

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 22 July 2020¹

**TURKEY COVID-19 EQUIPMENT EMERGENCY
RESPONSE**

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

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As per section 1.4.8 of EBRD's Directive on Access to Information (2019), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

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ABBREVIATIONS / CURRENCY CONVERSIONS

AIIB	Asian Infrastructure Investment Bank
CP	Condition Precedent
CPI	Consumer Price Index
DSCR	Debt Service Coverage Ratio
EPG	Economics, Policy and Governance
ESAP	Environmental and Social Action Plan
ESD	Environment and Sustainability Department
ESDD	Environmental and Social Due Diligence
EU	European Union
ESAP	Environmental and Social Action Plan
EUR	Euro
FOPC	Financial and Operational Planning Committee
FTE	Full-time equivalent
FX	Foreign Exchange
GoT	Government of Turkey
GDP	Gross Domestic Product
GET	Green Economy Transition
HTP	Health Transformation Programme
ICI	Intensive Care Unit
IFI	International Financial Institution
IsDB	Islamic Development Bank
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
MDB	Multilateral Development Bank
MEI	Municipal and Environmental Infrastructure
MoH	Ministry of Health
MoTF	Ministry of Treasury and Finance
MRV	Monitoring, Reporting and Verification
OCCO	Office of the Chief Compliance Officer
OGC	Office of the General Council
O&M	Operations and Maintenance
PEP	Politically Exposed Person
PIS	Project Implementation Support
PIU	Project Implementation Unit
PPAD	Procurement Policy Advisory Department
PPP	Public Private Partnership
PP&R	Procurement Policies and Rules
SME	Small Medium Enterprises
SSF	EBRD Shareholder Special Fund
SSI	Social Security Institution
STC	Standard Terms and Conditions
TC	Technical Co-operation
TI	Transition Impact
TRY	Turkish Lira
USHAS	International Health Services Company of Turkey
VAT	Value Added Tax
WHO	World Health Organization

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of the Republic of Turkey (the “Borrower”) for the benefit of the Ministry of Health (“MoH”), are submitted for consideration by the Board of Directors.

The facility will consist of a sovereign loan in the amount of up to EUR 130 million. The loan proceeds will be used by MoH to finance the purchase of hospital equipment required for public hospitals to fight the COVID-19 pandemic in Turkey.

The operation will reduce the funding gap of the Turkish Government’s Emergency Health Programme and will complement loans provided by other IFIs active in the country to fight the pandemic. The expected transition impact of the Project is derived from (i) the Resilient quality, as the Project will provide financing to strengthen the resilience of the public hospitals to the COVID-19 pandemic; and (ii) the Inclusion quality, as the Project will improve and upgrade the skills of healthcare professionals in Turkey to be able to meet the surge in demand from the COVID-19 crisis, and address the persistent shortfall in terms of human capital in the sector across the country.

TC support for this operation will (i) facilitate the timely and effective implementation of the Project; and (ii) support the design and implementation of a new skills development initiative and a comprehensive capacity building programme on gender for experts at national and provincial level. Both components will be accompanied by policy dialogue to adopt relevant legislation, strengthening skills and gender inclusion in the healthcare sector in a systemic and sustainable manner. Funding for the project implementation TC will be provided through the loan, while funding for the gender and inclusion TC will be sought predominantly from an international donor, with a small portion also funded through the loan.

I am satisfied that the operation is consistent with the Bank’s Strategy for Turkey, the Bank’s Municipal and Environmental Sector Strategy, the Economic Inclusion Strategy and the Bank’s Strategy for the Promotion of Gender Equality as well as with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed sovereign loan substantially on the terms of the attached Report.

Jürgen Rigterink
First Vice President, Acting President

BOARD DECISION SHEET

TURKEY – Turkey COVID-19 Equipment Emergency Response - DTM 52199	
Transaction / Board Decision	<p>Board approval² is sought for a sovereign loan of up to EUR 130 million to the Republic of Turkey (“Borrower”) represented by the Ministry of Treasury and Finance (“MoTF”), for the benefit of the Ministry of Health (“MoH” or “Beneficiary”), to finance the purchase of hospital equipment needed in public hospitals to fight the Covid-19 pandemic.</p> <p>Up to EUR 500,000 technical cooperation support will be provided to ensure (a) the successful implementation of the Project and (b) training development, capacity building and legislative reform on skills and gender. EUR 185,000 will be funded by the loan and the remaining funding will be sought from an international donor.</p>
Client	The Borrower is the Republic of Turkey, represented by the MoTF. The MoH will be the Beneficiary and the implementation body.
Main Elements of the Proposal	<p><u>Transition Impact:</u> Primary Quality – Resilient: as the Project will provide financing to strengthen the resilience of the public hospitals to the Covid-19 pandemic. The Bank’s involvement will allow the MoH both to respond more effectively to the current crisis and to prepare the hospital infrastructure for rapid response to future emergencies.</p> <p>Secondary Quality – Inclusive: as the Project will improve and upgrade pandemic-relevant skills of healthcare personnel in Turkey and strengthen the gender responsiveness of MoH policies and practices by implementing a large scale capacity building programme and adopting relevant legislation for the sector.</p> <p><u>Additionality:</u> The additionality is derived from the long term nature of the financing which is not available from commercial banks. [REDACTED]If financing was raised from capital markets, under the current market conditions, the price of such financing would be higher and the amount raised for Turkey’s overall COVID-19 recovery package would be reduced. The Project [REDACTED] is complementary to loans provided by other IFIs to fight the pandemic. Non-financial additionality is also derived from COVID-related skills development and gender equality reform commitments.</p> <p><u>Sound banking:</u> The loan is provided to the Sovereign.</p>
Key Risks	<ul style="list-style-type: none"> • Sovereign risk profile: Turkey is rated B+ (stable), B1 (negative) and BB- by S&P, Moody’s, and Fitch respectively. • Procurement Risks: Hospital equipment purchases will be made partly by direct contracting due to the emergency nature of the Project. EBRD’s Procurement Policies and Rules provide for direct contracting in emergency circumstances under Section 3.9 (e) and the Bank’s PP&R will apply to all contracts financed by the Bank. The Project will benefit from two additional TC-funded procurement specialists. • Equipment Risk: The type of equipment to be procured is standardised by the WHO across all countries. The key procurement risks have been identified and will be mitigated. • COVID-19 impact: The slowdown in economic activity due to the COVID-19 crisis will negatively impact the country’s GDP and the government’s tax revenues. The extent of the negative impact is currently unclear as Turkey is still experiencing unstable new numbers of confirmed COVID-19 cases. • Project Implementation: MoH will set up a PIU satisfactory to the Bank with adequate resources and suitably qualified personnel. The PIU’s implementation capacity will be enhanced by recruiting new procurement consultants to ensure successful implementation of the Project.
Strategic Fit Summary	The Project aims to support the government in increasing capacity of public hospitals across the country which will help the emergency response efforts against the COVID-19 crisis. This will, in particular, help the country prepare for a possible second wave. By strengthening the resilience of the hospitals to cope with the pandemic, the project will help the smooth recovery of the economy and resumption of private sector activity, lowering the risk of new restrictive measures. The project is consistent with the Bank’s Strategy for Turkey and the Bank’s Municipal and Environmental Sector Strategy . It furthermore complies with the Bank’s Economic Inclusion Strategy and the Bank’s Strategy for the Promotion of Gender Equality.

² Article 27 of the AEB provides the basis for this decision.

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	A sovereign loan of up to EUR 130 million to the Republic of Turkey (“Borrower”), represented by the Ministry of Treasury and Finance (“MoTF”). The Beneficiary will be the Ministry of Health (“MoH”), which is the implementation entity.
Existing Exposure	Total direct sovereign exposure: nil [REDACTED]
Maturity / Exit / Repayment	The loan tenor is up to 10 years [REDACTED].
Use of Proceeds	The loan proceeds will be used to finance the purchase of hospital equipment required in public hospitals in Turkey to fight the COVID-19 pandemic. The hospital equipment will be used in the newly constructed pandemic hospitals and existing public hospitals in Turkey. The use of proceeds is strictly defined to finance the equipment and TCs as stated in the procurement plan.
Investment Plan	EUR 200 million for the purchase of COVID-19 medical equipment as part of the Government’s Emergency Health Programme will be funded by EBRD and AIIB.
Financing Plan	[REDACTED]
Key Parties Involved	The Republic of Turkey as the Borrower. The MoH as the Beneficiary. AIIB as the parallel lender who will co-finance the Project.
Conditions Precedent to Signing the Loan Agreement	<ul style="list-style-type: none"> • [REDACTED] Due diligence on the PIU is completed to the satisfaction of the Bank. • Procurement due diligence is completed to the satisfaction of the Bank [REDACTED]
Conditions Precedent to Effectiveness of the Loan Agreement:	<ul style="list-style-type: none"> • The loan agreement shall be duly executed and delivered; • A Project Implementation Unit (PIU) with adequate resources and suitably qualified personnel, under terms of reference acceptable to the Bank to coordinate, manage, monitor and evaluate all aspects of the project implementation, including the procurement of goods for the Project, is established and operating.
Key Covenants	[REDACTED] The Borrower shall procure that the MoH adopts an updated bylaw on gender-related activities in the healthcare sector through close coordination with the Ministry of Family, Labour and Social Services of Turkey as well as the Presidential Office of Turkey in form and substance satisfactory to the Bank.
Security / Guarantees	Sovereign
Other material agreements	Standard Terms and Conditions for the Bank’ Sovereign Operations
Associated Donor Funded TC and co-investment grants/concessional finance	<p>Technical Cooperation (TC)</p> <p><u>Post-Signing:</u></p> <ul style="list-style-type: none"> • TC 1: Gender and Economic Inclusion: <p>Support to the MoH in developing action plans to (a) improve training provision for healthcare workers and adopt a new national skills standard; as well as (b) increase the capacity of its experts on gender policies and enhanced practices, and adopt a new bylaw promoting gender equality in the sector. The estimated cost of this assignment is EUR 350,000, of which 10 per cent will be</p>

	<p>funded by the loan as MoH's contribution to the TC and 90 per cent will be funded by an international donor.</p> <ul style="list-style-type: none"> TC 2: Project Implementation Support <p>The objective of this assignment is to facilitate the timely and effective procurement and implementation of all goods contracts required for the Project and the envisaged investment programme by providing assistance to the MoH and PIU. The estimated cost of this assignment is EUR 150,000, which will be funded by the loan.</p> <p>The donor funded portion of the Gender and Economic Inclusion TC assignment will be non-reimbursable as it is a transactional TC required to assist the MoH with institutional capacity building.</p> <p>The Client will make a parallel contribution to the Project by financing the cost of the Project Implementation Support TC and providing a 10 per cent contribution towards the cost of the Gender and Inclusion assignment from the proceeds of the loan. In addition, the MoH will also provide in-kind support in the form of office space, communication connections, etc. for the consultants to work, where appropriate.</p>
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[REDACTED]

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

To date, the Bank's involvement in the health sector has focused on financing private sector participation in healthcare service provision, production and distribution of medical supplies and equipment, health insurance and hospital PPPs for facilities management. However, the country is in need of an urgent response to enhance the hospital infrastructure capacity and preparedness for future waves of COVID-19; such preparedness will lessen the need for future restrictive measures and will alleviate economic impact.

As of 2 July 2020, Turkey registered 202,284 confirmed COVID-19 cases and 5,167 deaths. Since Turkey's first COVID-19 case was detected, on March 11, 2020, the Government gradually introduced a range of public health measures in line with WHO guidance, moving from hygiene guidance to the closure of major events, social venues, schools, and all major commercial outlets, and recommending physical distancing to curb transmission. Furthermore, the country has implemented testing, contact tracing, and isolating of cases in line with the WHO guidance. [REDACTED]

While testing is key to identifying the COVID cases, availability of equipment for diagnosis and treatment in public hospitals is necessary to alleviate the ongoing pandemic, as well as an expected second wave, as the country reopens its economic activities and international travel. As the pandemic is dynamic in nature, the country needs to enhance its hospital capacity to be sufficiently resilient and to avoid the re-introduction of tough restrictive measures which harm the private sector economic activity. [REDACTED]

The mobilisation of additional emergency hospital equipment, such as ventilators, monitors, X-ray equipment, CT scanners and other critical equipment is extremely important to increase hospital capacity, particularly in bigger cities like İstanbul, which has seen 60 per cent of the COVID-19 cases so far. The expansion of equipment availability in public hospitals, including the newly built pandemic hospitals in Istanbul, will contribute to fight the pandemic. As Istanbul is a major business and tourism hub, better hospital capacity there will contribute to a more confident post-pandemic business recovery. Equipment will also be provided to hospitals in more remote areas.

[REDACTED] Training more staff is necessary and MoH has recently announced its decision to hire an additional 32,000 healthcare workers for the sector. To truly boost human capital in the sector, essential factors are trainee selection, content and mode of training [REDACTED]. In this context, the development and implementation of skills standards can play a key role in assuring the quality and relevance of training and promoting best practices on a systemic level. The EBRD, through its Inclusion Policy Dialogue programme in Turkey, has accumulated significant experience in promoting skills standards in other, labour-intensive sectors of the Turkish economy and will be able to leverage this knowledge and existing collaboration with the Ministry of National Education (MoNE) to design new skills standard(s) for health workers.

Female hospital staff, who make up 85 percent of nursing personnel and 37 percent of doctors in Turkey, furthermore see their productivity affected by parallel caretaking responsibilities and frequent incidences of violence while working on the frontline. [REDACTED]

In addition, despite their large share in the workforce, women continue to be under-represented in decision making functions in hospitals and the healthcare sector as a whole.

While MoH used to be required by law to address gender issues in the sector proactively, the relevant legislation is [REDACTED] leaving many of the above mentioned challenges in the sector unaddressed. As part of the EBRD-financed project, an adoption of a new legislation is proposed.

The Ministry of Treasury and Finance of Turkey (“MoTF”) identified a funding need [REDACTED] to alleviate the impact of COVID-19 crisis. Its own funding priority is on immediate measures to revive the private sector and support the population. [REDACTED]

While funding for some of the immediate needs was initially provided by the government, the MoTF aims to optimize funding available from the limited number of IFIs active in Turkey to support the crisis response based on the involvement and past relationship of IFIs with the state owned banks and/or the ministries.

EBRD has a good relationship with MoH but very limited involvement with the state-owned banks (SOBs), while other IFIs, including World Bank, IsDB, AIIB, JBIC have flexibility and a track record of working with SOBs. [REDACTED]

EBRD’s support was requested as it has a good understanding of how MoH works, thanks to the Bank’s support to MoH in the development and improvement of bankable PPP hospital projects. The Turkish Government considers the involvement of EBRD with MoH for such emergency support as a complementary response to that of other IFIs. AIIB is considering participating in the programme alongside EBRD at the Bank’s suggestion.

The Bank’s proposed financing will not only be critical to the Turkish Government’s emergency response programme, but will also allow the Bank to promote skills development and gender equality in the healthcare sector to further increase the productivity of hospital staff and ensure an effective and safe response to the crisis. The Project will ensure the country’s preparedness for a possible second wave of COVID-19 by strengthening public hospital infrastructure capacity as part of the National COVID-19 Response Strategy and Pandemic Action Plan.

The Government has requested other IFIs active in Turkey to provide crisis response emergency support across a range of areas. [REDACTED]

The proposed Project meets the objective of Article 11.1(v) of the Agreement Establishing the Bank in the following manner:

1) Development of infrastructure:

The hospital equipment to be financed under the proposed project is needed to increase the capacity of Turkey’s public hospital infrastructure for COVID-19 treatment. It is critical to the proper functioning of this hospital infrastructure in the same way for

example, that port equipment (gantry cranes) financed by the Bank under its port projects are an essential component of port infrastructure.

2) Necessary for private sector development:

The private sector can fully contribute to the economy only if the health crisis is well addressed. While Turkey is re-opening its economy, the private sector business operations and their continuation are still highly vulnerable to the pandemic. To ensure a sustainable reopening, sufficient capacity to treat COVID-19 is needed to provide a sufficient level of response in case of new waves or other simultaneous emergencies.

The sustained opening of economic activity depends on the ability of the state to deal with possible subsequent waves of the COVID-19. Greater capacity will allow public hospitals to cope with a potentially higher number of COVID-19 patients, possibly necessitating softer restrictive measures and therefore smaller economic impact.

1.2 TRANSITION IMPACT

Primary Quality: Resilient

Obj. No.	Objective	Details
1.1	<i>The Project provides financing to respond more effectively to the current COVID-19 crisis and prepare the sector for rapid response to future emergencies.</i>	The Project will provide investment financing to the public sector to strengthen the resilience of the public hospitals to the COVID-19 pandemic. [REDACTED] The purchase of equipment will contribute to alleviating the diagnostic and treatment pressures in public hospitals as higher diagnostic capacity through expanded hospital equipment will allow for faster assessment of health outcomes. The purchased equipment will be utilised in the newly built pandemic hospitals in Istanbul, with the rest of equipment to be utilized across other public hospitals. 60 per cent of the cases were announced to be in Istanbul, with high numbers also observed in the surrounding industrial area (Kocaeli, Sakarya, Bursa). [REDACTED] Given Istanbul and the surrounding area's importance for the economy and the high incidence of COVID in the working-age population, supporting the equipment capacity in the new public hospitals will have a significant impact on the continuation of business operations of the private sector as it will contribute to alleviating the constant health threat.

Secondary Quality: Inclusive

Obj. No.	Objective	Details
2.1	<i>The Project will significantly improve policy practices and standards</i>	The Project will improve skills provision and gender equality in the Turkish healthcare sector by strengthening the regulatory environment and supporting the implementation of large scale training and capacity

		<p>building programmes in close collaboration between MoH and other relevant authorities such as the Ministry of National Education, the Ministry of Family, Labour and Social Services, as well as the Presidential Office.</p> <p>[REDACTED] On gender, EBRD will work with MoH and its Committee on Equal Opportunity for Women and Men to develop and strengthen the gender sensitivity of MoH's policies and practices, including by implementing a nation-wide capacity building programme to increase the number and qualifications of MoH experts on gender at central and provincial level. The Project will also lead to the adoption of an updated bylaw on gender-related activities in the healthcare sector through close coordination with the Ministry of Family, Labour and Social Services as well as the Presidential Office, mandating MoH to implement – through its strategies, budgetary allocations and staffing – targeted activities to address key barriers to gender equality in the sector, such as the unequal care burden, lack of career progression opportunities, and the pronounced risk of gender-based violence.</p>
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Delivery Risks:

The delivery risks are associated with the implementation capacity of MoH. [REDACTED] Therefore, the Bank has worked with MoH to familiarize it with its policies and procedures. Additionally, the TC assignment will provide procurement experts to support MoH in the implementation and monitoring of the Project.

1.3 ADDITIONALITY

Identified triggers	Description
No triggers identified	n/a

Additionality sources	Description of additionality sources
Financing Structure EBRD offers financing that is not available in the market from commercial sources on reasonable terms and conditions, e.g. a longer grace period than the market average, restricted foreign currency financing etc. Such financing is necessary to structure the project.	The Bank will provide long term financing for the procurement of vital medical equipment in public hospitals. Such long-term sovereign financing is not available from commercial banks. Turkey can only access long term foreign currency financing from capital markets at high rates and using such capital for hospital equipment will reduce amounts available for other COVID-19 response priorities.
Financing Structure EBRD investment is needed to close the funding gap. At the same time, EBRD does not crowd out other sources, such as from IFIs, government, commercial banks and/or complements them.	The funding need for the Government's crisis response is large [REDACTED]. EBRD's emergency financing for hospital equipment is additional to the financing

	provided by other MDBs, as will be the co-financing to be provided by AIIB.
Standard-setting: helping projects and clients achieve higher standards - Client seeks EBRD expertise on higher inclusion and gender standards and/or equal opportunities action plans.	<p>The Bank's emergency financing is highly complementary to the financing provided by other MDBs and will involve non-financial impacts through the COVID-related skills development and gender equality reform commitments [REDACTED].</p> <p>The Bank's involvement will help introduce improved training provision and standards for healthcare workers in Turkey and will strengthen MoH's capacity and the legal basis for the promotion of gender equality in the health sector.</p> <p>The Project is closely coordinated with the World Bank and will be implemented by MoH in accordance with the EBRD's standards. This coordination will ensure complementarity and potential knowledge sharing.</p>

1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
Credit risk	Medium/ Medium	<p>The proposed transaction is a sovereign loan to the Republic of Turkey, represented by the MoTF as the Borrower, for the benefit of MoH, the implementation entity.</p> <p>Turkey's credit profile is affected by the recent macroeconomic developments, especially the devaluation of TRY, higher inflation, political developments and market uncertainties. Turkey is rated B+ (stable), B1 (negative) and BB- by S&P, Moody's, and Fitch respectively. Despite the short-term negative outlook, Turkey has its strengths, including favourable GDP per capita, moderate public debt level, a young growing population, favourable demographics, vibrant private sector and resilient banking sector.</p> <p><u>COVID impact:</u> The slowdown in economic activity will negatively impact the country's GDP and the government's tax revenues. [REDACTED] The extent of COVID's negative impact is currently unclear; however, Turkey is preparing to take first steps to normalized economic activity in the upcoming months following a relatively successful central approach to control the spread of the virus in the first wave. [REDACTED]</p>
Implementation & performance risk	High/ Medium	<p>The purchase of hospital equipment under the Project will be partly through direct contracting by the Government due to the emergency nature of the situation. [REDACTED] The Project will be implemented by a PIU set up by MoH [REDACTED]. To complement the PIU's implementation</p>

		capacity, a TC for Project Implementation Support consisting of additional procurement specialist(s) is planned.
Environmental and Social Risk	Medium/Low	The Project is associated with specific environmental and social issues which can be addressed by prescribed mitigation measures. The Bank has undertaken environmental and social due diligence for the Project to define robust mitigation measures. As a result of the due diligence, an Environmental and Social Commitment Plan will be agreed with the government under the loan agreement to ensure the Project is structured to meet the Bank's requirements.

2. MEASURING / MONITORING SUCCESS

<i>Overall objectives of project</i>	<i>Monitoring benchmarks</i>	<i>Implementation timing</i>
On-time project implementation	Completion of the procurement of medical equipment according to the timeline and within the budget	[REDACTED]
Compliance with design standards	Progress reports, procurement and environmental audits, supervision reports, as covenanted in the Loan Agreement	[REDACTED]

Primary Quality: Resilient

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
1.1	Physical capacity of the client modernised	The loan is utilised to modernise the quality of physical infrastructure in the hospitals	[REDACTED]	[REDACTED]	[REDACTED]
1.2	Net increase in access to infrastructure	Extension of infrastructure as measured by increase in the available capacity. Equipment will be installed in the newly built Yesilkoy and Sancaktepe pandemics hospitals in Istanbul, [REDACTED] setting the lower bound for increase in access to infrastructure. MoH may utilize the additional equipment in public hospitals across the country, depending on the changing conditions.	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Inclusive

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
2.1	Tailored training programme developed and implemented [skills]	MoH will develop and implement a new training programme for healthcare personnel focusing on pandemic-relevant skills.	[REDACTED]	[REDACTED]	[REDACTED]
2.2	Legal, institutional or regulatory frameworks in target areas improved [skills]	MoH will work with the relevant authorities to adopt at least one new national skills standard relevant to the pandemic crisis.	[REDACTED]	[REDACTED]	[REDACTED]
2.3	Tailored training programme developed and implemented [gender]	MoH will develop and implement a new capacity building programme for its experts at national and provincial level on gender.	[REDACTED]	[REDACTED]	[REDACTED]
2.4	Legal, institutional or regulatory frameworks in target areas improved [gender]	MoH will work with the relevant authorities to adopt a new and updated bylaw on gender activities in the healthcare sector.	[REDACTED]	[REDACTED]	[REDACTED]

3. KEY PARTIES

3.1 BORROWER: THE REPUBLIC OF TURKEY (REPRESENTED BY MoTF)

The proposed transaction is a sovereign loan to the Republic of Turkey, represented by the MoTF. Please refer to the sovereign risk assessment in Section 5.1 for more information on the Borrower.

3.2 BENEFICIARY: MoH

MoH is responsible for proposing and executing the government policy on health, planning and providing healthcare and protecting patients. The MoH is headed by the Minister of Health. The current Minister is Dr. Fahrettin Koca, serving in office since 10 July 2018.

The Decree-Law 663 regulates organization, duties, powers and responsibilities of the MoH and affiliated institutions. The duty of the Ministry is to ensure complete physical, mental and social wellbeing for all. Please refer to the Annex 2 for more information on the Ministry of Health.

4. MARKET CONTEXT

Turkey's Health Transformation Programme ("HTP") was put in place in 2003 to tackle inequality of access to healthcare services across the country through implementation of various major reforms. All public facilities were merged under MoH responsibility in 2005; the financing of health care services underwent a major restructuring – five social security funds were merged in a newly created Social Security Institution ("SSI"); a pilot family practitioner was introduced and extended to cover the whole population by end 2010; and the HTP aimed at increasing the administrative and financial autonomy of hospitals.

The Programme aims to upgrade Turkey's insufficient healthcare infrastructure, bring together small hospitals under one campus and increase service quality and efficiency. The construction and upgrade of integrated health campuses through the PPP model is one of the most significant innovations under the HTP. Following the enactment of this legislation, the MoH launched a number of health PPP projects all around Turkey, of which some were financed by the Bank. [REDACTED].

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL ANALYSIS OF THE BORROWER

[REDACTED]

5.2 FINANCIAL HIGHLIGHTS OF MoH

[REDACTED]

5.3 PROJECTED PROFITABILITY FOR THE BANK

[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised B under 2019 ESP. Environmental & Social Due Diligence (ESDD) has been carried out internally in accordance with ESD COVID-19 approach. ESDD included review of the World Bank documentation on their preceding similar project with the MoH (Turkey Emergency COVID-19 Health Project), discussions with the World Bank on their approach and findings from their ESDD; information received from the MoH for the completion of the ESDD Questionnaire; review of on-line information on the MoH website and the Turkish Medical Association website; and discussions with MoH's Project Management & Support Unit (PMSU).

The ESDD showed that the Bank's financing of MoH's procurement of ventilators, ICU monitors and other emergency equipment have limited environmental and social impacts. It also showed that MoH's comprehensive COVID-19 response strategy & Pandemic Action Plan by testing, contact tracing and isolating the cases have been effectively in line with the WHO guidance. The Bank's project will support the WHO policy recommendation to strengthen ICU capacities to treat seriously ill COVID-19 patients. The ICU equipment and others to be procured under this project will be derived from priority needs of MoH's Pandemic Hospitals, WHO priority medical devices in the context of COVID-19 and the World Bank advisory. The Project will comply with international standards including relevant WHO guidelines and EU standards as well as EBRD PR including Antibiotics Stewardship defined by EBRD Performance (PR) 4.

As the Project does not involve any new construction but only procurement of medical equipment for already constructed hospitals, it is not associated with resettlement and economic displacement, bio-diversity and cultural heritage issues and it is not required to go through Turkish EIA procedures. Key environmental issues associated with the project is medical waste management and wastewater treatment. Medical waste in Turkey is treated at off-site medical incinerators and autoclaving facilities with official recording & tracking systems.

Wastewater is discharged into municipal wastewater collection systems to be treated in a wastewater treatment plant in compliance with Turkish law. MoH has asserted that the country's medical waste treatment capacities are still sufficient under the COVID-19 situation. The Project does not define location and facility-specific workforce in relation to labour and Occupational Health & Safety (OHS) issues. Therefore, the ESDD has considered the health and safety issues concerning the healthcare workers handling ICU equipment and diagnostic equipment to be procured under the project in public hospitals.

The existing Environmental and Social Commitment Plan (ESCP) and Stakeholder Engagement Plan (SEP) developed for WB's Turkey Emergency COVID-19 Health

Project and to be implemented by PMSU are comprehensive. The development of an E&S Management Framework (ESMF) by the World Bank is at its final stage to be implemented by the concerned healthcare facilities under their loan. EBRD will require the same robust E&S management requirements to apply for the hospitals covered under this project.

Given the wider workforce and numeral healthcare facilities subject to the project impacts, the ESMF in the ESCP provides an overarching management structure to adequately cover the issues. The ESMF includes (i) an Infection Control and Waste Management Plan (ICWMP); (ii) Labour management procedures (LMP) addressing labour risks associated with the project including specific occupational health and safety (OHS) for healthcare workers (including facility management workers) to protect themselves and prevent infection while providing treatment in line with the World Health Organization (WHO) guidelines; (iii) mitigation measures during collection of samples and laboratory testing for COVID-19 or during the transport of potentially affected samples or persons in line with WHO guidance (iv) mitigation measures for water, sanitation, hygiene and waste management for COVID-19 in line with WHO guidance; (v) measures to prevent the wider community to be exposed to the virus, with a particular focus on high-risk individuals.

Under the ESMF, each concerned healthcare facility will apply infection control and waste management planning following the requirements in accordance with Good International Practices including relevant WHO guidelines and EU standards as well as Antimicrobial Stewardship. The SEP has identified key stakeholders as well as has set itself as a key instrument for outreach to the community at large on issues related to social distancing, higher risk demographics, self-quarantine, and quarantine, and citizen participation. It is critical that these messages be widely disseminated, repeated often, and clearly understood. MoH has a free hotline through a call center which is 7/24 available and accessible from everywhere in the country. MoH has also been using this as a Grievance redress mechanism for people to raise concerns, requests related. It serves both the health workers as well as the wider public on questions, health emergency situation, grievances and other requests related with health services. An email address has also been set specially to receive concerns from MoH employees. The ESCP & SEP have been disclosed to the public on MoH's website.

EBRD will monitor the Project through reviews of annual environmental & social reports and periodic lender supervisor reports as well as site visits, as necessary.

6.2 INTEGRITY

In conjunction with OCCO, integrity due diligence was undertaken on the executives of the Ministry of Treasury and Finance (as the Borrower), Ministry of Health (as the implementation body), as well as of the MoH's International Health Services Company ("USHAS"), which will be responsible for the implementation of direct contracting; and other key officials.

[REDACTED] The involvement of PEPs is to be expected in a sovereign transaction. No evidence of wrongdoing or conflicts of interest have been identified.

All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been undertaken with respect to the project, and the project files contain the integrity checklists and other

required documentation which have been properly and accurately completed to proceed with the project.

ANNEXES TO OPERATION REPORT

ANNEX 1	Borrower Financial Highlights
ANNEX 2	Ministry of Health
ANNEX 3	Project Implementation

ANNEX 1 – BORROWER FINANCIAL HIGHLIGHTS

[REDACTED]

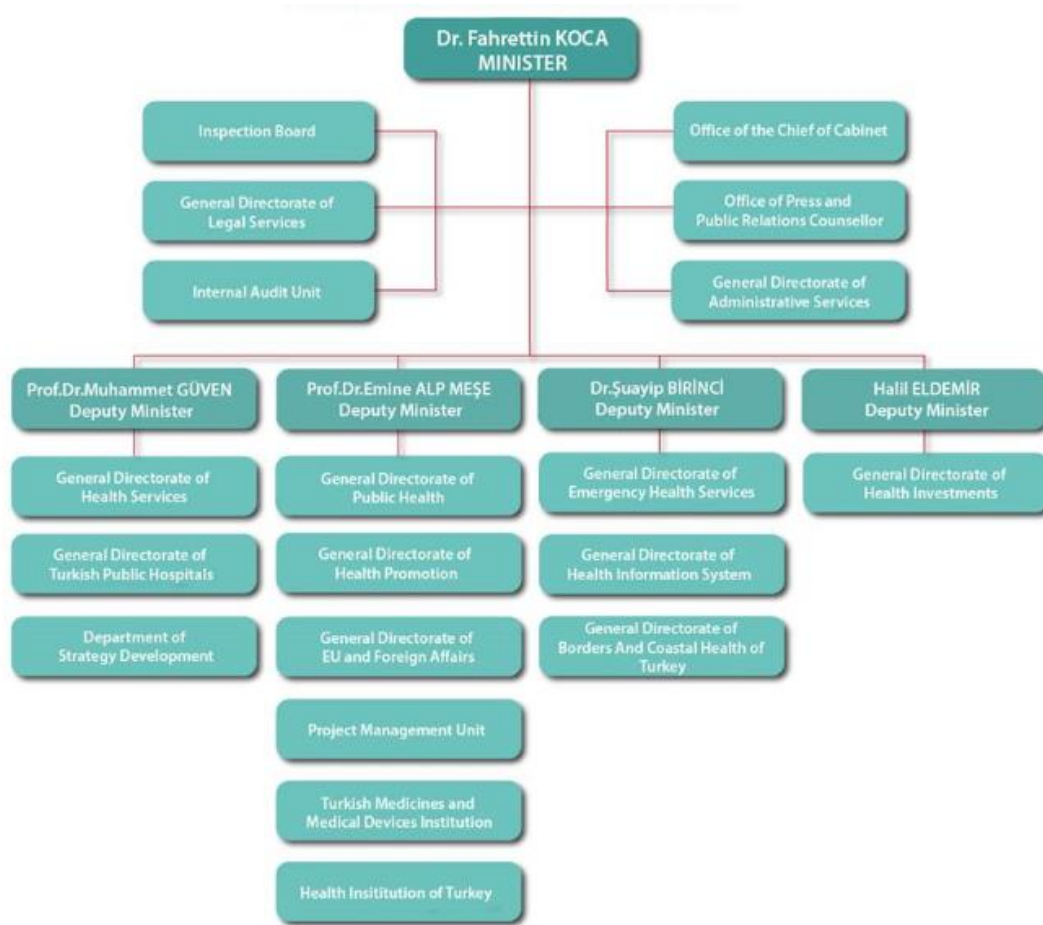
ANNEX 2 – MINISTRY OF HEALTH

The Decree-Law 663 regulates organization, duties, powers and responsibilities of the Ministry of Health and affiliated institutions. The duty of the Ministry is to ensure complete physical, mental and social wellbeing for all.

In this context, the Ministry administers the health system and sets health policies in order to:

- a) protect and improve public health and reduce and prevent disease risks,
- b) carry out diagnostic, curative and rehabilitative services,
- c) prevent entry of public health risks of international concern into the country,
- d) improve health training and research,
- e) ensure availability, accessibility and affordability of reliable and quality drugs, special products, substances subject to national and international control, active and inactive ingredients used in the production of pharmaceuticals, cosmetics and medical devices,
- f) achieve high-quality and efficient healthcare around the country by generating savings in and improving efficiency of the workforce and financial resources, distributing health workforce evenly across the country and ensuring collaboration with all stakeholders,
- g) plan and expand public and private health facilities at national level.

Ministry's Organizational Chart



Turkey's Health Transformation Programme

The Health Transformation Programme was developed and announced in early 2013 by the MoH. The Health Transformation Programme included targeted reforms under 8 themes including enabling the MoH as the planner and supervisor, the Universal health insurance benefitting all citizens, an extensive and accessible healthcare system etc.

Patients stranded in hospitals for failing to pay the bills became a thing of the past as the main concern was the provision of social insurance and Universal Health Insurance. After addressing the emergency transportation issues, demands were now focused on qualified intensive care unit beds in sufficient numbers. [REDACTED]

ANNEX 3: PROJECT IMPLEMENTATION

Procurement classification – *Public (sovereign)*

[REDACTED] As the client has no previous experience with the EBRD, it has already been anticipated to provide appropriate procurement support to the PIU through two procurement consultants recruited by the Bank under TCs. In addition an independent medical/health expert will be recruited to verify and confirm the accuracy of the grounds for direct contracting as well as compliance with the specific requirements when proceeding to direct contracting in terms of selection of the supplier and price for the identified goods.

Procurement arrangements:

The goods, financed from the Bank's loan, will be procured following open tendering procedure or direct contracting when duly justified, in accordance with the requirements of the Bank's Procurement Policies and Rules (PP&R) for public sector operations. EBRD STD will be used for open tender and the Bank standard contract for Goods will be used for direct contracting. All contracts shall incorporate the Bank's standard provisions covering prohibited practices and a joint EBRD-AIIB Covenant of Integrity duly signed.

MoH will set up a PIU satisfactory to the Bank [REDACTED]. It will be the PIU's responsibility to coordinate, manage, monitor and evaluate all aspects of the EBRD Project implementation, including the procurement of goods and related services for the Project. The Client does not have any previous experience with EBRD PP&R neither EBRD STD, and a limited experience with MDBs procurement. To ensure compliance with EBRD PP&R and appropriate use of EBRD procedure using STD, a PIU Support consisting of two additional procurement specialists and one medical expert will be in charge of providing support to the project procurement processes. PPAD will be involved in the consultant recruitment process by reviewing the applicable TORs. No procurement activity will be initiated until the PIU is approved by PPAD and fully functioning with the support of the Consultants.

To ensure that direct contracting is proceeded as per EBRD PP&R, the independent medical expert will verify and need to confirm the accuracy of the grounds for direct contracting as well as compliance with the specific requirements when proceeding to direct contracting in terms of selection of the supplier and price for the identified goods. All procured goods, either under competition process or direct contracting will be subject to a pre-shipment independent inspection.

The PIU will use EBRD Client e-Procurement Platform (ECEPP) for all procurement processes including direct contracting, since ECEPP use is mandatory for all projects. A first presentation was delivered to the Client together with the PP&R. Once the PIU will be appointed and the Consultants will have joined, the Bank will provide an ECEPP training to the Client, in particular the members who will be conducting the procurement processes. It is recommended to also publish all contract related information in the local media and platforms, including direct contracts to allow public scrutiny. Publication shall give access to the information to all stakeholders and beyond.

A draft Procurement Plan (PP) was presented by the Client that has not been approved yet by the Bank. The approval of the PP is subject to the discussion with the project's medical expert. Each lot of the contracts to be procured either through competitive process or directly, is subject to the confirmation of the medical expert that it is COVID-19 related and the accuracy of direct contracting grounds. All contracts will be subject to prior review by the Bank, direct contracting will be subject to selective review.

The PIU Consultant Services Contracts are yet to be initiated. The intention is to finance this contract through the Loan.

It has also been planned to include a contract covering Gender and Inclusion Support jointly co-financed by the Loan and an international donor [REDACTED].

All consultancy contracts will be procured in line with the requirements of the Bank's PP&R Section 5. [REDACTED].