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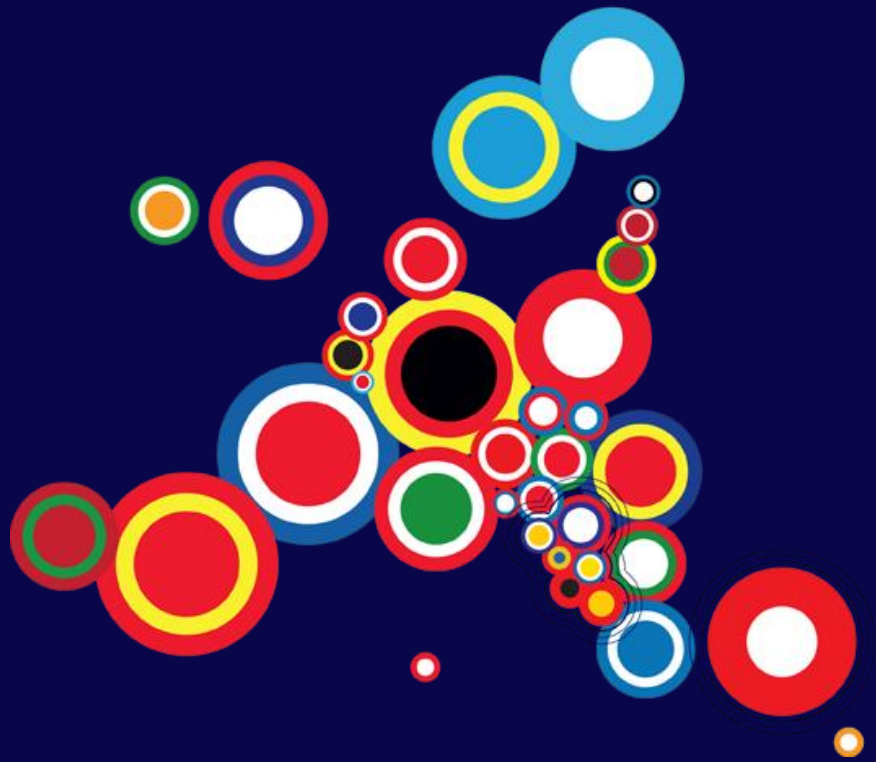
to the

COMMISSION IMPLEMENTING DECISION

**amending Commission Decision C(2014) 5998 of 26 August 2014 adopting the Indicative
Strategy Paper for Turkey for the period 2014-2020**



INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II)



REVISED INDICATIVE STRATEGY PAPER FOR **TURKEY** (2014-2020)

ADOPTED ON 10/08/2018

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PART I: INTRODUCTION

1. Purpose

The Instrument for Pre-accession Assistance (IPA II)¹ is the main financial instrument to provide EU support to the beneficiaries listed in Annex I of the IPA II regulation in implementing reforms with a view to Union membership.

The Indicative Strategy Paper (the Strategy Paper) sets out the priorities for EU financial assistance for the period 2014-2020 to support Turkey on its path to accession. It translates the political priorities set out in the enlargement policy framework into key areas where financial assistance is most useful to meet the accession criteria. This strategy paper - initially adopted by the European Commission with decision C(2014)5998 of 26 August 2014 - has been revised and updated at mid-term in accordance with Article 6.4 of the IPA II Regulation. It may also be revised at any time upon the initiative of the European Commission.

Financial assistance under IPA II pursues the following four specific objectives: (a) support for political reforms, (b) support for economic, social and territorial development, (c) strengthening the ability of the beneficiaries to fulfil the obligations stemming from Union membership by supporting progressive alignment with, implementation and adoption of, the Union *acquis*, (d) strengthening regional integration and territorial cooperation. Furthermore, the IPA II Regulation states that financial assistance shall mainly address five policy areas: a) reforms in preparation for Union membership and related institution- and capacity-building, b) socio-economic and regional development, c) employment, social policies, education, promotion of gender equality, and human resources development, d) agriculture and rural development, and e) regional and territorial cooperation.

Turkey and the EU are both committed to the 2030 Agenda on Sustainable Development and its Sustainable Development Goals, adopted at the UN Summit in September 2015, which provides a shared framework for progress. In this context, IPA II will contribute to the 2030 Agenda for Sustainable Development, notably in pursuing sustainable development and fulfilling the "leave no-one behind" pledge, by applying the Rights-Based Approach (RBA) principles (i) legality, universality and indivisibility of human rights, (ii) participation, (iii) non-discrimination, (iv) accountability, and (v) transparency in each step of the programming, implementation, monitoring and evaluation of its support.

In order to increase its impact, EU financial assistance shall be concentrated on the areas where reforms or investments are most needed to meet accession criteria, and tailored to take into account the capacities of Turkey to meet these needs. Assistance shall be planned in a coherent and comprehensive way with a view to best meeting the four specific objectives and address as appropriate the thematic priorities for assistance listed in Annex II of the IPA II Regulation, as well as the thematic priorities for assistance for territorial cooperation listed in Annex III of the same Regulation.

Moreover, EU assistance under IPA II is only one of the means to achieve the necessary progress. When deciding on priorities for action, due account is taken of the beneficiary's own means as well as of the support through other EU instruments and by other stakeholders, in

¹ OJ L 77, 15.03.2014, p. 11.

particular bilateral donors or International Financial Institutions. In view of the above aspects, preference shall be given to providing financial assistance under a sector approach, to ensure a more long-term, coherent and sustainable approach, allow for increased ownership, facilitate cooperation among donors, eliminate duplication of efforts and bring greater efficiency and effectiveness.

With a view to delivering on the priorities set for EU financial assistance for Turkey for the seven years period, this Strategy Paper sets meaningful and realistic objectives, identifies the key actions and actors, describes the expected results, indicates how progress will be measured and monitored, and sets out indicative financial allocations. The priorities defined for financial assistance will serve as a basis for the (multi-) annual programming of IPA II funds.

The mid-term revision of this Strategy Paper has taken into account the priorities already addressed in the period 2014-2017.

A performance reward exercise has been conducted during 2017 on the basis of an assessment of performance and progress; the overall indicative allocation to Turkey has been significantly reduced for the 2018-2020 period. A second performance reward exercise will be conducted by 2020, as defined in Article 14 of the IPA II Regulation.

2. Consultation on this Strategy Paper

This Strategy Paper was reviewed in consultation with the relevant Turkish authorities, including the Ministry of EU Affairs (the National IPA Coordinator), the Ministry of Development and the line ministries that will be lead institutions for different sectors. Turkey's input was received, resulting in some adjustments in this Strategy Paper. The Commission has considered Turkey's updates and comments on draft versions of the Strategy Paper and taken these into account as far as possible.

The Commission and the EU Delegation to Turkey organised consultation meetings with other donors, international financial institutions (IFIs) and international organisations (IOs) to gather additional comments and recommendations. Civil society consultations were held in Adana, Izmir and Ankara, where civil society representatives provided comments which have been considered in the drafting process.

Strategic dialogues with the European Parliament were conducted both when the document was initially drafted in 2014 and at mid-term in 2018.

PART II: ANALYSIS OF NEEDS AND CAPACITIES

1. Political and economic context

Turkey is the biggest of the candidate countries for EU accession, with a population of some 80.8 million on a territory of 783 562 square kilometres. Half of Turkey's population is younger than 30 years old and 73 % of the total population live in urban areas. It plays an important regional role, as a result of its strategic location between Europe and Asia as well as its proximity to the Middle East. It has borders with eight other countries, including EU Member States, and borders the Black Sea, the Mediterranean and the Aegean Sea.

A coup attempt on the night of 15 July 2016 left 241 casualties and 2 196 people wounded. The Turkish government with the support of the entire Turkish political spectrum and society, succeeded in overcoming the coup attempt. The EU strongly and immediately condemned the attempted coup, which represented a direct attack on democracy in Turkey as such, and reiterated its full support to the democratic institutions of the country.

Following the coup attempt, very extensive suspensions, dismissals, arrests and detentions of people took place over alleged links to the Gülen movement and involvement in the attempted coup. The measures affected the whole spectrum of society with particular impact on the judiciary, police, gendarmerie, military, civil service, local authorities, academia, teachers, lawyers, the media and the business community. Multiple institutions and private companies were shut down, their assets seized or transferred to public institutions.

Similarly, large-scale measures were taken against individuals over charges of alleged support for the PKK, which is on the EU's list of terrorist organisations. These measures included the removal, arrest and detention of a large number of elected representatives such as Members of Parliament or municipal mayors. A political process to solve the Kurdish issue failed in 2015 and was followed by several terrorist attacks committed by the PKK; Turkey conducted several military operations in northern Syria in its fight against terrorism.

The State of Emergency introduced after the coup attempt in 2016, and repeatedly extended since then, seriously affected the respect of human rights and principles of rule of law. Turkey derogated from its obligations foreseen by the European Convention on Human Rights and International Covenant on Civil and Political Rights. A substantial number of persons were arrested, detained, suspended and/or dismissed (civil servants, judges, journalists, parliamentarians, academics), as well as legal persons disbanded (including the media, CSOs, private entities) by using emergency procedures. The human rights situation also deteriorated in the east and south-east. As mentioned in the Turkey Country Report 2018, since the introduction of the state of emergency, over 150 000 people were taken into custody, 78 000 were arrested and over 110 000 civil servants were dismissed whilst, according to the authorities, some 40 000 were reinstated of which some 3 600 by decree. A large number of media workers (journalists, engineers, sound and image technicians, etc.) were laid off in 2016 (2 708) and 2017 (166). The number of journalists in prison is estimated by many sources to be over 150, as of March 2018.

Overall, there is a clear need to promote a culture of respect of fundamental rights and dialogue, notably through a more inclusive approach towards civil society in decision-making processes and acceptance of critical voices in society.

Following the April 2017 referendum and the endorsement of the 18 constitutional amendments, some of which raised concerns of the Venice Commission (see below, rule of law), Turkey has shifted from a parliamentary system to a presidential one. Since 2002, Turkey has been ruled by a single-party government from the Justice and Development Party (the AK Party), led by former Prime Minister and current President Erdoğan since 2003.

Turkey has been linked to the EU by an Association Agreement since 1964 and a customs union was established in 1995. Turkey became a candidate country in 1999 and accession negotiations started in 2005. 16 chapters have been opened so far and one of these was provisionally closed (chapter 25 on science and research). The Presidency conclusions of

December 2016 stated that under the currently prevailing circumstances, no new chapters are considered for opening.

The EU and Turkey continued their dialogue and cooperation in the areas of joint interest including with a number of high-level sectorial dialogues and officials visits as well as Leaders meetings in May 2017 and March 2018. Their dialogue continued on foreign and security policy, including counter-terrorism, Syria, Libya and Iraq, notably on the occasion of the High Level Political Dialogue in July 2017. A counter-terrorism dialogue was held in November 2017 with a view to improve cooperation in this area.

Turkey ranks 69 out of 153 countries on gender equality, with a score of 0.328 in the 2015 United Nations Development Programme (UNDP) Gender Inequality Index. The inclusion and participation of women at all levels of society remains a key challenge. Despite the Turkish government's ratification of the Council of Europe Convention on Violence against Women and Domestic Violence (Istanbul Convention), its implementation remained flawed, and reports of violence against women continued to rise. Violence against women remains a serious concern, including deaths due to domestic violence and the so-called "honour" killings. Child marriage is common in rural areas in southern and eastern Turkey in particular among poorer families. A strategy paper and action plan on combating early and forced marriage (2018-2023) is being drafted.

Turkey is also preparing a new draft 'Strategy Paper and Action Plan for the empowerment of women 2018-2023 and has adopted in December 2016 a National Action Plan on Violence against Women for the period 2016-2019. However, discrimination against women and gender-based violence remain issues of concern, due to weak implementation of legislation and the low quality of support services available. There is a lack of strong political commitment to gender equality, exemplified by frequent public statements of high-level officials reflecting a conservative view of the role of women. The UN Committee on the Elimination of Discrimination against Women (CEDAW Committee) made in 2016 many recommendations to the government to address gender inequality and remove obstacles for women and girls to access education, employment, justice, and reproductive health. It noted particular obstacles for Kurdish women, women and girl refugees and asylum seekers, as well as concerns about the increasing emphasis on women's role in the family rather than women's rights and gender equality. The committee called on authorities to ensure full access in state hospitals to legal abortion services that many currently do not offer.

As of March 2018, Turkey was hosting about 3,547 000 Syrian refugees² (1,923,000 are men and 1,624,000 women) and 365,000 international protection applicants, showing tremendous generosity and solidarity with the Syrian people by also granting them access to basic services. Syrian refugees have also been supported through the EU Facility for Refugees in Turkey. By the end of December 2017, the full Facility envelope - EUR 3 billion - was committed and operationally contracted³ through 72 projects. For all these contracts, implementation is underway.

Turkey continues to be an important transit and destination country for irregular migration. According to the Turkish authorities, 175,752 irregular migrants were apprehended within Turkey's territories in 2017, with a slight increase from 2016, when the number was 174,466. The number of apprehended human smugglers increased from 3,314⁴ in 2016 to 4,641 in

² They are referred to as Syrians under temporary protection by the Turkish authorities

³ In line with the Financial Regulation, administrative expenditure and technical support, as well as monitoring, evaluation and audit, may be contracted beyond 2017.

⁴ Please see http://www.goc.gov.tr/icerik6/duzensiz-goc_363_378_4710_icerik

2017. Close cooperation between the EU and Turkey on migration continued to deliver results in 2017. The EU-Turkey Statement remains of paramount importance in reducing irregular and dangerous crossings to the Greek islands, in saving lives at sea, and in promoting the resettlement of Syrians in need of international protection. Turkey remains committed to the implementation of the Statement. Under the EU-Turkey Statement of 18 March 2016, the number of lives lost in the Aegean Sea stemming from irregular crossing attempts dropped significantly from 434 (1 January – 31 December 2016)⁵, of which 366 in the three months before the activation of the Statement, to 62 (1 January – 31 December 2017⁶). Likewise, the daily average of irregular crossings from Turkey into the Aegean islands fell from 1,794 in the period from January to March 2016, just before the activation of the Statement, to 82 throughout 2017. The EU-Turkey visa liberalisation dialogue continued, with Turkey submitting in February 2018 a work plan outlining how Turkey plans to fulfil the seven outstanding benchmarks. Consultations between the EU and Turkey on these issues are continuing.

Turkey has also become a major destination country for regular migration. In 2017, around 500,000 non-Turkish nationals held a temporary residence permit in Turkey. The Law on International Labour Force adopted by the Turkish Parliament in July 2016 introduced simplified procedures for work permits. A new work permit system called the 'Turquoise Card' was launched, aiming to attract qualified labour force into Turkey.

In 2017, the Turkish economy supported by government stimulus measures, managed to recover from the contraction witnessed in the wake of the attempted coup of 2016 and maintained a strong performance (GDP growth of 7.4% in 2017). However, this growth is coupled with significant macroeconomic imbalances. The current account deficit remains persistently high and has been increasing towards the end of 2017, making the country dependent on short-term capital inflows and vulnerable to external shocks. Inflation moved to double digit rates (11.1 %) in 2017, and the depreciation of the Turkish Lira continued, highlighting concerns about economic stability. The tendency to increase state control in the economic sphere and the actions targeting companies, businessmen and political opponents and their businesses harmed the business environment.

Turkey and the EU formed a customs union in 1995. The EU is by far Turkey's biggest economic partner, with 40.7 % of its total trade and around 58 % of foreign direct investments in 2017, while Turkey is the EU's sixth largest trade partner. Turkey's economy was severely affected by the global economic crisis, mainly through the collapse of domestic demand and its trade links with major industrialised economies. However, the impact of the crisis was mitigated by a resilient banking sector and fiscal stimulus measures.

Turkey has a large structural trade deficit, which reached 9% of GDP in 2017. Energy imports constitute an important part of the trade deficit, though Turkey is also a net importer of various products ranging from machinery and equipment to iron and steel, plastics and chemicals. Despite the need for investment, domestic savings are low in comparison to Turkey's peers. The large current account deficit and Turkey's high degree of dependence on short-term capital inflows remain serious challenges which leave the country vulnerable to a sudden loss of investor confidence.

⁵ See http://migration.iom.int/docs/2016_Flows_to_Europe_Overview.pdf page 12

⁶ Data are from the International Organisation for Migration.

Public finances are relatively strong. The central government budget deficit was around 1.5% of GDP in 2017 and the public debt constituted 28.3 % of GDP in the same year.

Turkey's unemployment rate in 2017 (aged 15 and over) amounted to 10.9% of which 14.1% for female and 9.4% for men. Youth unemployment (aged 15-24) stood at 20.8% of which 26.1% for female and 17.8% for men. However, at 47.1% in 2017, Turkey's employment rate was lower than all Member States, as a result of the exceptionally low participation of women in the labour force. High levels of informal employment, segmented labour markets and completing reforms to trade union legislation remain challenges.

2. Context for the planning of assistance

During the period starting in 2014, and more drastically following the dramatic events of July 2016, relations between Turkey and the EU have become more challenging, in particular because of negative developments with regards to the rule of law and fundamental rights, which lie at the heart of the accession process. The Presidency conclusions of 13 December 2016 stated that under the currently prevailing circumstances, no new chapters are considered for opening. At the same time, the Commission has maintained an open and constructive dialogue with Turkey and is using every opportunity to emphasise that Turkey's stated commitment to EU accession needs to be matched by corresponding measures and reforms. It has also continued engaging with Turkey in a number of key areas of shared interests including trade and economic relations, energy, transport, migration and asylum, foreign policy, security and counter-terrorism.

The Presidency conclusions of December 2016 called for a reorientation of pre-accession funding towards the rule of law, fundamental rights and civil society, and similar calls were made by the European Parliament in its Resolutions of November 2016, July 2017 and February 2018. First steps in this direction were taken in the adopted IPA II 2017 programmes, which saw a greater emphasis on civil society and fundamental rights; furthermore, a reduction of funding to multi-annual programmes was decided, mainly due to a weak absorption capacity and lack of maturity of projects.

Following the Heads of State and Governments' debate on Turkey in the October 2017 European Council, the Commission developed its proposals for reorienting further and adapting the pre-accession funds for Turkey in the period 2018-2020 in view of the developments in the country and as part of the mid-term review under the IPA regulation. In this regard, the decision of the co-legislators on the 2018 EU budget which decreased IPA funding for Turkey and added a reserve - to be released if Turkey makes improvements in the fields of rule of law, democracy, human rights and press freedom - was taken into account.

The performance review was undertaken at mid-term, in accordance with the IPA Regulation. The approach that the Commission has taken for the continuation of IPA II for Turkey at mid-term was based on the application of the performance review indicators of progress made towards meeting the membership criteria and efficient implementation of the pre-accession assistance. The absorption capacity was also carefully assessed. Based on these criteria, programming for the period 2018-2020 will be based on a significantly reduced envelope compared to amount envisaged earlier and to the envelope made available in 2014-2017. This should also allow the Turkish authorities to accelerate implementation of available EU funds for the benefit of all beneficiaries.

2.1. EU Enlargement Strategy

As part of the accession process, Turkey will need to focus on fully meeting the political and economic Copenhagen criteria for EU membership and developing its ability to implement

the EU *acquis*. The Commission's Annual Country Reports and the EU enlargement strategy⁷ set out priorities for the negotiations with Turkey.

The 2015 enlargement Strategy put the emphasis on the three pillars of the enlargement process: rule of law, economic governance and public administration reform. The 2018 Communication on Enlargement also puts emphasis on the fight against terrorism and radicalisation, fundamental rights, migration and good neighbourly relations.

The **rule of law** is at the heart of the accession process and is a key pillar of the Copenhagen political criteria. Worrying developments in Turkey after the coup attempt of 15 July 2016 support the need to continue reforms in this crucial field. Turkey needs to guarantee the proper functioning of the core institutions needed to ensure the rule of law. The Constitutional amendments endorsed by referendum on 16 April 2017 were assessed by the Venice Commission of the Council of Europe as lacking sufficient checks and balances as well as endangering the separation of powers between the executive and the judiciary. Also, Turkey has been put under the monitoring mechanism of the Parliamentary Assembly of the Council of Europe (PACE) and needs to use its cooperation with the Council of Europe in order to fulfil all the conditions, in particular with regard to the rule of law, in order to end the monitoring process.

Respect for **human rights and fundamental freedoms** remain key priorities and reforms are urgently needed in a number of areas. Overall, human rights protection in Turkey has deteriorated significantly in recent years as restrictive measures have affected many levels of society. Civil society has come under increasing pressure and the situation with regard to freedom of expression and media has also deteriorated significantly over the last four years, in particular through a large number of arrests of activists, including human rights defenders, prosecution of journalists on terrorism charges and closure of numerous media outlets. Freedom of assembly continues to be overly restricted, in law and practice through the recurrent use of bans of demonstrations and other types of gatherings.

Good governance is also a key priority. This includes public administration reform, improving economic governance and public financial management. As a candidate country, Turkey needs to provide stability for institutions which guarantee democracy. The proper functioning of these core institutions is vital, whether these are the national parliament, the government or the public administration. The transparency, accountability and effectiveness of institutions and public administrations, including ensuring a greater focus on the needs of citizens and business, needs to be prioritised. Turkey should continue reforms to safeguard citizens' rights. Key bodies such as the ombudsman, the National Human Rights and Equality Institution and state audit institutions must be independent and effective, and their recommendations need to be appropriately followed-up.

Turkey also needs to further strengthen its **justice, freedom and security** area. Its capacity to manage its fight against terrorism and organised crime are priority areas. Further reforms to integrated border management are required, including Turkey's adoption of necessary legislation, and Turkey's institutional capacity must be improved, including on migration and asylum.

⁷ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180417_strategy_paper_en.pdf

As an integral part of the enlargement strategy, Turkey is invited to improve its economic policy and its governance by preparing an annual Economic Reform Programme (ERP). The economic reform programme leads to country-specific policy guidance on necessary reforms which are adopted by a joint ministerial meeting of the EU and of all enlargement countries. Turkey is also invited to prepare a public financial management reform programme (a public financial management strategy and an action plan), covering the public finance reforms required in a sequenced and comprehensive manner. As regards the economic criteria, if Turkey accelerates the implementation of its comprehensive structural reform programme, implement the policy recommendations adopted in the context of the ERP Joint Ministerial Dialogue, it should be able to cope with competitive pressure and market forces within the EU in the medium term. Turkey's recent economic performance illustrates the high potential of its economy which also still sees continuing imbalances. On the external side, Turkey's reliance on sustained capital inflows to finance a large structural current account deficit makes it vulnerable to changes in global risk sentiment, resulting in large exchange rate fluctuations and boom-bust cycles in economic activity. To reduce this vulnerability measures to increase national saving are needed, and fiscal policy has an important role to play in this. Adopting a fiscal rule would enhance budget transparency, provide an important fiscal anchor and improve credibility. Relatively high inflation continues to be a major challenge. Rebalancing the macroeconomic policy mix would help to ease the burden on monetary policy. In the medium to longer term, it is essential that the functioning of markets for goods, services and labour is improved, through structural reforms to increase international competitiveness.

Economic **competitiveness** needs to be improved, as up to 33% of exports consist of low technology goods; furthermore, productivity rates and added value rates are still low and Turkey's capacity for innovation remains modest. The development of the private sector needs to be further supported with improvements to the business environment, including by ensuring a functioning judiciary. **Agriculture** is still an important sector for the Turkish economy, accounting for 19,4% of total employment in 2017, but contributing only 6,1% of the GDP, which indicates the structural weakness in the sector. Women play a key role in rural areas in terms of their contribution to agricultural and farm activities in addition to their household duties and non-agricultural work. Therefore women should be given appropriate and necessary information and skills by means of training programs related to sustainable agriculture and food security in order to improve their living standards.

Large economic disparities between Turkey's western provinces and its eastern and south-eastern provinces are also reflected in **education**, in particular in lower enrolment rates for girls at higher levels of compulsory education. Quality of education and overall qualifications need to be improved to reduce the mismatch between supply and demand in the labour market. The quality of jobs and decent work also need to be improved. More than 30% of the labour force does not enjoy full legal protection, due to high levels of informal **employment** and insufficient enforcement of legal requirements and standards. **Gender inequality** in the labour market persists. There is a wide gap in the employment rates of the population aged 15 and over. On average, the employment rate was 65.6% for males and 28.9% for females in 2017 but the female participation rate is much lower for the low levels of educational attainment. While the average female employee is more educated than the average male employee, women nevertheless find more barriers to get a job often because of their traditional social role. Marriage and childcare are decisive in the early exit of women that do not have higher education, because of the traditional role assignment in the family and inability of poorly-educated women to earn enough to cover childcare and other work-related

costs. There is also a wage gap observed for all levels of educational attainment; in general, females earn significantly less than males with same educational attainment.

Health and safety conditions at workplaces need to be improved. Key legislative gaps and institutional deficiencies currently jeopardise the good functioning of social dialogue, and trade union membership levels are low, as is coverage by collective agreements. The exercise of legitimate trade union activities has deteriorated since the coup attempt. Relative poverty and material deprivation rates are well above the EU average. An overall policy framework for improving **social inclusion** has not yet been developed.

Given Turkey's potential to become an energy hub and the common challenges it shares with the EU, the **energy** sector remains a priority for the EU. Continued efforts would allow Turkey to improve inter-connectivity and integration of gas and electricity. The same is true for **transport** which is one of the strategic sectors of bilateral cooperation as it brings Turkey and the EU closer together by connecting Turkish transport policies and infrastructure through the Trans-European Networks for Transport (TEN-T). In this regard, the National Transport Master Plan completed in 2017 will become a major asset for implementation of measures and infrastructure investments until 2035. In the area of aviation, the EU and Turkey are negotiating a comprehensive aviation transport agreement including safety issues and Turkey expressed its wish to fully integrate into the EU aviation system including the Single European Sky (SES) initiative.

As regards the ability to assume the obligations of EU membership, Turkey will need to continue efforts to align its national legislation with that of the EU. While all of the 33 negotiation chapters need to be addressed, particular efforts will be needed in areas relating to **environment and climate change** (chapter 27) and **food safety, veterinary and phytosanitary policy** (chapter 12), as alignment in these areas will require substantial investment and technical assistance. In addition, in case concrete steps are taken for the modernisation of the EU-Turkey Customs Union, further assistance may need to be prioritised in order to support the areas of free movement of goods, services, public procurement and agriculture. Other areas where progress is required include gender equality, tackling gender based violence, social policy and employment, transport and various elements of regulatory reform related to the economic *acquis*, where there has been backsliding in recent years.

In addition to aligning its legislation, Turkey needs to build up the necessary administrative capacity to ensure EU legislation is properly implemented. To do this, the process of **public administration reform** should continue, focusing on having a systematic approach to the whole-of-government planning, monitoring and reporting (including central guidance for sector strategies) and ensuring the development of a professional administration, at national and local level. Statistical capacities, including at regional level, also need to be upgraded to provide a sound basis for evidence-based decision making in all priority areas.

Keeping in mind the importance of public administration reform in the enlargement process, the commitment of Turkey to meet the Principles of Public Administration and the commitment of the EU to the Better Regulation agenda, the key elements of public administration reform will be systematically addressed in all IPA II sector interventions. IPA II assistance will especially ensure the Better Regulation approach, whereby policies and legislation in all sectors are prepared on the basis of best available evidence (impact assessments) in an inclusive approach involving both internal and external stakeholders.

2.2. Relevant national/regional strategies

At national level Turkey has a well-developed multi-annual planning process. The 10th National Development Plan (NDP), covering 2014-18 and prepared under the Ministry of Development's lead, was adopted by the Turkish Grand National Assembly in July 2013. Preparations for the 11th National Development Plan (2019-2023) have been initiated and are expected to be finalised after the June 2018 Presidential and Parliamentary elections. It is envisaged that it will be sent afterwards to the Turkish Grand National Assembly for approval. The NDP sets out the country's development objectives and defines strategic priorities in all the areas relevant for IPA II support. It is expected that Turkey integrates the SDGs as one of the objectives of the long term vision and the 11th Development Plan.

In line with the 10th NDP, Turkey's Supreme Regional Development Council also developed a new National Strategy for Regional Development (NSRD). The implementation of the NSRD has started recently and it is intended to serve as the backdrop for regional development, help ensure coordination on regional development and regional competitiveness, increase harmonisation between spatial development and socio-economic development policies, and establish a general framework for regional and local level plans and strategies.

In particular, the NSRD serves as guidance for the next generation of regional development plans, coordinated by 26 NUTS II development agencies at regional level in line with the Nomenclature of Units for Territorial Statistics (NUTS II) which are currently fully operational, though planned revisions for the main legislative act and secondary legislation are still to be realised. These focus on regional administrations' action plans, other national and regional development strategies, public investment and budgeting processes, and specific territorial development programmes. Turkey has also developed an action plan relating to chapter 22 on regional policy and coordination of structural instruments.

Turkey's Public Financial Management and Control Law (PFMC Law) requires a Medium-Term Programme (MTP) to be prepared each year, covering the following three years. This must be linked to a Medium-Term Fiscal Plan (MTFP). The MTP is based on macroeconomic policies and principles, and economic targets and indicators. The MTFP includes total revenue and expenditure plans for the next three years. In line with the PFMC Law, public administration institutions are required to prepare multi-annual strategic plans to determine strategic goals and measurable objectives. These must take into account development plans and programmes, relevant legislation and basic principles. Performance budgeting has been introduced, but planning needs to be coordinated better with the relevant budgets. Turkey also prepares an Economic Reform Programme (ERP) on an annual basis with a 3 year forward looking horizon. The ERP (mainly based on the MTP) serves as the basis for the annual joint EU-Turkey recommendations for both macro-fiscal policy and structural reforms aimed at increasing growth and competitiveness.

Turkey also has numerous strategies and action plans in different sectors. In several cases, these are specifically designed to bring Turkey into line with EU requirements. Part IV of this Strategy Paper highlights the most relevant strategies and action plans whose implementation EU pre-accession assistance might support in specific sectors.

2.3. Conditions for managing pre-accession assistance

Sector approach

The sector approach is an overarching principle of IPA II for which assessment criteria have been established to determine the level at which a beneficiary qualifies for fully-fledged sector support. The ability of beneficiaries to design sector support programmes is an important success factor for IPA II programming and therefore represents also a key element of performance measurement. The minimum conditions are in place in most sectors to allow pre-accession assistance to Turkey to be implemented through sector-oriented actions with multi-annual planning, and gradually through sector approaches. The institutional setting and lead institutions for each sector were agreed with the Turkish authorities, the relevant national strategies and action plans were mapped, and sector working groups have been set up and have begun consultations for programming preparations.

The persisting weaknesses hindering the advancement to fully-fledged sector approaches in Turkey include: the lack of well-defined national sector policies/strategies, due to too many overlapping strategies and — in some cases — outdated action plans; a lack of sequencing and timing for activities set out in action plans; the lack of a clear link between national strategies/action plans and the national budgetary process; a lack of fully structured coordination with IFIs and other donors under the leadership of the Turkish authorities. In addition, the used definition of a sector is not conducive to real sector approach in the case of e.g. fundamental rights and civil society, where several institutions are involved and assigning a lead institution through compromise may lead to a less optimal solution. The thematic evaluation on the sector approach launched in 2017 by DG NEAR will be relevant for future orientation on the sector approach in Turkey.

IPA II support may be delivered through sector reform performance contracts to support key reforms in the enlargement countries upon meeting the eligibility criteria: a stable macro-economic framework; a credible and relevant programme to improve public financial management; transparency and oversight of budget; and credible and relevant sector strategies that are consistent with the EU accession strategy.

Indirect management/direct management

Pre-accession assistance to Turkey is largely managed under indirect management, i.e. EU budget implementation tasks delegated to the Turkish authorities. This is the case in the majority of fields covered by annual action programmes as well as multi-annual programmes for environment and climate action, competitiveness and innovation, employment, education and social policies, transport and rural development, with institutions set up specifically for this purpose.

For IPA in indirect management, there is a growing contracting backlog and significant shortcomings in implementing efficiently EU funds. Turkey needs to strengthen its capacity to absorb funds swiftly to achieve results and implement EU financial assistance in a timely manner as one of the pre-conditions to use IPA II for co-financing national sector reform plans. The focus on more targeted multi-annual sector programmes also requires greater ownership by the lead institution as well as by the end recipients for each sector and stronger cooperation with strategic planning departments and among stakeholders in order to improve efficiency and effectiveness.

Direct management mode is used alongside indirect management. The direct management mode will be increasingly used for civil society support and possibly for fundamental rights. Cooperating with International Financial Institutions (IFIs) and International Organisations (IOs), and delegating budget implementation tasks to them, may be an option in some cases,

if the relevant requirements are met, as they are key delivery partners in leveraging the impact of EU policies and financial support to the country.

For actions in all sectors, twinning shall be used whenever relevant. This allows Member States to share long-standing, high-level experience and insights on applying the relevant *acquis*. Technical assistance, supplies, works and grant schemes are also available as types of financing, depending on the particular action's needs.

Visibility

All stakeholders and implementing partners shall ensure the visibility of EU financial assistance and the communication about the results of the activities implemented through this assistance. Visibility and communication aspects shall follow the guidance provided by the Communication and Visibility manual for EU external actions and shall be complementary to the activities implemented by DG NEAR and the EU Delegations in the field.

In this regard, any visibility or communication measures linked to IPA II assistance shall highlight the impact of EU's interventions and promote transparency and accountability on the use of funds. This can be achieved also by concentrating resources on a lower number of (bigger) actions which might have a comparative advantage in terms of EU visibility.

2.4. Donor coordination and complementarity with other EU assistance

Relatively few international donors provide grant support to Turkey. However, IFIs⁸ are very active with loan programmes, particularly in sectors such as energy, private sector development, transport and environment. The Council of Europe, OECD SIGMA, several UN agencies⁹ and other specialised IOs are also active in Turkey, working on judicial reform, migration management, employment and social policies. Some of these also receive EU grants to implement pre-accession assistance in their fields of expertise. To avoid overlapping assistance, the Commission systematically consults and meets Member States embassies, IFIs and IOs, especially at country level. Currently an overall donor coordination mechanism does not exist in Turkey and regular donor coordination meetings would be beneficial for the exchange of information, experience as well as risk mitigation of funding overlap in Turkey.

On the Turkish side, the Ministry for EU Affairs made initial coordination efforts, when it was preparing the grounds for a sector approach in the 2012-13 IPA programming period. In parallel, for investment-related loans, the Turkish Treasury has played a key role. For the future pre-accession assistance stronger coordination should be supported by respective Turkish lead institutions on a sector basis.

Cooperation with IFIs is one of the pillars of the investment policy. IFIs play a significant role in supporting investment in the countries they operate. They provide funding and information, initiate partnerships, help manage risks and improve the inclusiveness of economic activities. Moreover, IFIs support entrepreneurs, enhancing sustainable economic growth.

⁸ Including the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the World Bank (WB), the Council of Europe Development Bank (CEB), Germany's KfW, and the Agence Française de Développement (AFD).

⁹ United Nations Development Programme (UNDP), United Nations of International Children's Emergency Fund (UNICEF), UN High Commissioner for Refugees (UNHCR), the International Labour Organisation (ILO), the International Organisation for Migration (IOM).

To make best use of IPA II funds and to achieve a stronger overall impact under this Strategy Paper, cooperation with IFIs should be increased and further systematised during the programming stages, in close partnership with the Turkish authorities, with a view to blending IPA II grants with IFI loans.

IPA II also finances assistance to Syrian refugees and host communities in the framework of the EU Facility for Refugees in Turkey. Coordination of the actions takes place in the Steering Committee of the EU Facility for Refugees in Turkey with the participation of member states, Turkey, DG ECHO and the European Parliament. At country level the EU Delegation in Ankara is in permanent contact with the Turkish authorities (Prime Minister's Office, AFAD, Ministry of Foreign Affairs, and Directorate General for Migration Management among others).

2.5. Consistency with EU policies

Financial assistance to the sectors identified in this Strategy Paper will be granted in line with and in support of the EU enlargement strategy for Turkey. It will be shaped to contribute to EU policies relevant for the respective sectors. Attention will be paid in particular to ensure alignment with the European Agenda on Migration, the EU Better Regulation Agenda, the EU Gender Action Plan 2016-2020 as well as with the Europe 2020. The objectives set until 2020 reflect the level of economic development and Turkey's level of preparedness in the accession process. Finally, priorities for IPA II assistance shall also contribute to the reaching of the 17 goals of the Agenda 2030 for Sustainable Development and to the Paris Agreement targets on climate action.

PART III: THE OVERALL DESIGN OF PRE-ACCESSION ASSISTANCE TO THE COUNTRY

The European Commission's 2018 Enlargement Strategy reaffirms the need to address fundamental reforms first. For Turkey, this means an even stronger focus on democracy and governance, the rule of law and fundamental rights and measures to encourage socio-economic development in line with the country's specific needs.

Turkey's investment needs in order to carry out reforms are far greater than the IPA II resources available. Prioritising areas of assistance is therefore essential in order to enhance leverage and impact of EU assistance. Support will primarily be given to Turkey to carry out national reforms that match the membership criteria. It will remain important to increase synergies with the assistance provided by international financial institutions, international organisations and other donors.

For 2014-20, pre-accession assistance falls under two pillars: "Democracy and the Rule of Law", and "Competitiveness and growth". The indicative allocations were defined in 2014 on the assumption that Turkey would remain committed to EU reforms. The approach that the Commission takes for the continuation of IPA II for Turkey is based on the application of the performance review indicators of progress made towards meeting the membership criteria and efficient implementation of the pre-accession assistance. The absorption capacity was also carefully assessed. There has been a weak absorption of funds under all sectors except for the IPARD programme. There has been backsliding in the area of rule of law and fundamental rights, as well as on public administration reform, two of the enlargement policy fundamentals.

Consequently, for the period 2018-2020, IPA II assistance will focus strongly on the pillar "Democracy and Rule of Law" with continued support for rule of law, fundamental rights, public administration reform, civil society and Union programmes. The support to the pillar "Investing in Competitiveness and Growth" is proportionally reduced, while, at the same time, targeted assistance for reforms will remain of great importance.

Democracy and Rule of Law

Turkey needs to re-build on its previous track record for reform in the **judiciary** to strengthen relevant institutions as part of an independent, impartial and efficient third power, separate from well-functioning legislative and executive powers. This is an area where there has been serious backsliding in the past years, in particular with regard to the independence of the judiciary. In that regard, it will be crucial that Turkey follows up on the recommendations of the different bodies of the Council of Europe and address the challenges observed in a number of fundamentally important areas, such as the independence of the judiciary, freedom of expression and fundamental rights. Turkey, as a candidate country has to respect the highest standards when it comes to democracy, rule of law and respect of fundamental freedoms.

As regards **fundamental rights**, there has been serious backsliding in the past recent years to the extent that Turkey is now the leading country by the number of judgements of the European Court of Human Rights against it¹⁰. Main violations relate to the right to a fair trial, right to liberty and security (including domestic violence), protection of property, length of proceedings, inhuman or degrading treatment and freedom of expression. Enforcement of rights is hindered by limited independence of public institutions and a weak system of checks and balances. Some rights-based and advocacy organisations report that they consider themselves in a difficult period of fear and uncertainty as well as limitation of their activities. Reform efforts need to result in the return to ordinary procedures and safeguards leading to improved protection for human rights and fundamental freedoms. There is a need to promote dialogue across the political spectrum and in society more broadly, and to encourage respect for fundamental rights and fundamental freedoms (if particular freedom of expression, media freedom and freedom of association) in practice. In Turkey this particularly concerns women rights and gender equality, children's rights, and labour and trade union rights. These topics are crucial for meeting the political Copenhagen criteria, the European Standards and the *acquis* on judiciary and fundamental rights.

IPA II will further contribute to the 2030 Agenda for Sustainable Development, notably in fulfilling its "leave no-one behind" pledge, by applying the Rights-Based Approach (RBA) principles (i) legality, universality and indivisibility of human rights, (ii) participation, (iii) non-discrimination, (iv) accountability, and (v) transparency in each step of the programming, implementation, monitoring and evaluation of its support.

The EU Roma integration Framework (2011-2020) mandates the Commission to improve the delivery of support under IPA towards a strategic and results oriented programming. The Roma integration objective will be supported both by including Roma integration benchmarks in mainstream actions and through targeted projects. IPA II assistance will also take into account the national policy framework (Roma integration Strategy and Action Plan), the enlargement-related Roma integration commitments relevant for chapter 23, the visa liberalisation roadmap and the conclusions of the Roma Seminar.

¹⁰ http://www.echr.coe.int/Documents/Stats_violation_1959_2017_ENG.pdf

Home affairs is another key area for financial assistance, which is directly relevant to the European Agenda on Migration. In this area, IPA II supports legal migration, mobility, including through maximising the development impacts of migration, the development of functioning asylum systems, the improvement of integrated border management, and better management of irregular migration through both focused actions and technical assistance. While taking into account a considerable contracting backlog, support in this sector should complement other funding instruments, such as the Facility for Refugees in Turkey, by focussing on the continued development of long-term sustainable strategies and policies. In line with EU *acquis* on justice, freedom and security, the **fight against terrorism and organised crime** needs to be further addressed, including trafficking of human beings, cybercrime, asset confiscation and witness protection. Pre-accession assistance will be available to support a broader dialogue and cooperation framework between EU and Turkey. This will allow the EU and Turkey to address the full range of justice and home affairs policy fields in the framework of the visa liberalisation dialogue, in line with the visa liberalisation roadmap that was launched in December 2013 and reaffirmed in the context of the March 2016 EU-Turkey Statement.

The issue of radicalisation leading to violent extremism is increasingly a part of policy discussions with Turkey. The prominence of the topic has been driven to a large extent by the concerns of Da'esh attributed terrorist acts, the threat of foreign terrorist fighters (FTFs) returning to their home countries and the media attention surrounding terrorist activities.

As stated in the 2015 European Agenda on Security and the 2016 EU Global Strategy on Foreign and Security Policy, the EU will work on preventing and countering violent extremism by broadening partnerships with civil society, social actors, the private sector and the victims of terrorism, as well as through inter-religious and inter-cultural dialogue. In addition the EU will further develop human rights-compliant anti-terrorism cooperation with Turkey.

Within the scope of the current enlargement policy, which is also a strategic investment in Europe's security and prosperity, the challenges of terrorism and organised crime are shared between the EU and Turkey and should be tackled in cooperation, as highlighted by the Integrative Internal Security Governance adopted by the JHA Council. A comprehensive EU response would therefore imply, among others, strengthening partnerships with key countries, supporting capacity building, countering radicalisation and violent extremism, as well as addressing underlying factors and the ongoing crisis

An empowered pluralistic, critical and active **civil society** is a crucial component of any democratic system and for inclusive and sustainable policy making. This is even more relevant under the state of emergency. Support to civil society will therefore represent a crucial pillar during the last IPA II period, in particular also as a matter to preserve effective pluralism. Civil society activities can stimulate and expand the space for dialogue and cooperation on matters of public interest, including on the EU accession process. Civil society's role and capacity in stimulating dialogue across all sectors and furthering pluralist agenda at the times of crisis and change is ever more so important. Turkey's participation in Union programmes, allowing for exchanges between Turkish and EU citizens, is an important complementary measure in this area. It strengthens civil society involvement in the European integration project and in this regard significantly complements institutional and political cooperation. Turkey particularly needs more inclusive approaches to formulating policy and making decisions of public interest. In this spirit, the Commission will continue and strengthen its support to civil society development. Civil society and Women's Organisations

also play an important role in promoting fundamental rights and freedom of expression and media, areas where additional focus is required. Civil society support will also be strengthened for other sectors due to its cross-cutting nature. The Civil Society Facility will also be mobilised as a complementary tool to widen and diversify support to civil society.

Turkey has some level of preparation in **fighting corruption**, but it needs to step up efforts and measures, as part of improving its anti-corruption policy development, coordination and implementation. Both the legal and institutional frameworks need further alignment with international standards. Turkey has not yet followed up on all Council of Europe's Group of States against Corruption (GRECO) recommendations.

While Turkey has a relatively strong **public administration** in general, further reform is required to bring it into line with the principles of public administration, i.e. to have an evidence-based decision making process and an inclusive, effective, efficient, responsive, service-oriented, professional and accountable public administration. The large dismissals in public administration after the 2016 coup attempt have had a negative impact on administrative capacity, including in the fields of home affairs, judiciary, education and a number of regulatory bodies. The State of Emergency Appeal Commission needs to thoroughly examine all alleged wrongdoings, with due process and transparent procedures, safeguarding the right of every individual to an equitable administrative process. For a more stable business and trade environment that will help to increase both domestic and foreign investments, Turkey needs to reform the public financial management system, improve its focus on the rule of law and anti-corruption measures, and carry out targeted public administration reform, as highlighted in the Commission's fundamentals first enlargement strategies defined in 2014 and 2015 and the 2017 SIGMA monitoring report for Turkey¹¹.

In the field of **economic governance**, the Economic Reform Programme (ERP) and the policy guidance jointly adopted by the EU and the Western Balkans and Turkey annually are the EU's main instruments for economic policy dialogue with Turkey. The ERP contains a thorough diagnostic of key structural obstacles to long-term growth by sector and a list of structural reform measures to address these. Assistance under IPA II shall take the identified key constraints and the reform priorities identified by the country in the ERP and in the jointly adopted policy guidance into account in its programming and shall support the implementation of both the reform measures included in the ERP and the policy guidance.

Competitiveness and Growth

The EU approach to financial assistance for Turkey takes into account its status as a fast developing middle-income country with large economic and social disparities between different population groups and geographical regions. It aims to provide support for economic, social and territorial development and encourage smart, sustainable and inclusive growth.

The EU will therefore focus on support to improve social development and social inclusion, through funding in the **education, employment and social policies** sector, addressing areas where Turkey still faces significant challenges, especially after strong deterioration of labour rights and dismissals in the public service in the wake of the measures taken under the state of emergency. In addition to the need to align Turkey with the *acquis* on social policy and

¹¹ <http://www.sigmaweb.org/publications/Monitoring-Report-2017-Turkey.pdf>

employment (negotiation chapter 19), further progress on reforms continue to be directly relevant to reaching Europe 2020 strategy targets on employment rates, educational attainment and social inclusion. This is also needed for the fight against poverty for which furthermore an integrated policy framework is still lacking. Particular attention will be paid to support Turkey's national action plan on gender equality, youth and for meeting the needs of vulnerable and socially excluded groups, such as the Roma. Support to youth and education policies shall be supported and mainstreamed through IPA II, in line with the major EU policies in the area, in particular the Education and training 2020 and the Bruges - Copenhagen Process for Vocational Education and Training.

The EU takes the different levels of socio-economic development across Turkey into account when planning support that involves physical capital, including improving infrastructure. Promoting environmental protection, resource efficiency and climate action are also cross-cutting key factors when drawing up priorities for financial assistance.

In line with Turkey's new more decentralised and differentiated approach to regional development, priority areas related to economic, social and territorial development will be partly based on geographical concentration. A pre-defined proportion of allocations will continue to be earmarked for actions focused on selected NUTS II regions in the south-east and east of the country. Assistance will be also available to support implementing Turkey's action plan of chapter 22 regional policy and coordination of structural funds.

Turkey will also continue to receive support for strengthening its capacity relating to alignment with and adoption, implementation and enforcement of the EU *acquis*. *Acquis* alignment, capacity building and investment needs are addressed in the integrated sector programmes. Alignment on environment and climate action sector and, to a lesser extent, the transport sector, will still require investment on capacities and technical assistance. Other areas where support for *acquis* alignment and institutional capacity building will continue to be provided include **food safety, veterinary and phytosanitary policy**, health and various elements of **regulatory reform related to the economic *acquis* and the EU-Turkey Customs Union**. In the area of **agriculture and rural development**, additional support will be granted to improve the competitiveness of the agri-food sector, to help its gradual adjustment to EU standards and to support diversification of economic activities in rural areas.

In addition, IPA II support may also be provided in response to unforeseen priority needs that are relevant to accession negotiations but that do not fall under the priorities set out in this Strategy Paper. In particular, this may include *ad hoc* and short-term technical assistance provided under the Technical Assistance and Information Exchange (TAIEX) programme and through twinning projects.

Further mainstreaming of **climate related actions** within the priorities highlighted for IPA II assistance shall be enhanced and ensured by all relevant stakeholders. This will be done keeping in mind the aim to gradually increase the share of DG NEAR climate spending with a view to reaching the 20% target by 2020 for IPA II. Increasing share of these resources shall be invested in adaptation and facilitating innovation as well as in capacity building. Expenditure relating to climate will be tracked across the range of IPA II interventions, in line with the statistical markers on climate change mitigation and adaptation developed by the OECD's Development Assistance Committee.

The programming frameworks for IPA need to be aligned to the EU policy on the transition to

a low carbon, resource efficient and **circular economy**. Challenges and benefits of circular economy could be further reflected. Specific areas where the macro-economic relevance of the circular economy and improved resource efficiency are significant are green public procurement, investments in waste and water infrastructure, sustainable construction, critical raw materials, biofuels and biochemical. Energy and climate related investments should reflect the alignment with the relevant acquis. Circular economy provides benefits both in economic and sustainability terms, for the health of the citizens and the protection of the environment, issues that are becoming relevant on the policy agenda of our partner countries.

Finally, when programming and implementing IPA II assistance, particular attention will be paid to a number of cross-cutting issues that impact more than one sector and thus require action across a number of sectors. These include the prevention of and fight against corruption, public administration reform, environmental sustainability and climate action, resource efficiency, gender equality and women's empowerment, strengthening democracy, human rights and fundamental freedoms and civil society participation as well as protection of cultural heritage as appropriate. Possible inter-linkages and synergies between pre-accession assistance and funding from the Facility for Refugees in Turkey will be explored on a sector basis. Another key consideration will be the relevance of specific actions for improving inter-connectivity with EU Member States and other enlargement countries. Based on these, focused multi-annual programmes will be supported in the **environment and climate action, energy, transport and competitiveness and innovation** sectors.

Gender mainstreaming shall be ensured by all stakeholders and implementing partners throughout all phases of the programme cycle of IPA II. IPA assistance shall include an assessment of the different situations and needs for women and men and translate this assessment into indicators, activities and results. The EU Gender Action Plan 2016-2020 sets the target that 85% of new initiatives should be marked as mainly or significantly tackling gender equality (Gender marker 2 or 1) by 2020 and gender marker 0 should be always justified. Gender analysis should be done for all the priority sectors and sex-disaggregated data used throughout the project and programme cycle and programming.

Keeping in mind the importance of public administration reform in the enlargement process, the commitment of Turkey to meet the Principles of Public Administration and the commitment of the EU to the Better Regulation agenda, the key elements of public administration reform will be systematically addressed in all IPA II sector interventions. IPA II assistance will especially ensure the Better Regulation approach, whereby policies and legislation in all sectors are prepared on the basis of best available evidence (impact assessments) in an inclusive approach involving both internal and external stakeholders.

In implementing the measures outlined below, the principles of equal opportunities, non-discrimination and gender equality will be applied and actively promoted.

Indicative financial allocations per policy area and per sector, resulting from the priorities set out in this Strategy Paper, are set out in Annex 1.

PART IV: EU ASSISTANCE DURING THE PERIOD 2014-2020

1. Democracy and governance

1.1. Needs and capacities in the sector

Compared with other accession countries, Turkey has a relatively strong public administration. Over the last decade the Turkish government has launched reforms to further increase the **public administration**'s efficiency and has begun to bring Turkey into line with the relevant *acquis* and has set up regulatory frameworks. Nevertheless, civil service reform to improve human resources management in the public sector and ensure merit-based advancement has not yet been carried out, in particular merit-based selection for senior civil-service positions remains an issue of concern and the percentage of women in senior managerial positions in the civil service at the level of central administration is low accounting to only 7.8% in 2017. Further efforts are needed, as an effective, efficient, responsive and service-oriented public administration is a necessary condition for good governance, stable economic conditions and ensuring the institutional capacity to implement the EU *acquis*. Further issues that Turkey will need to address include, inter alia, providing central guidance for sector strategies, improving evidence-based policy making, local administration reform, including better investment planning and systematic consultation of civil society, and further capacity building for the national parliament, as the centre of the democratic institutions system.

Public financial management is an integral part of the public administration reform efforts and the basis for economic governance and sustainable socio-economic and structural reforms. A public financial management system covers a number of sub-systems, including revenue administration (customs/tax), budget preparation, budget execution with cash management, public debt, public procurement, accounting and reporting, public internal financial control and external audit. Comprehensive public financial management reform covering reforms in the different sub-systems is particularly relevant to the EU enlargement strategy and to make use of the sector budget support modality available under IPA II. Turkey does not so far have a comprehensive public financial management reform programme in place, although reforms are ongoing in various sub-systems. Turkey must address issues including public internal financial control, independent and effective external audit, improving its public procurement legislation and implementation, improving its strategic management and planning (which also link policy better to budgeting), and improving its accounting and reporting.

A number of negotiation chapters cover public financial management reform sub-systems, including public procurement (chapter 5), taxation (chapter 16), economic and monetary policy (chapter 17), customs (chapter 29) and public internal financial control and external audit (chapter 32). There is therefore also a need to address the accession-specific aspects of public financial management. Public financial management is also a key component of the institutional arrangements needed to implement EU cohesion policy.

An important cross-cutting area in this sector is statistics. Turkey is already well-aligned with the *acquis* in this area, but still needs to further improve its data quality for statistics and its availability and quality of (public) administrative data, including improving cooperation between the Turkish Statistical Institute and the main data providers.

Turkey is considered a functioning market economy, but it nevertheless needs to improve its economic policy and economic governance. Existing multilateral surveillance mechanisms will address Turkey's challenges relating to macroeconomic stability and the functioning market economy, leading to country-specific policy guidance. Implementation of this policy guidance will be subject to an annual cycle of stock-taking.

Sustained reform is also needed on aspects of the **economic *acquis***, such as requirements relating to the right of establishment and freedom to provide services (chapter 3), free movement of capital (chapter 4), financial services (chapter 9), and more effective market surveillance in the context of free movement of goods (chapter 1), for which Turkish legislation also needs to be further aligned with the *acquis* and, where applicable, with the obligations of the Customs Union, as well as improving SME access to quality conformity assessment services. Other important areas concern antitrust and state aid in the field of competition policy (chapter 8), and remaining requirements in company law (chapter 6). Turkey's consumer protection and product safety (part of chapter 28) are not yet fully aligned with EU requirements in this area, and the institutional capacity of bodies such as consumer courts and arbitration committees needs to be strengthened. In Turkey, the Consumers' movement is very weak and needs to be strengthened via grant schemes and participation in projects. Legislation on intellectual property rights (chapter 7) is largely in place, especially after the adoption of the new industrial property law, but enforcement actors should be strengthened in order to effectively enforce intellectual property rights.

Coordination between different stakeholders in this area needs to be improved. On customs (chapter 29), there is a need for greater alignment with the EU customs code, and gaps remain in Turkey's alignment with EU rules on free zones and duty relief. Shortcomings on surveillance, managing tariff quotas, and practices not in line with the Customs Union need to be addressed. Efforts to facilitate legitimate trade and non-fiscal roles of the customs authorities need further support. Turkey also needs support to meet the requirements for the technical opening and closing benchmarks in other negotiation chapters. Regulatory reform and well-functioning, independent regulatory agencies and authorities are required to effectively implement and enforce the *acquis* in areas such as antitrust, state aid, telecommunications and postal services. Most of this will also help a smooth functioning of the Customs Union.

Turkey has ratified major **anti-corruption** conventions over the last years and has worked to implement its 2010-14 national strategy and action plan in this area. The new Action Plan on Enhancing Transparency and Strengthening Fight Against Corruption (2016-2019) has entered into force and includes extensive legal and administrative measures in order to enhance transparency in public life. The Action Plan also includes all steps to cover GRECO recommendations, although Turkey has not yet followed up nearly all of these. A "Guide for Financial Auditing of Political Parties" prepared by the Court of Accounts came into force in 2016. Still, oversight of political parties and independent candidates remains inadequate. A functionally independent anti-corruption body, in line with the United Nation's Anti-Corruption Convention, is still missing. Turkey needs to continue its efforts, including increasing its capacity to implement and enforce anti-corruption measures and extending the code of conduct to cover the legislature and the military. Civil society can play an important role as a watchdog, helping to promote transparency in this area.

Another element covered under this sector concerns **Turkey's participation in Union Programmes and Agencies**, an area where Turkey has been active and developed its capacity. Union programmes and agencies form part of the move towards ever closer relations between the partners within the EU and those in Turkey, and familiarises them with policies and working methods while facilitating exchanges of experience and best practices. The interaction fostered by participating in the Union programmes and Agencies has a positive influence on academic, research, business, culture and many other socio-economic fields. It also promotes civil society dialogue and people to people contacts.

Turkey is participating in the following programmes and agencies under IPA II: Erasmus +, Horizon 2020, Custom 2020, Fiscalis 2020, the EU Programme for Employment and Social Innovation (EaSI), the Europe's programme for small and medium-sized enterprises (COSME) and in the European Environment Agency (EEA). Turkey has also ratified the agreement for the participation in the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) and in the Civil Protection Mechanism but withdrew from the Creative Europe programme in January 2017.

Amongst the most relevant, Erasmus+ promotes the EU-Turkey education cooperation. Its effective implementation has allowed that, from 2014 to 2016, over 51 000 participants undertook a Higher Education mobility to/from Turkey.

Horizon 2020 encourages cooperation between European and Turkish researchers. Turkey is performing adequately, in line with that of other enlargement countries, but more successful proposals in all fields are needed to trigger further positive impact on the national Research and Innovation system.

In private sector development, COSME aims to create a better business environment and increase competitiveness and growth, in particular for SMEs, which means implementation of chapter 20 *acquis* in the accession process. An early opening of the chapter is due to the good implementation capacity of Turkey in these policies.

It is therefore clear that Turkish participation in Union Programmes and Agencies is positive for both Turkey and the EU, thus justifying a continuation of EU support.

Various institutions are involved in the democracy and governance sector and there is neither one specific sector lead institution nor a comprehensive strategy covering public administration reform, *acquis* alignment and regulatory reforms. The main institutions in the anti-corruption prevention field are currently the Prime Ministry Inspection Board and the Council of Ethics. Once adopted, the updated national anti-corruption strategy and action plan will be the key strategic documents.

1.2. Objectives, results, actions and indicators

The objectives of assistance in this sector are to support improvement leading to an efficient, responsible and accountable public administration, which provides services to citizens and businesses, to enhance ethical standards and anti-corruption tools both for prevention and repression, to improve public financial management, to enhance economic governance to facilitate regulatory reform leading to better alignment with EU standards, in particular with the EU *acquis* relating to economic criteria and to support progress on meeting the relevant negotiation chapter benchmarks.

Expected **results** are:

- Enhanced capacities of the public administration, including at the local level, to implement the principles of public administration in core areas (Strategic framework, Policy development and coordination, public service and human resources management, Accountability, Service delivery, Public Financial Management);
- Stronger institutional frameworks and capacities for promoting gender equality among public institutions and civil society organisations;

- Supporting the design and implementation of an integrated approach to prevention and fight against corruption, in line with the updated national anti-corruption Action Plan;
- Promotion of integrity systems and ethical standards in public administration and built-up of a convincing track record of continued investigations of corruption cases;
- Enhanced capacities of selected institutions for implementing the EU economic governance framework;
- Improved capacity of Turkish democratic institutions, especially the parliament, for efficient oversight;
- Increased participation by Turkey in Union Programmes and increased cooperation with Agencies.

Actions to achieve these results include:

Supporting the establishment of structures in line with the new model of metropolitan municipalities; providing support to the Union of Municipalities and the Citizens' Assemblies in strengthening participatory decision making at local level; supporting the extension of e-government and e-inclusion to increase citizens' democratic participation; promoting town-twinning with EU counterparts; providing support to the Turkish Grand National Assembly to better fulfil its oversight functions based on needs assessment.

Contributing to amending legal frameworks to remove gender-based discriminations, e.g. labour related legislations to better protect women rights in the work environment and enabling women's access to decision making posts in the public sector. Strengthening capacities addressing social barriers and traditional gender stereotypes.

Supporting reforms and administrative capacity building to implement the principles of public administration reform in selected sub sectors, including at local level.

Assessing the specific reform requirements in different public financial management sub-systems, e.g. revenue administration (tax/customs), budget preparation, budget execution with cash management, public procurement, accounting and reporting, public internal financial control and external audit; supporting measures to align Turkish law and build capacity to meet *acquis* requirements in public procurement, EU budgetary frameworks, public internal financial control and external audit and support to implementation of the specific reform plans these include implementing the priorities in the Public Internal Financial Control (PIFC) policy paper and supporting the Turkish Court of Accounts to fully implement the law enacted in December 2010.

Supporting the implementation of the measures identified in the economic reform programme (which replaced the existing pre-accession economic programme and provides the strategic framework for EU assistance in the economic and structural reform areas) and the jointly adopted policy guidance under the ministerial dialogue.

Supporting the implementation of Turkey's national anti-corruption strategy; improving specific accession-related requirements on statistics, taxation and customs, including IT interconnectivity and interoperability; supporting *acquis* alignment, regulatory reform and institution building, and the operational and administrative capacity building required for the

process of accession negotiations and in particular to meet the technical requirements set by negotiation chapter benchmarks.

Main indicators of achievement:

- Extent of Progress made towards meeting accession criteria (EC);
- Composite indicator Government Effectiveness (WB), Burden of Government Regulation (WEF) and Regulatory Quality (WB);
- Composite indicators Global Corruption (TI) and Control of Corruption (WB);
- Statistical compliance (Eurostat).

Annex 2 contains additional information on the indicators' sources and baseline and target data.

1.3 Types of financing

Actions covered under this sector will mainly be addressed through stand-alone actions in the context of annual programming, although a comprehensive and longer-term programming approach will be encouraged.

A limited financial envelope for project preparation and institution building activities (twinning, technical assistance and direct grants only) will be programmed through Regulatory Reform and Acquis Alignment Actions in a needs-driven manner and on a rolling basis. This will facilitate Turkey's regulatory reform in fields that are not covered by priority sectors, in particular relating to alignment with economic *acquis* including better functioning of the Customs Union, and will support progress on negotiation chapter benchmarks.

Allocations indicatively earmarked in this sector will also be used to co-finance Turkey's participation in Union Programmes and Agencies, in line with the principle of increasing contributions from the candidate country. Between 2014 and 2020, EU support will ensure Turkey continues to participate in Union Programmes and Agencies as much as possible.

1.4 Risks

Political will from the Turkish government is crucial to making progress on key reforms in fields such as public financial management or anti-corruption. Political dialogue on these matters will need to accompany the preparation of actions receiving IPA II financial assistance.

1.A Sub-sector: Civil society

1.A.1 Needs and capacities in the sub-sector

There are more than 110 000 associations, with a total of over eleven million members, in Turkey. Only some 20% of these members are women. Membership in political parties, chambers and sports clubs is most common, but religious organisations are also popular. In addition, there are over 4 800 foundations. Their operations are mainly financed by their own resources and/or they raise funds and use them for charitable purposes. Few of these foundations provide grants to civil society organisations. Thus, civil society organisations

working on advocacy have so far benefitted only to a limited extent from the strong tradition of giving in Turkey.¹²

Civil society organisations (CSOs) are facing increasingly severe challenges. In particular, there have been closures of around 1500 CSOs as part of the government's post-coup measures and more challenging legal environment characterised by more bureaucratic obstacles, in particular relating to their operation, their funding and, in some cases — such as for federations — their legal creation and core issues. Complex rules create difficulties for small or medium-sized associations. CSOs need to be more involved in policy development at local, regional and national levels, and dialogue and cooperation between institutions and civil society needs to be improved, particularly in the area of fundamental rights and freedom of expression and media, but also in other sectors where needs exist such as environment and climate action. Significant weaknesses in CSO capacities — particularly for smaller organisations and some rights-focused CSOs — have been noted with regard to internal management, fund-raising and advocacy skills and the membership base. Where networks have been created, their sustainability is at risk. Broader dialogue between civil societies in the EU and Turkey continues to be a priority, as well as the enabling environment for civil society activities as set out in the 2014-2020 Guidelines for EU support to civil society organisations in the enlargement countries.

Civil society development and civil society dialogue have been supported since the beginning of IPA I. Civil society funding under IPA II has been nearly doubled in the period 2014-2017, but the needs remain vast. Financial assistance for civil society until 2020 will build on this experience, with the Ministry of EU Affairs acting as the lead institution in this sub-sector. A further shift on the management mode for the actions in the field of civil society development will be taken and the bulk of assistance will be directly managed by the Commission *inter alia* via the Civil Society Facility.

1.A.2 Objectives, results, actions and indicators

Objectives under this sub-sector are to promote a culture of respect of fundamental rights, including gender equality, freedom of expression and media, peaceful assembly and association; to support the development of civil society and an enabling environment allowing its more active participation in democratic policy and decision making processes; to enhance civil society dialogue and inter-cultural exchange between civil societies in Turkey and Europe.

Expected results:

- Enhanced skills related to civil monitoring, awareness-raising of citizens and advocacy;
- Enabling environment improved, allowing for regular civil society consultation and active participation in policy processes;
- Increased capacity, outreach, representativeness and networking of civil society, especially of rights-based organisations;

¹² Guiding Principles for EU Support to Civil Society in Turkey:
http://www.avrupa.info.tr/fileadmin/Content/Files/File/CSD/Guiding_Principles_for_EC.pdf.

- Further development of people-to-people exchange between Turkey and the EU.

Actions to achieve these results include:

Support to improving the legislative environment to support active citizenship, through initiatives to facilitate founding, operating, funding and auditing CSOs (including women's organisations), in line with the principles of freedom of association, freedom of speech and proportionality. Actions will include supporting a more conducive, transparent and accountable environment for civil society, improving funding mechanisms for CSOs (including facilitating fund-raising), and enhancing CSOs' financial viability and sustainability.

Strengthening cooperation between the public sector (at local, regional and national level) and CSOs, including by effective CSO consultation in policy-making and governance, by establishing balanced and transparent mechanisms.

Strengthening the capacity of, and networking between, organised active citizens / CSOs, to improve outreach, governance, and institutional capacities, such as advocacy, administrative skills, and fundraising skills. This will allow individuals and CSOs to address individual and institutional donors, participate more effectively in public debate and contribute to shaping, implementing and monitoring public policies and the private sector. Actions will focus on areas that do not typically benefit from traditional philanthropy and other private funding. Areas for assistance include protecting and promoting fundamental rights and fighting against all forms of discrimination in society of disadvantaged groups as well as key areas of EU integration and other areas of particular relevance for the inclusive development of Turkish democracy. Disadvantaged groups include, but are not limited to minorities¹³. Women and girls belonging to these groups are often subject to multiple discrimination and gender-based violence.

Connecting people to improve mutual understanding between citizens in Turkey and the EU, including encouraging exchanges at local level. The focus in this area will be on generating long-term partnerships and cooperation between EU and Turkish CSOs, to exchange experiences in contributing to social activities at local, regional and national levels; and creating mechanisms to improve CSO ownership of civil society dialogue programmes and CSOs' ability to influence the way the programmes are run, e.g. by creating appropriate participatory governance mechanisms. Activities in this area will also cover culture and the preservation of cultural heritage.

Main indicators of achievement:

- Extent of progress in the enabling environment for freedoms, the operation of CSOs and participation in policy-making (EC);
- Number of associations, including networks, platforms and civic initiatives, dealing with public interest issues, especially on fundamental rights, benefiting from EU direct support (Turkish Ministry of Interior and other relevant national and international sources).

¹³ Groups considered minorities in Turkey are the Greek, Jewish and Christians.

Annex 2 contains additional information on the indicators' sources and baseline and target data.

1.A.3 Types of financing

Assistance in this sub-sector has been provided in the context of annual programming and following a multi-annual planning approach in order to keep coherence of the actions across the subsequent programmes. CSOs and public sector institutions can benefit from financial assistance. In addition, EU support for legislative reforms to improve the enabling environment for civil society and to encourage more inclusive governance is provided mainly through institution-building measures (technical assistance and twinning) or the TAIEX instrument. Indirect management by the Turkish authorities will apply, particularly for the civil society dialogue component and some actions to support civil society development and fostering an enabling environment. However, direct management by the Commission will be increasingly used in 2018-2020 in the context of a changing operating environment for the CSOs following the coup attempt and also because a serious contracting backlog hampers the absorption of additional funds. The Commission will consider grant schemes and other funding modalities that aim to improve the representativeness, credibility and institutional capacities of CSOs and that are implemented via the Civil Society Facility. The European Instrument for Democracy and Human Rights (EIDHR) will remain available to complement the IPA II support covered under this Strategy Paper.

As support to civil society constitutes a strategic priority for pre-accession assistance to Turkey, allocations for this sub-sector will continue to substantially increase as compared to the IPA 2007-13 framework.

1.A.4 Risks

A multi-annual planning approach to programming for civil society support is new to Turkey and still poses a challenge for the lead institution coordinating the sector. Strong and inclusive coordination of all the relevant institutions and stakeholders will be crucial to ensure effective strategic multi-annual planning and programme implementation. This will also be essential to ensure indicators are effectively monitored.

Civil society can also receive support under other sectors covered in this Strategy Paper. The risk of overlap and duplication needs to be minimised by coordinating with the lead institutions for those sectors in the strategic planning phases, to ensure complementarity and synergies.

CSO dependency on institutional donor funds, competition for project funding and donor-driven agenda setting have been identified as risks to the representativeness, credibility and sustainability of organised civil society in Turkey. Support will need to be planned so as to allow civil society structures to be developed and to allow these to build their capacity in a sustainable manner.

2. Rule of law and fundamental rights

2.A Sub-sector: Judiciary and fundamental rights

2.A.1 Needs and capacities in the sub-sector

Turkey has made many reforms in the fields of the judiciary and fundamental rights until 2015, largely driven by the country's EU accession process. However, in the 2014, 2015, 2016 and 2018 country reports, the Commission expressed growing concerns about the serious backsliding in the areas of rule of law and fundamental rights in Turkey.

The 2001 Accession Partnership document identified achieving stability in the rule of law, and by extension in the justice sector itself, as one of the main priority areas to meet the Copenhagen criteria. A similar finding applies with regard to human rights.

IPA assistance for judiciary and fundamental rights amounted to EUR 191 million between 2007 and 2013. The IPA - alongside, and sometimes jointly with, additional support provided by international organisations (such as the Council of Europe and UN agencies), several Member States and their development agencies - helped to strengthen judicial independence, impartiality and efficiency and improve the administration of justice. It also contributed to greater respect for fundamental rights.

Reforms in the field of rule of law and fundamental rights remain strategic priorities for the EU cooperation with Turkey with a view to reverse the backsliding over the recent period. Turkey has to considerably further lift up its track record on fundamental rights, including in freedom of expression and media, and freedom of assembly. Priority shall be given to the prevention of violations of the ECHR under the State of Emergency which curtailed key fundamental rights (pre-trial detention, removal of crucial safeguards that protect detainees) and for further legislative changes in line with the ECtHR case law. A carefully calibrated overhaul of the judiciary is needed in line with the principles of independence, impartiality, efficiency and effectiveness. Women have less access to, and ownership of judicial processes. Intersectional discrimination in the judicial system is furthermore one of the main barriers in terms of women's equal access to justice. Women are also discriminated against due to their economic and social status. EU assistance should be linked to the conditions of a political and legal environment that allows the judiciary to perform its duties in an independent and impartial manner, strengthen its responsibilities, with the executive and legislature fully respecting the separation of powers. As decided by the Budgetary Authority at the end of 2017, the amount of EUR 70 million have been withdrawn and been placed in the reserve for the year 2018, and this has been made conditional on sufficient improvements in the fields of rule of law, democracy, human rights and press freedom.

2.A.2 Objectives, results, actions and indicators

Objectives under this sector are to further strengthen and make more concrete and visible the independence, impartiality, efficiency and administration of the judiciary as well as to enhance respect for fundamental rights and freedoms. A prerequisite for success is to undertake the necessary EU oriented reforms and their effective implementation.

As the judiciary and fundamental rights are complementary areas, IPA II assistance will be programmed in a holistic and strategic way, against a multi-annual framework. It will duly take into account the main objectives set out in the 10th National Development Plan, the updated Judicial Reform Strategy and Action Plan, various judicial bodies' institutional strategic plans, and other relevant national strategies and action plans. Programme preparations will take into account the priorities identified in the national action plans on the prevention of violations of the European Convention on human rights, on gender equality and on combatting domestic violence against women and priorities set out in other relevant strategy documents.

IPA II support relating to the **judiciary** will be programmed mainly in partnership with the Ministry of Justice, the lead institution in this field, with close involvement of other key institutions and stakeholders. IPA II support relating to **fundamental rights** will be planned mainly in partnership with the Ministry of EU Affairs, as the lead institution, in close cooperation with the Ministry of Justice, the Ministry of Family and Social Policy, as well as other key stakeholders. Support will also be provided through the civil society facility.

In the framework of the 2030 Agenda for Sustainable Development, the priorities for IPA II assistance shall also contribute to the reaching of SDG 16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Expected **results on Rule of Law** are:

- Strengthened capacity of the judiciary to exercise its powers independently and impartially;
- Better awareness of targeted citizens on their rights to a fair trial and on how to access effective judicial remedies;
- Increased awareness on human rights, women's rights and gender based violence among members of the judiciary;
- Promotion of objective, merit-based, uniform and pre-established criteria for the recruitment, appointment, transfer, promotion and dismissal of judges and prosecutors, and other personnel of the judiciary.

Actions to achieve these results include:

Training and raising awareness for all members of the judiciary on human rights and women's rights and, in particular, of European Court of Human Rights case-law; supporting the establishment of a judicial police that meets EU standards;

Supporting the improvement of judicial efficiency and administration, by addressing the issues of court workload and fair trials, within the meaning of Article 6 of the European Convention for Human Rights; supporting the improvement of the criminal justice system; developing capacity in juvenile courts; continuing with supporting reforms to the penitentiary system;

Supporting the improvement of access to justice, especially for women and disadvantage groups, and alternative dispute resolution in both criminal and civil cases and increasing equality of arms between the prosecution and the defence in court.

Main **indicators** of achievement:

- Progress made towards meeting accession criteria (EC);
- Composite indicator Access to Justice (WJP) and Judicial independence (WEF);
- Backlog in courts: clearance rate through number of pending cases and duration of proceedings (CEPEJ);
- Number of new individual cases gone through judicial review.

Annex 2 contains additional information on the indicators' sources and baseline and target data.

Expected **results in Fundamental Rights** are:

- Improved capacities of institutions, including CSOs, in charge of protecting and guaranteeing the respect and defence of Fundamental rights;
- Improved legislative and regulatory framework in line with EU and international standards;

Actions to achieve these results include:

Strengthening the effectiveness of State institutions in safeguarding fundamental rights (the Ombudsman institution, the National Human Rights institution, the Ministry of Justice and others) in inclusive and consultative manner;

Providing expertise whenever required to help bringing the Turkish legal framework into line with International and European standards in all areas; notably addressing the UN/Council of Europe's recommendations, providing training and capacity building to key institutions to promote European values and standards including when drafting and implementing legislation and rules so that all rights are fully respected in practice, with proper accountability and verification systems;

Developing the capacity to conduct independent, impartial and effective investigations into allegations of misconduct by security forces;

In the area of women's rights and gender equality, focusing on political representation and combatting violence against women in practice in line with the Istanbul Convention and the EU Gender Action Plan, including child and forced marriages; support in upgrading the legal framework in order to address violence and discrimination based on sexual orientation and gender identity. Other gender equality aspects will be addressed in the sector Education, Employment and Social Policies and in the sub-sector Civil Society.

Supporting relevant institutions and CSOs to improve conditions of disadvantage groups, and supporting the implementation, when existing, of the relevant strategies and action plans (e.g. the Roma Strategy and its action plan).

Strengthening the cooperation between institutions and stakeholders engaged in the area of human rights.

Main **indicators** of achievement:

- Council of Europe and United Nations monitoring mechanisms related indicators on human rights;
- Extent of progress made towards meeting accession criteria (EU);
- Composite indicator Freedom of Press (FH) and Press Freedom (RWB);
- Number of human rights cases, including individual cases, addressed, by e.g. the National Human Rights and Equality Institution of Turkey;
- Gender inequality index.
- Percentage of referred cases of gender based violence investigated and sentenced (GAP, SDG 5.39);

- Number of women and men directly benefiting from Justice, Rule of Law and Security Sector Reform programmes funded by the EU (GAP, EU RF);
- Number of women, children, minorities and vulnerable groups that benefit from legal aid (GAP).

Annex 2 contains additional information on the indicators' sources and baseline and target data.

2.A.3 Types of financing

The area of judiciary meets most of the necessary criteria for a sector approach; the area of fundamental rights is not only important as an area as such, but shall also be further mainstreamed through other sectors. Programming will pursue a multi-annual strategic planning perspective and further support could be provided to build capacity for a full-fledged sector approach. Activities will be supported through twinning, services, supply and work contracts, direct agreements with international organisations, grant schemes, and investments. As the judiciary and fundamental rights are key strategic priorities for pre-accession assistance to Turkey, IPA II support in this sector will substantially increase, compared to IPA 2007-13.

2.A.4 Risks

The main risk remains the lack of political will to embrace European standards and values and to effectively implement them. If the political and legal environment will not improve in order to allow the judiciary to perform its duties in an independent and impartial manner, strengthen its responsibilities, with the executive and legislature fully respecting the separation of powers, project implementation and sustainability will be at risk.

Political risks relating to the insufficient independence of institutions and separation of powers, and respect for the rule of law and human rights will need to be addressed through political dialogue as part of the EU's accession negotiations with Turkey. The rule of law, protection of human rights and good governance must remain high on the political agenda. Effective capacity and political will to undertake reforms and make use of financial assistance needs to be demonstrated in practice.

Work on fundamental rights will need to be closely coordinated with work in the civil society sub-sector, to build synergy and avoid duplication and overlap.

2.B Sub-sector: Home affairs

2.B.1 Needs and capacities in the sub-sector

The sub-sector includes three priority areas: (1) migration and asylum, (2) integrated border management and (3) fight against terrorism and organised crime. The roadmap towards visa liberalisation between Turkey and EU set out specific benchmarks that need to be addressed.

Turkey has carried out important reforms in the field of **migration and asylum**, including the 2013 adoption of the Law on Foreigners and International Protection and the establishment of the Directorate-General of Migration Management (DGMM) and its provincial branches. The Directorate's capacity to implement the wide range of tasks attributed to it through the Law, the Visa Liberalisation Roadmap and the full implementation of the EU-Turkey Readmission

Agreement is crucial for Turkey's future migration management system. In parallel, efforts to improve legal and administrative infrastructure, as well as institutional capacity to fight the crime of migrant smuggling and trafficking in human beings need to continue to bring these in line with European standards and international best practices. The Syrian crisis and subsequent influx of refugees to Turkey have posed additional challenges. Complementary to humanitarian assistance and livelihoods support as provided through other EU and non-EU funding, Turkey needs support to ensure access to asylum procedures and efficient implementation of rules and procedures related to international protection, with a view to bringing these practices in line with European standards and international best practices.

At the same time, Turkey's capacities to accommodate and integrate refugees and to remove irregular migrants need to be improved, both in terms of infrastructure and institutional competence. To this end, a comprehensive assessment needs to be carried out, taking stock of what has already been achieved with IPA support. Turkey should be supported in designing integration pathways for different status holders and in its efforts to maintain social cohesion in areas with heavy migrant or refugee presence. Information provision to migrants and refugees about their legal rights should be expanded, and include awareness-raising among the host population. Turkey actively facilitated the implementation of the 'One-for-One' resettlement scheme under the EU-Turkey Statement by pre-selecting candidates for resettlements.

Turkey took proactive actions to prevent the opening of a new migratory route in the Black Sea in August-September 2017. It also took some measures to prevent irregular departures to Cyprus and Italy. Turkey's efforts on **integrated border management** (IBM) need to continue to establish open and secure borders by developing and strengthening Turkey's legal, institutional and technical capacity and bringing this into line with EU IBM policy, taking into account the current and expected migration flows. Turkey needs to provide support for institutional reform and capacity-building when the long-expected law on border management is adopted, allowing Turkey to move to a civilian-led border agency under the Ministry of Interior. The March 2016 Regulation on inter-institutional cooperation and coordination in the field of border management needs to be implemented. Inter-agency cooperation based on risk analysis needs to be strengthened to improve effectiveness against cross-border crimes and smuggling networks. Cooperation with European Border and Coast Guard Agency¹⁴ and regional cooperation on border management with EU neighbours Greece and Bulgaria are also key priorities. Efforts should also be expanded with a holistic approach to boost regional cooperation with the countries in Turkey's neighbourhood on border management. Border management reform is led by the Border Management Bureau of the Ministry of Interior's Directorate General for Provincial Administration. It is important that border management increase the presence of trained female officers in order to better detect and prevent human trafficking and reduce possible abuse and exploitation of women and children. Gender-responsive policies, protocols and procedures can facilitate the identification process and contribute to the safety of all citizens.

Turkey needs to strengthen all law enforcement institutions involved in the **fight against terrorism and organised crime** and align their functioning, status and responsibilities with European standards, including through developing inter-agency and international cooperation

¹⁴ European Agency for the management of operational cooperation at the external borders of the Member States of the European Union.

in the fight against terrorism, including Countering Violent Extremism, as well as the combat of money laundering, drugs, and cyber-security threats. Progress is necessary in the dismantling of criminal networks and confiscation of criminal assets. Key strategies are the 2016-2021 strategy for combating organised crime and the related 2016-2018 action plan. Turkey is implementing a number of sectoral strategies and action plans, such as a national cybersecurity strategy and action plan (2016-2019) and the National Strategy against Drugs (2013-18). Key institutions are the Ministry of Interior's Department for Smuggling, Intelligence and Operations and Information Gathering, the Ministry of Finance's Financial Crimes Investigation board (MASAK), the Turkish National Monitoring Centre for Drugs and Drug Addiction (TUBIM) and the Cyber Security Board.

Law enforcement institutions need further training and equipment, and police cooperation at international and domestic levels needs to be strengthened. The alignment of the data protection legislation on the EU *acquis* is a key element that needs to be improved so that an international agreement with Europol can be concluded.

The lead institution in this sub-sector is the Turkish Ministry of Interior, responsible for the relevant General Directorates, Bureaus and Departments of the priority areas set out above. Other relevant stakeholders need to be involved during programming and for sector coordination.

2.B.2 Objectives, results, actions and indicators

This sub-sector's main objective is to ensure the implementation of the visa liberalisation roadmap by improving Turkey's legal and administrative framework in home affairs and bringing it in line with the EU *acquis* and EU standards.

Expected **results** are:

- Improved legal and administrative infrastructures in the field of migration and asylum in line with European standards and best practices, with a specific focus on access to international protection and integration pathways for different status holders;
- Improved institutional framework for integrated border management;
- Increased technical capacity for border management and higher degree of alignment with relevant EU policy;
- Higher capacities to fight against irregular migration and human trafficking;
- Law enforcement institutions involved in fighting organised crime, including money laundering, drugs and cyber-security threats are aligned with European standards with regard to status and responsibilities through increased inter-agency and international cooperation.

Actions to achieve these results include:

Facilitating Turkey's compliance with the requirements set out in the EU-Turkey readmission agreement; activities on document security, migration management, public order and security in line with the requirements set out in the visa liberalisation roadmap; institution-building to improve the Turkish administration's capacity to effectively manage migration and asylum, including activities to address trafficking in human beings; helping improve Turkey's capacity to accommodate the growing numbers of asylum seekers and refugees to improve the living conditions of asylum seekers and refugees (including Syrian refugees), as well as

improving institutional capacities and policy planning for the accommodation of migrants and refugees in Turkey and address information needs by migrants and host communities on rights and obligations. This is in line with the requirements set out in the visa liberalisation roadmap and recommendations made in the Commission's country Reports.

Capacity building to combat cross-border crimes and manage borders in an effective and sustainable manner, focusing on efficient use of equipment, risk analysis, information exchange and integrated border management practices, complemented by upgraded software and hardware; improving coordination among border authorities with a focus on common situation awareness, joint threat analyses and definition of counter measures; supporting customs measures related to integrated border management and, in particular, risk-based border controls focused on safety and security measures, including strengthening the capacity of local risk management units and developing feedback mechanisms between the central and local offices.

Improving police and inter-agency cooperation in the fight against organised crime, both at national and international level (with implementing data protection legislation as a prerequisite). Supporting capacity building in specialised methods such as controlled delivery, lawful interception, computer and mobile phone forensic inspection; providing special operational equipment (technical, electronic and optical devices, vehicles, etc.) and training on the use of technical devices in operations. Supporting better data collection and improved analytical capacity; improving the quality of reporting to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), increasing Turkey's capacity for treating and rehabilitating drug addicts; preventing drug trafficking, by building capacity in the relevant Turkish law enforcement bodies and raising awareness in non-governmental organisations and the media. Increasing law enforcement bodies' ability to investigate cybercrime, in particular by providing training to law enforcement bodies and the judiciary on cybercrime and increasing the capacity of the 24/7 contact point, which will be set up once Turkey has ratified the Council of Europe Convention on Cybercrime.

Main **indicators** of achievement:

- Extent of Progress made towards meeting accession criteria (EC);
- Extent to which the visa liberalisation roadmap benchmarks are effectively implemented.

Annex 2 contains additional information on the indicators' sources and baseline and target data.

2.B.3 Types of financing

Home affairs issues are key strategic priorities for pre-accession assistance to Turkey, IPA II assistance in this sector has substantially increased, compared to IPA 2007-13. This sub-sector will follow a programming approach based on a gradual shift towards multi-annual strategic planning. Different levels of readiness exist in the different priority areas and lessons learned from actions that have already been programmed need to be taken into account. Programmes will focus on capacity building, peer-learning and trainings.

Given the contracting backlog and high allocations to this sector, it is important to take stock of its impact and consider this in programming 2018-2020. Complementarity with projects

under previous IPA programmes needs to be ensured, together with clearer sequencing for activities under IPA II.

2.B.4 Risks

Given the significant amounts of funding that has previously been programmed, especially for migration and asylum and integrated border management, there might be limitations in terms of capacity to absorb additional funds. Project management capacity of the beneficiary institutions needs to be monitored and expanded. Additional staff may need to be assigned.

Civil society will play an important role in all stages of the programme. Close coordination will be needed with work done in the civil society sector to avoid overlaps and duplication.

3. Environment, climate action and energy

3.1. Needs and capacities in the sector

Environmental and climate policies represent one of the most complex and costly challenges within the EU accession process, with over 200 different pieces of legislation. Given the investment needs estimated previously by the authorities¹⁵ and taking into account what has been spent up to now, it is estimated that Turkey still needs to invest over EUR 43 billion in its environment sector to comply with EU requirements.

Turkey needs to align its climate change policies with relevant EU policies. A national strategy consistent with the European Union 2030 framework on climate and energy policies has not yet been adopted. At international level, Turkey's special circumstances have been recognised under the United Nations Framework Convention on Climate Change. Turkey signed the Paris Agreement but has not yet ratified it. Its ratification would help to reduce Turkey's emission trends (which rose by more than 120% since 1990) and carbon intensity of its economy. According to the Intergovernmental Panel on Climate Change projections, Turkey is located in one of the areas most vulnerable to climate change impacts, with risks to agricultural production, water supply, natural resources, ecosystems, public health, and consequent damage to livelihoods. Turkey is also affected by natural disasters; with frequent occurrence of earthquakes, floods, landslides, avalanches and fire. In addition, there has been a sizeable increase in hydro-meteorological disaster events. Population settlement patterns are also affected, exacerbating unsustainable urban development. Adaptation to these conditions requires Turkey to build resilience, strengthen its disaster risk management and emergency response capacities, and develop sustainable urbanisation practices.

The negotiations in this sector relate to *acquis* chapter 27 and there are also linkages to chapter 22, regional policy. Turkey has not yet met the closing benchmarks for chapter 27, which require it to align its legislation with the EU *acquis*, in all sub-sectors, specifically in the fields of horizontal legislation, water and industrial pollution. Turkey needs to set up administrative structures and build their capacity to ensure EU requirements have been implemented and enforced at the date of accession. In that perspective, investments are needed, particularly in delivering drinking water, wastewater treatment and solid waste management.

¹⁵ According to the medium cost plan established in the Turkish National Environmental Approximation Strategy (2006).

The lead institution in this sector is the Ministry of Environment and Urbanisation. However, the Ministry of Forestry and Water Affairs leads on water, biodiversity and nature conservation. The Prime Ministry's Disaster and Emergency Management Presidency is responsible for disaster risk reduction and management, and is the focal point for the national platform for disaster risk reduction and civil protection.

The 2006 Turkish National Environmental Approximation Strategy¹⁶ sets out the work plan and costs related to transposing and implementing the relevant EU directives, and includes a financing plan for meeting requirements for significant investment. The same priorities are covered by the 10th National Development Plan. Turkey's other main environment strategies are: the Strategic Plan (2013-17) for the Strategic Environmental Assessment study and implementation in all sectors; the National Basin Management Strategy (2014-2023) for protection and use of water resources and natural resources in a sustainable manner, the National Recycling Strategy and Action Plan (2014-2017) for resource efficiency; the National Biodiversity Strategy and Action Plan (2007-17) for nature conservation; the National Climate Change Strategy (2010-20) and the National Climate Change Action Plan (2011-23) for climate change mitigation and adaptation. Turkey Disaster Response Plan entered into force in 2014 and Turkey Disaster Management Strategy Plan and Turkey Disaster Risk Reduction Plan are being prepared. The National Action Plan for EU Accession sets the indicative deadlines up to 2019 for approval of legislation aligning to *acquis*.

As regards **energy**, Turkey has one of the fastest growing demands for energy in Europe. It has a young and increasingly urban population whose energy consumption is still comparatively low. Therefore, the government's main energy policy concern continues to be to develop domestic energy supplies so that Turkey can decrease its reliance on energy imports and meet the needs of its growing economy.

Turkey's energy objectives and policies are consistent with the EU 2020 strategy's targets for resource efficiency. Turkey is also a key partner in increasing the EU's energy supply security through development of the 'Southern Gas Corridor' where Turkey has potential to become a reliable transit country. Both EU and Turkey can benefit from deeper cooperation on energy issues and enhanced energy interconnections. With regard to nuclear energy, Turkey is yet to adopt its nuclear energy law in line with the *acquis*, including restructuring of the nuclear energy regulator to separate its operating functions and guarantee its full independence from any entity concerned with the development of nuclear energy.

Alignment with EU legislation is all the most important as on 2 April 2018, the Turkish nuclear regulator (TAEK) awarded a construction licence for the Akkuyu Nuclear Power Plant. A key element of the Euratom *acquis* is the new safety objective. This objective is applicable to nuclear installations for which a construction licence has been granted after 14 August 2014. It applies to the design, siting, construction, commissioning, operation and decommissioning phases and implies the implementation of concrete measures to prevent accidents and, should an accident occur, to mitigate its consequences.

IPA II will be programmed in partnership with the Ministry of Energy and Natural Resources, the lead institution in this sector, with close involvement by other key institutions (the Ministry of Environment and Urbanisation, the Turkish Atomic Energy Authority, the

¹⁶ The update of this strategy is currently in its phase of finalisation, and should be published soon. .

Turkish Electricity Transmission Corporation, the Petroleum Pipeline Corporation and the Energy Market Regulatory Authority).

Turkey's energy strategies are outlined in different strategies/plans, including Electricity Market and Security of Supply Strategy Paper, Ministry of Energy and Natural Resources Strategic Plan (to be updated), Energy Efficiency Strategy, Turkish National Renewable Energy Action Plan, 10th National Development Plan 2013-2018, 11th National Development Plan (2019-2023), National Climate Change Strategy 2010–2020, and National Climate Change Action Plan 2011-2023, and an Energy Efficiency Action Plan (drafted through EU financial assistance). These strategic documents define Turkey's main sector objectives to meet its energy needs for economic growth and social development.

In the framework of the 2030 Agenda for Sustainable Development, the priorities for IPA II assistance shall also contribute to the reaching of SDG 7 - Ensure access to affordable, reliable, sustainable and modern energy for all and SDG 13 - Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.

3.2. Objectives, results, actions and indicators

For environment and climate change action, the sector's general objective is to improve environmental protection, address the challenge of climate change and improve citizens' quality of life by making progress on aligning Turkey's legislation with the EU's environment and climate change *acquis* and policies.

The objectives of IPA II assistance in the energy sector are to improve Turkey's interconnectivity and integration with European electricity and gas markets, to promote energy efficiency and renewable energies in line with the EU resource efficiency and climate action targets and to improve Turkish nuclear safety regulatory and operational framework to become compliant with *acquis* and EU standards¹⁷.

Expected **results** are:

- Improved infrastructure for delivering drinking water, waste water treatment and solid waste management, in line with EU standards; including improved physical infrastructure and increased recycling rates
- Legislative reform and capacity building has progressed in the areas of climate action, air quality, industrial pollution, waste, civil protection, disaster risk management and emergency response, water and marine environment, cross-cutting legislation and protection of nature;
- Improved capacity to design, implement and monitor mitigation policies, and improved resilience to climate change in vulnerable economic sectors and infrastructures;
- Increased security of supply and further integration with the EU internal electricity and gas markets;

¹⁷ However, the implementation of the action in the area of nuclear safety will be under the responsibility of DG DEVCO, in the context of the Instrument for Nuclear Safety Cooperation (INSC).

- Promotion of a more efficient use of energy and of renewables, following EU 2020 strategy targets;
- Nuclear energy legislation more harmonised with the EU *acquis*;
- Strengthened institutional and regulatory capacity in relevant authorities;
- Increased cooperation with neighbouring countries on market integration and infrastructure development;
- Enhanced policy dialogue with the EU (High Level Energy Dialogue);
- Quality of electricity supply (measured by improvements in the System Average Interruption Duration Index (SAIDI), the System Average Interruption Frequency Index (SAIFI) and the Momentary Average Interruption Frequency Index (MAIFI)).

Actions to achieve these results include:

Under the *acquis* alignment action, all fields of environmental (horizontal legislation, air quality, water, waste, nature and soil protection, chemical, industrial pollution and risk management and civil protection) and climate *acquis* (emission trading, monitoring and reporting, ozone layer protection fluorinated gases, fuel quality and others including EU Adaptation Strategy) have been covered through Technical Assistance (TA), twinning and, if necessary, grants for civil society, supplies and works for pilot implementation. For the next IPA II period 2018-2020, support in the environment sector will be reduced and will focus mainly on *acquis*-related Institution Building activities for water, waste and climate change, as well as support to disaster and risk management activities, an area of recently renewed cooperation with the EU.

Capacity building measures relating to **horizontal legislation** at national, regional and local levels and approximation of relevant EU legislation, in particular the Directive on Public Access to Environmental Information, the Environmental Impact Assessment (EIA) and the Strategic Environmental Assessment (SEA) Directives (including on transboundary issues) will be the focus of planned actions.

In the field of **water**, activities foreseen aim at harmonising Turkey's legislation with the relevant EU legislation. Preparing river basin management plans and flood risk management plans, in line with the Water Framework Directive (WFD) and Floods Directive, and investing in adapting to climate change is foreseen. For transboundary basins, collaboration and coordination with neighbouring Member States is needed, resulting in joint plans as required by the directives. As regards EU water policies entailing investments in infrastructure, activities mainly support enhancing the provision of services for supplying drinking water and for waste water treatment. Any infrastructure that may result in modification of water bodies (rivers, lakes), and status degradation (e.g. large structural projects such as dams in relation to hydropower, floods, water storage) will ultimately need to be assessed against the WFD framework and requirements. This applies also to existing infrastructure whose impact on river and lakes should be mitigated with a view to improve the water standards as required under the WFD.

In the field of **waste**, activities to comply with the Waste Framework Directive are foreseen, including infrastructure investments, to increase the quantity of recycled waste, reduce biodegradable waste going into landfills and improving final disposal. In principle, waste reduction/minimisation and principles of the EU circular economy strategy will be followed;

landfill investments will be agreed where there is a waste management plan and the landfill is planned in accordance with it. The switch to circular economy principles and goals with measures covering the whole cycle: from production and consumption to waste management and the market for secondary raw materials will help the country boost its global competitiveness, foster sustainable economic growth and generate new jobs.

On **industrial pollution** and risk management, support is planned to increase the capacity of the Turkish authorities to enhance the implementation of the relevant Directives (Industrial Emissions Directive and Seveso III), resource efficiency and market based instruments (Eco-Label, EMAS, etc.).

Moreover, ad-hoc activities directly related to chapter 27 are currently being supported. These include interventions on: 1) **civil protection**, to strengthen the institutional capacity for disaster risk management and emergency response, and support Turkey's cooperation with the EU; 2) **air quality**, with technical assistance to support setting up regional monitoring stations and investments, in line with the National Emission Ceiling (NEC) Directive¹⁸; and 3) **nature protection**, with technical assistance in the fields of ecosystem health and biodiversity, and infrastructure investments for protected areas and Natura 2000 sites. Work will also be done in this area to increase the resilience of vulnerable natural sites, reduce land degradation and support sustainable urbanisation.

In the field of **chemical pollution**, activities are foreseen to increase the capacity of Turkish authorities, and to implement the relevant EU Regulations on aspects such as Chemical Safety Assessments and assessment of the effects of chemical substances, monitoring and remediation of persistent organic pollutants (POPs)-contaminated sites.

Turkey's geographical location, bordering both the Mediterranean and the Black Sea, means the country has an important role to play in protecting the **marine environment** and in implementing related EU *acquis*.

In the field of mitigating **climate change**, activities will continue focusing on strengthening the institutional capacity to design, implement and monitor mitigation policies, and improving capacity for transition to low carbon economy in Turkey in line with the expected EU 2030 climate and energy framework. Particular attention will be given to greenhouse gas (GHG) emission reduction activities identified in the National Climate Change Action Plan, including those at the urban/local level. In the field of adaptation to climate change, activities will focus on building the institutional capacities at the local and national level and by engaging the private sector as appropriate on increasing resilience to climate change in vulnerable economic sectors and infrastructures.

In the framework of the 2030 Agenda for Sustainable Development, the priorities for IPA II assistance as outlined above for Environment and climate action shall also contribute to the reaching of Sustainable Development Goal (SDG) 6 - Ensure availability and sustainable management of water and sanitation, SDG 11 - Sustainable Cities and Communities, SDG 12 - Ensure sustainable consumption and production patterns, SDG 13 - Take urgent action to

¹⁸ The Improving Emissions Control Twinning and Technical Assistance projects were completed in 2013 where the by-law on National Emission Ceilings Directive was prepared and emissions projections until 2025 and associated strategies were developed.

combat climate change and its impacts, SDG 14 - Life Below Water and SDG 15 – Life on Land.

As regards the Actions to be achieved in the Energy sector:

Market integration and development of infrastructures: IPA II assistance will support the modernising and upgrading of the Turkish electricity network in line with the European Network of Transmission System Operators for Electricity (ENTSO-E), and of the Turkish Gas Transmission System in line with the European Network of Transmission System Operators for Gas (ENTSO-G), including soft supply equipment for Supervisory Control and Data Acquisition (SCADA). Technical assistance will be needed for harmonising Turkish gas and electricity codes with relevant EU network codes and for *acquis* alignment in the areas of electricity and gas.

Promotion of the renewable energy and energy efficiency: harmonising renewable energy and energy efficiency legislation with the EU *acquis*; building capacity to implement energy efficiency programmes and renewable energy programmes; increasing the technical capacity of energy service companies (ESCOs); supporting SMEs and micro enterprises to improve competitiveness; developing infrastructures to measure, monitor and report on energy savings and greenhouse gas emissions; raising awareness and disseminating information on energy efficiency targeted to industry, commerce and households; promoting renewable energy and energy efficiency applications in public buildings, facilities and municipal services including green transportation, and supporting energy efficiency in electricity and gas transmission/distribution grids and generation plants.

Improving the **nuclear safety**¹⁹ regulatory and operational framework, in line with EU standards.

In the framework of the 2030 Agenda for Sustainable Development, the priorities for IPA II assistance as outlined above for energy shall also contribute to the reaching of SDG 7 - Ensure access to affordable, reliable, sustainable and modern energy for all.

Main **indicators** of achievement:

- Number of climate change strategies (a) developed and/or (b) implemented with EU support
- CO2 equivalent emission
- Extent of progress made towards meeting accession criteria (EC) and EU *acquis* and policies;
- Population connected to waste water treatment plants (%) (Eurostat);
- Municipal total waste treatment (tonnes) (Eurostat);
- Increased population benefiting from improved infrastructure for delivering drinking water, waste water treatment and solid waste management, in line with EU standards (EC).

Annex 2 contains additional information on the indicators' sources and baseline and target data.

¹⁹ Nuclear safety is programmed under the INSC – Instrument for Nuclear Safety Cooperation.

3.3. Types of financing

Implementation modalities are building on the experience from 2007-13 in relation to the environment operational programme and technical assistance for transposing the EU *acquis*. In 2007-13 the EU provided help to align Turkish legislation with the EU *acquis* and contributed to necessary investments in this sector. Priority areas for investment were water supply, sewerage and wastewater treatment services and integrated solid waste management. Capacity-building activities supported the relevant institutions in developing a project pipeline for infrastructures have been also financed.

The environment and climate action sector meets the relevant criteria under IPA II for a sector (multi-annual) support programme. Grants will be used to finance priority investments in areas where setting up infrastructure and capacity development is necessary to implement the EU *acquis*. This is especially the case for water and solid waste areas. Investments in these fields are considered to be ‘cost generating’, meaning that they are carried out for the public benefit, but need grants to ensure financial viability.

Institution building will be achieved through Technical Assistance (TA), twinning and, if necessary, grants for civil society, supplies and works for pilot implementation. Technical assistance support to IFIs’ loan programmes and IOs may also be used, depending on the needs and nature of the intervention.

To ensure that activities are properly sequenced, an existing project pipeline relating to the priority areas for investments (i.e. delivery of drinking water, integrated wastewater services, solid waste management) will be evaluated based on the maturity of the proposals and regional development needs. Turkey’s development agencies are to be involved in this process. As in 2007-13, during the IPA II period investments in this sector are focused on municipal infrastructures.

As far as energy is concerned, given the technical expertise of some of the international organisations and international financial organisations operating in this sector in Turkey (e.g. the World Bank, the European Investment Bank group, the European Bank for Reconstruction and Development), the EU will explore the potential for direct agreements and options for flexible cooperation, to blend EU grants with IFI loan schemes and leverage private funds.

Building on the experience with regional or national facilities in the EU, the Commission has explored with Turkey the ways in which a Turkey Investment Programme (TIP) might work, to increase the financing capacity for investments in Turkey in line with Europe 2020 strategy targets and Turkey’s path towards EU membership.

As energy is one of the key strategic priorities for pre-accession assistance to Turkey IPA II programming in the energy sector will take a multi-annual planning approach.

3.4 Risks

Risks in the energy sector relate to limited inter-institutional coordination, and insufficient human and financial resources to ensure ownership and sustainability of results. These risks have been partly mitigated through IPA I assistance and will continue to be mitigated by providing adequate IPA II funding to build stakeholders’ administrative capacity, including the Ministry of Energy and Natural Resources as lead organisation for this sector. The role of the MENR in maintaining a strategic vision, planning and ensuring a timely implementation is particularly important to secure the right sequencing of support actions.

Other risks relate to the slow uptake of reforms in the relevant areas, in particular due to reluctance of market opening, high costs of renewable energies and the failure of the optimal implementation of the Paris Climate Agreement.

4. Transport

4.1. Needs and capacities in the sector

The transport sector is complex, with one of the highest volumes of EU policy and legislation, and a significant volume of *acquis* that Turkey has to align with. Turkey's transport sector is strongly based on road transport (90% of the domestic freight and passenger transport), while rail plays a negligible role. The sector has been growing in size and quality in terms of services and infrastructure, driving economic growth in the whole country. The car ownership will continue to increase along with the income levels that will make congestion and air quality issues more severe in the urban centres. This trend is expected to continue in the future, alongside Turkey's increasing trade levels, as a result of the ambitious growth targets set in Turkey's 'Vision 2023' goals. Unless proper mitigation measures are taken, the sector will continue to emit significant amounts of greenhouse gases, and its proportion of oil consumption will increase to levels that are unsustainable for a country which imports almost all of its oil. The sector's **resource efficiency** and the **optimisation and modal-integration of the transport network** will therefore be crucial for the Turkish economy's competitiveness. Another priority is the area of road safety where the fatality and serious injuries are above EU average and may follow an upward trend due to increasing income level and car ownership. In this regard, the National Transport Master Plan completed in 2017 becomes a major asset and path finder in identifying measures and infrastructure investments to be undertaken until 2035. The National Transport Master Plan should facilitate the development of sustainable transport infrastructure that will support the competitiveness of the Turkish economy and the logistics industry. Turkey needs to spend considerable efforts to address the **climate change** challenge and to move towards a **low-carbon** and **climate-resilient economy**. Increasing levels of urbanisation, increasing income levels and car ownership are likely to increase congestion and reduce the quality of life in city centres. Careful transport planning is needed to anticipate and accommodate the increasing demand. Designing and implementing a sustainable transport growth strategy is a priority for the country. Turkey needs to promote integrated planning of land use – transport development, accessibility, road safety, resource efficiency and smart infrastructure at national and urban level.

The lead institution in this sector is the Ministry of Transport, Maritime Affairs and Communication (MoTMC). The transport sector programme takes into account the objectives, programmes and targets included in the 11th National Development Plan (expected to be launched in first half of 2018), Turkey's Transport and Communication Strategy, the National Action Plan on Climate Change, the Railway Reform Strategy and Action Plan, and other relevant sector/sub-sector strategy documents such as the conclusions of the Transport Forum. The opening of chapter 22 on regional policy represents a significant step towards implementing the Action Plan for meeting EU Cohesion Policy requirements.

A complementary study - the Logistics Master Plan of Turkey - is planned to be finalised till the end of 2018. The National Transport Master Plan of Turkey and the Logistics Master Plan of Turkey will contain long term forecasts and solution suggestions to problematic areas of transport and logistics and will provide policies and projects in line with targets and goals to be achieved until 2035.

4.2. Objectives, results, actions and indicators

The main objective of IPA II assistance between 2014 and 2020 for Turkey's transport sector is to facilitate Turkey's connection with the TEN-T rail network and develop sustainable, low-carbon, intelligent and safe transport in line with EU standards.

Expected **results** are:

- Increased capacity of the Turkish freight railway network and its connection to European TEN-T network;
- Improved inter-connections among different modes of transport and developed integrated intermodal nodes;
- Advanced sustainable urban mobility planning in selected cities;
- Implementation of the new intelligent transport implementation strategy and action plan;
- Reinforced institutional capacities of relevant regulatory authorities;
- Turkey's "road safety vision zero" strategy including communication and advocacy is defined and implemented;
- Continued progress on alignment of the legislation with the EU *acquis* for different transport modalities;
- Identified mitigation and adaptation policies in the transport sector related to climate change;
- Operational aviation training centre complying with international standards
- Enhanced policy dialogue (e.g. High Level Transport Dialogue).

Actions to achieve these results include:

In terms of **sustainable and safe transport**, a gradual decarbonisation of the system will be supported. Road safety performance will be improved. Activities are foreseen to increase the market share of rail transport; support will be provided for improving and modernising railway infrastructure, with a particular focus on freight, for connecting Turkey to the TEN-T network, in line with the Transport infrastructure needs assessment (TINA) study and the Turkish Comprehensive and Core Trans-European transport networks adopted in June 2016. IPA II assistance is also oriented to the identification and implementation of climate change adaptation and mitigation measures (through intelligent transport systems and by promoting and supporting modal shift at national and urban network level). Technical assistance support will be used for studies on maritime fleet emissions and for investigating the introduction of financing schemes for fleet renewal for green shipping in the maritime sector and smart pricing for 'user pays' and 'polluter pays'.

IPA II assistance will be promoting road safety education at all levels, to increase awareness of the issue nation-wide, supporting Turkey's road safety strategy and action plan that is being developed under the IPA funded project of "Road Safety Vision Zero". Activities will be implemented through grants and pilot projects and technical assistance.

Sustainable urban mobility plans will be carried out in selected cities which will be selected through a call for proposal among cities that have institutional capacity. Urban mobility, with priorities on improving road safety, air quality and reducing congestion will stay in the focus of the IPA II assistance.

The intermodal transport (i.e. freight and city logistics, rail and port connections and network optimisation, urban transport) will be supported by technical assistance and small scale

infrastructure activities. Pilot projects in selected cities will have to be based on integrating urban transport policies with inclusive (helping disabled and elderly population and other vulnerable groups) mobility plans and sharing of information and experience among administrations and educational institutions. IPA II assistance will be also used for preparing project pipelines that promote sustainable urban mobility plans (which include public transport and mass transit oriented development schemes).

In the area of **efficient transport**, technical assistance activities will be needed to further develop and implement a national strategy on intelligent transport systems. EU support will facilitate Turkey's gradual integration in the EU Global Navigation Satellite System *Galileo*. Moreover, collaboration between European and Turkish cities and between transport research institutes will be supported, to create a network of transport professionals and academics, and to collect and generate data to support informed policy-making.

Concerning **accessible transport**, medium-scale urban transport pilot projects will be implemented to promote alternative modes (pedestrian areas, stations, cycling, car-pooling, public transport) and accessible transport information services for all. An inclusive and evidence-based transport policy-making process will be supported by facilitating policy dialogue between transport stakeholders and the government.

In order to facilitate the process of creating a **single transport area with the EU**, IPA II assistance will support the progressive **acquis alignment** of Turkey in all transport areas. EU transport policy aims to ensure a competitive and resource efficient transport system for Europe, supporting the Europe 2020 strategy²⁰ and the low carbon economy roadmap for 2050²¹. Harmonising Turkish transport legislation to the EU *acquis* would need technical assistance activities to strengthen their research, planning, institutional and implementation capacity. Assistance is also foreseen for facilitating a high level political dialogue in transport and civil aviation and an interoperable and seamless single railway area between EU and Turkey. In the framework of the 2030 Agenda for Sustainable Development, the priorities for IPA II assistance as outlined above for transport shall also contribute to the reaching of SDG 11 – Make cities and human settlements inclusive, safe, resilient and sustainable.

Main **indicators** of achievement:

- Extent of progress made towards meeting accession criteria (EC);
- Logistics performance indicator – score (WB).

Annex 2 contains additional information on the indicators' sources and baseline and target data.

4.3. Types of financing

Implementation modalities will build on experience gained between 2007 and 2013 through the implementation of Transport Operational Programme (2007-2013). Technical assistance

²⁰ Commission Communication – Europe 2020 – A strategy for smart, sustainable and inclusive growth; COM(2010) 2020 final; 3.3.2010.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

²¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; COM(2011) 112 final/2; 25.5.2011.

http://eur-lex.europa.eu/resource.html?uri=cellar:5db26ecc-ba4e-4de2-ae08-dba649109d18.0002.03/DOC_2&format=PDF

will help to support the transposition of the EU *acquis*. Compared to the previous IPA period, IPA II will finance fewer infrastructures, adopting a ‘phasing-out’ approach: in the early years of the programme, it will focus on the freight railway activities that are most relevant to connecting with the TEN-T network; after that, assistance will focus more on soft interventions and small scale infrastructure.

IPA II assistance will be provided through a multi-annual sector operational programme. This will be implemented through works, services, supply, twinning and grants. Given the technical expertise of some of the organisations operating in this sector (such as the World Resources Institute, World Bank, EBRD, EIB, UN agencies) different forms of cooperation with IOs and civil society will be explored. For railway infrastructure interventions, cooperation with IFIs and ways of blending funding will be considered. The Commission has explored with Turkey the ways in which a Turkey Investment Programme (TIP) might work, to increase the financing capacity for investments in this sector.

4.4. Risks

There will be a significant increase in stakeholders and a considerable number of priorities and actions in the transport sector operational programme, compared to the previous financial period. Also, the operating structure managing the assistance in the sector will have to face a new approach in programming actions. The selection of assistance projects needs to be done in a transparent, inclusive and objective way. An effective and efficient programming is the key to success in implementing the programme. The capacity of the operating structure will also have an important impact on the efficient implementation of the programme. Therefore, the Commission will provide technical assistance to the operating structure.

5. Competitiveness and innovation, agriculture and rural development

5.1. Needs and capacities in the sector

Competitiveness and innovation

Given Turkey’s high structural current account deficit, improved **competitiveness** is key to rebalancing Turkey’s economic growth, which is currently highly dependent on domestic demand, towards a model of increased exports. Turkey’s size and existing socio-economic disparities across regions highlight the need for a differentiated approach to competitiveness and innovation.

The Turkish economy is largely dominated by SMEs, which make up about 99 % of companies and provide 78 % of employment. However, SMEs create only about 55 % of total value added. Improvements to productivity are therefore needed. Turkey’s resource productivity (volume of GDP over Domestic Material Consumption), a lead indicator for one of the Europe 2020 strategy's flagship initiatives, is also low. Almost 58 % of Turkish exports consist of low and medium-technology goods.

Turkey is categorised as a ‘moderate innovator’ in the European Commission’s ‘European Innovation Union Scoreboard’. R&D expenditure, as a percentage of GDP, increased and stands at 0.94% which is still below the EU average and would more effectively support the necessary reforms if it were higher. Significant weaknesses and challenges for Turkey’s attaining its aim of private sector development towards higher value-added include limited conditions supporting innovation and competitiveness (e.g. business environment, regulatory reform, policy measures in support of innovation and smart growth); fundamental skills that do not correspond to needs of industry; the need to improve industrial and intellectual

property rights; very low rate of commercialisation of R&D results and patents; insufficient integration of concepts such as green growth, sustainable growth and corporate social responsibility into policy-making and business culture; limited access to finance, particularly for SMEs; the need to increase the competitiveness of the services sectors, which produces high value added products, creates employment and generates foreign exchange revenues; and the need for a stronger role for creative industries and sectors.

Turkey's banking sector is well developed and accessible. However, it needs to develop better and more targeted financial instruments oriented towards investments in research and development and innovation, other than the conventionally used interest-rate subsidy schemes. Venture capital, credit guarantees and business angels are not widespread and well-developed tools.

Improving private sector competitiveness and supporting innovation through regional development supports Turkey's official development objectives, as set out in the 10th National Development Plan. The key element in other relevant national strategies is a focus on moving from low value added production to high value added production by increasing productivity, R&D and innovation capacity. The relevant national strategies are complemented by several sectoral strategies (e.g. tourism, textile, machinery, electrical equipment, automotive), that give the same cross-cutting message. Combined with Turkey's regional development priorities, these strategies provide a basis for programming future assistance.

Turkey has started to make R&D and innovation reforms. There are several public-sector support initiatives in Turkey, such as R&D support programmes, technological development zones and entrepreneurship programmes. The Ministry of Science, Industry and Technology introduced performance indexes for technology development zones. It is conducting impact assessments on public-sector support provided in this field, and the relevant systems are expected to change. The Ministry has also started a nation-wide initiative on university-industry collaboration and has started supporting clusters through calls for proposals.

Regarding the research infrastructure area, significant progress was made in the last two years in strengthening Turkey's research and innovation capability at national level and facilitating the integration into the European Research Area (ERA). The law No. 6550 was adopted in July 2014 on supporting the Research Infrastructures, aiming to support both the current research infrastructure established in the universities and the new built ones and to ensure the effectiveness and sustainability of the infrastructure. In 2015, secondary legislation related to the law was completed. Other important milestones are the adoption of the laws on Industrial Property and supporting Research and Development activities, which introduces new incentives and subsidies in order to boost economic growth via research and development and innovation activities.

Turkey participates in the EU's 'Horizon 2020' programme for research and innovation, as an associated country. Turkey's research capacity will need to be further developed to allow it to take full advantage of the cooperation opportunities the programme offers. Research needs to be sustained as a long-term national priority with aims to increase research investments and the number of researchers (the number of Turkish researchers per million inhabitants is 1170, a third of the European average). The Scientific and Technological Research Council of Turkey (TÜBİTAK), which has already a good track record on research projects, is also moving towards more collaboration with businesses. There are also other well-established and institutionalised partners in the system like the SME Development Agency (KOSGEB), which leads on implementing the Small Business Act and functions as a partner institution in

the EU's COSME programme. Institutions such as KOSGEB and the Turkish Patent Institute carry out private-sector outreach activities.

The *lead institution* in this sector is the Ministry of Science, Industry and Technology, which acted as the operating structure for the regional competitiveness operational programme in the first phase of IPA.

Agriculture and rural development

On the other hand, **agriculture and rural development** is a key sector in both social and economic terms. In 2017, sectoral share of agriculture in GDP (in current prices) was 6,1% and agriculture employment rate was 19,4% of the country's labour force. About half of Turkey's total land area is devoted to agriculture (including the pastures). Turkey is a major world producer and exporter in some sectors (e.g. fruits, vegetables and nuts). However, further investments are needed to bring the sector up to EU environmental and hygiene standards. On the other hand, the income of the labour employed remains at low levels and productivity is lower than in other sectors, contributing to migration from rural areas to urban centres. Social and economic development of rural areas will continue to pose a major challenge.

Under the agricultural and rural development sector, IPA II will cover *acquis* chapters 11 (Agriculture), 12 (Food Safety, Veterinary and Phytosanitary Policy) and 13 (Fisheries). Alignment with the EU *acquis* in these chapters involves a large number of rules, regulations, and directives. Applying all of these correctly is essential to the proper functioning of the Common Agricultural Policy and the Common Fisheries Policy. Although some progress has been made in aligning and implementing legislation in these areas, further efforts and an overarching strategic framework covering the entire sector during the period are required to ensure a more cohesive approach to programming.

Related reforms in Turkey are guided by a number of national strategies. The 10th National Development Plan is the over-arching strategy for reforms aiming at a well-organised, highly productive and competitive sector. The 2007-13 National Rural Development Strategy and the 2007-13 Instrument for Pre-Accession Assistance in Rural Development Programme (IPARD I) focused on developing rural areas and meeting EU food safety standards. Countrywide rural development investment programme is carried out by the Ministry of Food, Agriculture and Livestock's (MoFAL), and the Ministry's 2013-17 Strategic Plan does prioritise EU *acquis* alignment. The National Rural Development Strategy for 2014-20 is also important in this respect. MoFAL's Veterinary Strategy is of significance in identifying priorities in the veterinary sector. A national strategy for fisheries ensures the link between sub-sector needs and programmed actions.

The Ministry of Food, Agriculture and Livestock is the lead institution in the sector.

5.2. Objectives, results, actions and indicators

The overall objective of assistance in the **Competitiveness and Innovation sector** is to improve the business environment and strengthen Turkey's research, technologic development and innovation capacity. Special focus will be given to the innovative entrepreneurship support (start-ups and SMEs) and the transition to a green economy.

Support in the Competitiveness and Innovation sector will be focused around (1) Private Sector Development, (2) Science, Technology and Innovation and (3) Capacity-building and support programmes, including for increased participation in Union Programmes. Compared to the programme from IPA I, more importance will be given to innovation and funding to support infrastructure will be reduced.

Regarding **agriculture and rural development**, the overall objective in this sector is to sustain Turkey's efforts in the areas previously covered by IPA I, relating to Turkey's preparations to implement the Common Agricultural Policy (CAP) and align its legislation with the *acquis* in the areas of food safety, veterinary and phytosanitary policy and fisheries policy as well as improving the competitiveness of Turkish agri-food sector and sustainable development of rural areas.

Interventions will be implemented through a rural development programme, modelled on EU rural development policies. Implementation of the previous IPARD I programme (covering 2007-13 budget allocations) is finalised. The new IPARD II programme (2014-2020) was drafted by the Managing Authority, which is based in the Ministry of Food, Agriculture and Livestock. Implementation of the IPARD programme is entrusted to the IPARD Agency. The IPARD programme importantly contributes to positive image of the EU in Turkey.

Expected **results** are:

- Improved functioning of the business sector, especially for SMEs and entrepreneurs;
- Improved access to finance for SMEs;
- Clustering, networking and internationalisation for a group of SMEs;
- Improved scientific excellence and increased cooperation amongst public and private research and innovation bodies to increase economic development;
- More incubation structures/facilities for innovative start-ups;
- Transition to green economy enhanced through innovative pilot incentives schemes;
- Continued support to the SMEs and entrepreneurship in less developed regions (e.g. South-East).
- Improved alignment to the EU *acquis* in the agriculture and fisheries sectors;
- A group of modernised farms and agri-food enterprises that gradually meet EU standards;
- Increased investments in agriculture holdings;
- Increased investment in processing and marketing agricultural and fishery products;
- Improved diversification and development of rural economic activities;
- Capacity of the IPARD structures reinforced;
- Increased economic diversity of rural economy;
- Improved food safety, in line with EU standards;
- Increased number of veterinary and phytosanitary services and controls implemented in line with the EU requirements;

Actions to achieve these results include:

Actions in the **Competitiveness and Innovation** sector are based on three pillars:

Private sector development: capacity building and consulting support to SMEs/ entrepreneurs; developing industrial and business support infrastructure (e.g. constructing common use production facilities, business incubators, business centres or common use storage facilities); capacity building support for clustering, networking and SME internationalisation; providing consultancy support for selected services sectors (including tourism sector and logistics) and their infrastructure; strengthening creative industries (including advertising, architecture, design, new media and software, film industries, visual arts, performing arts, music industry) and their infrastructure; supporting regulatory simplification; and supporting SMEs' / entrepreneurs' access to finance.

Science, Technology and **Innovation:** strengthening research capacities (e.g. establishing research centres and integrating centres of excellence / accredited laboratories / upgrading universities research capacities); commercialising R&D and innovation (e.g. supporting entrepreneurs, SMEs and academia); developing R&D and innovation infrastructure (e.g. establishment of physical infrastructure for technoparks and R&D centres); promoting technology transfer (e.g. establishment of physical infrastructure for technology transfer offices and capacity building activities); supporting social innovation (e.g. innovative public / social services); supporting university-industry cooperation (e.g. supporting common projects); R&D activities on energy efficiency, clean technologies, industrial symbiosis, and the green economy (e.g. establishing specialised R&D centres, supporting activities on these themes).

Capacity-building and support: capacity-building activities for system operators, including development agencies at NUTS II regional level; capacity-building for national institutions that run SME support programmes and programmes to create supportive environments for innovation, including the Scientific and Technological Research Council of Turkey (TÜBİTAK), the SME Development Agency (KOSGEB), and the Ministry of Science, Industry and Technology; support for improving SME participation in Union Programmes.

For some actions, a geographical concentration approach will be necessary, granting support particularly to regions in the south-east and east of Turkey, where levels of economic development are lower. On the contrary, innovation actions can be supported nation-wide.

In the framework of the 2030 Agenda for Sustainable Development, the priorities for IPA II assistance as outlined above for competitiveness and innovation shall also contribute to the reaching of SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, SDG 9 - Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation and SDG 10 - Reduce inequality within and among countries.

Agriculture and rural development

In the area of **agriculture and rural development**, the activities will mainly aim at supporting Turkey's alignment with and implementation of the Common Agricultural Policy; building capacity in the IPARD Managing Authority, the IPARD Agency and supporting institutions such as advisory services, as far as is necessary for IPARD II. Other activities will include setting-up of EU-aligned agricultural support schemes and mechanisms, improving statistics, supporting the introduction of geographical indications, improving the climate resilience of agricultural sector, organic farming control and certification systems. Activities

will be planned to prepare introducing the Single Common Market Organisation (CMO) rules and standards. The assistance will also address increasing harmonisation with EU food quality policy, including an inspection system and aiming at increased stakeholder awareness and participation in the process of aligning with the EU *acquis* to ensure a smoother transition period towards full alignment.

Capacity-building and support: assistance in this sub-pillar aims to ensure Turkey's gradual alignment with the *acquis*, on food safety, veterinary and phytosanitary standards and agricultural and fisheries policy.

Complementary activities may also include the preparation and implementation of local development strategies in line with the LEADER approach, development of national Rural Development Network, development of areas with high added value to other priorities, such development of NGOs and better governance, agri-environment measures and organic farming, technical assistance and advisory services. An appropriate balance must be struck between activities targeting alignment with the *acquis* and a broader socio-economic development of the sector. Complementarity between the IPARD programmes and the national rural development policies will be ensured.

In the area of **food safety, veterinary and phytosanitary policy**, the activities will aim at improving technical capacity of official control, risk assessment and risk communication on food and feed, improving infrastructure (including laboratories), as well as improving import control systems in terms of administrative capacity. Moreover, multi-country cooperation will be important for the development of technical and administrative capacity for satisfying the requirements of the EU Food Law in the area of risk assessment (e.g. EFSA Pre-accession programme 2006-17), as well as the monitoring of zoonoses. The assistance will also address institutional and capacity building to prepare and implement a national programme to upgrade agri-food establishments, including developing a strategy for using non-compliant raw milk, and the monitoring of the strategy's implementation. IPA II will support capacity building on animal health, animal welfare, animal by-products and zoonotic diseases; improving the diagnostic and surveillance capacity with regards to animal diseases, in particular for transmissible spongiform encephalopathy (TSEs); and assisting further implementation of animal identification and registration systems. The phytosanitary area will also need institutional and capacity building, particularly for authorising and controlling plant protection products. Improving knowledge of EU standards of relevant business and farming sectors will also be addressed.

In the area of **fisheries**, assistance will help preparing a strategy to increase alignment with the Common Fisheries Policy (CFP) and strengthening institutional capacity and legal alignment for fisheries management to meet the requirements in the reformed CFP. Activities will contribute to improved capacity for the conservation and the sustainability of fisheries resources, including resource and fleet management; data collection and scientific advice, eco-system based fisheries management and stronger control and enforcement. Support will be also granted to the preparation of the implementation of the fisheries common market organisation. IPA II will also aim at increasing the stakeholder awareness and participation to ensure a smoother transition period in the EU alignment process. These activities will be complementary to assistance already programmed under IPA 2007-13, particularly on strengthening monitoring, surveillance and control, combating of IUU (Illegal, Unregulated and Unreported) fishing and data collection.

In the framework of the 2030 Agenda for Sustainable Development, the priorities for IPA II assistance shall also contribute to the reaching of SDG 2 - End hunger, achieve food security

and improved nutrition and promote sustainable agriculture and SDG 14 - Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Main **indicators** of achievement:

- Extent of Progress made towards meeting accession criteria (EC);
- Doing Business - Distance to frontier - score (WB).
- Global Competitiveness Report – score (Technological Readiness, Market Size, Business Sophistication, and Innovation) (WEF).
- Extent of Progress made towards meeting accession criteria (EC);
- Total investment generated via IPA II in agri-food sector and rural development, in million euro (DG AGRI).

Annex 2 contains additional information on the indicators' sources and baseline and target data.

5.3. Types of financing

Competitiveness and innovation

In light of experience gained in the first IPA period, the programme structure for IPA II in this sector will continue to follow a multi-annual programming approach. Under the Regional competitiveness operational programme (IPA I, 2007-2013), assistance was provided to central public-sector bodies, eligible local authorities and commodity exchanges. SMEs were able to benefit from EU funding through projects implemented in cooperation with IFIs. In principle, this system should be continued, using financial instruments funded through contribution agreements with international organisations. IPA assistance should be complementary to various financial mechanisms that Turkey has been using under different Union Programmes (Horizon 2020, COSME etc.)

Moreover, the sector operational programme on competitiveness and innovation could reserve a limited part of its allocation to support programmes directly managed by public institutions, in line with the sector's objectives. Grant awards made directly to the competent national authorities could be used for this purpose. Monitoring systems in this area would need to be made more effective. The following areas would be suitable for this kind of support: cluster development and territorial cooperation support programme; entrepreneurship support programmes focusing on women; and R&D and innovation.

Models that support regional investment programmes involving development agencies at NUTS II level could be further explored.

Agriculture and rural development

For the rural development subsector a multi-annual support programme will continue to be the main method for funding, through accredited IPARD institutions. Instead, the capacity and institution building subsector will follow a sector-oriented programming approach with annual actions, focusing particularly on the areas of food safety, veterinary and phytosanitary policy.

5.4. Risks

Given performance in the **competitiveness and innovation** area under IPA 2007-13, the institutional capacity to absorb funds and properly implement projects and activities is a concern. This will be addressed by improving the staffing situation in the managing authorities (e.g. by encouraging recruitment of more qualified staff based on outcome of audits, encouraging more recruitments when there are clearly identified gaps and providing technical assistance to fill urgent capacity gaps), training and capacity building financed by the EU. To minimise the risk of decommitment, the initial phase of the programme should focus on preparing and consolidating a solid pipeline of proposals. Furthermore, the Ministry of Science Industry and Technology should increase their institutional capacities to receive accreditation to implement grant modality in order to implement the programme more effectively as well as reduce the risk of de-commitment.

As regards **agriculture and rural development**, actions will rely on key stakeholders agreeing to provide their support to implement measures and activities in the sector. Adequate provision of human resources by the Ministry of Food, Agriculture and Livestock, at both central and provincial level, will be essential to sustain results. This is particularly important for the Directorates of the Ministry which will have an important role in planning.

6. Education, employment and social policies

6.1. Needs and capacities in the sector

Turkey still faces substantial challenges in the fields of employment, education, health and social inclusion, as acknowledged in its 10th National Development Plan.

In the field of employment, despite the fact that Turkey has a dynamic labour market, key challenges remain regarding: the gender gap, with a female employment rate of 28,9 %, compared to 65,6 % for men in 2017 and with a female labour force participation rate of 33,6% as opposed to 72,5% for men; the high number of young people who are not in employment, education or training (NEET), a large informal sector. However, steady increase in female employment and labour force participation rates in recent years can be considered positive developments in the labour market. Further efforts are needed to reduce occupational accidents, including fatal ones, with full enforcement of the legislation through enhancing the labour inspection capacity. Social dialogue and enjoyment of trade union rights need to be strengthened.

In the field of education, Turkey ranks 44th out of the 65 OECD countries in terms of percentage of population that has attained upper secondary education for 25-64 years old, and is the lowest-ranked of the candidate countries, except for Montenegro. Despite Turkey's participation in Erasmus + and predecessors programmes, improvements in the quality of education have been slower than expected. Low labour market participation rates are also explained by the current low levels of educational attainment in Turkey. Educational attainment is low compared to EU averages, and matching the labour force skills and qualifications with the labour demand remains an issue. Lifelong learning needs to be better promoted, and early school leaving needs to be reduced from the current rates.

In the field of social policy, although there are improvements in terms of social protection and assistance mechanisms, the high rate of relative poverty and inequalities in income distribution are still major issues. Employability of vulnerable persons and access to social protection services are other areas that need more attention. Furthermore, Syrian refugees with a population of 3.4 million (February 2018) has become a factor that aggravates the existing challenges.

As a candidate country, Turkey voluntarily applies EU standards in education and training. The five key indicators in the Education and Training 2020 strategy (PISA results, early school leavers, participation in lifelong learning, participation in pre-school education and tertiary attainment) should be tracked closely. This will allow Turkey's progress to be compared from year to year and with the EU Member States. Turkey's participation in the Erasmus+ programme should continue to be conducted transparently and in line with EU standards.

Turkey's Economic Reform Programme and notably its sections on Employment and Social Development sections identify policy reforms and measures in the areas of labour market, education and human resources development policies, social protection and social inclusion.

IPA II aims to further assist Turkey in the areas of employment and decent work; education and human resources development; social policies and inclusion. As these areas are complementary, assistance will be programmed in a holistic, strategic way, based on a multi-annual framework and in line with the main objectives of the 10th National Development Plan and relevant national strategies and action plans where the sector is covered. These include: the 2014-23 National Employment Strategy; the EU Gender Action Plan 2016-2020, the National Strategy and Action Plan for Roma Citizens; the Ministry of National Education's 2014-18 strategy document and action plan to improve the quality of Vocational Education and Training (VET) in Turkey.

IPA II assistance will be programmed and implemented in partnership with the Ministry of Labour and Social Security. Increased involvement from the Ministry of National Education, the Ministry of Family and Social Policies and the Ministry of Health as well as local authorities, social partners and professional organisations will be sought in their respective areas of responsibility, in particular for implementation of the above mentioned strategies.

The sector programme will involve various stakeholders, including IOs, who will be closely involved in programming and implementation. This will help increase capacity in both national public bodies and other bodies, including development agencies at regional level, local authorities, social partners, professional organisations and NGOs.

In the framework of the 2030 Agenda for Sustainable Development, the priorities for IPA II assistance shall also contribute to the reaching of SDG 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all and SDG 10 - Reduce income inequality within and among countries.

6.2. Objectives, results, actions and indicators

The sector's overall objective is to develop a more inclusive society by addressing employment and labour market needs, reducing regional employment disparities, and improving the effectiveness of social protection and social inclusion policies, including promoting decent jobs, improving social dialogue, and increasing the quality of and access to education and training systems.

Expected **results** are:

- Policies to increase the participation and employment rates, especially of women, young people and socially excluded/vulnerable groups, are better designed;

- Increased adaptability of employees, employers and enterprises to meet the labour market needs;
- An increase in decent jobs, including higher formal employment rates, with a focus on women and disadvantaged groups.
- Better awareness of the requirements and benefits of an effective social dialogue for the main actors;
- Improved school to work transition employability of students and development of new skills on demand on the labour market
- Policies to improve the functioning of the labour market and the matching of skills with market needs are developed;
- Further modernisation of VET policies and VET curricula;
- Strengthened capacities of institutions in charge of the social protection of socially excluded/vulnerable persons to deliver effective and efficient social policies;
- Stronger relationship between employment and social protection policies.

Actions to achieve these results include:

Support measures to increase employment, particularly active labour market measures for women, young people, and socially excluded/vulnerable and disadvantaged people; improving registered/formal and decent work, including via voluntary compliance; strengthening the system of industrial relations and social dialogue; continuing to improve the functioning of the labour market, including for example, support for public employment services; increasing the number of ‘green’ jobs, paying particular attention to the most socially excluded groups.

Investing in people and institutions in order to promote an inclusive education at all levels. Particular attention will be given to measures affecting social groups at a higher risk of early school leaving, poverty and exclusion, such as the Roma; improving the quality of schools, in line with the European quality assurance in vocational education and training (EQAVET) principles and further modernising VET and lifelong learning systems for the working age population. Areas for assistance may also include early childhood education. Turkey’s participation in Union education and youth programmes shall continue (notably, Erasmus+).

In the area of social policies, activities improving access to employment, education, health (including moving towards a community-based approach) and other social services. For health, this will be in line with the SDG 3 of good health and well-being. It entails, ensuring healthy lives and promoting the well-being for all ages, including dealing with health risks associated with poor nutrition and other health determinants, as well as alignment with and implementation of the EU health protection *acquis*. Particular focus will be put on preventing any form of discrimination in access to health care and social services, paying specific attention, where relevant, to social inclusion and integration of Roma; people with disabilities and other socially excluded/vulnerable groups; promoting social innovation and social entrepreneurship. Support for improving services caring for children, sick people and elderly people will be considered, to promote labour force participation by women.

Main **indicators** of achievement:

- Extent of Progress made towards meeting accession criteria (EC);
- Employment rate related to Europe 2020 targets, total % (Eurostat) (segregation by gender and regions);
- Early school leaving rate for boys and girls, total % of the population aged 18-24 with at most lower secondary education and not in further education or training (Eurostat).
- Ratio of female to male who have benefitted from Vocational Education and Training / Skills development and other active labour market programmes with EU support (EU Gender Action Plan).

Annex 2 contains additional information on the indicators' sources and baseline and target data.

Measures to build capacity and carry out institutional reforms across the board will be supported, as will measures supporting alignment to and implementation of the *acquis* under chapter 19 (Social Policies and Employment) and the public health elements of chapter 28 (Consumer and Health protection). Attention will be paid particularly to actions required to meet the benchmarks set in negotiation chapters, such as those in chapter 22 (Regional policy and coordination of structural instruments) where actions should have a socio-economic impact on the country's poorest regions. Turkey has prepared a draft national action plan on adopting the social *acquis* to meet one of the opening benchmarks in chapter 19. This constitutes a good basis for programming related assistance, along with the actions proposed to address the policy guidance under the Economic Reform Programme

6.3. Types of financing

The areas of employment, education and social policies meet the relevant criteria under IPA II for a sector support programme. Activities will be supported through service and supply contracts, direct grants, grant schemes, twinning, in cooperation with international organisations, where appropriate. Investment support however will receive a limited proportion of the allocation for this sector. The programme could be rolled out into two tranches (2014-17 and 2018-20).

As was the case under IPA 2007-13 (component IV), under IPA II assistance will continue to support final beneficiaries and target groups with a view to achieving maximum outreach. This may be in the form of grants, delegation agreements through direct management, or financial assistance through financial engineering instruments.

6.4. Risks

Risks in this sector relate to insufficient inter-institutional coordination, high staff turnover at the Operating Structure and other beneficiary institutions, low interest in IPA by the potential beneficiaries leading to late programming. These will be mitigated by appropriate sequencing of activities under IPA II and building the administrative capacity of the many stakeholders in this sector as well as through promotion of IPA.

7. Territorial and regional cooperation

7.1. Needs and capacities in the sector

Turkey has an elaborate regional development policy. It aims at allowing all regions to contribute to the national development strategy while reducing the existing wide disparities that exist in terms of economic and social development. Turkey is among the top OECD

countries in terms of regional disparities when measured by GDP per capita, youth unemployment rates or youth neither in employment, education and training. There are 26 regional development agencies in charge of implementing the National Strategy for Regional Development (2014-2023) at the NUTS 2 level. The IPA II budget allows for funds to be allocated for territorial cooperation (under the multi-country envelope) at borders between Turkey and EU Member States. Current cooperation should be continued, as part of work towards the objective of fostering good relations and promoting social and economic integration in remote areas.

7.2. Objectives, results, actions and indicators

The objective of pre-accession assistance is to promote territorial cooperation, strengthening cross-border and transnational cooperation, supporting socio-economic development in the border regions and developing appropriate administrative capacity at local and regional levels by encouraging beneficiary countries to participate in cross-border activities. The expected results and indicators will be set out in dedicated seven-year multi-annual programmes, which will be prepared on the basis of consultation with stakeholders.

These objectives will be reached through three different families of programmes:

- IPA II Cross-Border Cooperation programmes (CBC) with EU Member States

Cross-border cooperation programmes with EU Member States are implemented in shared management with the EU Member States. This is carried out through the creation of a single managing authority, which is located in the EU Member State participating in the programme and which is responsible for implementing the whole programme, on both sides of the border.

Turkey will continue its bilateral cross-border cooperation with Bulgaria, to support economic, social and territorial development in the Turkey-Bulgaria border areas. During the first phase of the programme some problems were encountered, largely as a result of the newly established collaboration between the relevant authorities, leading to sub-optimal procedures being put in place and a lack of risk analysis. The problems that the programme was facing have been overcome and collaboration between the relevant authorities led to a smooth cooperation in the end of 2007-2013 period

Interreg IPA CBC programme between Bulgaria and Turkey has turned into a popular funding instrument so that in the first call 195 project proposals were submitted, mainly in the fields of environment and sustainable tourism. This is a very positive development and shows the big need and the willingness of people in the border region to closer cooperate in order to push the region's development.

Concerning a possible Cross-Border Cooperation programme with Greece, despite the EU's efforts, no proposal for the 2014–2020 period was submitted.

The conditions are not yet suitable for cross–border cooperation between Cyprus and Turkey, and it seems unlikely that a programme will be presented in the near future.

- ERDF Trans-national cooperation programmes

IPA II funding may be available to enable eligible regions in candidate countries/potential candidate countries to participate in transnational cooperation programmes under the European territorial cooperation objective of the structural funds (with the European Regional

Development Fund (ERDF) Regulation as the legal basis). In the 2007-13 period, Turkey did not participate in the ‘South East Europe’ programme (SEE) or the ‘Mediterranean’ programme (MED). For 2014-20, new ERDF transnational programmes have been launched, involving some Member States and IPA II countries. Discussions between Member States and Turkish authorities will be held to consider Turkey’s participation in those programmes.

- European Neighbourhood Instrument Programmes (ENI)

Turkey is the only IPA II country which is territorially eligible for the 2014–20 Black Sea Basin European Neighbourhood Instrument programme. The country currently participates in the Black Sea programme, and this will continue, with the intention of supporting stronger, sustainable economic and social development in the region, based on stronger regional partnerships and cooperation. Funds will be managed by the programme’s managing authority, which is expected to continue to be hosted by Romania.

Following the EU’s proposal the Turkish authorities also expressed their interest in launching discussions to set up a new cross-border cooperation programme with Georgia, to support economic, social and territorial development in the Turkey–Georgia border area. The programme could begin during the 2014-20 period.

7.3. Types of financing

Assistance will be provided primarily through grant contracts. Investments may also be financed, depending of each programme’s objectives. Technical assistance will be provided to improve the capacity of the institutions involved in implementing the programmes.

7.4. Risks

Risks are highly specific to each individual cross-border cooperation programme and region. Experience has shown that political commitment and support can also vary by programme. During the 2007-13 programming period, programmes were subject to delays which caused decommitments and implementation issues, largely as a result of a lack of clarity in managing the programme. In the Black Sea Basin programme in particular, problems were caused by the fact that IPA and European Neighbourhood and Partnership Instrument funds were spent under different conditions/regulations. In the 2014-20 period, IPA II funding will be managed under the same conditions as the European Neighbourhood Instrument funds. This will enable programmes to more easily avoid double contracting and will allow for real joint activities.

Other risks to be taken into account are:

- limited capacity of beneficiaries to develop projects;
- insufficient commitment and lack of capacity for control responsibilities;
- lack of political support.

The risk of lack of capacity can be mitigated by strengthening the capacities of the beneficiaries through trainings in project development. The risk of lack of political support can be mitigated by an increased engagement with regional leaders and focusing regional development actions on actions with direct benefits to citizens.

ANNEX 1: INDICATIVE ALLOCATIONS²² (million EUR)²³ - per policy areas and sectors

Turkey	2014	2015	2016	2017	Total 2014-2017	2018	2019	2020	Total 2018-2020	Total 2014-2020	Of which climate change relevant (%)
DEMOCRACY AND RULE OF LAW	350	197	234	123	904	97	220	210	527	1,431	
Democracy and governance	238	29	115	110	493	87	173	163	423	916	
Rule of law and fundamental rights	112	167	119	13	411	10	47	47	104	515	
COMPETITIVENESS AND GROWTH	264	429	386	370	1,449	289	175	189	654	2,103	
Environment, climate action and energy	46	91	85	85	307	62	34	35	131	438	90%
Transport	72	128	115	10	325	23	12	12	47	372	80%
Competitiveness, innovation, agriculture and rural development	109	147	120	205	581	164	110	118	393 ²⁴	975	50%
Education, employment and social policies	37	63	66	69	235	40	19	24	83	318	
TOTAL	614	626	620	493	2,352	387	395	399	1,181	3,533	

²² The above allocations do not include amounts coordinated by the Facility for Refugees in Turkey.

²³ Any possible differences in figures displayed in policy areas and sectors compared to the annual totals are the effect of rounding to one decimal.

²⁴ Indicative allocations for agriculture and rural development on the period 2018-20 amount to 324,1 million EUR (131 for 2018, 93.6 for 2019 and 99.5 for 2020). The 2020 allocation includes EUR 10 million for institution and capacity building to be managed under the relevant annual programme.

ANNEX 2 - REVISED TEMPLATE FOR ANNEX 2 OF THE COUNTRY INDICATIVE STRATEGY PAPERS

Context indicators

Indicators	Baseline (2010)	Last value (year)
General government gross debt/GDP (%) (Eurostat)	42,7	27,5 (2015)
GDP at market prices (current prices in million Euros) (Eurostat)	581 023	780 225 (2016)
Unemployment rate (%) (Eurostat)	10,8	10,9 (2016)
GDP per capita at current prices (PPS €) (Eurostat)	13 300	18 800 (2016)
Inward FDI flows to the country per capita (€) (Eurostat)	95	196 (2015)
CO2 emissions (metric tons per capita) (World Bank)	0,6	4,5 (2014)

Outcome and impact indicator

Indicator	Baseline (2010)	Last value (year)	Milestone (2017)	Target (2020)
Composite indicator - average ranking provided by eight external sources: Corruption Barometer, Control of Corruption, Freedom of Press, Press Freedom, Rule of Law, Government Effectiveness, Regulatory Quality, Voice and Accountability	51,77	44,41 (2016)		

Common sector indicators*

Sectors	Indicators	Baseline (2010)	Last value (year)	Milestone (2017)	Target (2020)
Democracy & governance					
<i>Governance and PAR</i>	Composite indicator (Government effectiveness (WB), Burden of Government Regulation (WEF) and Regulatory Quality (WB))	55,97	54,81 (2016)		
<i>Statistics</i>	Statistical compliance - % - Eurostat	19%-25%	46%-52% (2015)	60%-70%	85%-95%
Rule of law & fundamental rights					
<i>Judicial reform</i>	Composite indicator (Access to Justice (WJP) and Judicial Independence (WEF))	54,79	45.64 (2016)		
<i>Fight against corruption and organised crime</i>	Composite indicators Global Corruption (TI) and Control of Corruption (WB)	50,29	45.74 (2016)		
<i>Fundamental rights</i>	Composite indicator Freedom of Press (FH) and Press Freedom (RWB)	51,63	60.88 (2016)		
Environment, climate action and energy					
<i>Climate action</i>	Extent to which climate change strategies are (a) developed and/or (b) implemented with EU support (if relevant)	No National Strategy on climate change		Progress to a solid climate change strategy in Turkey	Progress to a solid climate change strategy in Turkey
<i>Energy</i>	Quality of electricity supply (score) - WEF	4,6	4,4 (2017)	4,9	5
Transport	Logistics performance indicator (score) - WB	3,22	3,42 (2016)	3,70	3,82
Education, employment & social policies					
<i>Employment</i>	Employment rate (15-64 years; also 20-64 years if available) (%) - Eurostat	46,3	50,2 (2015)	49,9	52
Agriculture, rural development, competitiveness and innovation					
<i>Agriculture and Rural Development</i>	Total investment generated via IPA in agri-food sector and rural development – DG AGRI			185 million Euros	1688 million Euros

<i>Competitiveness and Innovation</i>	Distance to frontier, Doing Business (score) - WB	63,13	69,14 (2017)	69,94	71,77
Regional & territorial cooperation	N. of involved municipalities - MIS				

* Note: only common strategic indicators are included in this template