System. The project was completed on December 15, 2023.

One of the major steps EPIAŞ took in the field of market transparency in 2016 is the Transparency Platform, where energy market data is centrally shared, continues to operate with the goal of publishing all market-related data from a single center in a fast, reliable, continuous, and accurate manner. The new version of the Transparency Platform, "Transparency Platform 2.0." with performance improvements, a user-friendly interface, and a new web service system went live on December 23, 2023.

The Market Surveillance System functions as an insurance mechanism in all developed markets to ensure transactions occur in a reliable and fair manner. It involves the processes of tracking, analyzing, visualizing, and reporting real-time data. The number, volume, and dynamic structure of the markets operated by EPIAŞ and their financial settlements have made the high-tech market surveillance system a necessity. The project studies of which started by May 22, 2023 was completed on December 29, 2023.

On 19 September 2019 in Official Gazette No. 30893, the Rules and Procedures for the Spot Pipeline Gas Import was published and the legal basis was provided to import spot pipeline gas with yearly, quarterly and monthly agreements in order to welcome new suppliers and lower prices.

Türkiye's total underground natural gas storage capacity is 5.8 billion m³ consisting of the Northern Marmara Natural Gas Underground Storage Expansion Project with a storage

capacity of 4.6 billion m³ and withdraw capacity of 75 million m³/day and the Tuz Gölü Natural Gas Underground Storage Project with a storage capacity of 1.2 billion m³ and withdraw capacity of 40 million m³/day. In addition, the total natural gas input capacity of Türkiye has exceeded to 455 mcm/day with the underground storage capacity increase and other investments. It is envisaged to increase total underground storage capacity to 12 bcm within next five years.

The dissemination of the Floating Storage and Regasification Units (FSRUs) is a significant step towards ensuring the diversity of resources and routes in natural gas markets. In this context, Türkiye's first FSRU vessel, Ertuğrul Gazi, was commissioned by BOTAŞ at the Hatay-Dörtyol Terminal in 2021. With the commissioning of BOTAŞ's second FSRU terminal in the Gulf of Saros and improvements to terminals, LNG regasification capacity has increased fivefold over the past eight years, exceeding 161 million m³/day.

The total length of the natural gas and oil pipeline network, operated by BOTAŞ, exceeds 24.000 km, providing natural gas access to 81 provinces, 862 settlements, and approximately more than 80 percent of Türkiye's population. To ensure the more efficient operation and technical safety of this extensive pipeline network and critical facilities, integrated security systems, artificial intelligence, and SCADA projects based on various technologies are being implemented.

TANAP has started to supply natural gas to Türkiye in 2018 and to Europe in 2020. The construction of the TurkStream Pipeline, which will carry Russian gas to Türkiye and Europe under Black Sea has been completed and the pipeline has been put into operation as of 1 January 2020.

IPA 2018 BOTAŞ "Feasibility of Reducing the Amount of Gas Burned in Flare with Flare Gas Recovery (FGR)" project is a technical assistance project to ensure the recovery of pilot gas and waste gas generated during ship unloading with the Flare Gas Recovery System at BOTAŞ LNG Operation Directorate. The procurement unit of this project is the World Bank. The tender process is ongoing and it is envisaged that the contract will be signed and the project will start by the end of 2024.

BOTAŞ also continues to transfer its experience in natural gas and oil to green energy transition. As part of the IPA 2018 program, the "Equipment Supply Project for Photovoltaic Applications for BOTAŞ", the installation of solar power plants (SPPs) with a total installed capacity of 8 MW at seven different locations owned by BOTAŞ (Sarıl/Kahramanmaraş, PS-5/Kahramanmaraş, Silopi/Şırnak, İdil/Şırnak, PS-3/A/Şırnak, Pirinçlik/Diyarbakır, Sultanhanı/Aksaray) was completed on September 22, 2023. Additionally, the installation of a 1 MW capacity SPP (Solar Power Plant) at the Ankara Yapraklı site was completed in 2023, increasing total installed capacity to 10 MW.

Since 2022, the entire electricity demand of our Silivri Natural Gas Storage Facility has been met by wind power plant with an installed capacity of 4.2 MW. Furthermore, it is planned to commission a second wind power plant with the same capacity in 2024, bringing the total installed wind power capacity to 8.4 MW. BOTAŞ envisages to meet all its energy needs from renewable energy sources by 2026. In this context, preparatory work has been initiated for the

transportation, distribution, storage, and commercialization of green hydrogen. In addition, the transformation of BOTAS terminals in industrial zones, where fossil fuel utilization is high, into green ports is under consideration, along with the exploration of opportunities for green energy trade via maritime routes.

In 2025, among green transformation technologies which aims reducing greenhouse gases emissions, BOTAS plans to conduct an analysis of its role in carbon capture and storage (CCS). The IPA 2023 BOTAS “Boosting Green and Low Carbon Hydrogen in Türkiye” project has been approved by the EU Delegation. Upon the signature of the financing agreement, the tender processes is envisaged to start. The project outputs include an analysis of Türkiye’s potential for green hydrogen production and consumption, recommendations for the preparation of hydrogen legislation, the creation of a hydrogen network plan, a feasibility study on the hydrogen value chain at the Tuz Gölü underground storage facility, and capacity-building activities such as training, seminars, and site visits.

The installed capacity in nuclear energy is planned as 7.2 GW by 2035 within the framework of the Turkish National Energy Plan and the 2053 net zero target. The Akkuyu NPP, which will consist of four VVER 1200 type reactors with a total installed capacity of 4,800 MW, has been granted a commissioning permit for the first reactor and construction activities are ongoing. The nuclear fuel required for the first unit has already arrived at the site. All units of the Akkuyu NPP are planned to be commissioned by the end of 2028. Technical and commercial feasibility studies have been completed within the scope of the Sinop NPP Project. An EIA (Environmental Impact Assessment) Positive Decision was made regarding the project in 2020. As the founder of Sinop NPP, Türkiye Nuclear Energy Inc. received site approval from the Nuclear Regulatory Authority (NDK) in 2024 and the suitability of the site for the establishment of a nuclear facility was confirmed. Site research is ongoing for the third nuclear power plant site. Investment negotiations are ongoing for both Sinop and the third nuclear power plant project. In addition to conventional power plants, cooperation opportunities are also being evaluated for small modular reactors.

With the Decree Law No. 702, the Nuclear Regulatory Authority, which has regulatory and supervisory control over the facilities and activities, and has administrative and financial autonomy, was established. The Presidential Decree No. 4 was amended by the Presidential Decree No. 57, published in the Official Gazette No. 31082 dated March 28, 2020, and the Turkish Energy, Nuclear and Mineral Research Agency (TENMAK) was established and the duties and responsibilities of TAEK were transferred to TENMAK.

Turkish Atomic Energy Agency, National Boron Research Institute and Rare Earth Elements National Research Institute united under the roof of TENMAK. Additionally, the Clean Energy Research Institute and the Energy Research Institute were established within TENMAK. In addition, general provisions regarding nuclear safety, security and radioactive waste management were stipulated in the decree. The task of preparing the National Radioactive Waste Management Plan and carrying out all related activities was assigned to TENMAK.

Within the scope of the efforts for our country to reach the net zero emission target of 2053, a Türkiye Hydrogen Technologies Strategy and Roadmap has been developed to establish the infrastructure of hydrogen technology, which is rapidly developing in the world, in our

country with a focus on developing electrolyzers using domestic and national capabilities. In addition, draft roadmaps for Türkiye Carbon Capture, Utilization, and Storage Technologies, as well as Türkiye Solar Energy Technologies, have been prepared as part of the initiatives to reach our 2053 net-zero emission goal.

In line with the targets set out in Türkiye's Hydrogen Technologies Strategy and Roadmap, R&D and P&D activities are carried out on hydrogen production via electrolyzers, transmission, storage, fuel cells applications, and industrial uses.

Since hydrogen must be produced from renewable sources or nuclear energy to contribute to decarbonisation, it is targeted to develop new technologies that will allow hydrogen to be produced in different and more efficient ways in the medium term, including fossil fuels combined with carbon capture, and advanced nuclear technologies such as next-generation small modular reactors (SMRs). In this context, additional efforts are focused on carbon storage and conversion to valuable products for sectors where decarbonization is challenging, as well as on the production of advanced carbon materials from domestic resources.

In addition, preparation work for the Türkiye Hydrogen Action Plan is underway to achieve the targets and policies set out in the roadmap. The plan aims to create the necessary regulatory framework for the hydrogen economy and support the safe integration of hydrogen into Türkiye's energy system. Actions are being developed in critical sectors such as energy, industry, environment, digitalization, transportation, and infrastructure, and activities are being planned to implement these actions. These measures, which aim to promote domestic hydrogen production and increase its use across various sectors, encompass elements such as infrastructure and capacity development, cost reduction, and localization of technology.

In line with the targets set out in Türkiye's Hydrogen Technologies Strategy and Roadmap, R&D and P&D activities are carried out on hydrogen production via electrolyzers, transmission, storage, fuel cells applications, and industrial uses.

Taking into account Türkiye's current and potential resources, the development and application of innovative technologies in hydrogen are essential for establishing a competitive edge in both domestic and international markets. In this context, the TENMAK R&D Incentives Hydrogen Technologies and Fuel Cell Call has been launched in accordance with the TENMAK Technology and Product Development Projects (TUGEP) Support Program Implementation Principles, with the aim of supporting R&D projects that bring together public institutions, universities, and industry partners to advance hydrogen and fuel cell technologies.

In addition to nuclear fission technologies, fusion technologies have gained increasing importance for strengthening the national nuclear infrastructure. Due to the use of sustainable, long-lasting, and clean fuel, and the absence of radioactive waste and greenhouse gas emissions, the identification, development, and implementation of technologies that can create opportunities in this field has become a vital necessity for our country. In this context, in accordance with the Implementation Principles of the TENMAK Research and Development Projects (TAGEP) Support Program, the TENMAK R&D Incentives-Nuclear Reactor Technologies and Fusion Technologies Calls have been launched. . These calls aim to support R&D projects focused on the design, development, safety, scalability, modularity, physical

protection, regulation, and licensing procedures for Generation IV reactors, small modular reactors (SMRs), micro reactors, and multipurpose research reactors with high neutron flux. Additionally, research and technology development in areas such as fuel, safety, digital twins, and machine learning for fusion energy are also included, with the goal of advancing innovative nuclear designs, fuels, and structural materials.

Rare Earth Elements (REE) are called “green elements” due to their use in clean and renewable energy technologies and are in the class of critically important raw materials. While the worldwide demand for REEs was around 170,000 tons in 2018, it is estimated that this amount will reach 220,000 tons in 2025 and 400,000 tons in 2035, especially with the increase in demand for clean energy and new generation electric vehicles. Therefore, it is also important to recover REE from secondary sources (NiMH battery, permanent magnet, electronic waste and fluorescent lamp, etc.) in order to develop the circular economy by providing a sustainable raw material supply. With the projects carried out in our country, it is focused to obtain REE from primary and secondary sources in an environmentally friendly and economic manner and on the production of high-tech end products containing REE. Boron is an element with various well-known properties, such as increasing strength, providing thermal insulation, flame retardancy, antimicrobial effects, superconductivity, solid lubrication, neutron absorption, and plant nutrition. In addition to these qualities, it also holds significant potential in the fields of green energy and sustainable energy technologies. In this context, its importance is steadily growing in applications such as electric vehicles, transformers, thermoelectric systems, latent heat energy storage, solar photovoltaic systems, and OLED technologies. Developments in boron-based materials, particularly in iron-boron-silicon alloys, have enabled the creation of more efficient electric motors and transformers, leading to substantial energy savings and emission reductions. Furthermore, the unique properties of boron are being utilized to enhance the performance of renewable energy technologies such as solar panels and wind turbines, with the goal of improving the efficiency of energy solutions.

“The Protocol to amend the Convention on Third Party Liability in the field of Nuclear Energy of 29 July 1960 (2004 Paris Protocol) as amended by the Additional Protocol dated 28 January 1964 and the Protocol dated 16 November 1982” entered into force on January 4, 2022. “The Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management” “signed by Türkiye on October 6, 2021, entered into force on May 21, 2023. NDK is the contact point regarding this Convention.

Primary energy consumption of Türkiye in 2023 has developed in a rate of 4.5 percent compared to the previous year and realized as 0.126 toe/2015 USD. The energy intensity of Türkiye has decreased in a rate of 34.3 percent in last 23 years.

The first Energy Efficiency Strategy (2012-2023) is based on the target of reducing Türkiye’s energy intensity in 2023 by 20% compared to 2011 level. According to the energy balance table for 2023 announced, energy supply increased by 0.4%, primary energy intensity decreased by 4.5% and final energy intensity decreased by 4.0% compared to the previous year. Conformable to these results, Türkiye’s energy intensity has been reduced by 24% compared to 2011 by 2023, and the 20% reduction target envisaged in the Strategy Document has been achieved.

With the first NEEAP (I.NEEAP) based on 2017 prices in the 2017-2023 period, a total of 8.47 billion USD have been invested in energy efficiency and resulting an energy savings amount of 24.7 mtOE. With the new investment and savings provided; an amount of 68.62 million tonnes CO2 equivalent emission reduction had been realized, resulting creation of 44.880 new employment. With the investment made already in this period, it is envisaged that benefits of energy saving will continue and through these energy savings a cumulative monetary savings of 30.2 billion USD will be achieved until the year 2033.

Türkiye's Energy Efficiency 2030 Strategy and the 2nd National Energy Efficiency Action Plan, which will be implemented between 2024 and 2030, have been launched at the meeting on January 8, 2024.

In the Energy Efficiency 2030 Strategy Document of Türkiye, which was developed with the participation of a diverse range of stakeholders, including the public, private sector, non-governmental organizations, universities, and new entrepreneurs, 10 strategic goals and 23 objectives have been outlined. The II. NEEAP, which aims to achieve these goals, includes 61 actions and 265 activities divided totally into seven categories of industry and technology, buildings and services, energy, transportation, agriculture, horizontal topics, start-ups, and digitalization.

Through the implementation of the II. NEEAP, by 2030, an energy consumption reduction of 16% is targeted and will contribute to a reduction of 100 million tons of emissions. To reach these targets, it is aimed that 20.2 billion USD would be invested in energy efficiency projects both in the public and private sectors and a cumulative final energy savings of 37.1 mtOE would be obtained by 2030. This will not only create new employment opportunities by supporting companies engaged in energy efficiency but will also result in 46 billion USD in energy savings by 2040.

The Energy Efficiency investments have been granted with the programs of Efficiency Improvement Projects (EIP)s and Voluntary Agreements (VA)s since 2009 for the purpose of bringing the energy savings potential into the economy, replacing inefficient equipment with the efficient ones, rising the energy efficiency awareness level and technological development level and increasing energy efficiency implementations.

Within the scope of EIP support program, a grant payment of 199.1 million Turkish Liras has been made for 662 projects, completed according to the application projects since 2009 and as a result of implementation of these projects an annual emission of 593 ktonnes CO2 equivalent have been prevented.

Within the scope of VA support program, an invoice grant amount of 8.9 million Turkish Liras (at current prices of 20.4 million Turkish Liras) has been paid for 16 industrial enterprises, reducing energy intensity at the promised rate since 2009. With the amendment of legislation the name of the program has been changed as Energy and Carbon Reduction (E&CR) Grant Program.

To increase energy efficiency, all commercial buildings and industrial establishments, in particular sizes, shall be appointed an energy manager or established an energy management unit mandatorily and also in industrial establishments, commercial and public buildings,

Organized Industrial Zones, electricity generation plants, meeting certain conditions, shall mandatorily be established ISO 50,001 Energy Management System and they shall mandatorily be made energy audits either their energy manager or energy management units. The appointment of energy managers, establishment of energy management units and the mandatory audits are monitored by ENVER Portal.

By the ESCO companies the studies of training, auditing, consultancy and implementation activities, EIP and E&CR grants activities, periodical mandatory audits and ESCO market development by Energy Performance Contracts are being carried out. An authorization certificate is issued to universities and to professional chambers for practical training and authorizing the ESCO companies with the approval of NEEAP M&E Council and now there have been 63 authorized ESCO companies and 6 authorized universities or professional chambers.

Additional to the authorized ESCO companies, universities or professional chambers, Ministry of Energy and Natural Resources (MENR)-Department of Energy Efficiency and Environment (DEEE) arranged training activities and competency exams for Energy Managers, Audit and Project Trainees and Measurement &Verification Experts directed to the development of competent human resources on energy efficiency. As a results of these studies more than 13 thousand energy managers have been trained with authorized companies, universities and professional chambers.

High-level of financing, human resource development and technology transfer are deemed necessary for energy efficiency studies.

In order for public buildings to play a leading role in energy efficiency, a 15% energy saving target was defined for public buildings by the end of 2023 with a Presidential Circular in 2019. In order to achieve the target, annual savings of 1.48 billion TL were achieved with energy efficiency studies carried out in public buildings. In order to tighten the targets and ensure higher energy efficiency, the 15% energy saving target was updated with a Presidential Circular to be at least 30% by 2030. In addition, the necessary legislation and technical infrastructure have been established for the implementation of energy performance contracts in the public sector.

By making amendment on the Regulation of organizing energy efficiency contests, based on purchasing savings obtained from energy efficiency projects, the legislation and technical infrastructure for organizing contest have been created. The first energy efficiency contest will be organized in the following period.

Türkiye aims to increase the share of domestic and renewable energy in the total power generation. Renewable Energy Resources Zone (YEKA) has been introduced for this purpose. Within the scope of the YEKA model, 6 competitions have been held so far: Karapınar YEKA-1 Solar Power Plant (GES) with an installed power of 1,000 MWe, YEKA Wind Power Plant (RES)-1 with an installed power of 1,000 MWe, YEKA RES-2 with an installed power of 1,000 MWe and YEKA GES-3 with an installed capacity of 1,000 MWe, YEKA GES-4 with an installed capacity of 1,000 MWe and YEKA RES-3 with an installed capacity of 850 MWe. Karapınar YEKA-1 Solar Power Plant has been completely installed and commissioned as of

February 2023. 8 projects have received pre-licenses, 5 projects have received license and 25,2 MWe was commissioned as of November 2024 in YEKA RES-2. All projects within the scope of YEKA RES-1 have been terminated under the provisions of Provisional Article 32 of the Electricity Market Law. Under the scope of YEKA GES-3, 3 projects, a total of 50 MWe, have obtained generation licenses, with a total capacity of 40 MWe to be operational.. Under the scope of YEKA GES-4 projects, 339 MWe for 4 projects has been commissioned. Under the scope of YEKA RES-3, 1 project have received generation licenses, and a capacity of 40 MWe has been commissioned. Studies are going on for other projects.

YEKA projects have taken important steps towards increasing Türkiye's renewable energy capacity. These projects enable the deployment of innovative solutions and technologies while increasing energy production. The total capacity installed under the YEKA model has reached 1,452 MW, and efforts are underway to commission 2,568 MW of capacity. In addition, efforts to announce new YEKA projects are continuing rapidly.

Studies are ongoing with the World Bank to complete the tender preparations for IPA 2018 "Improvement of TEİAŞ's Planning and R&D Capacity" project. The pre-tender preparations are ongoing with Word Bank for IPA 2019 "Offshore Wind Site Investigations" project.

Under IPA 2018, a technical consultancy project was developed for increasing energy efficiency in buildings and households in Türkiye. Within the scope of the project, it is planned to carry out legislative gap analysis, preparation of the draft eco-design and labelling regulation and specifications for public procurement, monitoring and audit reports on buildings, demand response reports and report on sustainable energy efficiency in the upcoming two years. The budget of the project, which will be implemented with the service procurement model, is 506,300 Euros and is expected to contribute to the development of the energy efficiency market.

b) Reform measures

Measure: "Support for R&D, Product Development, and Technological Advancements in the Fields of Energy, Nuclear, and Mining Technologies through the Technology and Product Development Projects Support Program (TUGEP), and Research Projects Involving R&D, Improvement, and Innovation through the Research and Development Projects Support Program (TAGEP)"

1. Description of measure: The aim of the TUGEP Support Program is to transform the results of research and development activities conducted in the fields of energy, mining, ionizing radiation, particle accelerators, nuclear energy, boron, and rare earth elements into useful tools, materials, products, services, methods, processes, systems, and production techniques, in line with the priorities set by the Türkiye Energy, Nuclear, and Mineral Research Agency (TENMAK). Additionally, the program seeks to improve existing technologies and facilitate their broader application. In this context, the program supports projects that involve all types of research, development, innovation, design, technology acquisition, testing, and localization activities aimed at product and technology development.

In addition, to support the development of production infrastructure for the products and/or technologies that emerge from these research and development activities, the program

will facilitate the improvement of production and commercialization processes. This includes providing support for production and marketing activities to both public institutions and private sector organizations with the goal of transforming these products into commercial value.

As part of TUGEP, the evaluation processes for the "Hydrogen Technologies and Fuel Cell Call" and the "Carbon Capture, Utilization, and Storage Technologies Call" launched in 2023 have been completed. The monitoring processes for the five projects selected for support are ongoing.

Hydrogen Technologies and Fuel Cell Call:

- Carbon Capture Technologies
- Carbon Utilization and Conversion to Value-Added Products Technologies
- Carbon Storage Technologies

Carbon Capture, Utilization, and Storage Technologies Call:

- Clean Hydrogen Production Technologies
- Storage and Liquefaction Technologies
- Fuel Cell Technologies

In the last quarter of 2023, the "Digitalization in Energy Call" was launched under the TUGEP program.

Digitalization in Energy Call:

- Digital Technologies in Renewable Energy Plants
- Digital Technologies in Energy Production, Transmission, and/or Distribution Phases

Projects submitted under this call are currently undergoing evaluation through a panel system.

The goal of the TAGEP Support Program is to promote research projects aligned with TENMAK's strategic priorities, particularly in scientific and technological domains of energy, mining, ionizing radiation, particle accelerators, nuclear, boron, and rare earth elements. The program seeks to facilitate the generation of new knowledge, advance scientific interpretation, and resolve technological challenges through a wide range of activities, including research, development, optimization, and innovation.

In 2023, five (5) project calls were launched to prioritize national needs in the areas of nuclear reactor and fusion technologies. Within this framework, the technical and financial evaluations of the submitted projects have been completed, and the announcement of 10 selected projects for support is forthcoming.

Nuclear Reactor Technologies Call:

- Nuclear Reactor Technologies

Fusion Technologies Call:

- Design
- Fuel
- Safety
- Digital Twin and Machine Learning

In preparing the project budget, the Implementation Principles for the TUGEP and TAGEP Support Programs and the TENMAK Financial Limits and Guidelines must be considered.

The announcement and call text related to these calls will be published on the TENMAK website, with applications open to public institutions, universities, private sector organizations, and SMEs. Project applications are accepted in a single phase through the tendes.tenmak.gov.tr website.

i. Activities planned in 2025: In alignment with TENMAK's priorities, a total of thirteen (13) calls will be opened under the TUGEP and TAGEP frameworks to support various projects and activities.

ii. Activities planned in 2026: In alignment with TENMAK's priorities, a total of fifteen (15) calls will be opened under the TUGEP and TAGEP frameworks to support various projects and activities.

iii. Activities planned in 2027: In alignment with TENMAK's priorities, a total of seventeen (17) calls will be opened under the TUGEP and TAGEP frameworks to support various projects and activities.

Support programs will be developed in line with the needs of our country, and high-value-added projects will be supported.

2. Outcome indicators:

Indicator Name	Current Status	2025	2026	2027
Number of project calls (TAGEP and TUGEP) (cumulative)	12	13	15	17
Number of supported projects (TAGEP and TUGEP) (cumulative)	5	8	10	12

3. Expected Impacts on Competitiveness: In order to keep up with global developments and remain competitive in both national and international markets, it is essential to identify innovative technologies that have the potential to create new opportunities, considering Türkiye's current and potential resources, and to establish an application system for the development of these technologies.

In all endeavors, products derived from domestic and national solutions will help Türkiye achieve its 2053 carbon emission reduction targets and establish itself as a global leader in technological innovation. Additionally, in the process of decarbonization, which involves

increasing the share of renewable energy, the concepts of electrification, digitalization, and artificial intelligence have become critical in the energy sector. Energy storage technologies should be integrated with digital technologies to balance energy production and consumption. The National Artificial Intelligence Strategy (2021-2025), published by the Presidential Digital Transformation Office, has been prepared to organize artificial intelligence activities, including those in the energy sector, with the goal of increasing its impact. The strategy's "Digital Türkiye" vision seeks to foster a globally competitive Türkiye by leveraging digital technologies, products, and services to improve efficiency across societal, economic, and governmental activities.

Energy supply security is a critical factor that directly impacts our country's prosperity, national security, and self-sufficiency. In this context, nuclear power plants, despite high initial investment costs, are considered an important option for many countries due to their low operating and fuel costs, zero greenhouse gas emissions, and long operating lifespans. The developments in the areas of IV Generation nuclear reactors, small modular reactors, micro-reactors, and multi-purpose research reactors with high neutron flux, as well as advancements in fusion technology, should be closely monitored by our country. These developments will play a crucial role in reducing dependence on foreign energy sources and achieving the targets set out in the Paris Agreement. Research and development (R&D) efforts carried out with domestic and national solutions will enable Türkiye to meet its 2053 energy targets and become a global leader in technological advancements. Through these efforts, the strengthening of Türkiye's nuclear technology and industrial infrastructure, supported by the leadership and investment support of the government, will increase the domestic industry's share in nuclear power plants and positively impact other high-value industries.

4. Cost and Financing of the Planned Activity: The funding for this activity will be allocated from the TENMAK support budget.

2025-2027: Under the TAGEP-Nuclear Reactor Technologies Call and TAGEP-Fusion Technologies Call, the total support limit provided by TENMAK for each project to be submitted is 5 Million TRY, with no annual budget limitation. For the TUGEP-Hydrogen Technologies and Fuel Cell Call and TUGEP-Carbon Capture, Utilization, and Storage Technologies Call, the total maximum support limit provided by TENMAK for each project is set at 50 Million TRY, with no annual budget limitation. Additionally, the total budget allocated for the TUGEP-Digitalization in Energy Call is 100 Million TRY.

5. Expected Impacts on Employment, Poverty, Equality, Gender, and Healthcare: This measure is expected to create employment opportunities within the fields of R&D as well as product development. While the participation of women in research and development activities is strongly encouraged, no direct impact on gender-related issues is anticipated.

6. Expected Impacts on the Environment and Climate Change: By supporting projects aimed at reducing carbon emissions, this initiative will contribute to Türkiye's efforts in reaching its climate-neutral goal for 2053.

In this regard, in addition to enhancing expertise in relevant technologies, supporting the process of commercializing existing knowledge is a critical element in facilitating Türkiye's green transition within the energy sector.

7. Potential Risks:

Risks	Risk		Planned Mitigation Measures
	Probability	(Low/High)	
Insufficient number of applications	Low		Continued promotional activities will be conducted.
Negative impact of economic fluctuations	High		Priority will be given to projects with high added value.

Table 10a: Cost of the Structural Reform Measure (TRY)

Year	Salaries	Goods and Services	Subsidies and Transfers	Capital Expenditures	Total
Measure “Support for R&D, Product Development, and Technological Advancements in the Fields of Energy, Nuclear, and Mining Technologies through the Technology and Product Development Projects Support Program (TUGEP), and Research Projects Involving R&D, Improvement, and Innovation through the Research and Development Projects Support Program (TAGEP)”					
2025			₺125.000.000		
2026			₺175.000.000		
2027			₺200.000.000		

Table 10b: Financing of Structural Reform Measure (TRY)

Year	Central Budget	Local Budget	Other National Public Financial Sources	IPA Funds	Other Grants	Project Loans	To Be Determined	Total
Measure “Support for R&D, Product Development, and Technological Advancements in the Fields of Energy, Nuclear, and Mining Technologies through the Technology and Product Development Projects Support Program (TUGEP), and Research Projects Involving R&D, Improvement, and Innovation through the Research and Development Projects Support Program (TAGEP)”								
2025	₺125.000.000							
2026	₺175.000.000							
2027	₺200.000.000							

Table 11: Reporting of Structural Reform Measures in the ERP (2024-2026)

Measure “Support for R&D, Product Development, and Technological Advancements in the Fields of Energy, Nuclear, and Mining Technologies through the Technology and Product Development Projects Support Program (TUGEPEP), and Research Projects Involving R&D, Improvement, and Innovation through the Research and Development Projects Support Program (TAGEPEP)”		Reformun Uygulanma Durumunun Değerlendirilmesi (0-5)*
Planned Activities for 2024	In alignment with TENMAK's priorities, calls for projects and activities will be opened in five key areas for support.	4
Information on the status of implementation: If the implementation is incomplete or there has been no progress, please provide an explanation.	<p>The support process for five projects has commenced under the Hydrogen Technologies and Fuel Cell Call and the Carbon Capture, Utilization, and Storage Technologies Call. The evaluation process for the Nuclear Reactor Technologies and Fusion Technologies Calls has been completed, and the projects to be supported will be announced. The evaluation and revision process for the Energy Digitalization Call is ongoing.</p> <p>As of 2023, a total of twelve (12) project calls have been opened, prioritizing the needs of our country across various thematic areas.</p> <p>Hydrogen Technologies and Fuel Cell Call:</p> <ul style="list-style-type: none"> – Carbon Capture Technologies – Carbon Utilization and Conversion to Value-Added Products Technologies – Carbon Storage Technologies <p>Carbon Capture, Utilization, and Storage Technologies Call:</p> <ul style="list-style-type: none"> – Clean Hydrogen Production Technologies – Storage and Liquefaction Technologies – Fuel Cell Technologies <p>Nuclear Reactor Technologies Call:</p> <ul style="list-style-type: none"> – Nuclear Reactor Technologies <p>Fusion Technologies Call:</p> <ul style="list-style-type: none"> – Design – Fuel – Safety – Digital Twin and Machine Learning <p>The Energy Digitalization Call</p>	

*: 0 = No implementation, 1 = Implementation is in the preparation stage, 2 = Initial steps have been taken, 3 = Implementation is ongoing, with some preliminary results emerging, 4 = Implementation has progressed, 5 = Full implementation

Annex 2 Table: The Relationship of the Measures with Relevant Policy Documents

Reform Measures ERP 2025-2027	Commission's Assessment of Key Structural Challenges ERP (2024-2026) Assessment	2023 ERP Joint Outcome Report Policy Recommendations	2023 Enlargement Package	Sustainable Development Goals 2020-2030	European Green Deal	European Digital Agenda	IPA III Projects Supporting Reform
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<p>Measure “Support for R&D, Product Development, and Technological Advancements in the Fields of Energy, Nuclear, and Mining Technologies through the Technology and Product Development Projects Support Program (TUGEP), and Research Projects Involving R&D, Improvement, and Innovation through the Research and Development Projects Support Program (TAGEP)”</p>			<p>7. Affordable and Clean Energy</p> <p>7.2. Significantly increasing the share of renewable energy in global energy sources by 2030.</p> <p>7.a. Promoting international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and encouraging investment in energy infrastructure and clean energy technologies.</p> <p>9. Industry, Innovation, and Infrastructure</p> <p>9.4. By 2030, enhancing the efficient use of resources and promoting the adoption of cleaner and more environmentally resilient technologies and industrial processes through actions aligned with each country's capacity, thus developing infrastructure and strengthening industries in a sustainable manner.</p> <p>9.b. Supporting domestic technology development, research, and innovation in developing countries through the creation of a conducive policy environment for industrial diversity and value-added industrial products.</p> <p>12. Responsible Production and Consumption</p> <p>12.2. Ensuring the sustainable management and efficient use of natural resources by 2030.</p>	<p>► Decarbonization of Energy Supply: With the widespread use of renewable and clean energy sources, the decarbonization of energy supply will be achieved, reducing dependence on other suppliers.</p> <p>► Clean, Safe, and Connected Transport: The transport and logistics sectors will be decarbonized through alternative transport modes, electric vehicles, connected and automated transport, and alternative fuels.</p> <p>► Industrial Modernization with a Fully Circular Economy: Existing industrial setups will be modernized, and investments will be made in systems compatible with carbon-neutral and circular economy technologies.</p> <p>► Development of Smart Grid Infrastructure and Interconnections: Modern and smart infrastructure will be established to lay the foundation for future energy transmission and distribution.</p> <p>► Development of Carbon Capture and Storage Methods: Remaining greenhouse gas emissions will be compensated, and negative emissions will be achieved.</p>	
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iv. Transport Market Reforms

5.3. Human Capital and Social Policies

i. Education and Skills

a) Analysis of main obstacles

Curriculum in primary and secondary school education is based on acquisition rather than skill, and this causes students not to reach the desired skill level in the international context.

b) Reform measures

Measure 5: “Skill-based updating of curriculum at all levels within the scope of green and digital transformation and developing a system for recognizing previous learning by strengthening vocational training centers”

1. Description of measure: In line with the objectives stated at the Articles 658 and 669 in the Twelfth Development Plan and "providing inclusive and quality education for all" in the Sustainable Development Goals of the United Nations Development Program, the curricula at the basic education level from pre-school to 8th grade will be renewed with a skill-based holistic approach, with priority given to basic courses.

Vocational and technical education is an effective tool in accelerating employment and providing a balanced supply-demand. Therefore, VET programs are constantly updated in a dynamic process in order to train qualified workforce that meets sector expectations. In VET, National Occupational Standards (NOS) prepared by the Vocational Qualifications Authority (VQA) will also be taken into account along with the competencies required by sector demands. Efforts to prepare teaching materials that are suitable for the updated curriculum content will continue.

Moreover, the aim is to train individuals equipped with digital skills in parallel with the “Digital and Green Skills” policy, which is one of the priorities of the 2019-2024 period within the scope of the European Union Strategies.

Vocational training centers are programs where students gain knowledge, skills and competence by receiving training in real business environments. Studies will be carried out to enroll more students in these programs. In addition, studies will be carried out to recognize and certify professional skills acquired through non-formal or informal learning, so that more people will be able to obtain certification.

It is significant to develop vocational education by creating a vocational skills inventory, skill needs mapping and skill sets throughout the country on the axis of green and digital transformation in order to give direction to vocational education, to bring the skills needed to make human resources qualified to the workforce through vocational education and higher education, and to develop vocational education by taking into account the supply and demand balance of labor markets in line with changing technology, production structure and service delivery forms.

i. Activities planned in 2025:

- Program development efforts will continue. Simultaneously, textbook writing activities for pre-school, 1st and 5th grades will be carried out and other teaching

materials will be prepared. Then, program development, textbook writing and material preparation processes will continue for the following classes. (General Directorate of Basic Education)

- The framework teaching programs of the fields and branches used in vocational and technical secondary education institutions will be updated to meet the requirements of green development, new job opportunities, digital and green skills in line with sector demands, changing and developing technology, legislation and national occupational standards and national qualifications prepared by VQA,
- Preparing printed teaching materials suitable for vocational and technical secondary education program contents.
- Creating augmented reality, simulation and animation content,
- Diversification of methods for recognition and certification of professional skills acquired through non-formal or informal learning.
- Curricula, course materials, educational tools, digital content at secondary and higher education levels will be prepared/updated in line with digital and green skills in cooperation with the sector.
- Especially digital and green transformation, curricula, infrastructure and internship opportunities in line with the requirements of the era in the training of teachers will be improved.

ii. Activities planned in 2026:

- Textbook writing and material preparation processes will continue for 2nd, 3rd and 4th grades at the primary school level and 6th, 7th and 8th grades at the secondary school level.
- The framework teaching programs of the fields and branches used in vocational and technical secondary education institutions will be updated to meet the requirements of green development, new job opportunities, digital and green skills in line with sector demands, changing and developing technology, legislation and national occupational standards and national qualifications prepared by VQA,
- Preparing printed teaching materials suitable for vocational and technical secondary education program contents.
- Creating augmented reality, simulation and animation content,
- Diversification of methods for recognition and certification of professional skills acquired through non-formal or informal learning.
- Curricula, course materials, educational tools, digital content at secondary and higher education levels will be prepared/updated in line with digital and green skills in cooperation with the sector.
- Especially digital and green transformation, curricula, infrastructure and internship opportunities in line with the requirements of the era in the training of teachers will be improved.

iii. Activities planned in 2027:

- Textbook writing and material preparation processes will continue for 2nd, 3rd and 4th grades at the primary school level and 6th, 7th and 8th grades at the secondary school level.
- The framework teaching programs of the fields and branches used in vocational and technical secondary education institutions will be updated to meet the requirements of green development, new job opportunities, digital and green skills in line with sector demands, changing and developing technology, legislation and national occupational standards and national qualifications prepared by VQA,
- Preparing printed teaching materials suitable for vocational and technical secondary education program contents.
- Creating augmented reality, simulation and animation content,
- Diversification of methods for recognition and certification of professional skills acquired through non-formal or informal learning.
- Curricula, course materials, educational tools, digital content at secondary and higher education levels will be prepared/updated in line with digital and green skills in cooperation with the sector.
- Especially digital and green transformation, curricula, infrastructure and internship opportunities in line with the requirements of the era in the training of teachers will be improved.

2. Results Indicators:

Indicators	Current Situation	2025	2026	2027
Number of Curricula Prepared with Skill-Based Holistic Approach	0	3 pieces for primary school 1st grade (Turkish, Mathematics, Life Sciences) 4 for the 5th grade of secondary school (Turkish, Mathematics, Science, Social Studies)	11 for all other grades in primary school 12 units for all other grades in middle school	
Number of Textbooks Prepared with Skill-Based Holistic Approach	-	14	46	-
The Number of Updated/Added Curriculum in Vocational and Technical High Schools (MTAL)	53 Framework Curriculum for 114 Fields	20	20	13
The Number of Updated/Added Curriculum in Vocational Education Centers (MEM)	39 Framework Curricula for 193 Fields	15	15	9

The Number of Printed Educational Materials (LESSON MATERIAL)	883	250	250	250
Number of Augmented Reality Content Simulations and Animations	150	-	-	-
Number of individuals certified within the scope of prior learning	237.866	261.674	287.842	316.626
Number of students enrolled in the Vocational Education Center Program (9th Grade)	147.302	169.086	194.450	223.617

3. Expected impact on competitiveness: If it is assumed that individuals who have been educated with the program prepared with a skill-based holistic approach have acquired the skills required by the age, its effect on competitiveness can be seen.

Students who grow up with the new knowledge and equipment required by the age will be more compatible with the qualifications needed by the labor market and will contribute to increasing competitiveness in production in the medium term.

4. Estimated cost of the activities and the source of financing:

2025: Total estimated cost 1.292.217.000 TL

(Central Budget + UNICEF grant + FRiT (The EU Facility for Refugees in Türkiye))

2026: Total estimated cost 3.661.281.000 TL (Central Budget + UNICEF +FRiT)

2027: Total estimated cost 3.661.281.000 TL (Central Budget + UNICEF +FRiT)

5. Expected impact on social outcomes, such as employment, poverty reduction, gender equality and access to health care: The reform measure is not expected to have a direct impact on employment, poverty, equality, gender and health services.

6. Expected impact on environment and climate change: The reform measure is not expected to have a direct impact on the environment. The measure is therefore environmentally neutral. However, in the K-12 Skills Framework, which forms the basis of the developed curriculum, the theme of "livable environment" stands out as a main area of the values model that is intended to be imparted to students. Additionally, in branch programs prepared with a skill-based approach, environment and climate change can be emphasized in accordance with the course and skill. This may positively affect children's ability to comply with the rules in their social lives and acquire environmental protection behavior.

7. Potential risks:

Risk	Probability	Planned mitigating action
Problems due to lack of budget	High	Budget may cause problems in the continuation of the projects in the following years. A separate budget should be allocated for these projects from the general budget for the following years.
Disruption of the tender process in the preparation of digital content	Low	Giving importance to planning and coordination for the healthy progress of the process
Non-approval of central budget projects	Middle	The preparatory work for the project has been completed and it has been stated that the project will receive approval as a result of the preliminary meeting.

Table 10a: Cost of Structural Reform Measure (TL)

Year	Fees	Products and Services	Subsidies and Transfers	Capital Expenditures	Total
<u>Measure:</u> “Skill-based updating of curriculum at all levels within the scope of green and digital transformation and developing a system for recognizing previous learning by strengthening vocational training centers”					
2025	600.000.000 TL (UNİCEF+FRİT)	300.000.000 TL (UNİCEF+FRİT)	x	392.217.000 TL (Central Budget)	1.292.217.000 TL (Central Budget +UNİCEF+FRİT)
2026	1.000.000.000 TL (UNİCEF+FRİT)	500.000.000 TL (UNİCEF+FRİT)	x	3.661.281.000 TL (Central Budget)	3.661.281.000 TL (Central Budget +UNİCEF+FRİT)
2027	1.500.000.000 TL (UNİCEF+FRİT)	750.000.000 TL (UNİCEF+FRİT)	x	3.661.281.000 TL (Central Budget)	3.661.281.000 TL (Central Budget +UNİCEF+FRİT)

Table 10b: Financing of Structural Reform Measure (TL)

Year	Central Budget	Local Budget	Other National Public Finance Sources	IPA Funds	Other Grants	Project Loans	To be determined	Total
<u>Measure:</u> “Skill-based updating of curriculum at all levels within the scope of green and digital transformation and developing a system for recognizing previous learning by strengthening vocational training centers”								
2024	392.217.000 TL (Central Budget)	x	x	x	900.000.000 TL (UNICEF Grant+FRIT)	x	x	1.292.217.000 TL (Central Budget + UNICEF+FRIT)
2025	2.161.281.000 TL (Central Budget)	x	x	x	1.500.000.00 0 TL (UNICEF Grant+FRIT)	x	x	3.661.281.000 TL (Central Budget + UNICEF+FRIT)
2026	1.411.281.000 TL (Central Budget)	x	x	x	2.250.000.00 0 TL (UNICEF Grant+FRIT)	x	x	3.661.281.000 TL (Central Budget + UNICEF+FRIT)

Table 11: Reporting of Structural Reform Measures in the ERP (2024-2026)

Integration of digital skills into vocational and technical education programme (ERP(2023-2025) Measure 13)	Evaluation of the Implementation Status of the Reform (0-5)*
Planned objectives for 2024	<ul style="list-style-type: none"> The dynamic updating of educational programs in line with sectoral demands, evolving technology, and national occupational standards prepared by VQA. In order to enable all relevant fields to benefit from it as part of future professions, printed teaching materials and digital content suitable for the curriculum of elective vocational courses such as “Artificial Intelligence”, “Robotics Coding” and “Digital Technologies” are being prepared. Preparation of program studies and the creation of printed educational materials and digital content tailored to the curriculum for Aviation and Space Technology, Cybersecurity, and Agriculture fields. - Preparing printed teaching materials suitable for vocational and technical secondary education program contents. - Preparing application videos, - Creating simulation and animation content,
Information about the status of the implementation ; if the implementation is incomplete or there is no progress at all, an explanation regarding this matter.	<p>With the evolving technological advancements in vocational and technical education, VET programme is being updated in collaboration with the industry, providing education in 53 fields and 114 branches. Teaching programs are constantly updated in line with the needs of the industry and developing technologies within the framework of cooperation with the industry. In 2024, 5 vocational and technical Anatolian high school programs and 10 vocational education center programs have been prepared/updated. In addition, elective courses on entrepreneurship have been added to all vocational and technical secondary education programs. All vocational and technical secondary education programs and course materials are published digitally at http://meslek.eba.gov.tr/.</p> <p>Introduction to Programming and Algorithm, Robotic Coding, Programming Languages, Mobile Application Development, Artificial Intelligence Applications” modules have been added to the “Information Technologies and Software” course by the Ministry of National Education General Directorate of Secondary Education. All students can take this course as an elective.</p> <p>According to the website http://meslek.eba.gov.tr/?p=Ogretim-Programi&tur=mtal&sinif=9&alan=69, framework teaching programs for Aviation and Space Technology, Cybersecurity, and Agriculture have been prepared/updated. The course materials for these fields have also been prepared and published at http://meslek.eba.gov.tr/?p=Ders-Kitabi&tur=mtal&sinif=9.</p>

	<p>In 2024, 883 printed teaching materials have been prepared in accordance with the contents of vocational and technical secondary education programs.</p> <p>Simulation, animation, and application videos were generally prepared to ensure the continuity of vocational and technical education during the pandemic. With the disappearance of the effects of the pandemic, simulation, animation, and application videos were abandoned. Instead, augmented reality content has been prepared. The “Supporting Vocational and Technical Education with Augmented Reality Application” (MET-UP) project has been prepared in cooperation with MEB-UNICEF, and 150 augmented reality contents have been prepared within the scope of the project in 2024.</p>
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Table 12: Links between Reform Areas and Relevant Policy Documents

Reform measures ERP 2025-2027	Commission Assessment of Key Structural Challenges in ERP	ERP Policy Guidance 2024	Enlargement Package 2024	Sustainable Developments Goals 2020- 2030	European Green Deal	European Digital Agenda	IPA III projects supporting this reform
Measure: “ <i>Skill-base updating of curriculum at all levels within the scope of green and digital transformation and developing a system for recognizing previous learning by strengthening vocational training centers</i> ”	x	x	x	UN Development Program SDG-4: Quality Education 4.1. By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education, leading to relevant and effective learning outcomes	x	x	x

ii. Employment and labour markets

a) Analysis of main obstacles

Sustaining economic and social welfare is possible not only by providing citizens with jobs but also by creating decent work conditions. Creating jobs that are productive and bringing a fair wage, where occupational health and safety conditions are ensured, where employees can be organized and participate in decision-making processes, and where all the citizens benefit from equal opportunities is a vital element of a labour market that would contribute to the economic and social development of Türkiye. It is of great importance that the jobs which will emerge with the changes and transformations in working life comply with the decent work criteria and that the policies are made in this context.

On the other hand, in today's labour market, radical changes such as digital and green transformation are taking place. These transformations significantly affect the nature of employment and the structure of the labour market, resulting in the need for the labour force to adapt to new job opportunities by improving technological and green skills. In order to adapt to these transformations and to prepare the labour force for the future, determining policies that are compatible with the developments in the world and in Türkiye is critical.

In this context, under the coordination of the General Directorate of Labour in the Ministry of Labour and Social Security (MoLSS), the preparatory studies of the National Employment Strategy for the 2025-2028 period have been carried out with the contributions of all the relevant parties, taking into account the current needs and future expectations of the labour markets.

Although the preparatory studies of the National Employment Strategy (2025-2028) started in December 2023 with the Ministerial Approval, preliminary preparations that would contribute to the Strategy had been carried out beforehand.

Within the scope of these studies; regional employment workshops were organized in Ankara, Adana, Bursa, Gaziantep and İstanbul provinces in order to receive the opinions and suggestions of the stakeholders on the problems encountered and/or foreseen in the regional labour markets and the policies to eliminate them.

In addition, considering that the recovery of labour markets in the disaster area after the February 6 earthquakes will be an important component of the strategy studies, works carried out by different institutions for the disaster area have been followed by the General Directorate of Labour. In this context, in addition to the regional workshop held in Gaziantep, a workshop was organised in Hatay as well, and the evaluations and suggestions of the participants were reported.

General Directorate of Labour has determined the topics for each policy axis and these axes have been agreed upon in consultation with the Academic Advisory Board and the rapporteur academics working on each axis. In addition, considering the necessity that the national strategies shall be designed in line with the predictions in the current development plan and parallel to the priorities in the plan; the objectives of the Strategy, the subject policy axes and the issues addressed within the scope of these axes have been prepared in line with the 12th Development Plan that entered into force on 1 November 2023.

Within the scope of the preparation of the National Employment Strategy; studies for the establishment of the Academic Advisory Board which is expected to guide the strategy studies, and the determination of rapporteur academics, evaluation of the results of the regional workshops, conducting a survey to receive the opinions of the locals, reviewing of the literature/country experiences that will contribute to the preparation process, holding meetings with all the relevant parties and the obtaining official opinions have been carried out.

Currently, the Draft National Employment Strategy and Action Plans (2025-2028) have been prepared with the contributions of all the stakeholders of the working life and they are expected to be submitted for approval in the upcoming period.

Within the scope of just transition studies, activities were carried out to reflect just transition policies in national policy documents and to raise awareness. In this context, at the Labour Assembly, which was held for the 13th time this year and is one of the most effective tools for social dialogue, findings and recommendations regarding just transition policies were presented under the agenda of "The Effects of Green and Digital Transformation on Labour Markets and the Just Transition". It is also envisaged that the National Just Transition Strategy will be prepared and published in the upcoming period in order to ensure green and digital transformation in labour markets and to reveal the opportunities by minimizing the negative social and economic effects of the process during the transition to a green and circular economy.

With the changes to be experienced in production processes as a result of the digitalization of sectors, especially industry, it is expected that the most destructive effects will be on working life and employment, profession-job preferences and business models.

As for all countries and institutions, it has vital importance for Türkiye and considering the labor-intensive production structure, it is necessary to be prepared for this process of change and transformation.

Increasing the positive expectations of young people for the future, closing the gap between technology and qualified labour force, getting out of the middle income trap by increasing global competitiveness and developing new policies, especially in the field of education, by properly identifying the effects of the increasingly digitalised labour force are significant actors for Turkish economy to combat unemployment effectively.

It is observed that the Turkish economy has recently achieved a rapid and stable growth momentum. This trend has brought a high employment growth and an intense job creation process. In addition to the driving force of high growth, labour supply is also supported by structural factors such as rapidly increasing female labour force participation and social security reforms. In order to ensure that this potential does not remain idle and is utilized efficiently, it is crucial that the labour market has a competitive structure and functions properly. On the other hand, creating job opportunities that will ensure a certain level of welfare for the society as a whole and supporting vulnerable segments of society in the labour market are also among the important priorities. In this context, a reform infrastructure was adopted aiming to reach a competitive and well-functioning labor market and taking the social inclusion into account. It is aimed to harmonize social assistance policies with labour market dynamics and simultaneously support vulnerable segments of society in the labour market.

In order to diversify employment services and play an active role in job placement, importance is attached to the organisation of Employment Fairs and Career Days, and these activities have been carried out in increasing numbers since 2010.

Employment fairs are organised to bring together workers, employers, and related organisations under one roof, to enable employers to evaluate labour demands, provide the opportunity of preliminary interview between candidates and company representatives, to create an employment environment and to increase the recognition of İŞKUR's services by citizens. In these fairs, social parties, local governments, universities, other related institutions and organisations, industrialists, business managers and supply and demand sides of labour at local level come together, and a permanent and institutional communication mechanism on vocational training, employment and human resources is established among all parties. During the fairs, various seminars and presentations are organised to provide information on job seeking skills and employment opportunities.

With the impact of digitalisation and the Covid-19 pandemic, the application of virtual employment fair has been launched since 2019.

Virtual fairs comprise a powerful network that allows job seekers and employers to meet in a virtual environment, provides the opportunity of preliminary interview between candidates and company representatives, creates an employment environment, and increases the recognition of İŞKUR's services by citizens, and saves time and cost for both parties. With these virtual fairs, it is ensured that the participant companies meet with job seekers throughout Türkiye. In addition, people can access the virtual fairs simultaneously from mobile devices or tablets.

At this point, it is aimed that all job-seeking groups, primarily groups requiring special policies, can meet with employers to ensure their participation in the labour force by benefiting from the "Virtual Fairs" application.

Within the scope of active labour market programmes, on-the-job training programmes are implemented by İŞKUR to increase the employability of the labour force.

As of 2024, on the basis of the days they actually participate in the programme and for those participating in the on-the-job training program, İŞKUR will provide:

- 653,93 TL per day for participants with the status of job seeker, 490,45 TL for students (except for universities), 326,97 TL per day for those receiving unemployment benefits,
- General health insurance and occupational accident and disease insurance premiums throughout the programme period.

Young people registered to İŞKUR benefit intensively from on-the-job training programmes, and as of 2023, 51% of those who benefit from on-the-job training programmes are young people aged 15-24.

With the 4,000 Job and Vocational Counsellors recruited in 2012 and 2013, İŞKUR made the job and vocational counselling services that was launched in 1991, available to wider audiences in a more effective way. Today, the effectiveness of the abovementioned services is

increasing day by day with the appointment of job and vocational counsellors both within and outside the Agency. As of the end of November 2024, 4.621 job and vocational counsellors are working in İŞKUR.

Job and vocational counsellors provide all requested counselling services to job seekers, employers and students considering to their needs and according to the portfolio system. This situation requires the counsellor to focus on many tasks and individuals, rather than a single activity or individual. In order to prevent this problem, studies on the Profile Based Consultancy System have been initiated and the main purpose of the transition to this system is to increase the quality of counselling services.

In the period of more than 12 years since 2012 when job and vocational counsellors started their duty until the end of October 2024, İŞKUR reached many job seekers, employers and students, mediated in finding jobs and provided career guidance and information with more than 43 million 600 thousand individual interviews, more than 6 million 600 thousand workplace visits, 200 thousand school visits.

At the current stage in counselling services, which are considered to have reached very good levels in quantitative terms with the current system and personnel structure, there is a need to take new steps to increase the efficiency and quality of job and vocational counselling services and to shift to a system based on individual-oriented service provision. Based on the experiences gained in this process, and as a result of the meetings and evaluations held with Human Resources managers, private employment agencies, job seekers and other stakeholders, it was decided to switch to the Profile Based Consultancy System, which focuses on the individual and aims to provide services in accordance with the individual's profile.

Within the scope of Profile Based Consultancy, job and career counsellors have been divided into 5 branches below:

- Job Seeker Counsellor,
- Employer Counsellor,
- Vocational Counsellor,
- Job Coach for Persons with Disabilities,
- Job Club Leader

and a target group-oriented consultancy service has been initiated to be provided, specific to the individual's situation.

İŞKUR already offers also consultancy activities, incentives and active labour market programmes in order to increase the employability of groups that require special policies, especially women, young people and the persons with disabilities. In addition, it is aimed to increase the employability of the groups that require special policies through a labour force adaptation programme that combines theoretical soft skills training and on-the-job learning.

Households with no registered employee (households with no income items other than social assistance) are among the groups where poverty is experienced most intensely, and social exclusion and involvement in crime are the highest. For this reason, provision of specific services to these groups by İŞKUR through job and vocational consultants is an important step towards ensuring both social justice and social peace.

The main objectives of the Republic of Türkiye are to determine policies and strategies at national level for both persons with disabilities and older persons to participate in social life by benefiting from human rights without discrimination, to develop and diversify social service activities carried out for persons with disabilities and older persons, and to ensure cooperation and coordination with relevant institutions in the field.

Ministry of Family and Social Services (ASHB) is the focal institution responsible for promoting and ensuring that persons with disabilities enjoy all human rights and fundamental freedoms fully and equally and for monitoring the implementation of the Convention on the Rights of Persons with Disabilities (CRPD). In this framework, ASHB coordinates efforts to harmonize laws, policies, public services, and resources according to the CRPD, and carries out informative and awareness-raising activities for the relevant stakeholders.

Protecting and supporting the right to work and employment for PwDs requires measures, additional regulations and efforts to be taken by all parties. In this context, the obstacles to the employment of PwDs can be summarized as follows.

- Negative attitudes, labels and judgments among society and employers regarding the inclusion PwDs in working life,
- The vocational education system does not adequately include PwDs,
- Insufficient connection between employment and non-formal vocational training activities for PwDs,
- The one-to-one placement (supported employment) approach cannot be fully implemented in the employment of PwDs in the private sector,
- In the private sector, the quota application covers workplaces employing 50 or more workers, and the number of workplaces that reach this number is very few in small settlements,
- Inability to diversify incentives for employers
- Lack of mechanisms to support the adaptation of employees with disabilities to work and workplace.

PwDs are reluctant to participate in employment due to the lack of a social assistance-employment link.

b) Reform measures

Measure 6: "Enhancing and improving the employment services and policies in line with the needs of the labour market"

1. Description of measure: General Directorate of Labour of the MoLSS is the unit that is making policies in order to ensure that all segments of the society, especially those who require special policies, have equal opportunities for employment and to maintain peace in working life. These policies are implemented through legislation and strategy studies.

In this context, the General Directorate of Labour has carried out the preparatory studies of the National Employment Strategy for the 2025-2028 period, taking into account the current needs of the labour markets and expectations for the future.

New National Employment Strategy is shaped along four main policy areas: "Identifying the Current Situation of Employment", "Improving Skills Alignment with Green and Digital Transformation in Labour Markets", "Improving Inclusive Employment", "Strengthening the Social Protection-Employment Relationship" and "Developing Sustainable Employment in

Rural Areas". The objectives and policies determined in each main policy area will be implemented through action plans. With the approval of the strategy, it will be ensured that the Strategy and Action Plans are monitored via Monitoring and Evaluation Meetings that will be held twice a year.

In addition, as stated in the national policy documents, it is envisaged that social dialogue mechanisms will be developed with all relevant parties and the National Just Transition strategy will be prepared.

It is aimed that production processes will be more green thanks to the investments to be made in upskilling and skills development programmes for the labour force by just transition policies, and technology, innovation and R&D capacity of the economy will be strengthened and competitiveness and employment will be protected. In this context, investments to be made directly with sectors and businesses and with sector-public, sector-university cooperation will be valuable in terms of getting fast and effective results.

İŞKUR follows up the developments in the labour market; implements effective practices in a flexible structure in line with the demands of job seekers, employers and sector representatives. In this scope, İŞKUR restructures and modernizes all of its services, primarily matching services, according to the necessities of this era. In addition to the target group-oriented diversification of the services to meet the need for qualified and experienced labour force, İŞKUR carries out significant resource transfers to train the labour force for future professions. İŞKUR also takes measures to protect the labour force at risk of unemployment, ensure effective provision of temporary income support and reintegrate those into employment.

Measures foreseen under the title of “Employment and Working Life” in the 12. Development Plan

- (697) Participation of groups requiring special policies in the labour market will be ensured with an adequate income, where registered, occupational health and safety conditions are provided.
- (695.1) Within the framework of the transformation in labour market, skill development activities will be carried out to meet the need for semi-qualified and qualified labour force.
- (698) Employment of young people will be increased and working conditions will be improved.
- (698.4) The effectiveness of programmes for supporting the access of young people not in employment nor education or training will be enhanced.
- (698.5) Activities will be carried out to raise the awareness of the youth on careers and facilitate their access to employment opportunities.

Measures foreseen under the title of “Employment” in the Medium-Term Programme:

- Vocational and technical education curricula will be updated in co-operation with the private sector. Private sector participation, including management and financing, will be increased to ensure the dissemination of internship and on-the-job training programmes.
- In order to encourage the participation of young people who are not in employment nor education or training, programmes that consider their vocational training, competence and skills will be implemented.

- Programmes and activities that will foster young people's awareness on careers regarding the professions of future will be expanded.

Measures foreseen under the title of "Just transition strategy" in the 2024-2030 Climate Change Mitigation and Adaptation Strategy and Action Plans heading;

- Preparation of the national just transition strategy to ensure the green transformation in labour markets and to make sure that the transition takes place under fair conditions
- Improving the just transition process and social dialogue
- Determining the new qualification and skill requirements that the green transformation process will result in regarding the labour demand, and carrying out studies to train a labour force with new qualifications in line with the sectoral and regional needs.
- Establishing the standards of professions that will change or emerge in the green transformation process
- Preparation and implementation of training programmes to meet the labour force needs that will arise with the transformation process by carrying out studies to harmonize the training curriculum and higher education programmes with the new skills framework determined.
- With the sectors' approach of leaving no one behind in the green transformation process, efforts will be made to ensure the participation of groups that require special policies, primarily women, in decision-making processes, and to ensure that they benefit effectively from vocational training, skill acquisition/development programmes and job opportunities.

In the draft Strategic Plan of İŞKUR for the period of 2024-2028, several measures have been foreseen in particular for women, youth and persons with disabilities whom considered to be disadvantaged in the labour market.

Virtual fairs are the events that bring all parties together in a virtual environment in order to contribute to increase employment by establishing a strong network between job seekers, employers, other public institutions and organizations, local governments, universities and non-governmental organizations for the aim of increasing effectiveness and recognition of İŞKUR.

Virtual fairs, which emerged with technological development in the early 2000s, unlike traditional fairs, allow job seekers and employers to meet in virtual environment and save time and cost.

Job seekers register by logging into the system online, upload their CVs to the system, and have the opportunity to browse the virtual stands of employers. Participation is free of charge for job seekers and employers. The first stage of the virtual fair is the collection of applications and candidate-search by public employment services in line with the needs of employers. At this stage, evaluation tests are applied to job seekers, and according to the results of the tests, the skills of job seekers and labour needs of companies are matched and direct guidance is rendered in a way appropriate for both parties.

Thus, the employers do not have to examine all CVs that are suitable for them or not. Job seekers who are deemed qualified can examine the virtual stands of the companies, get more information, watch videos about the company and upload CVs for eligible positions.

Since the fairs are online and there is no physical restriction, companies have opportunity to give information almost in every respect such as vacancies, promotion possibilities, compensations and corporate culture on their stands. Employers or human resources experts are assigned to the virtual stands. Before online interviews, details of the job are explained to jobseekers online or verbally. Job seekers can ask all their questions to employers like in face to face fairs and interviews are performed via video camera. Job seekers can visit the fairs from their houses or anywhere, day or night anytime they want, search for vacancies, make applications or participate in an interview room that the company which organises the fair prepared in office environment. Virtual employment fairs offer numerous opportunities such as sharing video and material and live chat which meet the needs of information era. Today, those technological opportunities provide convenience for both job seekers and employers and that system widespread day by day.

The advantages of participating in virtual fairs for job seekers:

- It provides easy access as it is easy to enter the fair environment from home or office.
- Multiple interviews can be made at the same time.
- Job seekers have access to many employment opportunities.
- In a virtual environment, it provides the opportunity to meet the current employees of the company that the person wants to work for and leave a positive impression on potential colleagues.
- By enabling job seekers to contact company representatives and to be informed about vacancies, it provides an opportunity for them to re-organise their CVs according to the required qualifications instead of just leaving their CVs electronically.
- Online fairs provide an alternative way for job seekers to communicate online with potential employers.
- It provides the opportunity to reach smaller companies.
- Job opportunities in other geographical regions becomes available.
- It allows job seekers to expand their networks through virtual forums.
- It provides easy access to a larger qualified labour force from different geographical regions and an expansive pool of candidates at a very low cost as it offers an opportunity to interview candidates.
- It offers employers the opportunity to meet extraordinary candidates from different disciplines.
- It provides the opportunity to reach a high number of candidates with different qualifications without incurring any cost for the announcement of job postings.
- Compared to the traditional employment fairs, it saves money as it is less costly in terms of both participation fee and transportation expenses, which makes the participation more attractive for small and medium-sized enterprises.
- It provides convenience and comfort as there is no need to transport to the fairgrounds and it is accessible from the office at any time of the day.
- Since more than one candidate can be interviewed at the same time, it saves time compared to traditional fairs.
- Virtual fairs also include tele-seminars and webinars which provide clues for job seeking strategies for job seekers.

Through on-the-job training programmes, it is ensured that people, who do not have professional or work experience gain professional and work experience, and thereby their employability is increased. In this way, people who are seeking for job but cannot find due to lack of work experience, gain work experience and employers have the opportunity to train the labour force they need.

On-the-job Training Programmes are implemented in private sector workplaces with at least five employees. Within the scope of the programme, employers can use quotas up to 30% of the number of employees.

On-the-Job Training Programme is implemented for maximum 6 months in workplaces and professions in the IT sector and manufacturing industries, and maximum 3 months in other sectors. On the other hand, it is implemented for a period not less than the minimum duration of the MoNE Lifelong Learning Modules in dangerous and very dangerous professions.

The duration of on-the-job training programmes is maximum 9 months for young people aged 18-29 who participate in on-the-job training programmes to be organised in areas such as cyber security, cloud computing, game developing and coding, which are seen as the professions of our era and the future.

Programmes can be planned for minimum 5 and maximum 8 hours per day and maximum 45 hours per week not to exceed 6 days.

As it is known, with the new ways of doing business brought by developing technological and industrial trends, it is of great importance for the labour force to adapt to these changes in this period when the concepts of digitalisation and green economy come together and reveal the twin transformation, together. In this context, it is aimed to increase the qualified labour force, and raise the level of global competitiveness of Türkiye through organising on-the-job training programmes in these fields for the upcoming period.

Within the scope of the policies and measures stated in the top policy documents, it is aimed to expand on-the-job training programmes and to enable young job seekers, especially young people requiring special policies, to benefit more from these programmes.

The job and vocational counselling services provided by İŞKUR contributes comparing the characteristics of individuals with the qualifications and conditions required by professions and jobs and helps the individual to choose the job and profession that best suits his/her wishes and situation, to benefit from training opportunities related to the chosen profession, to be placed in a job, and to solve problems related to job adaptation is provided systematically.

Labour force adaptation programme is a programme that aims at the labour market integration of the individuals who are away from the labour market and face the risk of social exclusion through supporting the public services by cooperating with public institutions as well as providing trainings to prepare them as labour force.

The main beneficiaries of the programme is the groups that require special policies such as women, NEETs, persons with disabilities, university students, and the programme aims to provide these groups with the working habits, discipline and soft skills necessary for entry into the labour market.

Also, a similar programme will start to be implemented by the end of 2024 in order to facilitate the employability of university students (proactively preventing higher education unemployment).

It is envisaged that households without employees will benefit from İŞKUR services through job and vocational counselors. Providing these groups with taylor made services is an important step towards ensuring both social justice and social peace.

In order to identify the households that do not have any employees, data were collected from other institutions and these data were analyzed. As of the end of 2024, provision of services to these households, which has been specifically added to the portfolio of job and vocational counselors, has started. It is envisaged that by the employment of this group which will be provided with İŞKUR services, it will be ensured that these families would have access to a regular income guaranteeing their livelihoods and their social inclusion would be attained.

i. Activities planned in 2025:

- Employment fairs are planned to be organised in 73 provinces.
- 35,000 young people within the age group of 15-24 will benefit from the On-the-Job Training Programmes.
- 1.415.000 individual interviews for female job seekers will be applied.
- Individual counselling for young people with NEET potential will be provided for 62.000 persons.
- Within the scope of coaching for persons with disabilities, 286.000 individual interviews will be held.
- 180.000 people will benefit from the labour adaptation programme.
- Among the households without employees, 20.000 of them will benefit from İŞKUR services.
- The Draft National Employment Strategy and Action Plans (2025-2028) are expected to enter into force after submission to the Presidency for approval (if deemed appropriate).
- Monitoring and Evaluation Board meetings are planned to be held twice a year in order to monitor the Action Plans.
- It is planned to start the preparatory studies for the National Just Transition Strategy.

ii. Activities planned in 2026:

- Employment fairs are planned to be organised in 76 provinces.
- 40,000 young people within the age group of 15-24 will benefit from the On-the-Job Training Programmes.
- 1.443.500 individual interviews for female job seekers will be applied.
- Individual counselling for young people with NEET potential will be provided for 63.500 persons.
- Within the scope of coaching for persons with disabilities, 291.000 individual interviews will be held.
- 180.000 people will benefit from the labour adaptation programme.

- Among the households without employees, 20.000 of them will benefit from İŞKUR services.
- Monitoring and Evaluation Board meetings are planned to be held twice a year in order to monitor the the National Employment Strategy Action Plans.
- Within the context of the preparatory studies for the National Just Transition Strategy, it is planned to hold meetings with the relevant parties, and tp prepare the draft document.

iii. Activities planned in 2027:

- Employment fairs are planned to be organised in 77 provinces.
- 45.000 young people within the age group of 15-24 will benefit from the On-the-Job Training Programmes.
- 180.000 people will benefit from the labour adaptation programme.
- Among the households without employees, 20.000 of them will benefit from İŞKUR services.
- Monitoring and Evaluation Board meetings are planned to be held twice a year in order to monitor the the National Employment Strategy Action Plans.
- It is foreseen that the National Just Transition Strategy will be approved and its implementation will start.

2. Results Indicators:

Indicator	Current Situation	2025	2026	2027
Number of Virtual Fairs	150	73	76	77
Numbers of Visits to Virtual Fairs (2)	583.001	42.000	44.000	50.000
Number of Participants in Virtual Fairs (employer)	3.037	525	550	600
Number of Young People Benefiting From On-the-job Training Programmes	680.788	35.000	40.000	45.000
Number of individual interviews applied for female job seekers (4)	8.036.139	1.415.000	1.443.500	-
Number of people benefited from individual counselling for young people with NEET potential (4)	722.906	62.000	63.500	-
Number of individual interviews applied under coaching for persons with disabilities (4)	1.642.350	286.000	291.000	-
Number of people benefiting from labour force adaptation programme	95.000	180.000	180.000	180.000
Number of households benefiting from İŞKUR services among the	15.000	35.000	55.000	75.000

households without employees				
Approval of the NES (2025-2028) (number of approved documents)	0	1	0	0
Organization of NES (2025-2028) Monitoring and Evaluation Board meetings	0	2	2	2
Preparation and approval of the National Just Transition Strategy (number of approved documents)	0	0	0	1

(1) Realisation data (current situation) is cumulative and includes the years 2019 – 2023 (November).

(2) The number previously given for the Number of Participants in Virtual Fair is the number of views and has been revised as the number of visits.

(3) The targets for –2025, 2026 and 2027 are not cumulative but year-based. (The number of Households Benefiting from İŞKUR Services only from Households without Employees is cumulative).

(4) In the Economic Reform Program (ERP) for 2025-2027 period, the targets of “Number of individual interviews applied for female job seekers”, “Number of people benefited from individual counseling for young people with NEET potential”, and “Number of individual interviews applied under coaching for persons with disabilities”, which were defined as performance indicators in the İŞKUR 2024-2028 Strategic Plan, have been practices that have become routine service delivery model since 2024. These activities are carried out by provincial directorates in line with the targets set each year. In addition, the processes and standards of these activities have been determined and are presented as standard in each unit. In this respect, practices that have become routine should be included in the reformed area status instead of economic reform and defined as routine activities. Therefore, the targets for 2027 were not included.

3. Expected impact on competitiveness: Regarding the measure; groups requiring special policies in working life are composed of people who experience difficulties in starting jobs or continuing working life and whose integration to labour markets is more difficult.

With this Programme;

- No need for transportation to fairgrounds and access from the office at any time of the day provide convenience and comfort.
- Since employers can interview with more than one candidate simultaneously, time is saved.
- Participation is free of charge for job seekers and employers. Therefore, the cost of job seeking and job posting is eliminated.
- Employer can reach more target groups.
- When evaluated together with the job club activities carried out during the fairs;
 - Participants are enabled to gain motivation for job seeking,
 - Participants are supported to start the best possible job in the shortest time,
 - An idea that there is a suitable job for any person who desires to work is created for participants,
 - Job seekers are shown how to find jobs,
 - Self-confidence of people is raised.

4. Estimated cost of the activities and the source of financing:

2025: 25.484.830.000 TL

2026: 26.746.037.500 TL

2027: 26.578.000.000 TL

5. Expected impact on social outcomes, such as employment, poverty reduction, gender equality and access to health care: It is expected that the measure on the publication

of the National Employment Strategy (2025-2028) will contribute to constituting qualified human resources with a focus on digitalization and green transformation in order to strengthen the education-employment relationship in Türkiye and adapting to the changing competitive conditions of working life; creating a working environment where decent work conditions are applied, fundamental human rights are guaranteed in working life and an understanding of occupational health and safety is ensured; providing registered and secure employment of all segments of the society, especially the groups that require special policies, maintaining inclusive and sustainable employment in rural areas, improving the working and living conditions (through the policies produced).

With the National Just Transition Strategy to be prepared, it is envisaged to ensure the harmony of skills required by the labour markets and green and digital transformation, and to contribute to the emergence of opportunities while minimizing the negative effects on society, especially workers. Within this framework, it is expected that the created just transition policies will be beneficial in terms of the continuation of economic growth and increasing employees' welfare, the sustainability of employment, efficient utilisation of resources under rapidly changing economic conditions, provision of environmental sustainability, job security, the protection and development of social protection and occupational health and safety standards. The strategy is also expected to contribute to increasing the resilience of the labour market through preventive measures against risks resulting from economic shocks, climate change, disasters and technological transformation.

Virtual Fairs as platforms for bringing job seekers and employers together in a way to include groups requiring special policies such as women, youth, the disabled, long-term unemployed, ex-convicts which increase the accessibility of matching system.

Transition to employment for young people who are disadvantaged in labour market will be facilitated by increasing the employability of labour force through on-the-job training programmes.

In the scope of job and vocational counselling, services are provided for women, NEETs, persons with disabilities who are disadvantaged in the labour market.

Increasing the employment of groups that require special policies facilitates the participation of these groups to both economic and social life. This is an important tool in the combat against poverty.

In addition, prioritizing groups such as women, persons with disabilities and NEETs will contribute to social equality and justice.

It is envisaged to ensure participation in employment, poverty reduction, social inclusion and indirect deduction of crime through the provision of customised İŞKUR services by job and vocational counselors to households without any employees.

The foreseen impacts on the labour market and the economy on the basis of the indicators that have already been achieved and will be achieved if these measures/activities are realized are listed below.

6. Expected impact on environment and climate change: In this context, any negative

impact regarding implementation of the measure is not foreseen. Fairs organised in a virtual environment provide savings in energy use, paper and fuel consumption.

One of the implementation areas of the labour force adaptation programme is to support activities related to green transformation. It is expected to make a positive contribution to environmental and climate-change related issues.

It is envisaged that the National Just Transition Strategy, which is envisaged to be prepared with the actions prepared on the axis of green and digital transformation within the scope of the National Employment Strategy, will be supported in terms of adaptation to the direct effects of climate change and the formation of the qualified workforce required for the implementation of mitigation policies within the scope of measures to combat climate change. In the process of transition to a circular and green economy, it is aimed to ensure environmental and social sustainability and resilience to the impacts of climate change through the harmonization of labour market policies, protection of biodiversity, energy and water efficiency.

7. Potential risks:

Risk	Probability	Planned mitigating action
Insufficient number of staff in some provinces may hinder preparations and planning for fair.	Low	The number of qualified relevant personnel in the provinces will be increased through trainings planned.
Insufficient promotion of fairs may cause low demand for fairs.	Medium	The level of awareness on the programs will be increased through cooperation to be ensured within the framework of the social dialogue mechanism.
Insufficient labour supply in the labour market due to regional differences and employers' reluctance to participate in virtual fairs at a sufficient level.	It is a low risk for provinces with corporate companies, and high risk for provinces with small companies.	
Disruption of the balance in the local labour market	Medium	Providing more intensive and in-depth employer services provided by the institution
Spending institutional efforts to reach the people who do not need to benefit from existing services of institution	Low	Trying to create a common information network with different institutions at the maximum level by reflecting the existing administrative records to the Institution's systems in the most up-to-date and accurate way.
Reluctance of the target group to participate in the labour force	Medium	Providing specialized service delivery based on household
Reluctance of other public institutions to share data	Medium	Emphasizing the importance of the relevant programme to other public institutions

Table 10a: Costing of Structural Reform Measure (TL)

Year	Salaries	Goods and Services	Subsidies and Transfers	Capital Expenditure	Total
Name of the Measure “Enhancing and improving the employment services in line with the needs of the labour market”					
2025		6.034.830.000	19.450.000.000		25.484.830.000 TL
2026		7.296.037.500	19.450.000.000		26.746.037.500 TL
2027		7.128.000.000	19.450.000.000		26.578.000.000 TL

Table 10b: Financing of Structural Reform Measure (TL)

Year	Central Budget	Local Budget	Other National Public Finance Sources	IPA Funds	Other Grants	Project Loans	To be determined	Total
Name of the Measure “Enhancing and improving the employment services in line with the needs of the labour market”								
2025	6.034.830.000		19.450.000.000					25.484.830.000 TL
2026	7.296.037.500		19.450.000.000					26.746.037.500 TL
2027	7.128.000.000		19.450.000.000					26.578.000.000 TL

Table 11: Reporting on the implementation of the Structural Reform Measures of ERP 2024-2026

ERP (2024-2026) Name and number of the Measure: <i>Enhancing and improving the employment services in line with the needs of the labour market</i>		Stage of reform implementation (0-5)*
Activities planned for 2024	<p>a. 70 virtual employment fairs will be held.</p> <p>b. 30,000 young people aged 15-24 will benefit from On-the-Job Training Programmes.</p> <p>c. 1.387.500 individual interviews for female job seekers will be applied.</p> <p>d. Individual counselling for young people with NEET potential will be provided for 61.000 persons.</p> <p>e. Within the scope of coaching for persons with disabilities, 280.500 individual interviews will be held.</p>	5
Description of implementation and explanation if partial or no implementation	<p>Through İŞKUR Virtual Event Platform, a total of 29.909 people, including 470 companies in 33 provinces, participated in 6 different virtual fairs in 2024. In Antalya, the Antalya Virtual Employment Fair was held with the participation of 57 companies in order to meet the need for labour force, especially in the tourism sector. Nearly 90 companies participated in the Virtual Employment Fair for Persons with Disabilities organized in İstanbul. 30 provinces participated in the virtual employment fair for NEETs and young people. A total of 641 companies participated in 10 face-to-face fairs and 151,829 people attended the fairs.</p> <p>In November 2024, a virtual employment fair with the theme of twin transformation will be organized and nearly 30 provinces are expected to participate.</p> <p>Considering data of 2024 January-October, it is foreseen that the targets for job and vocational counseling for women, NEETs and persons with disabilities will be realized.</p> <p>30.000 young people were planned to benefit from On-the-Job Training Programmes in 2024, and 30.357 young people between the ages of 15-24 benefited from these Programmes by the end of October 2024.</p> <p>January-October 2024:</p> <ul style="list-style-type: none"> ✓ The number of individual counseling interviews for women job seekers is 1.130.519. ✓ The number of beneficiaries of individual counseling services for young people with NEET potential is 60.179. ✓ The number of individual interviews conducted within the scope of job coaching for the persons with disabilities is 257.789. <p>The targets are expected to be realized by the end of the year.</p>	

*: 0= no implementation, 1=implementation is being prepared, 2=initial steps have been taken, 3=implementation ongoing with some initial results, 4=implementation is advanced, 5=full implementation

Annex 2 Table: Links between Reform Areas and Relevant Policy Documents

Reform measures ERP 2025-2027	Commission Assessment of Key Structural Challenges in ERP (2021-2026)	ERP Policy Guidance 2024	Enlargement Package 2024	Sustainable Development Goals 2020-2030	European Green Deal	European Digital Agenda	IPA III projects supporting this reform
Enhancing and improving the employment services and policies in line with the needs of the labour market	Key structural challenge 1: raising the skills level to increase employment, in particular of women and young people;	Facilitate school-to-work transitions for young people who are not in education, employment or training (NEET) by ensuring the quality and inclusivity of the school, tertiary, and vocational training system. Address the labour market gender gap – the difference between men and women – through the establishment of affordable childcare infrastructure beyond the big urban centres of Türkiye, and through raising the level of skills for women by facilitating their participation in on-the-job training. Continue increasing the participation of adults in lifelong learning, aimed at the development of a skilled labour force fit for the green and digital transitions.	2.3 Economic Criteria (Functioning of Labour Market) Chapter 19	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	Leave noone Behind (Just Transition)	skills: At least 80% of all adults should have basic digital skills and there should be 20 million ICT specialists employed in the EU, with more women taking up such jobs; public services: All key public services should be available online; all citizens should have access to their e-medical records; and 80% of citizens should use an electronic identity solution.	

iii. Social Protection and Social Inclusion

a) Analysis of main obstacles

Türkiye demonstrates a strong commitment to global policies outlined in the Sustainable Development Goals (SDGs) and the EU's social protection and social inclusion strategies, aiming to provide its citizens with "A Better Life." In this context, the development and implementation of social protection and social inclusion policies are centred around SDG1, SDG2, SDG3, SDG4, SDG5, and SDG10, along with the "European Pillar of Social Rights," the "Action Plan for the European Pillar of Social Rights," and the Porto Social Commitment.

Since the 2000s, Türkiye has made significant progress not only in combating poverty and promoting human development but also in social policy, where human welfare and equality are recognized as fundamental principles. The establishment of the Ministry of Family and Social Policies in 2011 marked a pivotal moment in addressing poverty reduction, child protection, enhancing the welfare of disabled individuals and the elderly, improving women's socio-economic status, developing family policies, and expanding services for families. This robust governance structure for implementing social policies was further strengthened with the formation of the Ministry of Family, Labour and Social Services in 2018, which facilitated central coordination of social policies. In 2021, the Ministry was restructured to separate labour and social services issues, becoming responsible for social assistance and social services within the framework of social protection and inclusion policies.

This rapid change in public administration has renewed focus on the family unit—a cornerstone of Turkish society and a guarantee under the Constitution—strengthening this understanding. The central placement of family in social policies is a distinctive feature of Türkiye's approach. The mission and vision regarding social assistance programs within the Ministry's social protection policies are as follows:

Mission:

- Develop strategies to reduce poverty.
- Consolidate all needs-based social assistance into a single centre.
- Break the cycle of poverty.
- Create employment-focused policies.
- Support needy citizens and families with regular and temporary social assistance.

Vision:

Manage a comprehensive, disaster-sensitive social assistance system that protects citizens from poverty through social protection while ensuring sustainable, transparent, and accountable distribution of rights-based aid using information systems.

When evaluating the framework of the Ministry of Family and Social Services (ASHB), several areas are identified as priorities for development. Early adolescence is a critical period characterized by rapid physical, emotional, and social changes. During this time, children may face various challenges such as identity exploration, peer pressure, increasing academic expectations, and changing family dynamics. To cope with these challenges and maintain

healthy development, structured psychosocial support programs are essential. However, currently, there is a limited number of such programs available for children in early adolescence and their families. The absence of specialized programs addressing the unique needs of early adolescents leads to insufficient understanding and resolution of issues faced by children and families. Furthermore, most existing support services are concentrated in major urban centres, severely restricting access for children and families living in rural areas. This situation contributes to inequalities and injustices. Families in rural areas encounter difficulties accessing service centres due to distance, inadequate transportation options, costs, etc., which hinders service utilization. Additionally, a lack of sufficient information about existing support services among rural families negatively impacts their ability to access these services. Social workers' insufficient knowledge and skills regarding early adolescence issues can adversely affect service quality. The inadequacies in intervention techniques hinder the production of appropriate solutions.

Türkiye has approximately 40 years of comprehensive experience in designing and implementing poverty alleviation programs. In 2023, total public expenditure on social assistance programs exceeded 300 billion Turkish Lira. These programs rely on a rights-based approach supported by strong legal regulations and administrative circulars while being executed through an effective software program. The programs encompass six categories: Family Support, Education Support, Health Support, Housing Support, Disability Support, Elderly Support, and Project Assistance—comprising 56 different initiatives that cover a wide range of sensitive situations affecting nearly all vulnerable communities, households, and localities in Türkiye. Türkiye is among countries advancing its social assistance system towards digital transformation. Through this transformation:

- Standardization has been achieved across all social protection programs.
- Performance in delivering social rights and services has improved.
- Data privacy under the Personal Data Protection Law (KVKK) has been ensured.
- Time, costs, bureaucracy, and paperwork have been significantly reduced.
- Household monitoring and management have been facilitated (almost in real-time).
- Transparency and accountability have been enhanced while preventing duplicate payments.
- Easy access has been provided through an e-Government portal with automatic payments.
- Tablets have begun being used for data collection, screening, and monitoring across all foundations.
- Online applications for social assistance have been initiated through e-Government.

Social assistance programs are designed according to a "positive discrimination" policy for women and children. Women and children from disadvantaged communities are prioritized target groups aimed at preventing intergenerational poverty.

The Türkiye Family Support Program is a regular cash assistance initiative launched to support needy citizens against rising costs due to recent global developments (primarily the COVID-19 pandemic). Citizens with a monthly per capita income below one-third of the net minimum wage who meet specified conditions receive regular cash support for 12 months. For the first time in Türkiye's history, regular cash support is provided solely based on income without requiring additional criteria (such as disability or age).

The delivery of services in social assistance has advanced one step further with the initiation of online applications for social aid. Under the Digital Türkiye vision initiated during this online application period for social assistance programs, citizens can apply for aid through e-Government.

One of ASHB's primary goals is to effectively integrate digital technologies into social services alongside social assistance programs. To this end, the Family Information System (ABS) has been integrated with the Integrated Social Assistance Information System (BSYBS). This integration allows individuals receiving social assistance who also require social services to be quickly directed to relevant service centres through digital means. This digital referral not only facilitates access to services but also enables needs to be met more comprehensively and co-ordinately. The system aims to facilitate information flow between social assistance and services while reducing duplicate applications and bureaucratic obstacles. Additionally, it contributes to better identification of needs based on data analysis for more effective planning of services.

Our country is undergoing a "demographic transformation" process referred to as global aging. Decreases in fertility rates and mortality rates alongside advancements in health have altered population age structures by increasing living standards, welfare levels, and life expectancy. This globally observed aging process poses various challenges as well as opportunities including changing disease profiles; rising health care costs; potential labour market losses; utilization of savings; income security for older adults; rights; accessible living spaces; challenges adapting to digital age; impacts of climate change on older adults; necessitating revaluation of social policies and development of solutions tailored to older adults' needs. ASHB prioritizes family-centred services over institutional care in child protection services. Accordingly, Social Economic Support (SED) and Foster Care Services are fundamental models. SED aims to ensure healthy development within family integrity while strengthening families. Children from families whose monthly per capita income is below one-third of minimum wage who meet specific criteria benefit from this service. As of October 31st 2023, 164,005 children received SED services with payments totalling 5.55 billion TL made for this service—averaging 3,571.76 TL per child. To enhance SED's effectiveness further various activities have been offered through the School Support Project benefiting 32,420 children. The Foster Care Service aims to meet psychosocial developmental needs until conditions improve for children needing protection within their biological families. As of October 31st 2023, 9,535 children are being cared for by foster families with payments

amounting to approximately 710 million TL made by November 15th 2023—averaging 5,705.45 TL per family. The Ministry aims to protect children at risk of institutional care due to economic reasons by supporting them alongside their families through SED while reducing numbers in institutional care settings. Plans are underway to increase both SED beneficiaries as well as those returning from institutional care back into their biological families between 2024-2026. Additionally included in this program are public enterprise employees previously excluded from coverage under earlier regulations along with an extra payment scheme based on child count initiated since 2022 under Preschool Assistance where education expenses directly paid to Ministry of National Education for children aged three-five from families receiving aid.

v. Health Care

a) Analysis of main obstacles

Türkiye is one of the leading countries in strong health infrastructure, digitalization of health, combating global health crises and implementing health reforms. Citizen-oriented efforts are being carried out to strengthen the health system by increasing the use of information technologies in health service delivery and decision-making processes. Citizens are enabled to access their own health records online.

Currently, health services are provided by a total of 1,448,145 healthcare professionals, including 109,256 specialist physicians, 53,747 assistant physicians, 58,646 general practitioners, 48,836 dentists, 326,486 nurses and midwives, and 851,174 other healthcare professionals. As of October 2024, the number of physicians per 100,000 people increased to 258, the number of dentists per 100,000 people increased to 57, the number of nurses per 100,000 people increased to 309, and the number of midwives per 100,000 people increased to 72.

The majority of primary healthcare services in Türkiye have been provided under the Family Medicine Practice since 2010. As of the end of 2023, there are 8,163 Family Health Centers and 28,054 Family Medicine Units.

Within the scope of the family medicine practice, mobile health services are provided to towns, villages, hamlets, remote neighborhoods and similar settlements where access to health services is difficult. By the end of 2023, 7,675 Family Medicine Units provided mobile health services to more than 6.5 million people.

While the number of MoH hospitals was 915 in 2022, it increased to 933 in 2023. The total number of hospitals increased from 1,555 in 2022 to 1,566 in 2023. Of the total hospitals, 68 are university hospitals and 565 are private hospitals.

With the public private partnership model, 18 health facilities and 28,448 beds were targeted. Of these, 17 were inaugurated and started to serve. Construction of 1 health facility is ongoing.

The number of active hospital beds, which was 262,190 in 2022, increased to 266,594 in 2023. The number of intensive care beds, which was 48,807 in 2022, increased to 48,966 in 2023. As of September 2024, the number of hospital beds per 10,000 people increased to 31,7.

The family dentistry model started to be implemented in Eskişehir, Karabük and Kırşehir pilot provinces in August 2022. It is planned that the family dentistry practice will spread across the country in the coming period and become the first point of application for individuals' oral and dental health.

Dental health services are provided by 138 Oral and Dental Health Centers and 41 Oral and Dental Health Hospitals. In 2024, the number of dentists increased to 48,836 and the number of dentists per 100,000 people to 57.

In line with the “Prenatal Care Management Guide” prepared by the Ministry to provide standardized, safe and qualified services and to ensure unity in practice, the first follow-up is carried out until the 14th week of pregnancy, the second follow-up between 18-24 weeks, the third follow-up between 28-32 weeks and the fourth follow-up between 36-38 weeks. In 2023, the average number of follow-ups per pregnant was 3.4 and 3.1 per puerperant.

Cancer screening is one of the most effective methods in the fight against cancer. Cancer Early Diagnosis, Screening and Education Centers (KETEM) were established to provide trainings to raise awareness about cancer in the community and to provide free breast, cervical and colorectal cancer screening to the target group.

KETEMs, which started to operate with 11 centers in 2004, continue to serve with 381 centers, including 44 mobile vehicles, as of the end of 2023. In 2023, 2,819,261 breast cancer screenings, 2,920,819 cervical cancer screenings and 2,086,662 colorectal cancer screenings were performed.

Community Mental Health Centers (CMHCs) were established in Türkiye to provide community-based mental health services. 188 CMHCs are in service in 80 provinces and 130,330 patients have been reached through these centers. New centers are planned to be opened.

Child Monitoring Centers have been established in order to prevent secondary traumatization of children suspected of being victims of sexual abuse in judicial processes. In these centers, conditions are provided to enable all forensic, medical and psychosocial procedures to be carried out at once. Child Monitoring Centers first started to serve in Ankara on October 18, 2010, and as of 2023, 70 Child Monitoring Centers are serving in 67 provinces. Efforts are ongoing to ensure that centers operate in all provinces.

Within the scope of the Disease Management Platform, obesity and diabetes are screened and monitored. By the end of 2023, the obesity screening rate was 17.1% and the diabetes screening rate was 45%. While the number of people receiving healthy nutrition and obesity counseling services for the first time was 253,157, the total number of people receiving nutrition counseling services was 550,257.

Pre-hospital emergency health services were expanded to cover all rural areas across the country, the number of stations reached 3,420 and the number of emergency ambulances reached 5,908 by the end of 2023. Among these, 21 are snow-tracked ambulances equipped with snow blades, 231 are ambulances that can be fitted with snow tracks, and 56 are motorcycle ambulances.

Air ambulance services became operational in 2008 and as of 2023, services are provided by 2 airplanes (1 with 2 stretchers and 1 with 4 stretchers) and 13 helicopters. Marine Ambulance Services are carried out with a total of 6 ambulance boats, 2 of which are reserve.

Drug and alcohol addiction treatment and rehabilitation services for children, adolescents and adults are provided through ÇEMATEM and AMATEM centers. In

addition, counselling services are provided face-to-face at 177 Healthy Life Centers and 105 Green Crescent Counselling Centers across the country and by telephone through ALO 191 Anti-Drug Counselling and Support Line.

There are 63 Adult and Child Detoxification Centers, 79 Outpatient Detoxification Centers and 16 Rehabilitation Centers for Addicted Patients. Efforts to increase the number of centers are ongoing.

Smoking cessation clinics and ALO 171 Smoking Cessation Hotline provide services for tobacco product users.

As of the end of 2023, the number of Turkish Red Crescent regional blood centers is 18, the number of blood donation centers is 68, and the number of transfusion centers within hospitals is 1,127. Within the scope of the Technical Assistance Project for the Development of Blood Transfusion Management System in Türkiye, patient blood management guides have been prepared on critical bleeding/massive transfusion, intensive care, internal diseases, perioperative, pregnancy and delivery, newborn and pediatrics.

The plan for new dialysis centers to be opened in 2024 was prepared by taking into account the patient device ratios of 172 dialysis service regions in 81 provinces. 67,129 patients receiving services in 938 dialysis centers were monitored with the dialysis monitoring system.

The Rare Diseases National Registry System was established and more than 11 thousand citizens diagnosed with rare diseases have been registered to date. Screening activities were carried out for 2.5 million children through autism screening programs.

As of 2025, 1,600 projects are supported and approximately 2 billion 153 million TL R&D financing is provided. An ecosystem is being created to produce the required vaccines in Türkiye. In the medium term, it is aimed to export the vaccines produced. Approximately 91 percent of the medicines used by citizens on a box basis and approximately 57 percent on a value basis are produced in Türkiye.