Board Meeting of September 4, 1997
Statement by Stanislav Katash on behalf of Andrei Bugrov

Turkey: Country Assistance Strategy

We welcome the opportunity to discuss the Country Assistance Strategy for the Republic of Turkey. The authors of this document deserve high commendation for the frank assessment of the Bank’s and the country’s past failures and for the thoughtful plans for improving their future performance and cooperation.

The CAS provides a clear picture of the wide spectrum of economic and social problems facing Turkey. We regret to note the persisting fiscal and other financial imbalances and agree that macroeconomic stabilization is the most urgent priority. It is also disappointing that since the last CAS little progress has been made on key structural and sectoral policy reforms. Most of Turkey’s social development indicators still compare poorly with those of other middle-income countries. Poverty continues to be a serious issue in rural areas, several regions and big cites.

A high degree of uncertainty in political situation and economic performance remains. We understand that it stems from the complex interaction of political, economic and socio-ideological factors. Therefore it would be unrealistic to expect a quick and easy way out. However, initial corrective measures undertaken recently by the new Government are encouraging.

We endorse the proposed CAS for Turkey and support its five key elements which are clearly spelled out in the paper. The document contains well-articulated adjustment scenarios and corresponding settings for IBRD lending assistance, and we have no difficulty in approving these alternative plans.

In our opinion, it would be appropriate in the Turkish context to maintain a strong technical and advisory support for economic management regardless of the level of Bank lending. We hope that, having acknowledged its past mistakes and deficiencies in providing
non-lending assistance, the Bank will soon prove to the Turkish authorities its ability to give timely, competent and realistic advice.

Turkey’s internal political environment remains extremely difficult for designing and implementing important stabilization and adjustment initiatives. In this situation the Bank’s analytical and advisory service can be very helpful for consensus-building and stakeholders’ participation.

We agree with the emphasis placed in the CAS on strengthening institutional frameworks, improving implementation capacities, and fostering other activities which would help the country prevent further deterioration in the macroeconomic situation, launch a broad-based program of stabilization and structural reform, and reduce the probability of policy reversals.

We welcome the proposed intensification of Bank support for social development and poverty reduction. The way in which poverty alleviation issue has been integrated throughout the CAS is commendable. For instance, one can see poverty alleviation among the prime objectives for the intended Bank assistance in agriculture, education, health sector, social protection, and regional development. While we understand the somewhat difficult situation faced by the Bank in addressing Turkey’s gender issue, we would encourage the renewal of the dialogue with the authorities. A joint Bank-Government plan of action would be instrumental for improving the status of women and enhancing their income-earning potential.