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ANNEX VII

to the Commission Implementing Decision on the Annual action plan in favour of Türkiye for 2024

Action Document for Sustainable and Green Finance for Promoting Inclusive Growth

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23(2) of NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	Sustainable and Green Finance for Promoting Inclusive Growth Annual action plan in favour of Türkiye for 2024
OPSYS	ACT-62714
ABAC	ABAC Commitment level 1 number: JAD.1655607
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Economic and Investment Plan (EIP)	No
EIP Flagship	No
Team Europe	No
Beneficiary(y)/(ies) of the action	The action shall be carried out in the Republic of Türkiye
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 3: Green Agenda and Sustainable Connectivity - Environment and climate change (50%) - Transport, digital economy and society, energy (50%)
Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 13: Take urgent action to combat climate change and its impacts Other significant SDGs (up to 9) and, where appropriate, targets:

	<p>SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>SDG 17: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>			
DAC code(s)	<p>24010 - Financial policy and administrative management (60%)</p> <p>41010 - Environmental policy and administrative management (20%)</p> <p>23210 - Energy generation, renewable sources multiple technologies (20%).</p>			
Main Delivery Channel	<i>Central Government – 12001</i>			
Targets	<input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity			
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Internal markers and Tags	Policy objectives	Not targeted	Significant objective
EIP		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EIP Flagship		<p style="text-align: center;">YES</p> <input type="checkbox"/>		<p style="text-align: center;">NO</p> <input checked="" type="checkbox"/>

	Tags:	YES	NO
	Transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Environment and climate resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Digital	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Economic development (incl. private sector, trade and macroeconomic support)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Human Development (incl. human capital and youth)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Rule of law, governance and Public Administration reform	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

Amounts concerned	Budget line: 15 02 02 01 Total estimated cost: EUR 3 000 000.00
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	Total amount of EU budget contribution EUR 3 000 000.00
MANAGEMENT AND IMPLEMENTATION	
Implementation modalities (management mode and delivery methods)	Direct management through: Procurement
Final Date for conclusion of Financing Agreement	At the latest by 31 December 2025
Final date for concluding contribution / delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the financing agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.1. Summary of the Action

Türkiye's green and digital transition, aligned with the EU's twin transition agenda and evolving global economic dynamics, requires extensive coordination and substantial financing. Turkish institutions have been collaborating with international donors, including the EU, to achieve national targets for this dual transition. However, in such a fast-paced, multi-actor landscape, striking a balance between sectoral growth and decarbonisation remains highly challenging. To address this, exploring additional pathways to meet these targets is crucial. Private finance has the potential to mobilise large-scale resources for Türkiye's green transformation, but it requires an enabling environment and support across all actors within the financial ecosystem to unlock these financing opportunities.

To address this, the proposed action aims to strengthen Türkiye's sustainable finance ecosystem, facilitating impactful investments. It will do so by raising awareness, creating an enabling environment, building initial capacity among relevant stakeholders and creating synergies with relevant instruments such as Union Programs and EFSD+/Turkish Investment Platform (TIP), while laying the groundwork for mobilising investments into key sustainable and demonstrational projects in Türkiye.

If implemented effectively, this action could significantly amplify the impact of existing climate change programs funded by donors, especially the EU, as well as be a catalyst for new financial products and investments.

The main pillars of support corresponding to the following Specific Objectives (SOs) are as follows:

SO1: Raise awareness among all relevant actors within the sustainable finance ecosystem to pave the way for the development of sustainable finance frameworks and the promotion of green and sustainable financial instruments, in line with international best practices and credible, science-based and policy-aligned targets. This includes enabling stakeholders to acknowledge the opportunities for mainstreaming green and sustainable finance and identify, concretely, positive opportunities for greening their respective part of the financial ecosystem (e.g. greening policies, sustainability reporting standards, fiduciary duties, empower stakeholders' engagement (opposite to black box investing) as well as environmental, social and governance (ESG) incorporation into insurance, banking, investments and financial products to promote impact investing).

SO2: Support the development of Türkiye's sustainable finance ecosystem, underpinned by a robust regulatory framework and reinforced through the establishment of a multi-stakeholder sustainable finance platform, aimed at promoting the broader use of sustainable finance tools across the country. This entails support to the development of a sustainable finance regulatory framework in Türkiye including definition of sustainable investments encouraging issuance of green, sustainable and sustainability linked bonds and other financial products aimed inter alia at climate mitigation, climate adaptation, nature, biodiversity and environmental preservation. The Action will promote system thinking, address market failures, negative externalities and passive investment while improving the understanding of ESG data.

This Action shall be complementary to other upcoming actions on sustainable finance under the European Instrument for Sustainable Development Plus (EFSD+) and the Turkey Investment Platform (TIP), including risk sharing instruments for mobilising private capital for green and sustainable investment and technical assistance.

1.3. Beneficiar(y)/(ies) of the Action

The action shall be carried out in the Republic of Türkiye.

2. RATIONALE

2.1. Context

Sustainable finance refers to the process of taking ESG considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects while mobilising financial flows from the capital markets. Environmental considerations might include climate change mitigation and adaptation, as well as the environment more broadly, for instance the preservation of biodiversity, pollution reduction and prevention and the circular economy. Social considerations could refer to issues of inequality, inclusiveness, labour relations, investment in people and their skills and communities. The governance of public and private institutions – including management structures, employee relations and executive remuneration – plays a fundamental role in ensuring the inclusion of social and environmental considerations in the decision-making process.

The proposed Action is a timely and strategic intervention designed to address critical challenges in Türkiye's transition to a sustainable and green economy by fostering sustainable finance activities. It aligns with the strategic objectives of IPA III, particularly Window 3 (Environment and Climate Change) and Window 4 (Private Sector Development), supporting environmental protection, climate change mitigation, and a low-carbon circular economy. This Action complements the EU's enlargement policy by promoting sustainability and climate action, essential for candidate countries. The Action) also strengthens Türkiye's alignment with EU environmental standards and regulations. It also reflects the European Commission's commitment to promoting sustainable finance and the European Green Deal. It aligns with the EU acquis under Chapter 27,

"Environment and Climate Change," while advancing national strategies and supporting the Sustainable Development Goals (SDGs), particularly SDG 13 which calls for urgent action to address climate change and its effects along with many other SDGs including SDG 17 "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation". Other Chapters such as Chapter 9 on Financial Services as well as Chapter 11 on Agriculture and Rural Development are within the scope of this AD.

The Action directly supports Türkiye's national agendas for environmental protection and climate action. Türkiye has committed to reducing greenhouse gas emissions and tackling climate change, adhering to the Paris Agreement and setting national targets through its Nationally Determined Contribution (NDC). The National Climate Change Action Plan and Adaptation Strategy further outline national priorities for environmental sustainability. Reducing greenhouse gas emissions will also rely on financial products that support sustainable agriculture practices such as renewable-energy power irrigation systems, organic farming, carbon sequestration practices and so forth. These will improve soil health and increase biodiversity. Financial instruments can also promote the optimise use of water, fertilisers, pesticides, reducing environmental harm while preserving productivity.

"2021 Green Deal Action Plan of Türkiye" (published in the Official Gazette dated 16 July 2021, with a Presidential Circular No. 2021/15) aims to comply with the policies of combating global climate change, sustainable agriculture and biodiversity as well as to support green transformation designed in alignment with the European Green Deal. The Action Plan outlines policies to determine the steps that can be taken regarding the national financing system and to develop the ecosystem that will ensure the development of green finance in Türkiye, as well as policies to ensure the effective use of existing financing opportunities under the heading 2.3 "Green Finance". Among its 19 Specialised Working Groups (SWGs), the Directorate for EU Affairs contributes to EU fund coordination through the "EU Funded Projects SWG," and this Action will build on their progress.

The Pre-Accession Economic Reform Programme (2024 – 2026) notes that national legislation is being developed to create a taxonomy that outlines the criteria for determining the sustainability of economic activities under Structural Reforms 5.2. Sustainability and Resilience.

The 12th Development Plan of Türkiye (2024-2028) models for both adaptation and mitigation efforts to address climate change including Do No Significant Harm DNSH principle (item 870) Additionally, a national taxonomy will be created to define what constitutes an environmentally sustainable economic activity, considering both international standards and Türkiye's specific needs (item 870.1). Financial resources for transitioning to a low-carbon economy will be diversified (item 870.2), and participation in international financial markets will be accelerated through environmental, social, and governance criteria. This will also involve the development of innovative and sustainable financing tools for green transformation (item 870.3).

The Medium-Term Programme (2024-2026)¹, under the Macroeconomic Targets and Policies, outlines that, in alignment with the 2053 net zero emission target and national development priorities, the green transformation process will be expedited. This will involve reducing greenhouse gas emissions, enhancing climate adaptation capabilities, prioritising competitiveness and efficiency, ensuring a fair transition, and creating national incentive mechanisms while leveraging global financial resources to their fullest extent.

The EFSD+ was launched in June 2021 as part of the Neighbourhood, Development, and International Cooperation Instrument (NDICI) - Global Europe. The beneficiaries listed in Annex I to Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (the "**IPA III Regulation**") are eligible for support through the EFSD+. The EFSD+ constitutes an integrated financial package supplying financing capacity in the form of grants,

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

budgetary guarantees and financial instruments on a worldwide basis, supported by EU External Action Guarantee. It is composed of regional investment platforms, among which is the TIP.

The EFSD+ guarantee programmes for which Türkiye is eligible support green and sustainable investment projects and the increased uptake of sustainable finance instruments (such as green and blue bonds) aimed at supporting climate change mitigation, adaptation, nature, sustainable agriculture, biodiversity and environmental protection. These projects include decarbonising manufacturing and energy sectors, green urbanisation, renewable energy, waste-to-energy, circular economy, biodiversity, smart agriculture, irrigation, and sustainable urban mobility. Additionally, the instrument supports SMEs and startups in commercialising new technologies and promotes economic inclusion for women, youth, and underserved communities.

The Sustainable Finance Advisory Hub is an EU-initiative (European Commission, together with Member States, development agencies, EU DFIs and UN organisations) to coordinate their offer of EU expertise and resources for EU partner countries in sustainable finance, inspired by EU experience. The specific objective of the Hub is to develop sustainable finance ecosystems and in particular capacity for transactions with credible sustainability features, in EU partner countries taking into account local contexts while promoting alignment with international good practice and building on EU frameworks and standards, to scale up the mobilisation of private capital towards sustainable (infrastructure) investments, in line with countries' and EU policy priorities such as the Green Deal, Global Gateway, Inclusive Growth and Job Creation.

In the above context, the Action will pave the way for a larger awareness and an enabling environment for green and sustainable finance activities in Türkiye. This includes, but is not limited to, the establishment of a **multi-stakeholder platform** aimed at facilitating discussions, providing technical expertise, and promoting sustainable finance practices.

By providing a platform for **exchange, peer-to-peer learning**, and support, the Action will focus on:

a. Fostering a sustainable mind-set within the financial ecosystem

- Providing customised training and collaborating with key actors to embed ESG considerations into policymaking, financial product development, investment project structuring, and decision-making processes.
- The platform will aggregate current ongoing dispersed sustainable finance initiatives and provide a meeting point to the members of the Istanbul financial centre

b. Supporting stakeholders in transitioning towards sustainable finance

- Assisting relevant stakeholders in adapting their products and methods, while developing green and sustainable initiatives. This will help increase the supply of and access to sustainable financial instruments such as sustainability-linked bonds, thematic loans, social impact bonds, and impact investment vehicles, creating a more supportive environment for these innovations.

c. Encouraging fiscal, legal, and regulatory reforms

- Promoting policies and incentives for green investments and facilitating the integration of ESG considerations into corporate and SME operations. This also involves creating synergies between different instruments and encouraging the private sector to internalise climate risks, promote sustainable supply chains, foster green innovation and competitive sustainability.

2.2. Problem Analysis

The Action addresses the challenges in Türkiye's green and digital transition by promoting access to sustainable finance, strengthening the regulatory framework, and building capacity in the financial and real

sectors. This will empower all stakeholders to play a role in accelerating Türkiye's transition to a sustainable and green economy.

The challenges which represent possible roadblocks hindering Türkiye's transition to a greener economy encompass economic, social, environmental, and climate change dimensions. Limited access to sustainable finance may restrict investments in renewable energy, sustainable infrastructure, and other green sectors in the longer term. For SMEs, there's a lack of long-term financing specifically designed for eco-friendly projects. Larger investment projects would benefit from a diversification of available financing instruments. Financial institutions and businesses often lack the awareness and expertise to integrate ESG considerations into their decision-making processes or to find positive opportunities to combat climate change or enhance biodiversity. A skilled workforce with a “green and sustainable mindset” is essential for evaluating and managing green and sustainable investments. However, there is a gap in the availability of professionals with the necessary expertise in sustainable finance and available professionals may not be sufficiently aware of opportunities and instruments for greening their activities. Therefore, traditional financing methods are often applied, with decisions that favour investments in carbon-intensive industries, leading to environmental degradation and pollution.

Raising awareness among all relevant actors within the sustainable finance ecosystem to pave the way for the development of sustainable finance frameworks and the promotion of green and sustainable financial instruments, in line with international best practices and credible, science- and policy-aligned targets as well as the objectives laid down under Sustainable Finance window of the EFSD+ mechanism. Lack of training and awareness raising programs for financial institutions and businesses on sustainable finance practices is a major roadblock which hinders developments of a sustainable finance landscape in Türkiye. Relevant stakeholders are as follows:

- *SMEs*: Most affected by limited access to green finance, hindering their ability to invest in sustainable practices and contribute to the green economy. Sustainable Agriculture will be part of this.
- *Corporates and Large Businesses*: Face pressure to adopt sustainable practices but require access to green/ sustainable finance to invest in green technologies and processes.
- *Financial Institutions (Banks, Insurance Companies)*: Lack the expertise and capacity to assess and manage ESG risks and opportunities, limiting their ability to offer green financial products. Pension funds, non-banking institutions, development bank DSKB (Financial institutions), add also the Banks Association (very active and promoter of the draft Taxonomy)
- *Government and Regulatory Bodies*: Need a robust regulatory framework to attract green and sustainable investments and ensure the integrity of the market. Central Bank (note that the Central Bank of Turkey and BRSA/BDDK Regulatory body are members of the Network for Greening the Financial System and are working on a draft Taxonomy in coordination with the Banking Association)
- *Civil Society and Environmental NGOs*: Advocate for environmental protection and a sustainable future. They will benefit from increased green investments that address climate change and environmental degradation.
- *Most vulnerable groups*: While the overall impact is positive, there is a risk that certain groups might be negatively affected during the transition, such as workers in carbon-intensive industries. Policy frameworks should consider measures to support a just transition for these groups.

Support the development of **EFSD+/TIP and where possible demonstrational blending operations.**

One of the investment windows of the EFSD+/TIP mechanism focuses on sustainable finance. Proposed investment programs under this window aim to support green and sustainable bond issuances which will be implemented in collaboration with the beneficiaries and partner IFIs. This project will identify upstream pipeline opportunities that will support the implementation and monitoring of EFSD+ guarantees for sustainable finance relevant to Türkiye. Upstream project design including a robust regulatory framework and reinforced through the establishment of a multi-stakeholder sustainable finance platform, aims at promoting the broader use of sustainable finance and promote impact investing across the country.

A well-designed regulatory framework is needed to prevent uncertainties which may hinder the development of a robust green finance capital market. Awareness raising and capacity building objectives of the project will contribute to develop and enforce green finance regulations for regulatory institutions.

2.3. Lessons Learnt

The design of the Action incorporates valuable lessons learnt from past interventions in Türkiye and similar initiatives globally. Lessons from Past EU Actions in Türkiye are the importance of capacity building, the necessity of a fruitful stakeholder engagement, and the adaptation to local context. Specifically:

- *Stakeholder Engagement is Key:* Successful projects and various practices emphasised the importance of engaging all stakeholders, including government, financial institutions, businesses, universities and civil society. In this context, the Platform will function as a multi-stakeholder platform fostering dialogue and collaboration among the after-mentioned institutions. “Türkiye PMI Carbon Market Development Project” (PMI Project) was initiated by the Ministry of Environment, Urbanisation and Climate Change (MoUECC) within the scope of the WB’s Partnership for Market Implementation (PMI) program and the studies to be carried out on the establishment of ETS in Türkiye have been scheduled. Multilateral development banks and bilateral financial institutions, including the EBRD, IBRD, IFC, EIB, AFD and KfW, are also active in Türkiye. A 3 billion worth Memorandum of Understanding (Climate MoU) was signed between Türkiye, IBRD, France, Germany, UN and EBRD to provide support for Türkiye's climate action. Regarding green classification of economic activities, efforts to establish a national taxonomy in line with the EU and international standards are being carried out under the coordination of the MoUECC with the contributions of all relevant institutions/organisations. Within the scope of the preparations for the national taxonomy, a MoU was signed in March 2023 with AFD for the project "Identification of Beneficiaries of Green Taxonomy in Türkiye and Preparation of Guidelines for Reporting". The regulator BDDK, together with the Bank Association, the Capital Markets Board, the Ministry of Trade, the Central Bank, the Ministry of Treasury and Finance, and Borsa Istanbul (which is also a member of the UN Sustainable Stocks Exchange initiative) are involved since 2015 in the Sustainable and Banking Network which has supported Türkiye in its Sustainable Finance journey leading it to an advanced level among peer countries. The new platform will have to take stock and build on this existing ground.
- *Adapting to Local Context:* Past experiences showcased the importance of tailoring interventions to the specific needs of critical sectors and regulatory environment of Türkiye. The Platform will consider existing initiatives, outputs from past exercises and regulations while promoting best practices from the EU. The "Potential Impact of the Carbon Border Adjustment Mechanism on the Turkish Economy" project was carried out by the MoUECC with the support of the EBRD in 2022. In addition, there are several projects carried out regarding the green transformation of critical and hard-to-abate sectors. Türkiye has announced the launch of the low-carbon pathways initiative, a project supported by the EBRD. The initiative focuses on the decarbonisation of key industrial sectors, including steel, cement, aluminium and fertilisers. Moreover, a Circular Economy National Action Plan was initiated under the IPA II "Technical Assistance for the Assessment of Türkiye's Potential for Transition to Circular Economy Project (DEEP)". Sustainable finance group stressed out the importance of creating a strong regulatory framework, capacity building for financial institutions, effective coordination among the stakeholders, alignment with the EU’s regulations, and raising awareness.

The Global Lessons Learnt in Green Finance are related with the green taxonomy development, the paramount importance of innovation, and the effective monitoring and evaluation systems. Specifically:

- *Promoting the Green Taxonomy Development Process:* The success of green bond issuance in other countries demonstrates the value of clear definitions for sustainable investments. The “Preparation of guidelines for reporting and identification of users and beneficiaries of green taxonomy in Türkiye” project, aims to strengthen the technical capacity of the public and private institutions to establish green taxonomy schemes for Türkiye. In this context, the six taxonomy cases– namely the EU, China,

Indonesia, Mexico, South Korea, and South Africa are examined. The Action will further assist the creation of a national green taxonomy that is similar and aligned with the EU's framework.

- *Financial Innovation that Ensures Sustainability:* Supporting innovative green financing instruments has proven effective in other countries. The CMB Guidelines on Green Debt Instruments, Sustainable Debt Instruments, Green Lease Certificates and Sustainable Lease Certificates were published on 24 February 2022. The Guidelines are based on the Green Bond Principles of the International Capital Market Association (ICMA) and they aim to ensure that issuance of green bonds, sustainable bonds, green sukuk and sustainable sukuk is conducted under best practices and standards applicable in international markets, and to increase transparency, integrity, consistency and comparability in the financing of sustainable and green projects. Furthermore, in order to support the issuance of green and sustainable debt instrument lease certificates by real sector companies, the IFC and Environmental Finance organised a webinar titled "Encouraging Green and Sustainable Bond Issuances in Emerging Markets: Focusing on the Real Sector in Türkiye" in 2024. The discussions focused on the specific challenges facing real economy sustainability bond issuances, and how this can be supported locally and attract international investors. The multi-stakeholder sustainable finance platform will support the implementation of the recommendations from prior interventions in Türkiye.
- *Monitoring and Evaluation:* Regular monitoring and evaluation are crucial for assessing impact and adapting strategies. The Green Deal Working Group was created to monitor the implementation of the Türkiye's Green Deal Action Plan, to direct the studies by considering the global policy needs, and to carry out studies to improve the scope of the Action Plan and increase its effectiveness. The Action will further support a robust monitoring framework to track progress and identify areas for improvement. Additionally, facilitating sustainability reporting and disclosure guidelines for financial and non-financial entities will improve market transparency and signalling. This will help efforts to monitor and verify corporate actions and avoid "greenwashing". In this context, following the addition of a new provision to Article 88 of the Turkish Commercial Code No. 6102 on 4 June 2022, the Public Oversight, Accounting and Auditing Standards Authority has been granted the authority to determine and publish sustainability reporting standards in line with international standards.

Lessons from overcoming obstacles from past actions are related to limited sustainability of past projects, short-term thinking, lack of impact investing, weak monitoring and evaluation systems, and limited private sector participation.

Specifically:

- *Biodiversity Loss* consideration is still lagging behind as compared to Climate Change priorities and should catch up in the agenda.
- *Limited Sustainability of Past Projects:* Some past initiatives lacked robust long-term strategies. The Platform's multi-year timeframe and focus on capacity building aiming to ensure lasting impact.
- *Weak Monitoring and Evaluation Systems:* Inadequate monitoring in previous projects limited the ability to learn and adapt. The Platform will prioritise robust monitoring to ensure accountability and continuous improvement.
- *Limited Private Sector Participation:* Past projects sometimes faced challenges in attracting private sector investment. The private sector is currently unable to provide a sufficient volume of "bankable" green project development. Deployment of renewable energy, new climate technologies and energy efficiency technologies should be accelerated. In certain sectors, such as buildings and transportation infrastructure, the high upfront costs of large-scale green infrastructure projects pose significant challenges, while in agriculture, small-scale farms face difficulties due to low transaction sizes and high transaction costs. The Platform will work towards creating an attractive environment for private sector participation through a well-defined regulatory framework and capacity building for financial institutions.

Regarding stakeholders acting on Lessons Learnt, Directorate for EU Affairs and the EU Delegation in Türkiye together will play a leading role in delivering the support and ensuring it incorporates lessons learned from past actions.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The **Overall Objective/Impact of this Action** is to contribute to the enhancement of sustainable finance ecosystem in Türkiye to facilitate high impact investments to foster Türkiye's twin transition.

The Specific Objectives (Outcomes) of the Action are to:

1: Increase Awareness and Expertise: More engaged and knowledgeable stakeholders, individually and as a network, a strengthened overall sustainable finance ecosystem in Türkiye.

2: Strengthen the regulatory sustainable finance framework: more engaged institutions and peer-to-peer learning between the relevant regulatory and supervisory institutions.

3: Achieve the mainstreaming of sustainable finance: Knowledge sharing, capacity building, and showcasing of impactful project concepts will deepen market expertise, leading to the financing of high-impact sustainable projects.

The specific **Outputs** of this Action are:

Output 1.1: Established Multi-Stakeholder Sustainable Finance Platform following comprehensive gap and context analysis

Output 2.1: Enhanced capacity within the sustainable finance ecosystem, focused on regulatory aspects, generated upstream project pipeline in nascent policy areas to match sustainable finance opportunities

Output 3.1: Raised awareness and visibility of sustainable finance and synergies efforts, focusing on the private sector

3.2. Indicative Activities

By addressing systemic barriers and implementing the outlined intervention strategies, the Platform Action aims to create a robust and enabling environment that will incentivise private sector participation, unlock a wave of high-impact sustainable investments, and ultimately contribute to a more sustainable and prosperous future for Türkiye.

Multi-Stakeholder Sustainable Finance Platform: The Platform serves as a central medium bringing together diverse stakeholders to foster collaboration, knowledge sharing, and joint problem-solving and learning.

Supportive regulatory frameworks: Through ecosystem analysis, identification of best practices, and development of policy proposals, the Action aims to create a more supportive legal and regulatory environment for sustainable investments.

The Action outlines 3 specific activities aiming to achieve the overall objective of enhancing the sustainable finance ecosystem in Türkiye with the following indicative activities that could be undertaken for each output:

Activity 1 related to Output 1.1

- **Stakeholder Mapping and Needs Assessment:** Conduct stakeholder mapping and consultations to identify key actors in the Türkiye sustainable finance ecosystem. This will include a thorough needs assessment for an effective ecosystem, underpinned by an analysis of climate risk exposure in Türkiye's banking system and other financial players.
- **Ecosystem Analysis and Best Practices:** Analyse global and national financial ecosystems and identify best practices in sustainable finance, including examples from the EU and similar countries.
- **Platform Development:** Identify a hosting institution to ensure continuity. Develop a multi-year program strategy and establish governance arrangements for the platform. Activities may include:
 - **Virtual Hub:** Design, launch, and maintain a user-friendly Virtual Hub for communication and collaboration on sustainable finance. This hub will feature a website with information on funding opportunities, eligibility criteria, best practices, national initiatives, and online training, and will identify a suitable host among national stakeholders.
- **Country-Specific Analytic Papers:** Prepare tailored analytic papers including on market structures, actors, trends and innovations in sustainable finance
- **Roundtable Discussions:** Organise roundtable discussions with representatives from public institutions, national financial institutions, the banking sector, NGOs, and the private sector. These discussions will involve experts with first-hand experience in sustainable finance trends in close coordination with the Sustainable Finance Advisory Hub under which additional support might be available, and will focus on regulatory deep dives in Türkiye and related developments at the level of the EU (e.g. EU Sustainable Finance Regulatory Package, Sustainable Finance Disclosure Regulation & reporting duties, Corporate sustainability and Corporate Sustainability Reporting Directive requirements, Taxonomy, disclosures, tools and labels) and sustainable finance trends (e.g. Sustainable finance in emerging markets, sustainable finance instruments, thematic loans and bonds, gender finance & gender-focused bonds, green, sustainability, and social impact bonds, nature-related sustainable bonds and blue bonds, transition finance, greenwashing risks, ESG funds, other types of innovative finance.
- **Engaging DFIs:** Facilitate dialogue with Development Finance Institutions (DFIs) operating in Türkiye to explore opportunities for mainstreaming sustainable finance in the country. This includes building capacity to establish sector-specific hubs for knowledge transfer on new sustainable finance products, supporting needs identification, generating investment pipelines, and fostering partnership building.
- **Working Groups:** Establish working groups to foster expert discussions among stakeholders, exploring specific challenges and opportunities in sustainable finance with a view to: address market failures, use innovative financial instruments, analyse climate technological challenges, propose policy reforms and incentives for promoting transition pathways for critical climate sectors including nature-based solutions, biodiversity, sustainable agriculture, sustainable cities, alternative fuels and similar.
- **Tailor-Made Training:** Provide customised training on sustainable finance topics, incorporating case studies and real-world examples to enhance practical understanding of regulatory frameworks and sustainable finance instruments. Training will cover a range of topics, including green, social, sustainability, and sustainability-linked bonds; gender finance and gender-focused bonds; biodiversity and nature-related sustainable bonds, blue bonds; greenwashing risks; sustainable finance disclosure, and corporate sustainability reporting requirements, ESG funds, transition finance, among others.
- **Social Media and Publications:** Effectively manage social media and prepare relevant publications (e.g., booklets, brochures) to enhance visibility.

Activity 2 related to Output 2.1

- **Ecosystem Analysis and Policy Proposals:** Identify best practices in sustainable finance, conduct an analysis of Türkiye's national financial ecosystem and formulate policy proposals.
- **Capacity Building for Regulatory Alignment:** Strengthen regulatory alignment and the implementation of best practices through capacity-building initiatives. This will include enhancing capacities for needs identification, knowledge transfer on innovative products including comparative reports and case studies, trainings, workshops, conferences, and seminars.
- **Support for Sustainable Finance Taxonomy:** Assess needs to further support drafting and development of Türkiye's sustainable finance taxonomy and coordinate additional specialised support from the Sustainable Finance Advisory Hub aiming for alignment with the EU's taxonomy.

Development of Guidelines and Reports: Draft guidelines, reports, and manuals to support the implementation and dissemination of sustainable finance practices in Türkiye.

Activity 3 related to Output 3.1 Raised Awareness and Visibility of Sustainable Finance and Synergies Efforts, Focusing on the Private Sector

Awareness and Visibility Campaigns: Organise campaigns to raise awareness of sustainable finance policies and instruments, and to facilitate the synergies with other possibilities from IPA, TIP/EFSD+ and EU programs, among central institutions, capital markets, and the private sector.

- **High-Potential/High Impact Project Identification:** This activity focuses on identifying high-potential project concepts in areas related to climate transition, green and inclusive growth, and green development, including nature-based solutions, sustainable agriculture, sustainable cities, and green energy relevant for TIP/EFSD+ applications in Türkiye. It emphasises building partnerships for climate finance innovation, accelerating renewable energy deployment, and enhancing cooperation across value chains. Additionally, it supports the use of renewable electricity for producing alternative low-carbon fuels and chemicals, such as hydrogen, sustainable aviation fuel, and biofuels. The ultimate goal is to foster collaboration and infrastructure improvements that drive sustainable energy and low-carbon solutions, as well as ensuring necessary skills acquisition for inclusive and green growth.

Capacity building for Mainstreaming:

- Support in identification of gaps between baseline project concept and requirements following relevant international standards/ benchmarks, such as
 - The MDB/IDFC Common Principles for Climate Change Mitigation and Adaptation Tracking
 - The 'Substantial Contribution' criteria of the EU Taxonomy for sustainable activities as per the Climate Delegated Acts and the Environment Delegated Act
 - The IFC Reference Guide for Biodiversity Finance
 - The IFC Guidelines for Blue Finance
 - Do no significant harm principle as enshrined in the EU Taxonomy
- Identify and promote opportunities to showcase sustainability-related topics with the private sector (e.g. related to climate change, biodiversity, environmental degradation, social and governance aspects) and support mainstreaming with interested actors to showcase sustainability initiatives which will support the uptake and the implementation of EFSD+ programmes in Türkiye

3.3. Mainstreaming

This action is designed to mainstream climate change, environmental protection, and gender equality throughout its intervention logic. While not a primary focus, this Action can also contribute to disaster risk

reduction. By promoting investments in climate-resilient infrastructure and green technologies, the program can help communities better withstand the impacts of natural disasters.

Environmental Protection, Climate Change and Biodiversity

The Action is a technical assistance program focused on stakeholder coordination and development regarding sustainable financing. Given the nature of the program, a full Environmental Impact Assessment (EIA) or Strategic Environmental Assessment (SEA) is not required.

While the Multi-Stakeholder Sustainable Finance Platform does not directly finance infrastructure projects, it can still play a role in promoting climate change-relevant and biodiversity-friendly practices in accordance with a guidance document for financial institutions on how to assess and mitigate potential environmental (incl. biodiversity) risks associated with green investments. This can encourage the financing of projects that conserve natural habitats and promote sustainable resource management.

Gender equality and empowerment of women and girls

This Action integrates gender equality as a significant objective (G1) throughout its design, aiming to empower women and girls in the green economy.

It is to be noted that women-led businesses often face greater challenges in accessing finance, hindering their participation in green sectors. Also, promoting gender equality in green finance can unlock the full potential of women as entrepreneurs and innovators in the transition to a sustainable future.

Integration strategies of the Action are capacity building, financial products, stakeholder engagement, and monitoring and evaluation systems. Concerning the gender code and considering the significant focus on promoting women's participation in green finance, the Action can be classified as G1 under the OECD DAC gender codes.

By integrating gender equality throughout its design and implementation, the Action can contribute to a more inclusive and sustainable future for Türkiye, fostering women's leadership in the green transition.

Resilience

- *Climate Change Mitigation:* The Action's focus on green investments can help Türkiye adapt to and mitigate the impacts of climate change, such as droughts, floods, and extreme weather events. This strengthens communities' resilience to these shocks and reduces the risk of conflict arising from climate-related displacement and resource scarcity.
- *Disaster Risk Reduction:* Green investments in infrastructure like climate-resilient buildings and renewable energy sources can help communities better withstand natural disasters, reducing the risk of economic hardship and social disruption that can exacerbate conflict.

Disaster Risk Reduction

While the Action is not a direct Disaster Risk Reduction (DRR) intervention, it can contribute to disaster risk reduction (DRR) in Türkiye by promoting investments in climate-resilient infrastructure and technologies through green finance mechanisms, creating a more disaster-resilient future for the country by incentivising investments that reduce vulnerability to natural hazards. Specifically:

Indirect Impact on DRR

- *Climate Change Mitigation:* By supporting investments in renewable energy and energy efficiency, the Action helps reduce greenhouse gas emissions, ultimately mitigating the long-term effects of climate change. This includes reducing the intensity and frequency of extreme weather events like floods, droughts, and heatwaves, which are major disaster risks in Türkiye.

- *Climate-Resilient Infrastructure:* The Action can encourage green finance products that support the development of infrastructure that can better withstand natural disasters. Examples include buildings designed for earthquake resistance, flood-resistant housing in high-risk areas, or early warning systems for extreme weather events.
- *Natural Resource Management:* Green finance can support investments in sustainable forestry practices, soil conservation techniques, and watershed management projects. These initiatives can help reduce the risk of landslides, floods, and soil erosion, all of which contribute to disaster vulnerability.

Integration Strategies

- *Sector Focus:* Prioritise green finance products targeting sectors critical for DRR, such as renewable energy for reliable power supply during disasters, or sustainable construction practices for resilient infrastructure.
- *Partnership:* Collaborate with institutions like AFAD (the Disaster and Emergency Management Authority of Türkiye) to identify key DRR needs and tailor green finance solutions accordingly.
- *Risk Assessments:* Encourage financial institutions to integrate disaster risk assessments into their evaluation processes for green projects, ensuring investments contribute to long-term resilience.

The Action’s impact on DRR is indirect and depends on the specific types of green investments ultimately supported. Since this Action primarily targets sustainable finance applications, its direct influence on infrastructure development or disaster preparedness might be limited. Developing specific guidelines for integrating DRR considerations into the design and implementation of green finance products, conducting training programs for financial institutions on disaster risk financing and green investment opportunities for DRR, and monitoring the impact of the Action on disaster preparedness and risk reduction in Türkiye, can maximise its positive contribution to Disaster Risk Reduction in the country.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
External Environment (1)	Limited private sector participation in green finance	Medium	High	<ul style="list-style-type: none"> • Develop attractive financial instruments with risk-sharing mechanisms to incentivise private investment. • Organize targeted outreach and capacity building programs for private sector actors on green finance opportunities. • Partner with development finance institutions (DFIs) to co-finance green projects.
Planning, Processes, and Systems (2)	Limited capacity of financial institutions to assess and manage green finance risks	Medium	Medium	<ul style="list-style-type: none"> • Develop capacity building programs for financial institutions on green finance concepts, risk assessment methodologies, and environmental and social safeguards. • Partner with international financial institutions with expertise in green finance to provide technical assistance. • Develop clear guidelines and procedures for green finance product development and risk management.
Planning, Processes, and Systems (2)	Lack of standardised green definitions and taxonomies in Türkiye	Medium	Medium	<ul style="list-style-type: none"> • Advocate for the development and adoption of a national green taxonomy aligned with international best practices. • Partner with relevant stakeholders to harmonise green definitions and ensure transparency in green finance products.

				<ul style="list-style-type: none"> • Develop guidance materials for financial institutions on classifying green investments according to a common framework.
People and Organisation (3)	Insufficient expertise within the team of the Platform on green finance and/or specific sectors	Low	Medium	<ul style="list-style-type: none"> • Recruit staff with relevant expertise in green finance, environmental sustainability, and the Turkish context. • Partner with international organisations and experts to provide technical assistance and knowledge sharing. • Invest in training and capacity building for the team on key areas.
Communication and Information (5)	Ineffective stakeholder engagement	Medium	Medium	<ul style="list-style-type: none"> • Develop a comprehensive stakeholder engagement strategy that identifies and reaches out to diverse groups • Utilise multiple communication channels to ensure accessibility for all stakeholders. • Organise inclusive consultations and workshops to gather feedback and inform program design.

External Assumptions

- *Continued access to international climate finance and expertise:* The ability of the **multi-stakeholder sustainable finance platform** to leverage international expertise and broker access to other support mechanisms (e.g. the Sustainable Finance Advisory Hub) as well as to financing opportunities from development finance institutions and private sector is critical for mobilising significant resources for green investments in Türkiye.
- *Growing demand for green technologies and sustainable practices among Turkish businesses:* For the Action to achieve its objective of promoting green investments, there needs to be a receptive market with a growing demand for renewable energy, energy efficiency solutions, and other environmentally friendly technologies.
- *Increased awareness and understanding of green finance concepts among Turkish financial institutions:* This assumption is crucial for the Action’s capacity building programs and technical assistance to be effective in influencing financial institutions to develop and offer green finance products.
- *Commitment of Turkish policymakers to strengthen the regulatory framework for green finance:* A supportive regulatory environment that clarifies green definitions, promotes transparency, and incentivises green investments is essential for attracting private sector participation and ensuring the sustainability of the green finance ecosystem fostered by this Action.

3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results [maximum 10]	Indicators [it least one indicator per expected result]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To contribute to the enhancement of sustainable finance eco-system in Türkiye to facilitate high impact investments to foster Türkiye's twin transition.	Number of new sustainable finance products in Türkiye	-	Increase by 50%	Capital Markets Board, Central Bank of Türkiye	<i>Not applicable</i>
Outcome 1	Increased awareness and Expertise: More engaged and knowledgeable stakeholders, individually and as a network, a strengthened overall sustainable finance ecosystem in Türkiye	1.1. Number of active members on the platform	0	50 representatives from government, financial institutions, private sector, and civil society	Platform's user database	Continued stakeholder interest in sustainable finance
		1.2. Frequency of knowledge-sharing events/meetings organized by the Platform (per year)	0	4	Platform's Activity reports	Sufficient resources and capacity within the Platform to organize events.
Outcome 2	Strengthen the regulatory sustainable finance framework: more engaged institutions and peer-to-peer learning between the relevant regulatory and supervisory institutions	Number of regulatory initiatives supported	Defined at inception	Defined at inception	Activity Reports of the Platform	Governments Commitment to implement recommendations from the Platform.
Outcome 3	Mainstreaming of sustainable finance achieved: Knowledge sharing, capacity building, and showcasing of impactful project concepts deepened market expertise, leading to the financing of high-impact sustainable projects.	Number of sustainable finance products and initiatives	Defined at inception	Defined at inception	Activity Reports of the Platform	Interest from the private sector the activities of the Platform
Output 1.1	1.1. Multi-Stakeholder Sustainable Finance Platform following comprehensive gap and context analysis	1.1. Launch date of the platform 1.2 Number of working groups, roundtable discussions and analytical papers prepared 1.3 Number of tailor-made trainings 1.4. Number of increased likes on social media accounts promoting the Platform and the Virtual Hub 1.5 Number of publications	-	Defined at inception	Platform's Activity reports	Timely completion of platform development activities. Availability of relevant data and cooperation from stakeholders during the analysis.
Output 2.1	2.1. Enhanced capacity within the sustainable finance ecosystem, focused on regulatory aspects, generated upstream project pipeline in nascent policy areas to match sustainable finance opportunities	2.1.1. Number and type of stakeholders consulted 2.1.2. Number of knowledge finding/sharing events (workshops, conferences, seminars, study visits for regulatory alignment, 2.1.3 number of draft guidelines, manuals, procedures etc. 2.1.4 number of projects generated at upstream	-	Defined at inception	Platform's Activity Reports	Continued interest from stakeholders in capacity building opportunities.
Output 3.1	3.1. Raised awareness and visibility on sustainable finance and synergies efforts focusing on the private sector	3.1.1. Number of awareness and visibility events 3.1.2. number of capacity building activities and identified opportunities for mainstreaming sustainable practices in the private sector 3.1.3. Number of project concepts identified	-	Defined at inception	Platform's Activity Reports	Interest from the private sector, business world and NGOs on sustainable finance

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Republic of Türkiye.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented is 72 months from the date of conclusion of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures².

4.3.1. Direct Management (Procurement)

A procurement procedure for a technical assistance contract will be carried out in order to achieve the specific objectives of this Action.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Methods of implementation – cf. section 4.3	
Outcomes 1-3, composed of	3 000 000

² [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

Procurement (Direct Management) – cf. section 4.3.1.	3 000 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision
Strategic Communication and Public Diplomacy – cf. section 6	will be covered by another Decision
Totals	3 000 000

4.6. Organisational Set-up and Responsibilities

The Ministry of Foreign Affairs Directorate for EU Affairs (DEUA) will be the main beneficiary, and Action will be implemented in close cooperation with the EU Delegation to Türkiye (EUD) which will be the Contracting Authority of this Action.

A Steering Committee will be set up to foster the exchange of information throughout the implementation of the Action. In addition to the permanent members of the Steering Committee (the EUD, DEUA), top executives of beneficiary institutions with capacity for representation may also take part in the Steering Committee as well as the Presidency of Strategy and Budget and relevant ministries, such as Ministry of Treasury and Finance, Ministry of Transport and Infrastructure, Ministry of Environment, Urbanisation and Climate Change, and Ministry of Energy and Natural Resources, Ministry of Industry and Technology, and other regulatory bodies such as Capital Markets Board, Banking Regulatory Board, Insurance Regulatory Board, Energy Markets Regulatory Board.

The Steering Committee will meet for the first time 6 months after the signature of the contract, and then every 6 months during the implementation of the project in order to discuss implementation, approve progress reports, discuss solutions to potential problems, and future planning.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes and, if possible, at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Monitoring of this Action will be performed by the Directorate for EU Affairs and EU Delegation to Türkiye.

5.2. Evaluation

Having regard to the nature of the action, evaluation(s) may be carried out for this action or its components by the beneficiary via independent consultants. The evaluations will be carried out as prescribed by the DG NEAR guidelines on linking planning/programming, monitoring and evaluation.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner

country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, based on a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

7. SUSTAINABILITY

The performance management system can be designed to assess the long-term impact of the Action

- **Focus on Capacity Building:** Monitoring and evaluation should assess the extent to which the Facility is building the capacity of stakeholders (financial institutions, businesses, and policymakers) to develop, finance, and implement sustainable projects beyond the Facility's lifespan.
- **Track Policy and Regulatory Changes:** The Platform should monitor how its interventions contribute to long-term policy and regulatory reforms that incentivize and facilitate green investments beyond the Facility's direct involvement.
- **Project Selection with Long-Term Vision:** Project selection criteria should consider not just the immediate environmental and social benefits, but also the potential for the project to be replicated, scaled-up, or become self-sustainable in the long run.
- **Monitoring Project Sustainability:** The Platform can track whether funded projects have mechanisms in place to ensure their environmental and social benefits are maintained after the Facility's direct support ends.

To ensure the system itself is efficient and adaptable, technology will be utilised to leverage online platforms and data management tools in order to streamline data collection, analysis, and reporting, reducing administrative burden and ensuring long-term data accessibility. The performance management framework, including KPIs and data collection methods, will be reviewed periodically to ensure they remain relevant and adapt to changing circumstances. Engaging stakeholders (beneficiaries, government agencies, etc.) during the evaluation process will provide valuable feedback on the effectiveness of the performance management system and identify areas for improvement. Moreover, regularly assessing the cost-effectiveness of the performance management system will ensure resources are being used efficiently to generate meaningful data and insights.

The Action is designed to have multiplier effects in terms of information sharing and potential for replication. Through the capacity building activities on sustainable project-specific initiatives, local and central

administrations will develop the required technical knowledge internally. This will help them in retaining the strategies demonstrated and applied over the course of the Action. Ultimately, they will be able to sustain the same momentum in streamlining new projects even beyond the implementation period of the Action. Involvement of the CSOs and other civil representatives during the implementation phase will aid in increasing the public awareness in relevant to green transition projects, which will then constitute an induced public expectation for further project commitments from the municipal administrations.

Following the implementation of the Action, the availability of adequately tailored technical guidelines will contribute to the beneficiaries' capacity to function self-sufficiently. The Outputs that are proposed as part of this Action will result in improved practices in the green transition domain. The involvement of experts familiar with European sectoral policies during the Action will safeguard that the Outputs are fully compatible with the EU and other international commitments of the beneficiaries. Both the European and the national objectives will be conveyed to the municipal administrations allowing them to be familiar with the regional/national positions. In this way, they can relate to these positions while designing sustainable and green interventions. All procedures, manuals or guidelines developed as part of this Action will be simple enough to be regularly updated and changed by the staff of the final beneficiaries without further external support. Besides, any such documents will not contradict with the legal provisions of the final beneficiaries.