

Türkiye PMIF Carbon
Market Development
Project

Stakeholder Engagement Strategy Plan

Project ID P180248

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ABBREVIATIONS

BDDK: Banking Regulation and Supervision Agency
BIST: Borsa Istanbul Joint Stock Company
CCO: Climate Change Office of Türkiye
CIMER: Presidency's Communication Centre
CMB: Capital Markets Board
COP: Conference of the Parties
CPF : Country Partnership Framework
CPI: Carbon Pricing Instrument
DEİK: Foreign Economic Relations Board
EÇBS: Environmental Information System
EPIAŞ: Energy Exchange Istanbul
ERCST: European Roundtable on Climate Change and Sustainable Transition
ESF: Environmental and Social Framework
ESCP: Environmental and Social Commitment Plan
ESS: Environmental and Social Standards
ETS: Emission Trading System
EÜD: Electricity Producers Association
GHG: Greenhouse Gases
GM: Grievance Mechanism
GUID: Fertilizer Manufacturers Importers and Exporters Association
IDUKK: Climate Change Adaptation Coordination Board
IKV: Economic Development Foundation
KOSGEB: Small and Medium Industry Development and Support Administration
MoEUCC: Ministry of Environment, Urbanization and Climate Change
MKK: The Central Securities Depository of the Turkish Capital Markets
MRV: Monitoring, Reporting and Verification
MUSIAD: Independent Industrialists' and Businessmen's Association
NGOs: Non-Governmental Organisations
PESTEL: Political, economic, social, technological, environmental, and legal factors
PIU: Project Implementation Unit

PLR: Performance and Learning Review
PMI: Market Implementation Partnership Program
PMIF: Partnership for Market Implementation Facility
PMR: Market Readiness Partnership Program
SBSTA: Subsidiary Body for Scientific and Technological Advice
SBI: Subsidiary Body for Implementation
SEP: Stakeholder Engagement Plan
SKD: Business Council for Sustainable Development Türkiye
SWOT: Strengths, Weaknesses, Opportunities, and Threats
TAKASBANK: Istanbul Settlement and Custody Bank Inc
TALSAD: Turkish Aluminum Industrialists Association
TCMB: The Central Bank of the Republic of Türkiye
TEPAV: Economic Policy Research Foundation of Türkiye
TIKA: Turkish Cooperation and Coordination Agency
TIM: Turkish Exporters Assembly
TMB: Turkish Contractors Association
TOBB: Union of Chambers and Commodity Exchanges of Türkiye
TSE: Turkish Standards Institute
TSKB: Industrial Development Bank of Türkiye
TTGV: Technology Development Foundation of Türkiye
TURKAK: Turkish Accreditation Agency
TURKÇİMENTO: Turkish Cement Manufacturers Association
TURKONFED: Turkish Enterprise and Business Confederation
TUSIAD: Turkish Industrialists and Businessmen Association
TÜBİTAK BİLGEM: Informatics And Information Security Research Center
UN: United nations
VCM: Voluntary Carbon Market
VER: Verified Emission Reduction
WB: The World Bank
YASED: International Investors Association

1 INTRODUCTION:

This Stakeholder Engagement Plan (SEP) is prepared for “Türkiye Partnership for Market Implementation Facility (PMIF) Carbon Market Development Project” in line with the Environmental and Social Standard (ESS) 10 Stakeholder Engagement and Information Disclosure of the WB’s Environmental and Social Framework (ESF). The SEP will focus on securing preparedness and raising support for the Emission Trading System (ETS) and other carbon pricing instruments among stakeholders. This will be achieved through the development and implementation of a communication plan, delivering training, conducting seminars, workshops, and conferences.

The Article 6 support, which enables countries to voluntarily cooperate with each other to achieve emission reduction goals set out in their Nationally Determined Contributions, will focus on the development of a policy roadmap for Türkiye on this issue and capacity building for all relevant staff in preparation to the United Nations (UN) negotiations will be provided. This means that a nation (or countries) will be allowed to transfer carbon credits gained through the reduction of GHG emissions in order to assist one or more countries in meeting climate objectives under Article 6.

Lastly, to ensure the consistency between the development of the ETS and Just Transition policies, support will be given to carry out a comprehensive study on the social impacts of the ETS. In the Green Deal Action Plan of Türkiye, one of the actions is towards establishing a national carbon pricing mechanism. Besides, one of the main recommendations of the Climate Council was to establish a national ETS in Türkiye by 2024, starting with a pilot phase. Central parameters of the ETS are being planned to be set out in the national Climate Change Law. While the outcome of this legislative process will determine key design and implementation choices for the ETS and establish its broader legal and institutional framework, a number of operational details will be planned to be specified in subsequent by-laws and circulars containing further rules and technical guidance. Carbon Pricing Instruments (CPIs) provide an incentive to decarbonize energy-intensive industries and to switch to cleaner fuels. This transition will entail deep structural changes in the economy, including adjustments and relocation of entire industries, and some industries may face adverse consequences as others grow and new industries emerge. Thus, a crucial part of making carbon pricing policies successful is ensuring a 'just transition' for those negatively affected. A Just Transition tackles the social impacts of the green transition and green policies such as carbon pricing, making sure that no one is left behind.

2 PROJECT SUMMARY:

The main objective of the “Türkiye PMIF Carbon Market Development Project” will be to support the Government of Türkiye in developing and launching carbon pricing instruments, notably ETS, and capacity for Article 6 mechanisms. Considerations regarding other carbon pricing instruments (CPI’s), such as a carbon tax and a domestic crediting mechanism, are also given under the scope of the Partnership for Market Implementation (PMI) program.

The PMI project is in line with the World Bank’s (WB) FY18-FY21 Country Partnership Framework (CPF) for Türkiye which was initially designed to cover the FY18–21 period but has been updated and extended to include FY22–23 through the Performance and Learning Review (PLR). The PMI project directly supports Objective 9 of the extended CPF which is “climate action”. The following activities are planned under Türkiye PMIF Carbon Market Development Project;

Activity 1. Carbon Pricing in Country's Development Policy Mix (includes identification of interactions between carbon pricing alternatives and existing legislation, policies and institutions, recommendations for carbon pricing policies to be integrated into country's development policy framework),

Activity 2. Political commitment, capacity building and supporting structures for Carbon Pricing Implementation (includes support for decision-making process regarding carbon pricing instrument (CPI) by developing a work program for design and implementation phases, development of a roadmap and timeline for CPI implementation including roles and responsibilities of institutions) through a consultative process,

Activity 3.1 National Emission Trading System (ETS) (includes review of existing legislation and PMR Projects' outputs, outlining design options for the ETS, development of emissions intensity benchmarks for all ETS sectors, support in preparation of draft ETS Legislation, modelling of economic impacts of the ETS, supporting the registry development, implementation of ETS Pilot, preparation for the implementation of ETS Phase I),

Activity 3.2 Carbon Tax (includes assessment of expanding carbon pricing to include a carbon tax mechanism, support for preparation of draft legislation for carbon tax),

Activity 3.3 Domestic Crediting Mechanism (includes design of a domestic crediting mechanism, development of draft primary and secondary legislation, standards & methodologies for selected sectors, implementation of crediting mechanism, including guidance documents),

Activity 4.1 Cross-Cutting Activities for Carbon Pricing and Markets (includes development of a Communication Strategy for carbon pricing including a publicity and visibility program for PMI components, development of stakeholder engagement and capacity building for domestic carbon pricing),

Activity 4.2 Article 6 (includes development of potential roadmaps for Türkiye on Article 6 mechanisms considering updated policies and information),

Activity 4.3 Just Transition (includes development of a Just Transition Strategy and Action Plan for carbon pricing instruments).

3 OBJECTIVES OF THE STAKEHOLDER ENGAGEMENT PLAN:

The overall objective of this Stakeholder Engagement Plan (SEP) is to define a program for stakeholder engagement throughout the implementation of the PMI Program, including disclosure and consultation. The SEP identifies different groups of interested and affected stakeholders and approaches to reach these groups. In general, SEP serves the following purposes: i) stakeholder identification and analysis; (ii) indicating interaction methods and tools; and (iii) defining the roles and responsibilities of the different actors in implementing the plan; (iv) establishment and implementation of a grievance mechanism (GM); and (v) monitoring and reporting arrangements. The Stakeholder Engagement Plan outlines how to communicate with stakeholders under the PMI Program and includes a mechanism where interested parties and organizations can raise concerns, provide feedback or raise complaints about the Carbon Market Implementation Partnership program.

Stakeholder engagement is an important component of this program, and the Project Implementation Unit (PIU), both within the scope of the previous Market Readiness Partnership Program (PMR), and as a result of the activities of the National Carbon Pricing Specialized Working Group formed under the Türkiye's Green Deal Action Plan Working Group. Specialized Working Group has an extensive list of focal points across various stakeholder groups. In this implementation process, it is expected that the Project Implementation Unit (PIU) will reach as many institutions and organizations as possible by further developing relations with stakeholder groups. This will ensure that the success of awareness raising activities continues and will make it easier for these activities to reach as wide an audience as possible. It is anticipated that the PIU will continue to grow its stakeholder Focal Point list.

4 REGULATORY CONTEXT:

4.1 Türkiye Requirements for Stakeholder Engagement

In the regulations of the Constitution of the Republic of Turkey, stakeholder participation is guaranteed by the Constitution. The constitution contains provisions that ensure that people can freely express their views. In accordance with the article "Freedom of thought and opinion", which is the 25th article of the Turkish Constitution, everyone has the freedom of thought and opinion. For whatever reason and purpose, no one, thought and cannot be compelled to express his opinions; cannot be condemned or blamed for his thoughts and convictions.

As emphasized by the "Freedom of Expression and Dissemination of Thought (Article 26 of the Turkish Constitution)"; everyone has the right to express and disseminate their thoughts and

opinions individually or collectively through words, writings, pictures or other means. This freedom includes the freedom to receive or impart information or ideas without the interference of official authorities. At the same time, everyone has the "Right to Petition" (Article 74 of the Turkish Constitution). Accordingly, citizens and foreigners residing in Turkey, on the condition of reciprocity, have the right to apply in writing to the competent authorities and the Turkish Grand National Assembly regarding their wishes and complaints regarding themselves or the public.

In the Environmental Law No. 2872, under the title of Purpose, Definitions and Principles Purpose, "Article 1; The purpose of this Law is to ensure that the environment, which is the common property of all living things, is protected in line with the principles of sustainable environment and sustainable development. In addition, Article 30 titled "Right to information and application"; "Anyone who is harmed or aware of an activity that pollutes or degrades the environment can apply to the relevant authorities and request that the necessary measures be taken or the activity to be stopped. Everyone has the right to access information about the environment within the scope of the Law on the Right to Information No. 4982 dated 9/10/2003. However, requests regarding information that would harm environmental values such as breeding areas and rare species, if disclosed, may also be rejected within the scope of this Law.

Law on the Exercise of the Right to Petition Citizens of the Republic of Turkey have the right to apply to the Grand National Assembly of Turkey with a written petition pursuant to Article 3 of the Law on the Exercise of the Right to Petition, based on their requests and complaints (Official Gazette dated 01.11.1984 and numbered 3071). Foreigners living in Turkey also have this right, provided that they use the Turkish language in their reciprocity and petitions.

The Environmental Impact Assessment Regulation (Official Gazette dated 25.11.2014 and numbered 29186) prepared in the context of Article 10 of the Environmental Law (Official Gazette dated 11.08.1983 and numbered 18132) aims to organize a public participation meeting aiming to inform and consult the public about the project.

4.2 World Bank Requirements for Stakeholder Engagement

The World Bank's Environmental and Social Framework (ESF) entered into force on 1 October 2018. Beneficiary and project stakeholders as a key element of good international practice" ESS10 emphasizes that effective stakeholder engagement can significantly increase the environmental and social sustainability of projects, increase project acceptance and contribute significantly to successful project design and implementation.

As defined by the 2018 ESF and ESS10, stakeholder engagement is an overarching process that runs throughout the project lifecycle. When properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for the successful management of a project's environmental and social risks. Key elements of ESS10 include:

"Stakeholder engagement is most effective when initiated at an early stage of the project development process and is an integral part of early project decisions and project evaluation, management and monitoring."

Beneficiaries will engage with stakeholders throughout the project lifecycle, initiating such engagement as early as possible in the project development process and within a timeframe that allows for meaningful consultation with stakeholders on project design. The nature, extent and frequency of stakeholder engagement will be commensurate with the nature and scale of the project and its potential risks and impacts.

Beneficiaries will engage in meaningful consultation with all stakeholders. Beneficiaries will provide stakeholders with timely, relevant, understandable and accessible information and consult with them in a culturally appropriate manner without manipulation, interference, coercion, discrimination and intimidation.

The stakeholder engagement process, as further detailed in this ESS, will include: (i) stakeholder identification and analysis; (ii) planning how to engage with stakeholders; (iii) disclosure of information; (iv) consultation with stakeholders; (v) handling and responding to complaints; and (vi) reporting to stakeholders.

As part of the environmental and social assessment, the beneficiary shall maintain and disclose a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons for its absence.

Beneficiaries are required to develop a SEP commensurate with the nature and scale of the project and its potential risks and impacts. Stakeholders should be identified and the SEP should be disclosed for public review and comment as soon as possible before the project is evaluated by the World Bank. ESS10 also requires the development and implementation of a grievance resolution mechanism that allows project affected parties and others to raise concerns and provide feedback.

5 STAKEHOLDER IDENTIFICATION

5.1 Project Stakeholders:

Project Stakeholders are individuals/ institutions/ Non-Governmental Organisations (NGOs) who have a role in, or may be affected by, or are interested in the project. In the PMI project, it is planned to categorize the stakeholders as affected parties, other interested parties and vulnerable groups

5.1.1 Stakeholder Categories

Stakeholder identification is an important step in managing the overall stakeholder engagement process and reduces the risk of a particular stakeholder group becoming dominant in the consultation process. It should be performed as early as possible in the project life cycle, taking into account the dynamics between stakeholders and the risks and opportunities of their involvement in the Project. Stakeholder identification is based on the level of interest of the stakeholders and their interaction with the project. According to ESS 10, the project stakeholders are categorized under three groups:

- Project-affected parties refer to individuals or groups who are affected or likely to be affected by the project because of actual impacts or potential risks to their physical environment, health, security, cultural practices, well-being, or livelihoods.

- Other interested parties (OIPs) refer to individuals or groups who may have an interest in the project because of the project location, its characteristics, its impacts, or matters related to public interest. For example, these parties may include regulators, government officials, the private sector, the scientific community, academics, unions, women’s organizations, other civil society organizations, and cultural groups.
- Vulnerable/Disadvantaged Individuals/Groups refer to individuals or groups who because of their particular circumstances may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project’s benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.

5.1.1.1 Affected Parties

The affected parties, individuals and groups, will likely be exposed to a direct or indirect carbon price. These are categorized as facilities and consumers;

- **Facilities:** The carbon price, as a result of the implication of the emission trading system, affects facilities covered by the emission trading system in terms of the increased cost of carbon-intensive inputs and processes, stimulating facilities to switch to lower-carbon production processes and to invest in carbon-intensity reduction technologies. On the other hand, the increased cost of the production process may affect some facilities’ international economic competitiveness. Therefore, it is better to consider the potential economic impacts of the emission trading system on facilities.
- **Consumers:** Higher final costs for industrial products with a large carbon footprint would influence consumers and encourage them to choose less carbon-intensive alternatives. As a result, the implication of a carbon price indirectly affects the behaviors of consumers.

5.1.1.2 Other Interested Parties

Other Interested Parties may include individuals/groups/entities that may not experience direct impacts from the Project but who may consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way. Other interested parties are categorized under four different groups such as financial institutions and banks, internal government policy-makers, other government agencies, and non-governmental organizations (associations, assemblies, academics). The duties of these parties are explained in Section 5.4 Preliminary List of Project Stakeholders.

- **Finance Institutions and Banks:** Operations of some components of ETS such as the registry system, performing market surveillance, etc. are conducted by these institutions.
- **Internal Government Policy-Makers:** The relevant Turkish ministries must work closely together to introduce and implement well-functioning ETS.

- **Other Government Agencies:** These organizations will contribute to the implementation of the ETS by undertaking research to keep the system operating efficiently.
- **Non-Governmental Organizations:** In addition to governmental agencies, these organizations provide coordination and information sharing among mainly private sectors and universities.

5.1.1.3 Vulnerable Groups

The introduction of an emission trading system stimulates emission-intensive sectors to adopt low-carbon technologies in their production process. Therefore, this transition could cause adverse issues for those who have spent their entire careers working in the emission-intensive sectors.

5.2 Stakeholder Engagement Methodology

5.2.1 Principles

To meet best practice approaches, the following principles of stakeholder engagement form the basis of SEP: Openness and lifecycle approach: public consultations for all development initiatives throughout the entire lifecycle, conducting them openly, without external manipulation, interference, coercion or intimidation should be regulated;

Informed participation and feedback: information must be provided and widely disseminated among all stakeholders in an appropriate format; Opportunities should be provided for communicating stakeholder feedback, analyzing and addressing comments and concerns, improving management decisions based on public feedback (where relevant), as well as building long-term relationships;

Inclusiveness and responsiveness: stakeholder identification is needed to support better communication and build effective relationships.

5.3 Stakeholder Engagement to date

To date, many studies have been carried out in Türkiye that can be considered as a basis for the Emissions Trading System, and all of them have given importance to the participation, opinions and mutual consultations of the stakeholders. Stakeholder engagement activities, to date, are summarized in table below.

Place and type of engagement	Date	Participants	Key issues discussed
Six stakeholder meetings during the 1 st Phase under PMR Türkiye, in Ankara and İstanbul, Türkiye	March 29, 2018 April 12, 2018 November 27, 2018 November 11, 2019 November 12, 2019 November 29, 2019	Ministry of Environment, Urbanization and Climate Change (MoEUCC), 200 C level participants (High Level Executives such as CEO), high level executives from public institutions, private sector, academia, NGOs and media	PESTEL (Political, Economic, Social, Technological, Environmental and Legal factors) analysis was completed in December 2019. PESTEL analysis clarifies the relevant national context and communications decisions including the values and priorities of the targeted audiences, the design of statements and narratives.
Türkiye's first Climate Council, Konya, Türkiye	February 21-25, 2022	Private and public institutions, universities, NGOs	Within the scope of the Council, it is aimed to deal with all aspects of climate change, which deeply affects our country and the world, to create special working groups on climate change, to contribute to the determination of medium and long-term strategy targets, and to take the opinions and suggestions of stakeholders and finally to come up with recommendations.
Public-Private Sector Consultation Meetings in PMI Proposal Preparation Process, Online Meeting	May 17, 2022 May 20, 2022	CCO of Türkiye, European Roundtable on Climate Change and Sustainable Transition (ERCST), approximately 46 participants from possible private sectors in ETS coverage and relevant public institutions	<ul style="list-style-type: none"> - Determination of ETS Scope - Defining Legal Legislation for ETS Establishment - Identifying Tools Required for ETS Design - Determining the Impact of the ETS on the Market - Evaluation of Other Market Based Instruments
PMI Stakeholder Meetings, Mövenpick Otel, Türkiye	May 25, 2022	Relevant Ministries of Türkiye such as Energy and Natural Resources, Forestry and Agriculture, Industry and	<ul style="list-style-type: none"> - Climate Policy and Carbon Pricing Studies in Türkiye - Gap analysis in carbon price developments in Türkiye - National ETS Design and Implication

		Technology, Transportation and Infrastructure, Foreign Affairs and more	<ul style="list-style-type: none"> - National Carbon Tax Design and Implication - Domestic carbon credits mechanism design and implications - Common Considerations on Carbon Pricing and Markets - Communication, Collaboration with Stakeholders, Capacity Building on Carbon Pricing,
ETS Meeting, Online Meeting	July 5, 2022	Directorate-General of Maritime Affairs of The Ministry of Transport and Infrastructure of Türkiye	<ul style="list-style-type: none"> - Recent developments in inclusion of maritime sector in the EU-ETS and in EU fit for 55 - Is use of innovation fund possible as EU candidate? - Should ETS Türkiye cover maritime sector? - Should MRV be implemented as a prerequisite for ETS?
Consultation Meeting on PMI Draft Proposal, Online Meeting	August 16, 08 2022	ERCST, Revenue Administration of Türkiye, Ministry of Trade of Türkiye, World Bank, Strategy and Budget Administration of Türkiye and Directorate of Forestry	Stakeholder institutions have expressed their opinions, suggestions and comments.
ETS Consultation Meeting, Online Meeting	September 19, 2022	Climate Change Office (CCO) of Türkiye, Borsa Istanbul (BIST), Takasbank, MKK (The Central Securities Depository of the Turkish Capital Markets)	The content of inter-institutional cooperation in the emissions trading system to be established in our country, institutional capacities, constraints and examples from the world were discussed. The national allocation plan, which will be created and then distributed to the facilities and how the auctioned allowances will be processed and the issues related to the next processes have been discussed.
National Carbon Pricing Working Group	July 21, 2022 October 13, 2022	CCO of Türkiye, TOBB (The Union of Chambers and Commodity Exchanges of Türkiye), Turkish Industry & Business Association (TUSİAD), BDDK (Banking	Stakeholders expressed their comments regarding articles of the prospective ETS of Türkiye in Climate Law's Draft Version

		Regulation and Supervision Agency), Ministry of Trade of Türkiye, Energy Exchange İstanbul (EİAŞ)	
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Due to prior PMR experience in Türkiye, the table above illustrates that collaboration among stakeholders is robust. Particularly the Climate Council laid the groundwork for robust stakeholder engagement in carbon pricing. As a result, it will be simple for PIU and CCO to develop a SEP for a successful and efficient project implementation.

5.4 Preliminary List of Project Stakeholders¹

Stakeholder Group	Stakeholder type	Institution/Establishment	Relevancy/Task/ Purpose	Stakeholder influence on the project	Project effects on stakeholder
Affected Parties	Facilities, Consumers	Determined ETS Facilities from MRV (thresholds for the facilities will be determined later by consulting with stakeholders) Consumers (households)	Participants of prospective emission trading system of Türkiye. They are supposed to reduce their emissions under the emission trading system and be exposed to direct carbon prices. Consumers are exposed to a carbon price indirectly due to increased costs in the emission-intensive sectors' production process.	Medium	High
Other Interested Parties	Finance institutions (Banks) Finance institutions	Borsa Istanbul Joint Stock Company (BIST) Istanbul Settlement and Custody Bank Inc (Takasbank) Turkish Eximbank Capital Markets Board (CMB) Banking Regulation and Supervision Agency (BDDK) Istanbul Settlement and Custody Bank Inc (Takasbank) Industrial Development Bank of Türkiye (TSKB) Foreign Economic Relations Board (DEIK) Energy Exchange Istanbul (EXIST-EPIAŞ)	Within the scope of the emission trading system market, in order to ensure the integrity of the emission trading system by monitoring the dematerialized issuance, holding, cancellation of allowances and their rights on a beneficiary basis, establishing a transaction registration system within the market mechanism, dematerialization and their rights, members and rights in electronic environment. To provide the services of dematerialized monitoring, central storage and the use and transfer of rights related to these by their owners, and ensuring the confidentiality of the records within the framework stipulated in the relevant legislation. Monitoring transactions in the emissions trading system market, performing market surveillance and inspection against capital market crimes and market abuses	High	Medium

¹ The list is not all-inclusive, and as a result of the final actions to be carried out, new stakeholders might become involved.

		The Central Bank of the Republic of Türkiye (TCMB)			
Other Interested Parties	Internal Government Policy-makers	<p>Presidency (Strategy and Budget Presidency)</p> <p>Ministry of Environment, Urbanization and Climate Change (Directorate General of Environmental Management, Directorate General of Environmental Impact Assessment, Permit and Inspection, Provincial Directorates)</p> <p>Ministry of Labor and Social Security (General Directorate of Labor)</p> <p>Ministry of Foreign Affairs (EU Presidency)</p> <p>Ministry of Foreign Affairs (Deputy General Directorate for Environment, Climate Change, Transboundary Waters)</p> <p>Ministry of Energy and Natural Resources (Energy Efficiency and Environment Department)</p> <p>Ministry of Treasury and Finance (Revenue Administration)</p> <p>Ministry of Treasury and Finance (General Directorate of Public Financial Management and Transformation)</p> <p>Ministry of Treasury and Finance (General Directorate of Borrowing)</p>	Internal Government Policy-makers take place as a stakeholder due to its duties, authorities and responsibilities on International Legislation, Country Strategies, International Agreements/Contracts, Legislation, Fair Transition Mechanism, Potential Tax Implementation.	High	Medium

		<p>Ministry of Industry and Technology (General Directorate of European Union and Foreign Relations)</p> <p>Ministry of Agriculture and Forestry (General Directorate of Forestry)</p> <p>Ministry of Trade (General Directorate of International Agreements and European Union)</p> <p>Ministry of Trade (General Directorate of Export)</p> <p>Ministry of Transport and Infrastructure (General Directorate of Maritime Affairs)</p> <p>Ministry of Transport and Infrastructure (General Directorate of Civil Aviation)</p>			
	Other government agencies	<p>Informatics And Information Security Research Center (TÜBİTAK BİLGEM)</p> <p>Turkish Accreditation Agency (TÜRKAK)</p> <p>Turkish Standards Institute (TSE)</p> <p>Small and Medium Industry Development and Support Administration (KOSGEB)</p> <p>Turkish Cooperation and Coordination Agency (TIKA)</p>	<p>The Scientific and Technological Research Council of Türkiye (TÜBİTAK) is the leading agency for management, funding and conduct of research in Türkiye. It was established in 1963 with a mission to advance science and technology, conduct research and support Turkish researchers. The Council is an autonomous institution and is governed by a Scientific Board whose members are selected from prominent scholars from universities, industry and research institutions.</p> <p>TÜBİTAK is responsible for promoting, developing, organizing, conducting and coordinating research and development in line with national targets and priorities.</p> <p>TURKAK with the objectives of accrediting conformity assessment bodies, ensuring that such bodies operate in accordance with national and international standards and thus the certificates issued</p>	High	Medium

			<p>by conformity assessment bodies be nationally and internationally recognized is the sole national accreditation body recognized by the Turkish government. Verifier bodies must be accredited by TURKAK.</p> <p>TSE, the sole authorized body for standardization in Turkey, operates in diverse fields of the quality infrastructure that includes certification, testing, training as well as surveillance and inspection activities.</p> <p>Small and Medium Enterprises Development and Support Administration is a public institution established for the purpose of increasing ownership and growth in the economy of small and medium-sized enterprises in Turkey, increasing their competitiveness and operating in accordance with economic developments in the industry.</p>		
	<p>Non-governmental organizations, Associations, Assemblies</p>	<p>International Investors Association (YASED)</p> <p>Electricity Producers Association (EÜD)</p> <p>Economic Development Foundation (İKV)</p> <p>Independent Industrialists' and Businessmen's Association (MUSIAD)</p> <p>Turkish Industrialists and Businessmen Association (TUSIAD)</p> <p>Turkish Aluminum Industrialists Association (TALSAD)</p> <p>Turkish Steel Producers Association (TÇÜD)</p>	<p>Representing the international companies operating in Türkiye, enhancing the efficiency and profitability of international companies in Türkiye and the level of attraction of the country for investors by contributing to the improvement of the business and investment environment.</p> <p>To ensure cooperation and solidarity among Member Companies, to organize the development of common strategies against common problems, To convey the common problems and solution suggestions of the members by communicating with the relevant public institutions and organizations,</p> <p>To follow the laws and legislation changes in the sector and to develop suggestions for them,</p> <p>To inform the members about the rules and developments related to the market,</p>	Medium	Medium

		<p>Fertilizer Manufacturers Importers and Exporters Association (GUID)</p> <p>Turkish Cement Manufacturers Association (TÜRKÇİMENTO)</p> <p>Economic Policy Research Foundation of Türkiye (TEPAV)</p> <p>Turkish Exporters Assembly (TIM)</p> <p>Turkish Contractors Association (TMB)</p> <p>Union of Chambers and Commodity Exchanges of Türkiye (TOBB)</p> <p>Technology Development Foundation of Türkiye (TTGV)</p> <p>Turkish Enterprise and Business Confederation (TÜR KONFED)</p> <p>Business Council for Sustainable Development Türkiye (SKD Türkiye)</p> <p>Industrial Development Bank of Türkiye (TSKB)</p> <p>Greenhouse gas accredited verification bodies</p> <p>Universities, Academics</p>	<p>Organizing symposiums, seminars, conferences and training programs by closely following the developments in the sector.</p> <p>Institutions or organizations accredited by TÜRKAK to carry out all stages of the Greenhouse Gas Management Systems Verification process in accordance with the Greenhouse Gas Monitoring Plans and which have received the Greenhouse Gas Verification Authority Certificate of Competence are called Greenhouse Gas Verification Organization. The data in the MRV system, which will form the scope of the ETS, are provided by the verification bodies.</p> <p>It is thought that experienced academicians who have studies on ETS can work in the relevant parts of the project and their experiences can be benefited during the project.</p>		
Vulnerable Groups	Workers employed in emission intensive sectors	Emission-intensive sectors	The risk of losing their job once adoption of low-carbon technologies in these sectors is achieved	Low	High

6 STAKEHOLDER ENGAGEMENT PROGRAM

6.1 Interaction Methods and Tools

The different messages for different target groups, their different levels of awareness of the issues at stake, differing information needs and diverging media usage necessitate a set of well-designed and well-placed communication measures. High and effective reach among the target groups is not only achieved through a broad range of different communication measures, but also through repeated contacts that can be generated by communicating through different channels. Interaction Methods and Tools in the integrated stakeholder engagement plan may include media relations activities, information and promotional material (reports, brochures, leaflets, etc.), interactive measures (newsletters), questionnaire, stakeholder meetings, dialogue communication (seminars, etc.), and media partnership. The different communication measures will be connected by recurring campaign messages and narratives.

It is foreseen that experienced academics will assist the project in developing ETS law, resulting in the establishment of strong communication among academia, CCO, and PIU.

A broad-based stakeholder engagement strategy will be implemented. The communications efforts will emphasize the benefits of carbon pricing, for example: reducing air pollution, renewable energy, and clean energy, low carbon investments, making energy supplies more secure or creating jobs. The risks and opportunities of climate change will always be part of the discussions according to the concerns and priorities of each different audience. Carbon pricing in terms of clean air, the energy transition, green economy, clean energy or creating green jobs will be framed. The expert language used in economics, finance or climate science reports will be avoided in public communications, and replaced with accessible and more conventional language that can be easily understood by all stakeholders. MoEUCC will continue conducting stakeholder meetings/discussions and media monitoring to anticipate opposition early in the policy design process, and later assess the language used in communications to ensure that it does not fuel opposition and revise the communication strategy when necessary accordingly. Stakeholders will be listened to and encouraged to give feedback and advice to strengthen policy and help shape communications. Consultation with stakeholders will be used for refining and testing the core narratives. Communications will focus on the opportunities of carbon pricing, for example, low carbon technologies for the economy, environment, new job/employment opportunities, air pollution, national security, and self-reliance. Communicating carbon pricing narratives will illustrate how carbon pricing is assisting businesses and consumers to make that change. Core narratives will focus on the positive opportunities of action rather than the negative consequences of inaction.

Stakeholder engagement activities will address major target audiences to ensure that they are informed properly and timely. Audience engagement will begin by building internal support within the government which is the key element of the Stakeholder Engagement Strategy. In Türkiye, the chambers of commerce and industries are large networks of shared interests, values and people in different professional occupations and play a key role in enabling policy. Thus, they are a critical audience.

In addition, the members of the National Carbon Pricing Specialization Working Group established within the scope of the Türkiye Green Deal Action Plan also constitute an important stakeholder group. The sub-working groups established under this working group, the "Offset Activities Sub-working Group" and the "Emissions Trading System Sub-working Group" members, are important in terms of the groups they represent, their work experiences, and their fields of expertise.

It is very important to carry out participation activities by focusing on the facilities which will be covered by the scope of the prospective ETS in Türkiye and to support these facilities. Engagement activities should be designed to take into account the concerns of the facilities. Thus, the narratives should address their values at every stage of carbon pricing including formulation, adaptation and implementation. The communications will focus on engaging the private sector, business circles, academia, non-governmental organizations, media (traditional and new media), youth and the general public. Audiences are divided into different segments and according to their attitudes:

- Base audiences that support carbon pricing and/or support strong government action on the issue.
- Open audiences with intermediate views, but are still open-minded.
- Opposing audiences that express opposition to carbon pricing on principle.
- Disengaged audiences that show no strong opinion or motivations about climate change or carbon pricing.

Türkiye has a well-established Monitoring Report and Evaluation (MRV) system since 2014. A software platform integrated to the environmental information system (EÇBS) has been established to allow facilities to submit their monitoring plan and GHG inventory reports. In the context of a prospective ETS in Türkiye, its scope, in terms of facilities covered by Türkiye's MRV system, will be determined in PMI Project by also taking into account the opinions of the stakeholders.

Türkiye already possesses a regulatory, procedural, and institutional framework for MRV. As the Capacity Gap Analysis Report highlighted, this framework is operational and has proven largely fit for purpose. Still, some aspects of this framework will need to be revisited in order to ensure its suitability for the ETS. For instance, if the coverage of the ETS is expanded beyond sectors already covered by the existing MRV framework, the relevant rules will need to be updated in order to ensure all regulated entities are subject to monitoring emissions. Also, the mandate to collect and process emissions data under the current framework may need to be modified, also with a view to confidentiality requirements that could impede use of the data by market participants and other stakeholders, such as data and analytics providers, who may need additional information in order to provide their services.

Options for improving, expanding, and integrating the existing MRV framework into the ETS can again be identified through desk research and study visits to relevant jurisdictions, followed by the convening of an expert workshop with government representatives, stakeholders, and local/international experts to explore performance of the existing MRV framework and identify the need for regulatory changes or updates to enable ETS. Outcomes of this exploration can inform

recommendations included in the ETS Design Report, which in turn should be submitted to consultations with relevant stakeholders, and feed into concrete regulatory measures as part of the technical work program on legislative support.

When the national emission trading system starts to be implemented, determined ETS facilities from the MRV system, which will be covered by the ETS, will be directly affected by the system.

6.1.1 Suggested Strategies and Materials for Information Sharing

Stakeholder engagement can be achieved through the following methods;

-Quantitative and qualitative surveys, (Surveys will help to choose the most suitable one among different options. Moreover, the readiness and expectations of industrial facilities for transition to implementation can be determined. For example, in case of transition on a sectoral basis, surveys can be used to determine the priority sector.)

-Meetings (Meetings should be held with different target groups and different numbers of participants. Topics should be determined according to the interest of the target audience and knowledge. The issues to be decided should be classified and progress should be made in a planned manner for the final goal.)

-Workshops, (Workshops are activities that should be carried out by determining the participant profile very carefully. It is essential to provide an interactive environment in the workshops.)

-Trainings, study-visits (Considering the need for expertise in the subject to be studied, its effect on the decision-making process, and the size of the information to be conveyed, it should be held in appropriate environments with a sufficient number of participants. The training of the trainers can be planned so that they can transfer the training topics to other stakeholders later. Study visits will be complementary to other engagement activities to see the best practices on-site.)

Proposed work program sections and activities identified in PMI Implementation Support Plan and relevant stakeholder engagements for each component are provided as project stage in the table below.

Project stage	Target stakeholders	Topic of engagement	Method used	Responsibilities
Section 2: CP in the country's development policy mix	MoEUCC (CCO) PMI/WB	Identification of interactions with existing legislation, policies and institutions	Meetings, Surveys	MoEUCC (CCO) PIU
Section 3: Political commitment, capacity and supporting structures for CP	MoEUCC (CCO) PMI/WB/ Finance Institutions	Support CPI decision-making process: Develop a work program for supporting CPI design and implementation	Meetings, Trainings, Surveys	MoEUCC (CCO) PIU
Section 4 Module A: ETS design and implementation	WB/MoEUCC/ Finance Institutions	Review of PMR Outputs	Meetings, Study-visits, Surveys	MoEUCC (CCO) PIU
Section 4 Module A: ETS design and implementation	Finance Institutions	Outline Design Options for the ETS	Meeting/Workshops, Surveys	MoEUCC (CCO) PIU
	Covered Facilities	Develop Emissions Intensity Benchmarks for all ETS Sectors	Meeting/Workshops, Study-visits, Surveys	MoEUCC (CCO) PIU
	Internal Government Policy-makers, Carbon Intensive Sector Facilities/ Non-governmental organizations, associations, assemblies	Preparation of ETS Legislation	Meeting/Workshops/Site Visit/Meeting/Questionnaire	MoEUCC (CCO) PIU
	Internal Government Policy-makers	Economic Modelling of Impacts of the ETS	Meeting/Workshops	MoEUCC (CCO) PIU
	Compliance Entities	Registry Development	Meeting/Workshops	MoEUCC (CCO) PIU
	Covered Facilities/ Non-governmental organizations, associations, assemblies	Implementation ETS Pilot and Phase 1	Meeting/Workshops	MoEUCC (CCO) PIU

Section 4 Module B: Carbon Tax	Internal Government Policy-makers	Assessment of expanding carbon pricing	Meeting/Workshops, Study-visits, Surveys	MoEUCC (CCO) PIU
	Internal Government Policy-makers	Support for preparation of legislation	Meetings, Surveys	MoEUCC (CCO) PIU
Section 4 Module C: Domestic Crediting Mechanism	Internal Government Policy-makers	Design domestic crediting mechanism, including a registry for tracking VERS	Meeting/Workshops	MoEUCC (CCO) PIU
	Internal Government Policy-makers	Develop legislation and secondary legislation, standards & methodologies for selected sectors	Meeting/Workshops, Public Dialogue, Surveys	MoEUCC (CCO) PIU
	Internal Government Policy-makers	Implement crediting mechanism, including guidance documents	Meeting/Workshops	MoEUCC (CCO) PIU
Section 5 Module A: Communication Strategy	MoEUCC (CCO) PMI/WB/ Public and Private Institutions/NGOs/Finance Institutions/Academia	Develop a stakeholder map	Meeting/Workshops	MoEUCC (CCO) PIU
	MoEUCC (CCO) PMI/WB/ Public and Private Institutions/NGOs/Finance Institutions/Academia PMI/WB/ Public and Private Institutions/NGOs	Market research into public views on climate change and possible messages for public and targeted communication	Meeting/Workshops, Surveys	MoEUCC (CCO) PIU
	MoEUCC (CCO) PMI/WB/ Public and Private Institutions/NGOs/Finance Institutions/Academia	Develop a communication strategy for carbon pricing	Meeting/Workshops	MoEUCC (CCO) PIU
	MoEUCC (CCO) PMI/WB/ Public and Private Institutions/NGOs/Finance Institutions/Academia	Preparation and implementation of publicity and visibility programme for PMI components	Meeting/Workshops	MoEUCC (CCO) PIU
	MoEUCC (CCO)	Capacity building for CCO and stakeholders on ETS, Article 6 and	Meeting/Workshops	MoEUCC (CCO)

	PMI/WB/ Public and Private Institutions/NGOs/Finance Institutions/Academia	economic modelling, including workshops, study tours, training		PIU
Section 5 Module B: Support in Article 6 Matters	MoEUCC (CCO) PMI/WB/ Public and Private Institutions/NGOs/Finance Institutions/Academia	Develop potential roadmaps for Türkiye on Article 6 mechanisms considering updated policies and information	Meeting/Workshops/Trainings	MoEUCC (CCO) PIU
	MoEUCC (CCO) PMI/WB/ Public and Private Institutions/NGOs/Finance Institutions/Academia	Support for SBI/SBSTA/COP/CMA/CMP meetings and capacity building for negotiations	Meeting/Workshops/Trainings	MoEUCC (CCO) PIU
Section 5 Module C: Just Transition	MoEUCC (CCO) PMI/WB/Academics/Public Institutions	Modelling of socio-economic impacts of ETS to ensure just transition	Meeting/Workshops, Surveys	MoEUCC (CCO) PIU
	MoEUCC (CCO) PMI/WB/Academics/Public Institutions	Establish a Just Transition Strategy and Action Plan for CPIs	Meeting/Workshops	MoEUCC (CCO) PIU

* Site visits may vary depending on the location of the facilities. Meetings with industry associations and representatives can be held by determining the geographical region where the facilities are located. For example, a city determined within the Marmara region can be selected with the representatives of the facilities located in the Marmara Region. Questionnaires can be filled online or during field visits. Assistance can be obtained from industry associations in this regard.

The methods taking part in the table above may be expanded/removed during the implementation of the project in accordance with the advice of the stakeholders, CCO and PIU.

7 RESOURCES AND RESPONSIBILITIES

7.1 Resources

As indicated under the Communication Strategy (Section 5 Module A) in PMI Implementation Support Plan, the relevant activities related to stakeholder engagement are;

- Developing a stakeholder map
- Market research into public views on climate change and possible messages for public and targeted communication
- Developing a communication strategy for carbon pricing
- Preparation and implementation of publicity and visibility programme for PMI components
- Capacity building for CCO and stakeholders on ETS, Article 6 and economic modelling, including workshops, study tours, training

7.2 Responsibilities

The key stakeholders of PMI project in Türkiye and their main responsibilities are;

Actor	Stakeholder engagement responsibilities
The World Bank	Providing general supervision through CCO
CCO	Project management, coordination and decision-making; ETS implementation and stakeholder communication using information sharing materials such as carrying out surveys, setting training and workshops
PIU Team	Project management, organizational functions, implementation supervision, and communication, help CCO to shape information-sharing materials.
National Carbon Pricing Specialization Working Group	Recommendations
Climate Change Adaptation Coordination Board (IDUKK)	Determining general principles in climate change policies

The table below lists the stakeholders in charge of the aforementioned activities for communication strategy activities indicated under Section 5 Module A of the PMI Implementation Support Plan.

Activities under Communication Strategy (Section 5 Module A)	Lead Agency
Developing a stakeholder map	MoEUCC (CCO) PIU
Market research into public views on climate change and possible messages for public and targeted communication	MoEUCC (CCO) PIU
Developing a communication strategy for carbon pricing	MoEUCC (CCO) PMI
Preparation and implementation of publicity and visibility programme for PMI components	MoEUCC (CCO) PIU
Capacity building for CCO and stakeholders on ETS, Article 6 and economic modelling, including workshops, study tours, training	MoEUCC (CCO) PIU

8 GRIEVANCE MECHANISM

8.1 Grievance Mechanism at the National Level

Currently, all suggestions, inquires for information or whistleblower complaints regarding the carbon market issues are submitted through the “Presidency’s Communication Centre (CIMER)” and “ALO 181” in Türkiye.

Law on the Right to Petition 3071 (1984) and Law on the Right to Information 4982 (2003) form the basis for CİMER, the national level grievance mechanism. CİMER operates under the Presidency’s Directorate of Communications and serves as the official state tool to receive requests, complaints, compliments and inquiries for information from the public. The applicants can communicate their requests (such as suggestions, complaints, compliments, inquires for information or whistleblower complaints) to the Presidency through the communication channels given below.

Webpage	https://www.cimer.gov.tr
	https://giris.turkiye.gov.tr/
Hotline	Alo 150
Mail Address	T.C. Cumhurbaşkanlığı Külliyesi 06560 Beştepe – Ankara
Phone	+90 312 590 2000
Fax	+90 312 473 6494

Who can make a grievance?

Everyone who meets the requirements below may submit their complaints;

- People who are capable of distinguish over the age of 12
- Turkish citizens living abroad
- Blue card holders/dual citizenship holders
- Disabled people who are capable of discrimination
- In accordance with international agreements, foreigners can apply on the condition that they are written in Turkish, within the framework of reciprocity.

What is the institutional coverage of CİMER?

The institutions covered by CİMER are;

- Presidential Central Organization
- Presidential Offices, Boards, and Affiliated Presidencies
- Ministries
- Governorates
- District Governorates
- Universities
- Affiliated, Related, and Associated Institutions and Organizations
- Municipalities (Metropolitan, Provincial, and District Municipalities)
- Special Provincial Administrations

Through CİMER, applicants can direct their requests directly to the relevant authorities. If the applicants do not know the respective authority to submit their request, they can submit a request to CİMER and CİMER directs the request to the relevant government institution after a preliminary assessment by authorized staff.

CİMER only allows anonymous submissions if the request to be submitted is under the category of a whistleblower complaint. An applicant can submit only one request per day. The requests submitted to CİMER are resolved within 30 days. If the applicants do not receive feedback within this time period, they can re-submit their grievance to CİMER or elevate it to the Ombudsman Institution (www.ombudsman.gov.tr). CİMER only allow applications in Turkish, and it has a detailed manual in Turkish for its users (available at <https://cimer.gov.tr/50sorudacimer.pdf>).

8.2 Ministry Level Grievance Mechanism

“ALO 181” serves as a grievance mechanism launched by MoEUCC for environmental pollution complaints. Grievances can be submitted either online at <https://alo181.csb.gov.tr/web/> or by calling “181” from inside Türkiye.

Headquarter of Alo 181 will be informed about the PMI Project to receive and record all inquiries or grievances received on PMI Project and convey them to the PIU of the project. The customer representative of ALO 181 will record the complaint and will ask the complainant if a response is requested or not. If the complainant requests feedback about the result of her/his complaint, then the complainant is asked to provide her/his phone or e-mail information. Even if the complainant would prefer to stay anonymous, her/his complaint is recorded by the customer representative of Alo 181. Thereafter, all type of the recorded complaint will be sent to the relevant department of MoEUCC.

8.3 World Bank Grievance Redress Service

In all World Bank financed projects, individuals or communities who believe that they are adversely affected by the projects supported by WB can send their complaints to the Ministry of Environment and Urbanization or the World Bank's Grievance Redress Service (GRS) (<https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>) GRS ensures that the received grievances are quickly examined in order to eliminate the project-related concerns.

Project affected communities or individuals can also raise their grievances to the World Bank Independent Inspection Panel (IIP). This panel determines whether the person or communities that made the complaint were harmed because of the breach of one or more of the WB's performance criteria. The panel can directly convey its concerns about the received complaints to the WB. At this stage, WB would have an opportunity to respond to the complaints.

9 MONITORING AND REPORTING

Stakeholder Engagement Plan will be revised and updated if needed until the Technical Assistance is complete. Semi-annual summaries and internal reports on public grievances, enquiries and related incidents, together with the status of stakeholder engagement activities and implementation of associated corrective/preventative actions will be collated by responsible staff and referred to the senior management of the project. The summaries will provide a mechanism for assessing both the number and the nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner. The monitoring reports will cover following information;

- Status of GM implementation (procedures, training, public awareness campaigns, budgeting etc.),
- Quantitative data on number of received grievances (applications, suggestions, complaints, requests, positive feedback), and number of resolved grievances,
- Qualitative data on the type of grievances and responses, issues provided and grievances that remain unresolved, level of satisfaction by the measures (response) taken,
- Summary of corrective actions taken,
- Disaggregated data (gender, province, etc.) about the received grievances.
- Stakeholder engagement activities carried out up to date, data on the type of engagement, number of participants, information disseminated and feedbacks received.