



## EIB financing in Turkey

The EIB is the bank of the European Union. Founded in 1958 under the Treaty of Rome, it operates in the 27 EU Member States and more than 130 other countries. In 2009, it signed loans totalling EUR 79 billion, with 95% of its financing for projects within the Member States, EFTA, Candidate and Potential Candidate countries. Outside the EU, the Bank supports projects that contribute to economic development in countries that have signed association or cooperation agreements with the EU or its Member States. It does so at own risk to its balance sheet, using budgetary guarantees provided by Member States or under mandates from the European Parliament and Council of the European Union. It is the largest supranational borrower and lender in the world and the only international financial institution politically accountable to EU policymakers and institutions. This factsheet is one of a series covering regions of the world where the EIB is active.

### EIB in Turkey

The EIB currently lends in Turkey on the basis of an EU budget guarantee (the "Mandate") and at own risk to its balance sheet, via its Pre-Accession Facility. The current Mandate covering all pre-accession countries including Turkey has a volume of EUR 8.7 billion over the period 2007-13. In 2009, the EIB provided EUR 2.65 billion of loans to Turkey, almost equalling 2008's record EUR 2.7 billion, and bringing total lending in the five years 2005-2009 to EUR 10.3 billion. Over the same period, roughly 40% of loans were made using the Pre-Accession Facility with own funds, while the rest were made on the basis of the current or previous mandates.

### EIB focus

The EIB cooperates closely with the European Commission and the Turkish authorities in defining priority investments in line with national development plans and EU as well as EIB priorities. EIB's activity in Turkey is based upon three pillars:

- lending in favour of infrastructure (both with central government and at municipal level);
- small and medium-sized enterprises ("SMEs");
- and the corporate sector.

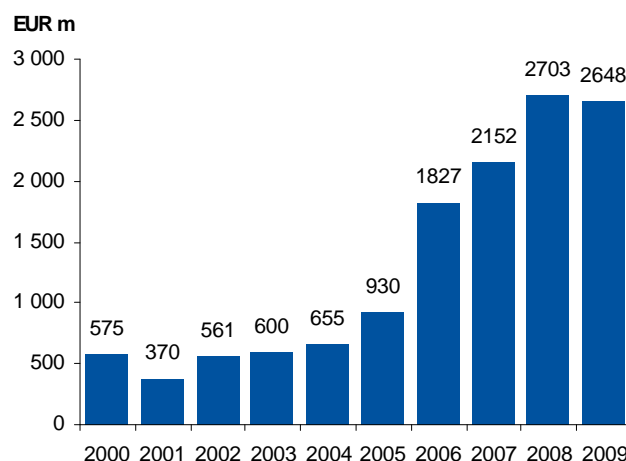
In order to underpin the country's economic development, there is a special focus on transport, energy (including renewables and energy efficiency), the environment and the financing of SMEs through a wide network of public and private sector partner banks.

#### Bosphorus Tunnel

Between 2004 and 2006 the EIB lent EUR 1.05bn towards the construction of a rail tunnel under the Bosphorus straits (and the upgrading of rolling stock and existing rail network), thus bridging an important gap in the Pan-European transport network. The project set a milestone by providing the first intercontinental railway link between Europe and Asia. It was also aimed at reducing air and noise pollution in the western and eastern parts of Istanbul by enabling a major shift from road to rail, thereby alleviating congestion on the road network.

### Loans signed in Turkey

2000-2009: EUR 13bn



### Background information

The European Investment Bank has been an active partner in Turkey's economic development since the first EU-Turkey association agreement entered into force in 1964. Since then, it has lent a total of EUR 14.3bn for investment projects in the country. Past projects include both the bridge over, and the tunnel under the Bosphorus, projects financed in 1969 and 2004/05; the modernisation of the country's telephone network, with projects in 1996 and 2006; 45 projects in support of private corporate sector development and job creation; and 14 projects to improve water and wastewater facilities in major cities, such as Ankara, Izmit and Antalya. In recent years, there has been an increasing focus on projects dedicated to renewable sources of energy (e.g. hydropower and wind power).

The EIB has two local EIB offices in Turkey, one in Ankara and another in Istanbul.



### Istanbul Earthquake Risk Mitigation

The EIB has financed (EUR 300m) the Turkish Government's large-scale earthquake investment and preparedness programme. EIB financing will mainly support the health and education sectors in retrofitting existing public buildings and implementing earthquake risk minimisation and prevention-related projects both in Istanbul and in the wider Marmara earthquake area.

### Projects financed by the EIB in 2009:

	EUR m
Financing of environmental and energy projects	300
Construction of 135 MW wind farm in Osmaniye region (eastern Turkey)	30
Upgrading and extension of national electricity distribution networks	125
Construction of high-speed railway line between Istanbul and Ankara	293
Construction and operation of clinker production line in Ankara	50
Investment in academic research system of Republic of Turkey	335
Equity participation in fund focusing on small-scale energy efficiency projects in south-east Europe	5
Financing of small and medium-scale projects/ventures:	
AKBANK EIB loan for SMEs	150
AKLEASE SME global loan	100
EUROBANK TEKFEN SME global loan	110
GARANTI BANK loan for SMEs	150
ISBANK SME global loan	250
SMALL BUSINESSES global loan	150
SME Development Loan	400
YAPI KREDI BANK loan for SMEs	200

### Antalya Public Transport

In 2008, the EIB lent EUR 60 m (EUR 19.5 from the Pre-Accession Facility) to the Greater Municipality of Antalya for the construction of an 11 km light railway line in the city. The EIB funds financed the construction of the first section of Antalya's rail-based urban transit system, consisting of a network of 43 km in total. With 16 stops, the section linked the north-western parts of the city to the centre, serving residential districts, the main bus station and areas of the city with employment opportunities. The line is later to be extended to the Old Town pedestrian area and airport. The new train line was designed to partly replace transport currently provided by numerous buses, mini-buses and taxis, so contributing to the alleviation of traffic congestion.

### EIF in Turkey

The European Investment Fund is an EIB Group subsidiary. The EIF's central remit is to support SMEs by enhancing their ability to access finance. It operates by providing venture capital and guarantees. The Industrial Development Bank of Turkey (TSKB) has been a shareholder of the EIF since September 2006. In mid-2007, the EIF signed a commitment of EUR 10m in Turkish Private Equity Fund II, a fund focusing on expansion and replacement capital in industry leaders in high-growth industries in Turkey. The fund is managed by Turk Venture Partners ("Turkven"), one of the longest established and most successful private equity firms in Turkey.

### EIB value proposal

The EIB is a AAA-rated, policy-driven EU financial institution raising funds in capital markets to on-lend to eligible investments supporting EU policies and priorities. The EIB passes on the financial advantage it obtains through benefits such as attractive interest rates and long maturities to projects that score highly in terms of EU objectives and are consistent with the Bank's commitment to supporting sound, sustainable investments. The EIB's extensive experience in financing projects (it has been active in countries outside the EU since 1963), its in-house sector expertise and its deep knowledge of European policies facilitate the identification of projects that match both national and EU priorities. The EIB's project appraisal covers: technical, economic, financial, environmental and social aspects as well as credit risks, provides for the appropriate mitigants and conditionality and helps structure projects in line with EU standards. The EIB thus acts as a flag carrier for EU policies outside the EU, contributes to the dissemination of best practices and facilitates the participation of other financiers in EU priority projects.

For further information on the EIB, visit its website  
[www.eib.org/turkey](http://www.eib.org/turkey)

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