

PMR PROJECT IMPLEMENTATION STATUS REPORT (ISR)

The PMR Project Implementation Status Report should be prepared by the Implementing Country or Technical Partner, with the support of the Delivery Partner and/or the PMR Secretariat. For any questions related to the preparation of the PMR Project Implementation Status Report, please contact the PMR Secretariat at: pmrsecretariat@worldbank.org.

1. SUMMARY INFORMATION

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| Implementing Country/Technical Partner: | Republic of Turkey |
| Reporting Period: | From 31/03/2018 to 31/12/2018 |
| Report Date: | 30/03/2019 |
| Implementing Agency: | Ministry of Environment and Urbanization General Directorate of Environmental Management |
| Contact Person: | <ul style="list-style-type: none"> • Head of the Department- Tuba Seyyah (tuba.seyyah@csb.gov.tr) • Expert- Damla Doğan (damla.dogan@csb.gov.tr) • PMR Technical Coordinator- Engin Mert (engin.mert@csb.gov.tr) • PMR Project Assistant- Ekin Günaysu (ekin.gunaysu@csb.gov.tr) |

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| Grant Executed By: | Recipient: Ministry of Environment and Urbanization General Directorate of Environmental Management |
| Grant Effectiveness and Closing Dates: | 12/17/2013 – 31/12/2018 |
| Grant Amount (USD): | USD 3,000,000 |
| Funding Mobilized (USD): | N/A |
| Funding Committed (USD) | USD 2,650,000 |

2. OVERVIEW

Project Development Objective Indicator 1- Piloting of the MRV system in the electricity sector

The indicator measures whether Turkey's greenhouse gas monitoring, reporting and verification (MRV) system is piloted among installations within the electricity sector by the end of 2015.

Piloting of MRV system for electricity, cement and refinery sectors was completed by July 2016 including both the preparation of the monitoring plans and verification of emission reports. As reported in the previous ISRs, the MRV regulation and its guidelines were fully implemented at 18 electricity, 5 cement and 1 refinery installations with the support of international and national consultants. The implementation of the MRV pilots have built capacity and enabled learning-by-doing for both the Ministry and the private sector – as further described in **Table 2** below.

Project Development Objective Indicator 2- Submission of a Carbon Markets Policy Options Document to the Coordination Board on Climate Change and Air Management (CBCCAM)

The indicator measures whether a policy options document on carbon market policy instruments is submitted to the CBCCAM for its consideration by March 2017.

“Synthesis Report- Implementation of Carbon Pricing in Turkey” was presented to the high-level public-sector representatives who are the members of the Coordination Board on Climate Change and Air Management (CBCCAM) as the very final output of the PMR Turkey Project. In addition, details of this Synthesis Report were presented to the all relative public institutions on high level. This **Synthesis Report** provides analysis and recommendations for consideration by the high-level public-sector representatives on the suitability of carbon pricing mechanisms for Turkey drawing upon the results of the following activities and delivered reports:

- **Analytical Report 1-** Roadmap for the Consideration of Establishment and Operation of a Greenhouse Gas Emissions Trading System in Turkey;
- **Analytical Report 2-** Assessment of Market Based Emission Reduction Policy Options for Turkey;
- **Analytical Report 3-** Assessing the Economic, Fiscal and Social Impacts of Carbon Pricing through Modelling;
- **Analytical Report 5-** Assessment of Carbon Leakage Risk for Turkey under Carbon Pricing Policies.

In addition, **Analytical Report 4-** Development of MACCs for Power Sector of Turkey, which has been carried out under PMR’s Policy Analysis Work Program and funded by the World Bank, was completed by the end of June 2018. Main objective of this Analytical Report is to assess Turkish emission reduction potentials and costs in order to provide input to the current and future Ministerial policy discussions. Within the framework of the project, stakeholder engagements were carried out continuously throughout the project with multiple stakeholder meetings, one-to-one meetings and phone calls.

All other analytical reports and the Synthesis Report was completed by the end of June 2018.

The table below provides a summary of the progress of the PMR Turkey Activities:

Table 1. PMR Turkey Progress per Component

| PMR Turkey Activities | Progress |
|---|----------------------------|
| Preparation of Monitoring Plans for Electricity Sector | Completed in June 2016 |
| Preparation of Monitoring Plans for Cement Sector | Completed in April 2016 |
| Preparation of Monitoring Plans for Refinery Sector | Completed in June 2016 |
| Verification of Emission Reports for Electricity Sector | Completed in June 2016 |
| Verification of Emission Reports for Cement and Refinery Sector | Completed in June 2016 |
| Analytical Report 1- Roadmap for the Consideration of Establishment and Operation of a Greenhouse Gas Emissions Trading System in Turkey | Completed in December 2016 |
| Analytical Report 2- Assessment of Market Based Emission Reduction Policy Options for Turkey | Completed in May 2017 |
| Analytical Report 3- Assessing the Economic, Fiscal and Social Impacts of Carbon Pricing through Modelling | Completed in June 2018 |
| Analytical Report 5- Assessment of Carbon Leakage Risk for Turkey under Carbon Pricing Policies | Completed in June 2018 |
| Synthesis Report- Implementation Of Carbon Pricing in Turkey | Completed in June 2018 |

3. IMPLEMENTATION REPORT BY COMPONENT

Differences between the Objectives/Activities in the Market Readiness Proposal and the Grant Agreement

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| Are there any important and material differences between the objectives/activities proposed in the Market Readiness Proposal and endorsed by the Partnership Assembly of the PMR and those agreed to in the Grant Agreement with the Delivery Partner and described in the Project's Results Framework? | No. |
| N/A | |

Implementation Progress by Component

| <p>A. Component 1: Piloting MRV procedures and practices in the electricity, cement and refinery sectors, seeking broader engagement with other relevant stakeholders (e.g. accreditation bodies, verifiers etc.). This component specifically targets the preparation of Monitoring Plans, Emissions Reports, and Verification Reports in the three piloted sectors in order to identify data discrepancies and other readiness issues in the whole MRV cycle.</p> | | | | | |
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| <p>Status:</p> | <p>Completed by July 2016</p> <ul style="list-style-type: none"> ▪ Preparation of monitoring plans (MPs) and emission reports (ERs) for cement, electricity and refinery voluntary installations. ▪ Verification of MPs and ERs <p>All MRV Piloting components under the PMR Turkey were completed by July 2016. They consisted of 5 contracts in total: 3 components aimed at preparing Monitoring Plans and Emission Reports of 24 installations (18 electricity, 5 cement, 1 refinery) and 2 components aimed at the verification of the Emission Reports.</p> <p>Within the framework of the project, site visits were carried out by the Consultants and the MoEU for each installation – both during the preparation of the Monitoring Plans and verification of Emissions Reports. Each installation benefitted from the site visits in terms of building capacity on how to meet MRV requirements due to the opportunity to work with the consultants one-to-one.</p> <p>The MoEU and the Turkish Accreditation Agency also received “Training for Trainers” from the verification experts on how to carry out verification services and the EU accreditation rules for verifiers.</p> <p>The table below summarizes the benefit gained through MRV pilots both from the Ministry and private sector point of view.</p> <p>Table 2. MRV Pilot Benefits for the MoEU and Installations</p> <table border="1"> <thead> <tr> <th>Sector</th> <th>MRV Pilot Benefits</th> </tr> </thead> <tbody> <tr> <td>Ministry of Environment and Urbanization</td> <td> <ul style="list-style-type: none"> - The Ministry implemented the whole MRV scheme for the first time under the PMR Turkey Project. The pilots, hence, provided a valuable chance to road-test the regulation and the online register to identify aspects that need revision and improvement. - Within the framework of the pilots, site visits were carried out all 22 installations both to develop the monitoring plans and to verify the emission reports. The site-visits </td> </tr> </tbody> </table> | Sector | MRV Pilot Benefits | Ministry of Environment and Urbanization | <ul style="list-style-type: none"> - The Ministry implemented the whole MRV scheme for the first time under the PMR Turkey Project. The pilots, hence, provided a valuable chance to road-test the regulation and the online register to identify aspects that need revision and improvement. - Within the framework of the pilots, site visits were carried out all 22 installations both to develop the monitoring plans and to verify the emission reports. The site-visits |
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| | <p>enhanced the Ministry staff's understanding on how the regulation could be implemented on site; on the questions, bottlenecks and issues at the practical level which is very important experience as "regulation-makers"</p> <ul style="list-style-type: none"> - The MRV Pilots included trainings addressed at the Ministry and Turkish Accreditation Body to improve capacity on verification and accreditation. - The trainings and lessons-learned conferences which were realized to increase the capacity among installations contributed into strengthening the good relations between the Ministry and the private sector. |
| | <p>Pilot Installations and Sectors</p> <ul style="list-style-type: none"> - For the installations, the MRV regulation together with the Communiques on how to make the calculations and prepare the reports has been perceived quite challenging to understand and implement initially. As the pilots were implemented ahead of the official enforcement of the regulation, the experiences and lessons learnt helped those and the related sectors (such as ceramics, glass) to comply with the regulation. - The pilots were especially beneficial for the electricity sector for 2 reasons: (i) Turkish electricity sector is very fragmented in terms of fuel, technology, capacity, age and ownership (state-owned vs. privatized); (ii) There have been significant data and calibration gaps depending on their age. Hence, the selection was realized to have a good representation of the sector as much as possible. This resulted in the selection of 18 installations with different features. This enriched the |

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| | <p style="text-align: right;">representation of lessons-learned, bottlenecks and experience assuring that non-pilot installations benefit from the outcomes as much as possible.</p> <p> ▪ Closure Conference of the MRV Pilots The closure conference was organized in February 2016 to disseminate the results and lessons-learned from the project with the wider stakeholders, especially, the other installations and sectors which did not participate in the MRV pilots. This one-day event brought together about 120 participants from various Ministries and industries – including not only companies from the electricity and cement sectors but also paper, glass, and ceramic manufacturing. Lessons-learned from MRV pilots were summarized in brochures and were distributed at several PMR Turkey workshops as well as at the 14th PMR Partnership Assembly (Peru) and at COP-22 (Marrakech). The brochure can be reached on PMR Turkey’s website: http://pmrturkiye.org/wp-content/uploads/2016/12/IRDbrosur-min.pdf </p> |
| Comments: | None |
| <p>B. Component 2: Conducting analytical studies to inform decision making on the use of market based instrument(s) (MBI), including inter alia, (i) study on consideration of ETS for the MRV sectors with a detailed analysis into piloting ETS within the electricity sector; ii) recommendations for selection of MBIs and modeling for sectors covered and uncovered by the MRV regulation; (iii) GHG Market Modeling Outcomes for selected sectors covered and uncovered by the MRV regulation. In addition, a synthesis report “Market-Based Instruments – Policy Options” of the above studies will be prepared for consideration by policy makers, and be submitted Coordination Board on Climate Change and Air Management (CBCCAM)</p> | |
| Status: | <p>i. Analytical Report 1: Roadmap for the Consideration of Establishment and Operation of a Greenhouse Gas Emissions Trading System in Turkey¹</p> <p>Completed by December 2016</p> <p>The project provided Turkey with an analytical assessment on the suitability and feasibility of ETS in Turkey. The assessment was composed of 5 major parts; (i) design elements of an ETS and global examples, (ii) policy interaction analysis with existing policies and strategies, (iii) legal and institutional gap analysis to implement ETS, (iv) ETS implementation roadmap addressed at the public sector, and (v) ETS readiness guide for private sector.</p> |

¹ Named as “Study on consideration of ETS for the MRV sectors with a detailed analysis into piloting ETS within the electricity sector” in the MRP.

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| | <p>The assignment included extensive capacity building and feedback workshops on ETS in 2016 (14-days in total), on each of the 5 topics listed above. Several group works were formed during those workshops which were very critical to extract both the required information and views from different stakeholders. They also enabled participants to gain deep knowledge about the topics which resulted in high ownership of the project.</p> <p>The final deliverables of the work have been published on PMR Turkey website in English:</p> <p>a. ETS Roadmap for Turkey: Provides the Government with step-by-step guidance on designing and establishing an ETS: http://pmrturkiye.org/wp-content/uploads/2017/01/ETSFinalReport_EN.pdf</p> <p>b. ETS Guidance for Plant Operators: A guide for the private sector towards increasing their preparedness in case ETS is implemented in Turkey: http://pmrturkiye.org/wp-content/uploads/2017/01/PMR-Turkey-Private-Sector-Guidance.pdf</p> <p>On 12-13 December 2016, the Closure Conference of the project activity took place with the participation of about 250 people in total over 2 days. During the conference, besides the introduction of the final project outputs, the Turkish version² of the “Emissions Trading in Practice: A Handbook on Design and Implementation” was also launched. USB sticks were distributed to the participants with all project deliverables, presentations and recent PMR knowledge products which were translated into Turkish such as the “Carbon Leakage Report³”.</p> <p>The Closure Conference also hosted several international speakers. Speakers from the EU Commission, ICAP and Vivid Economics joined day 2 and respectively delivered presentations on ETS experiences in the EU, global implementation of ETS and carbon leakage. There was also a session on the “private sector readiness for ETS” where speakers from CEMBUREAU (cement), EDF (energy) and “EUROFER” (iron-steel) highlighted how installations within the EU prepared for the EU ETS compliance.</p> <p>The presentations are available at: http://pmrturkiye.org/2017/01/03/emisyon-ticaret-sisteminin-ets-turkiyeye-uygunlugunun-degerlendirilmesi-kapanis-toplantisi-ile-ets-bilgilendirme-toplantisi-gerceklestirildi/ (Note: although the text is in Turkish in the link, presentations of international speakers are in English.</p> |
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² Turkish version of the ETS Handbook is available on: <http://pmrturkiye.org/wp-content/uploads/2017/01/Uygulamada-Emisyon-Ticaret TR.pdf>

³ The Turkish version of the report is available on: <http://pmrturkiye.org/wp-content/uploads/2016/06/karbon-ka%C3%A7a%C4%9F%C4%B1.pdf>

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| | <p>ii) Analytical Report 2: Assessment of Market Based Emission Reduction Policy Options for Turkey⁴</p> <p>Completed by May 2017</p> <p>This activity was finalized in May 2017 with a closure conference presenting the results of the assignment. The objective of the analysis was to assess and advise on the suitability of different market-based instrument (MBI) options for Turkey, such as carbon tax, scaled-up crediting mechanisms, energy efficiency trading, renewable energy trading or other suitable trading schemes, as well as other mechanisms leveraging climate finance such as result-based finance (RBF).</p> <p>The analysis looks at (i) how each MBI functions with an assessment on their effectiveness including international experience and examples for each sector; (ii) how revenue recycling can be established and why it is important; (iii) policy interaction analysis with the current policies and potential MBIs; and, (iv) recommendation on suitable MBIs for Turkey.</p> <p>During implementation, a number of successful capacity building meetings and workshops were held (1 inforatory meeting, 5 workshops) with the attendance of the public and private sector representatives. Furthermore, beside the final report of the project, an “Executive Summary” of the project outputs were prepared and distributed. On 17 May 2017, the Closure Conference of the project activity took place with the participation of representatives from public and private sector.</p> <p>The presentations are available at: http://pmrturkiye.org/2017/06/12/piyasa-temelli-emisyon-azaltim-mekanizmalarinin-turkiyeye-uygunlugunun-degerlendirilmesi-bileseni-kapanis-konferansi-gerceklestirildi/</p> <p>iii) Analytical Report 3: Modelling Fiscal, Economic and Sectoral Impacts of Carbon Pricing in Turkey⁵</p> <p>Completed by June 2018</p> <p>The objective of the assignment is to provide policymakers and stakeholders with a better understanding of the expected fiscal, economic and sectoral impacts of alternative market-based instrument options. In order to do so, three core model with off-model analytical techniques were implemented;</p> |
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⁴ Named as “Recommendations for selection of MBIs and modeling for sectors covered and uncovered by the MRV regulation” in the MRP.

⁵ Named as “GHG Market Modeling Outcomes for selected sectors covered and uncovered by the MRV regulation” in the MRP.

- VIEW model is general equilibrium model for estimating the impacts on the whole economy
- TIMES model is bottom-up energy model for estimating the impacts on the energy intense sectors
- IMM model is microeconomic model for estimating sectoral competitiveness and carbon leakage
- The off model analysis is to provide information on different economic groups, fiscal implications of the MBIs and co-benefits of the carbon reduction.

The assignment analyzed ETS, carbon tax and renewable energy support mechanism as a market based instrument with changing ambition levels. Additionally, ten policy scenario and two alternative reference scenario in total twelve different scenario sets were studied to generate a broad overview of the economic impacts. These scenarios were developed in conjunction with the Turkish Ministry of Environment and Urbanization (MoEU) and relevant stakeholders. In each scenario incremental changes to policy specifications were examined to isolate the additional impact of a policy change by comparing two otherwise identical policy scenarios. Scenario sets are given below;

| No | Policy instrument | Revenue recycling | Policy coverage |
|----|----------------------------------|---------------------|--|
| 1 | ETS (grandfathering) | N/A | MRV |
| 2 | Carbon tax | Government spending | MRV |
| 3 | RE support | N/A | MRV |
| 4 | ETS (auctioning) | Reduced labor taxes | MRV |
| 5 | ETS (output-based allocation) | N/A | MRV |
| 6 | Carbon tax | Reduced labor taxes | MRV |
| 7 | Carbon tax | Reduced labor taxes | All |
| 8 | ETS (grandfathering) | N/A | MRV with full lignite exemption ⁶ |
| 9 | ETS (grandfathering) | N/A | MRV with half lignite exemption |
| 10 | Command and control | N/A | MRV |
| 11 | Alternative reference scenario 1 | N/A | N/A |
| 12 | Alternative reference scenario 2 | N/A | N/A |

⁶ The lignite exemption refers to an exemption for industrial emissions from the combustion of lignite.

ETS, carbon tax and renewable energy support mechanisms were evaluated against seven criteria in order to help policy makers. Below table shows the summary of the criteria evaluation.

| No | Criteria | Comments |
|----|-------------------------|--|
| 1 | Cost efficiency | The ETS or carbon tax are the most cost-efficient. |
| 2 | Revenue generating | An ETS with auctioning, and a carbon tax, have the potential to generate revenue for the government; renewable subsidies drain public funds. |
| 3 | RE share | Renewable support is likely to be most effective at targeting specific intermittent renewable shares. |
| 4 | Cost certainty | The carbon tax provides businesses with the most cost certainty. |
| 5 | Environmental integrity | The ETS is the only policy which can guarantee a specific level of emission reductions. |
| 6 | Implementation cost | The carbon tax and renewable support have the lowest implementation costs. |
| 7 | Acceptance | The ETS or renewable support are preferred by stakeholders. |

In addition to these study explored further areas to help policymakers. Such as; emission reduction potential of the instruments, their impacts on the economy, best policy package, options for raised revenue and minimizing the carbon leakage risk. Outputs of the study were evaluated in the Synthesis Report to present the best policy options for Turkey.

The assignment started in March 2017 with a steering meeting convening key public and private sector stakeholders, three interim meetings were held – in July, September and December 2017. The objectives of the interim meetings were to facilitate data collection and verification and collect feedback on interim results. The closure meeting was organized on March 15th to evaluate results of the modelling studies with public and private sector representatives.

Association finalized the report in June 2018.

The presentations are available at:
<http://pmrturkiye.org/en/2018/03/23/closure-meeting-of-modelling-study-and-3rd-training-module-were-realized/>

iv) Analytical Report 5- Assessment of Carbon Leakage Risk for Turkey under Carbon Pricing Policies

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| | <p>Completed by June 2018</p> <p>Carbon leakage has emerged as one of the most controversial topics since the beginning of the stakeholder workshops back in 2015. This additional activity was launched in November 2017 with the objective to respond to the questions related to the risks of carbon leakage and ways to address those risks. It was completed by the end of June 2018. The work resulted in the development of a set of indicators suitable for Turkey to identify the sectors that could be exposed to the risk of leakage and include suggestions of policies and approaches to prevent or mitigate negative impacts. The work assessed the legal compatibility of such measures in the context of World Trade Organization (WTO) rules and requirements. 9 sectors were screened through the established indicators, namely electricity, cement, iron-steel, glass, ceramics, chemicals, lime, paper and refinery. 5 of those sectors were analyzed more deeply from an international perspective in particular in regards to the stringency of environmental laws/carbon pricing regulations facing competitors. A stakeholder meeting took place in 24 January 2018 and was followed by one-to-one meetings with each sector on the 24 and 25 January 2018. Sector surveys and sectoral briefs have also been developed. The closure meeting was organized on 29-30 May 2018 to gather stakeholder feedback on the outputs of the report.</p> <p>The assignment was completed by the end of June 2018.</p> <p>v) Synthesis Report: Implementation of Carbon Pricing Policies in Turkey</p> <p>Completed by June 2018</p> <p>The development of the Synthesis Report started in November 2017 and completed by June 2018. In the first phase of the PMR Turkey, analytical studies looked at different options for reducing emissions, drawing on both the Turkish context and international experience; examined how such policies might influence the competitiveness of Turkish industry and how any negative risks can be addressed; and conducted detailed economic modelling analysis of different policies. The final report of the first phase namely Synthesis Report combines the findings of these analytical studies and makes recommendations on how Turkey's emission reduction policies can advance.</p> <p>Outputs of all analytical studies done in the first phase were summarized, discussed and evaluated in the Synthesis Report in order to provide a holistic approach to the high-level policy makers. Throughout the assignment all results achieved during the analytical studies, especially modelling works, were discussed with the public and private sector stakeholders in order to increase the synergies between studies and achieve the most suitable options for Turkey to reduce its emissions. During the assignment several stakeholder meetings were conducted.</p> |
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| | <p>The meetings related to the modelling work – which took place in December 2017 and March 2018 – were organized in conjunction with the Synthesis Report activities to maximize synergies between the project activities and save time for stakeholders. One-to-one meetings were also held with key ministries in December. The closure meeting was organized on 16 May 2018 to gather stakeholder feedback on the outputs of the report. Output of the report were discussed in technical and political perspective with the stakeholders. As the final outcome of the assignment, results of the report were presented to the senior members of relevant ministries and the Climate Change and Air Management Coordination Board.</p> <p>The report suggests that regardless of the actions of other countries, reducing emissions can boost efficiency and reduce costs, reduce Turkey’s import dependency, improve health and hence productivity and facilitate jobs growth. In order to mitigate emissions, PMR Turkey has looked at different carbon pricing options, drawing on both the Turkish context and international experience; examined how such policies might influence the competitiveness of Turkish industry and how any negative risks can be addressed; and conducted detailed economic modelling analysis of different policies. This report synthesizes the findings of these different studies and makes recommendations on how Turkey’s emission reduction policies can advance. In addition, this analysis shows that market-based instruments are far more cost-efficient than ‘command and control instruments’ at reducing emissions. And in particular, this report suggests that implementing ETS with carbon tax would be most feasible scenario for Turkey.</p> |
| Comments: | |
| I) | <p>Component 3: Carrying out stakeholder training, consultation engagement and public awareness activities, including: (i) conferences and workshops to support the activities under Components 1 and 2; (ii) consultation meetings with stakeholders; and (iii) public awareness activities (media, high level public/private meetings, etc.).</p> |
| Status: | <p>PMR Turkey Information Exchange and Steering Meetings between March 2018-December 2018</p> <p>A number of meetings and workshops were held over the course of the reporting period March 2018 to December 2018. These are summarized in the tables below according to the activity they relate to.</p> <p>v) Synthesis Report: Implementation of Carbon Pricing Policies in Turkey was initiated in March 2017 and involved a number of stakeholder meetings. The main objectives of the meetings were to facilitate data collection, validate input data and gather feedback on interim and final model results. The meetings related to the Synthesis Report were arranged along with those on modelling to save time and energy for</p> |

everyone since the consultants and stakeholders are the same. The assignment was completed with a closure meeting which took place in 16th of May 2018 with the participations of private and public sector representatives.

Table 3. Synthesis Report

| Meeting/ Workshop Dates | Objectives |
|----------------------------|--|
| 16 May 2018 | Closure meeting. Gathering feedback on the assignment results. |

“Analytical Report 5- Assessment of Carbon Leakage Risk for Turkey under Carbon Pricing Policies” was initiated in November 2017. The analysis started with a sectoral survey sent out to 9 sectors, namely paper, refinery, chemicals, cement, glass, ceramics, iron-steel, lime and electricity. To facilitate information gathering, one-to-one meetings were held with each sector in December 2017 and initial findings were discussed at the stakeholder feedback meeting in January 2018. The assignment was completed with a closure meeting which took place in 29-30th of May 2018 with the participations of private and public sector representatives. The closure meeting included a half-day plenary followed by 1.5 day of one-to-one meetings with representatives of the sectors.

Table 4. Analytical Report 5: Workshops and meetings

| Meeting/ Workshop Dates | Objectives |
|----------------------------|--|
| 29-30 May 2018 | Closure Conference on the Assessment of Carbon Leakage Risk for Turkey under Carbon Pricing Policies |

Other meetings and events

- Climate Change Summit was organized with the aim of sharing PMR outcomes and creating awareness on 18 April 2018 in coordination with World Bank, PMR, and Zirve, Capital and Economist magazines. Main participants of the meeting were high level public officials, CEOs and media representatives. In total 200 participants were attended to the meeting. Opening speech of the summit was given by the Minister Mehmet

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| | <p>Özhaseki. Two discussion panels were organized on carbon pricing and climate risks with business perspective. Finally, the closure speech was given by the Deputy Minister and Chief Negotiator Prof. Dr. Mehmet Emin Birpınar who emphasized on the carbon pricing instruments in his speech.</p> <ul style="list-style-type: none"> - A Communication Workshop and a Media Training was carried out for the MoEU staff on 28 May 2018. The main objective of the training is to increase the capacity of the high-level officials in MoEU on public relationship. Therefore, they could actively more involve PMR stakeholder engagement activities. - Meeting with high level managers of relevant ministries was organized on 27 November 2018 to share the modeling results and discuss the outcomes of the synthesis report with the leadership of the Deputy Minister and Chief Negotiator Prof. Dr. Mehmet Emin Birpınar. In total 33 participants from 11 different institutions were attended to the meeting. Closing Conference of Phase I and Opening of Phase II was held on 19 December 2019. In total 257 participants were attended to the meeting from public institutions, private sectors, universities and NGOs. Opening speeches were given by the Minister Murat Kurum, World Bank Country Director for Turkey Johannes Zutt and President of TOBB Rifat Hisarcıkıoğlu. A panel discussion was organized on the climate change and carbon pricing. Also, the event marked the closure of Phase I and introduced the main activities of Phase II to relevant stakeholders During the event interviews were filmed with the participants to be able gather their feedbacks. a. <p>Website statistics</p> <p>The PMR Turkey website (www.pmr-turkey.org) has been live since June 2016. It has proved a very effective tool through which the MoEU shares all World Bank and PMR knowledge products related to carbon pricing and all PMR Turkey documents, reports, presentations, and photos of the meetings. The website pages are also available in English.</p> |
| <p>Comments:</p> | <p>PMR Turkey hired a senior communication expert to organize the high-level meetings described above between April and December 2018. These events ensured the highest level of visibility for the outcomes of the components under Phase I.</p> |

4. PROGRESS, CHALLENGES, AND LESSONS LEARNED

Important policy or regulatory developments related to the Grant's objectives and activities:

Developments:

Analyses and other PMR deliverables on the suitability of ETS, carbon tax and other MBIs, and modelling activities have gathered high attention from key stakeholders, especially in the energy sector. Both capacity building workshops and reports have catalyzed data collection, understanding, and discussions about carbon pricing within the public and private sector. There has been no major policy and regulatory changes since the last ISR in 2018.

Important changes in the technical design or approach related to the Grant's activities:

Developments:

There has been no change in the technical design or approach of the components.

Key capacity issues (implementation, technical, financial management, procurement) related to the Grant's activities:

This phase of PMR Turkey was completed on 31 December 2018. All activities were completed by that time as planned.

Coordination with other carbon pricing initiatives, including those funded by other donors:

For the harmonization of EU ETS Directive and related regulations (to be implemented after the full membership in the EU) within the scope of Chapter 27: Environment, "Instrument for Pre-accession Assistance (IPA)" fund is allocated to the MoEU. The project planned to start on 2020 and end in 2023. It is expected that the project would consult PMR Turkey regarding their works conducted on legal and institutional framework on the development of ETS in Turkey in the beginning of the project and would work / develop its strategy accordingly.

Republic of Turkey Ministry of Environment and Urbanization (MoEU) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) agreed on starting the second phase of the "Capacity Development for The Implementation of a Monitoring, Reporting and Verification (MRV) System for Greenhouse Gas Emissions" project. Main objective of the project is to increase the institutional and human capacity on MRV in Turkey in order to create a solid foundation for future mitigation measures. The second phase aims to continue the success of the first phase. The second phase of the project will be between 2018 and 2020. Since carbon pricing and MRV are complementary due to their nature, both projects were completed each other with a good coordination during the first phase. In the second phase it is also planned that PMR and GiZ project will work together and increase the value of the project outcomes while avoiding any overlapping.

Stakeholder engagement related to the Grant's activities:

The past year was very active and fruitful in terms stakeholder engagement. The PMR project has drawn much attention and interest from internal and external stakeholders in regard to our modeling work and the same level of attention has existed with the Synthesis Report. Further, the website statistics show that the project's deliverables have attracted high interest including outside of the key stakeholder group.

MoEU organized a number of events with high-level representatives from private and public sectors between April and December 2018 to create awareness on MBIs, present and discuss the outcomes of Phase I and to introduce the main activities of Phase II: A CEO Club event was organized on 18 April

2018 with high-level managers from the private sector, CEOs of firms and media representatives. The event was also publicized in the June edition of the Capital Magazine. Another significant meeting was held with the senior members of relevant ministries and the Climate Change and Air Management Coordination Board on 27 November 2018. Finally, the closure of Phase I and opening of Phase II was marked with a conference on 19 December 2019 with the participation of 257 participants. The event included presentations delivered by High Level Officials of MoEU and the World Bank, as well as a panel session with relevant private sector representatives.

Other issues related to the Grant's activities**5. ADDITIONAL INFORMATION**

In this Section, please provide any additional information that may be relevant for the achievement of the Grant's objectives and/or the implementation of the Grant's activities. Please also provide any relevant information related to carbon pricing and the use of market-based instruments for climate change mitigation.

At PA 17 in India, the PMR Partnership assembly approved Turkey's request for additional PMR funding (\$2 million) to launch a new phase of the PMR project until June 2020. Since then, the MoEU has worked with the World Bank, Ministry of Treasury and Finance and other stakeholders to move the administrative process forward. The second phase took over from the first one from March 2019 thereby avoiding any gaps.