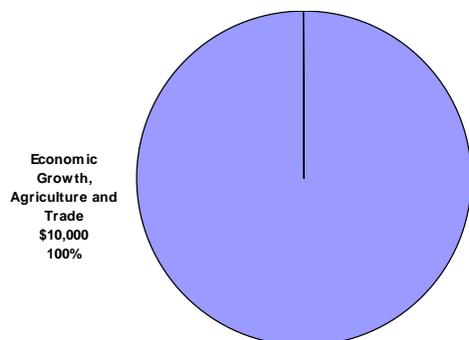
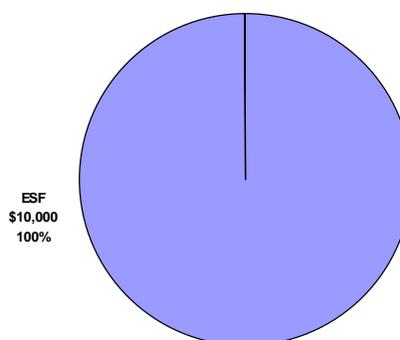


# Turkey

**FY 2006 Assistance by Sector**



**FY 2006 Assistance by Account**



## Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Cash Transfer Program	277-0410	10,000		10,000
<b>Total (in thousands of dollars)</b>		10,000	0	10,000

**Mission Director:** Thomas Mefford

**The Development Challenge:** In 2004, Turkey continued to make progress in pursuing challenging legislative and economic reform efforts toward building further democracy and strengthening the private sector orientation of its economy. Prime Minister Recep Tayyip Erdogan, who was elected in 2003, has sought to have the Government maintain sound economic policies and institute further reform in order to increase market confidence and create an internationally competitive economy. Turkey's current economic reform program, with support from the International Monetary Fund (IMF), has two main goals: conquer high inflation and associated macroeconomic instability, and reduce public debt. Results during 2002-2004 improved, with inflation falling to 9.3% in 2004. However, Turkey still needs to improve its investment climate and reduce the large state role in the economy, especially in basic industry, banking, transport, and communication. Foreign direct investment remains at less than \$1 billion annually. In December, 2004, the EU announced its decision to begin accession negotiations with Turkey on October 3, 2005. A major political and economic issue over the coming years will be Turkey's process for acceding to the European Union (EU).

The United States supports Turkey's accession process and eventual membership in the EU, and is confident of the benefits it would bring to both Turkey and the EU. The United States believes that having Turkey firmly anchored in Europe and sharing European values will be a positive force for prosperity and democracy. The United States recognizes Turkey as a major coalition partner in the global war on terrorism, an active ally and partner in the reconstruction of Iraq and Afghanistan, and a pro-Western democracy in a troubled region. The tragic terrorist bombings in Istanbul in November 2003 only strengthened Turkey's resolve to participate with the United States in the struggle against international terrorism. Strategically located between Europe and the Greater Middle East, Turkey is a key NATO ally which has been providing important support for the stabilization and rebuilding of Iraq. Turkey's support for U.S. operations comes despite a fragile economy, tight fiscal restrictions, and a reluctant public. U.S. assistance through the Economic Support Fund helps address poverty and employment problems, which aids Turkey in complying with requirements for accession into the EU.

**The USAID Program:** USG programs to address poverty and unemployment problems endeavor to help mitigate Turkey's economic losses from its anti-terrorism efforts. In FY 2005, funds will be applied to implement three activities: 1) co-financing of the Conditional Cash Transfer Program of the World Bank's Social Risk Mitigation Project to improve education for girls and health of children; 2) anti-trafficking in persons program implemented by the International Organization for Migration to reduce trafficking and aid victims of trafficking; and 3) a U.S.-Turkey business partnering program implemented by the U.S. Chamber of Commerce to encourage bilateral trade. In FY 2006 assistance will support ongoing anti-poverty programs and micro-credit programs designed to assist the poor generate income. ESF funds will help Turkey address severe poverty and employment problems, and contribute to internal stability.

**Other Program Elements:** A water resource management plan for the city of Istanbul continues to be developed under a USAID centrally-funded activity implemented by Mississippi State University.

**Other Donors:** Other major donors to Turkey include the EU and World Bank. Turkey has also received large-scale lending from the IMF to address its economic difficulties.

## Turkey PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Economic Support Fund	0	10,000	0	10,000
ESF - Wartime Supplemental	1,000,000	0	0	0
<b>Total Program Funds</b>	<b>1,000,000</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>

### STRATEGIC OBJECTIVE SUMMARY

277-0410 Cash Transfer Program				
ESF	0	10,000	0	10,000

TRANSFER				
ESF - Wartime Supplemental	1,000,000	0	0	0

The FY 2003 \$1 billion ESF-Wartime Supplemental was apportioned to the Department of Treasury.

Deputy Assistant Administrator,  
Thomas Mefford

### Data Sheet

**USAID Mission:**  
**Program Title:**  
**Pillar:**  
**Strategic Objective:**

Turkey  
Cash Transfer Program  
Economic Growth, Agriculture and Trade  
277-0410

<b>Status:</b>	New in FY 2005
<b>Planned FY 2005 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$10,000,000 ESF
<b>Proposed FY 2006 Obligation:</b>	\$10,000,000 ESF
<b>Year of Initial Obligation:</b>	2005
<b>Estimated Year of Final Obligation:</b>	

**Summary:** To help Turkey comply with requirements for accession into the EU and provide a concrete demonstration to the Turkish people of U.S. support for economic development, and to contribute to Turkey's internal stability, USAID's program focuses on four areas: 1) improving education and health of girls and children; 2) reducing trafficking in persons and aiding victims of trafficking; 3) encouraging bilateral trade between Turkish and American businesses; and 4) supporting the World Bank's anti-poverty programs.

**Inputs, Outputs, Activities:**

**FY 2005 Program:** Protect and Increase the Assets and Livelihoods of the Poor During Periods of Stress (\$9,000,000 ESF carryover). The funds will be used to co-finance the Conditional Cash Transfer Program (CCT) of the World Bank's Social Risk Mitigation Project for use in increasing school attendance for girls, improving pre-natal care, and raising child immunization rates.

Reduce Trafficking in Persons (\$600,000 ESF carryover). The assistance will support of efforts to reduce and mitigate trafficking in persons, including training workshops, shelter facilities for victims, a victims' repatriation program and a reintegration fund for victims. Grantee: International Organization for Migration (prime).

Increase Participation in Global Trade and Investment (\$400,000 ESF carryover). The assistance will be used to improve communication between American and Turkish businesses and enhance bilateral trade. Support for this program is also provided by the Union of Chambers of Commerce, Industry, Maritime Commerce and Commodity Exchanges of Turkey. Grantee: The U.S. Chamber of Commerce (prime).

**FY 2006 Program:** Protect and Increase the Assets and Livelihoods of the Poor During Periods of Stress (\$10,000,000 ESF). Funds are intended to support the ongoing World Bank anti-poverty programs and micro-credit programs.

**Performance and Results:** There was no USAID program in either FY 2003 or FY 2004 and therefore, there is no recent performance information.

## US Financing in Thousands of Dollars

Turkey

	DA	ESF
277-0410 Cash Transfer Program		
<b>Through September 30, 2003</b>		
Obligations	500	912,876
Expenditures	0	912,876

Unliquidated	500	0
<b>Fiscal Year 2004</b>		
Obligations	0	0
Expenditures	492	0
<b>Through September 30, 2004</b>		
Obligations	500	912,876
Expenditures	492	912,876
Unliquidated	8	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	10,000
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	10,000
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	10,000
Future Obligations	0	0
Est. Total Cost	500	932,876