

A. Expression of interest

Partnership for Market Readiness (PMR)

Expression of interest in participating in the PMR

Countries seeking support from the PMR are requested to prepare a cover letter, including a short statement confirming the country's interest in participating in the PMR. The cover letter should be accompanied by an Annex containing the following information:

1. Name of the government agency submitting expression of interest

UNDERSECRETARIAT OF TREASURY

2. Name and contact information of designated PMR Government focal point

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3. Domestic mitigation action: outline what are the purposes and main objectives of your country's mitigation strategy.

- a. Provide an overview of domestic mitigation policies and plans and the status of the implementation - at both the national and sub-national levels.

Turkey's national vision within the scope of climate change is to become a country fully integrating climate change-related objectives into its development policies, disseminating energy efficiency, increasing the use of clean and renewable energy resources, actively participating in the efforts for tackling climate change within its special circumstances and providing its citizens with a high quality of life and welfare.

The National Climate Change Strategy Document, approved by the High Planning Council on May 3, 2010, identifies policies for mitigating climate change, as well as urgent measures for adapting to climate change.

With this strategy, Turkey sets a goal of contributing to the global efforts against climate change within its own capabilities and in line with the basic principle of the UNFCCC "common but differentiated responsibilities" and presents its national mitigation, adaptation, technology, finance and capacity building policies.

A Strategy Monitoring and Steering Committee will be established under the Coordination Board on Climate Change (see below) with the aim of monitoring and assessing the implementation of this Strategy.

Since GHG emissions associated with energy generation and consumption accounts for 76 % (2008 figures) of Turkey's total GHG emissions, energy efficiency and renewable energy are identified as key pillars of domestic limitation policies.

Energy Efficiency Law and its secondary regulation provide the legal basis and measures to promote and support energy efficiency increases.

In the Energy Strategy Plan (2010-2014) of the Ministry of Energy and Natural Resources (MENR) puts a target of 20% reduction in primary energy intensity in 2023 compared to 2008 values.

The Renewable Energy Law was enacted in 2005 to enhance the attractiveness of the Turkish electricity market for renewable energy generators and increase the use of the renewables potential. An amendment recently approved in the national assembly differentiates between sources in providing incentives on a cost basis to enhance the efficiency of use of resources.

The updated Electricity Market and Supply Security Strategy was approved in 2009. By 2023, the strategy aims to increase to 30 percent the share of electricity generated from renewable sources, by further developing hydro resources and implementing an ambitious wind power program (target: 20,000 MW wind by 2023).

However, the lack of resources and support for implementation of strategies and measures exist as an issue to be addressed. Turkey needs to establish mechanisms to increase financing to energy efficiency, renewable energy and climate mitigation activities, suitably designed financing mechanisms play an important role in the initial market development/transformation and achieving the policy objective to increase energy efficiency, develop renewables and implement strategies and plans.

- b. Briefly identify the key sectors targeted by the mitigation strategy.

The sectors covered by the National Climate Change Strategy are; Energy, Industry, Waste, Transportation, Agriculture and LULUCF.

4. Market Instruments¹: briefly outline experience to date with relevant market instruments as well as future plans.

- a. Provide a brief description of experience to date with market-based instruments, e.g., type of instrument, dates of implementation, scope, and key outcomes.

Although an Annex – I country, Turkey is not listed in the Annex B of the Kyoto Protocol, which implies that Turkey has not adopted any target for limitation or reduction of emissions of greenhouse gases in the period 2008-2012. Therefore, Turkey can not participate in the flexible mechanisms of the Kyoto Protocol.

In the period 2008-2012, participation in the Voluntary Carbon Markets (VCMs) is the only market tool for Turkey. It is estimated that more than 100 VCM projects are being implemented in Turkey. In order to keep a track of these projects, the Ministry of Environment and Forestry issued a Communication on Registry Operations of Greenhouse Gas Emission Reduction Projects in August 2010.

- b. To the extent that one (or more) specific market instrument is already identified for future implementation; provide a brief overview of the status of development/implementation and its relevance to the country's overall mitigation strategy.

Turkey is interested in becoming a recipient country for technology transfer and finance

¹ Without prejudging future developments on market instruments, this question refers to instruments providing a price signal that create an incentive to use or invest in climate-friendly technologies and/or processes. Such market instruments can include domestic instruments (e.g., emissions trading and non-GHG based schemes such as renewable energy and energy efficiency trading systems) and international market instruments such as reformed CDM, sectoral, and NAMA crediting.

through new market instruments that will be established under the post 2012 climate change regime as well as flexible mechanisms. To this end, several market instruments are being considered, including, inter alia; reformed CDM, NAMA crediting, sectoral trading.

Initially, Turkey intends to implement Nationally Appropriate Mitigation Actions (NAMAs) in order to limit the GHG emissions deviating from a Business-As-Usual Scenario. The Ministry of Environment and Forestry (MoEF) has initiated capacity building activities to enhance other Ministries' capabilities in identifying potential NAMAs. Furthermore, MoEF will implement a project to quantify the GHG mitigation potential and identify the required finance in waste and forestry sector NAMAs.

5. Support from the PMR: provide a short summary of your current assessment of the capacity needs and gaps for which support from the PMR is being sought. To the extent that one (or more) specific market instrument is identified, outline the type of support that your country may be seeking from the PMR.

Turkey's experience in the international carbon markets is limited to voluntary carbon markets. Turkey is currently exploring ways to integrate into new carbon markets. Therefore, there is need for capacity building at different levels.

1. Improving MRV Processes: Turkey is currently reporting GHG emissions in the context of annual Annex – I reporting requirements of UNFCCC which is also subject to review. Nevertheless, Turkey's capacity for GHG MRV processes needs to be improved. The data need to be collected with a comparable methodology and time period across relevant sectors. Thus, Turkey needs to design or enhance the existing MRV frameworks to ensure quality and credibility and to benefit from international good practices. Turkey also needs to carry out baseline studies at the sectoral level to enhance sectoral capacities for the implementation of market based approaches including NAMAs and sectoral approaches.

2. Institutional and Legal Framework: Turkey needs to develop institutional capacity in public and private sectors and to design of policy and legal frameworks for implementation of market instruments.

3. Piloting: Turkey is considering establishing a carbon market. It has been determined as one of the main pillars of the Istanbul Financial Center Strategy and Action Plan, which aims to transform Istanbul to a regional financial center in MENA and Eurasia regions. A subcommittee which has representatives from the Capital Markets Board of Turkey, Ministry of Environment, Istanbul Stock Exchange, Istanbul Gold Exchange, Turkish Derivatives Exchange and ISE Clearing and Settlement Bank has been formed to work on the technical issues and submit recommendations to the government in order to establish the market. According to the plan, the market will start its operations by 2015 depending on the Turkey's situation in the post-2012 climate change regime.

Turkey may also consider piloting activities for other market based approaches.

6. Institutional setting: how would you plan to coordinate the PMR efforts at the domestic level, i.e., which Ministry would lead and which government agencies would be involved?

Climate Change activities are coordinated by the Ministry of Environment and Forestry under the Coordination Board on Climate Change (CBCC). Established in 2001 with a circular issued by the Prime Ministry, CBCC has the overall responsibility for the implementation of prevention, mitigation and adaptation policies against climate change. Therefore the Board has a key role in strengthening the dialogue among different stakeholders involved in

climate change.

This Board is composed of high level representatives from the Ministry of Foreign Affairs, Ministry of Public Works and Settlement, Ministry of Transport and Communication, Ministry of Agriculture and Rural Affairs, Ministry of Industry and Trade, Ministry of Energy and Natural Resources, Ministry of Finance, Ministry of Health, Prime Ministry Undersecretariat of State Planning Organization, Prime Ministry Undersecretariat of Treasury, the Union of Chambers and Commodity Exchanges of Turkey and Turkish Industrialists' and Businessmen's Association.

Moreover, a technical working group on Carbon Markets has been established under the CBCC Coordinated by Ministry of Environment and Forestry to provide technical feedback regarding the policy making process for carbon markets in Turkey.

The PMR process will be coordinated by the Ministry of Environment and Forestry at the preparation phase and all the institutions that are represented in the CBCC will be involved. At the implementation phase the relevant government agency/agencies will assume the responsibility for coordination.

7. Stakeholder participation: are there intentions/plans /processes to engage non-governmental stakeholders (e.g., private sector)? If so, provide brief description.

Yes, non-governmental stakeholders (e.g. private sector associations) are already being represented in the CBCC. Other stakeholders can also be involved in the process if needed.

8. Initiatives by other bilateral and multilateral development partners: outline any initiative(s) pursued with other international partners underway in your country that is (are) relevant to market readiness support (e.g., low carbon development strategies, MRV, etc).

Turkey works closely with UNDP in several climate change related activities. The project on "Developing The Capacity of Turkey to Participate Efficiently in the International Climate Change Negotiations and Voluntary Carbon Markets the Capacity Building for Climate Change Management in Turkey", which is financed by national budget, has been finalized. The GEF financed project on "Preparation of Second National Communication" is planned to be finalized at the end of 2011. The project called "Developing Turkey's Climate Change Action Plan", which is financed by British Embassy, is envisaged to be finalised in February 2011.

Ministry of Environment and Forestry developed and submitted a project proposal to the European Union under IPA programme. Projects purpose is transposition of the provision in the upcoming revision of 280/2004/EC Decision and strengthening the administrative and institutional capacity of the organizations responsible for monitoring, reporting and verification of GHG emissions and National Communications. Project's expected results are:

1. Establishment of the necessary legal conditions for 280/2004/EC
2. Capacity building of related institutions provided on the revised Decision 280/2004/EC.
3. Improvements of GHG Inventory quality
4. Improvements of National Communication quality