Early Warning System

WB-P510772

Turkiye Transforming Industry with Technology (TransformIndustry) Project

Quick Facts

Countries	Turkiye
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	B
Voting Date	2026-09-30
Borrower	Government of Turkiye - Eximbank; Ministry of Industry and Technology; VakifBank
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 500.00 million
Project Cost (USD)	$ 681.25 million

Project Description

According to the Bank’s website, the objective of this project is to increase the adoption of digital and green technologies by manufacturing firms.

The project is designed to accelerate the adoption of digital and green technologies among export-oriented manufacturing firms, aiming for measurable impacts at the firm level. Persistent financing and capability gaps constrain firms, particularly Small and Medium Enterprises (SMEs), from investing in digital and green technologies at the scale and pace required for productivity upgrading (The World Bank, 2022). High upfront costs, uncertainty around returns, and limited access to long-term finance weaken investment incentives, while information and capability constraints limit firms' ability to develop certification-ready, bankable investment plans. These constraints operate within the existing incentive framework and are not fully addressed by current support programs, highlighting the need for complementary instruments that strengthen investment readiness and facilitate firm-level technology adoption.

The project operates within the existing incentive framework and seeks to enhance coordination among support programs while addressing key operational constraints to firm-level investment. Ultimately, it aims to contribute to Turkiye's jobs and productivity agenda by accelerating technology adoption and strengthening firm competitiveness, while serving as a demonstration model to inform the design, targeting, and scaling of future value-added manufacturing support interventions.

The project is structured around two components:
- Component 1: Pipeline Generation (US$15 million): It will strengthen the Ministry of Industry and Technology (MoIT) institutional capacity to manage its programs, that is, the Digital Transformation Program (DTP) and the Green Transition Program (GTP). It will establish a Project Implementation Unit (PIU) responsible for coordination, fiduciary, environmental, social, and Artificial Intelligence (AI) risk management, and monitoring and evaluation. Activities under this component will promote SMEs' participation in DTP and GTP to increase SMEs uptake through (1.1) improvements and streamlining of the application process to ensure rapid reviews and decision-making on certificates, and (1.2) capacity support for SMEs to increase awareness of the benefits of the twin transformation and support their readiness for investment, thus creating a pipeline and unlocking latent demand. Transformation support for SMEs is a critical design feature of the project, providing outreach, technical assistance, and capacity-building, with a focus on women-owned/led businesses. It will support SMEs in developing transformation roadmaps, preparing bankable investment plans, navigating certification processes, accessing financing under Component 2, and facilitating implementation within firms.
- Component 2: Financing Digital and Green Technologies (US$485 million): This large financing component, implemented by Vakifbank and Turk Eximbank through on-lending from the Ministry of Treasury and Finance (MoTF), provides investment sub-loans to eligible SMEs and Mid-Cap Enterprises (MCEs) approved and/or certified under DTP and GTP. The financing is ring-fenced and contingent on approvals and/or certifications to ensure alignment with government programs. Loan terms address SMEs' and MCEs' constraints by offering longer maturities and grace periods, loan caps, and a focus on export-oriented firms.The project is expected to generate strong positive externalities. Those include technological spillovers, reduced emissions, and improved resource efficiency. By building SMEs' capacity through Component 1 and providing accessible financing through Component 2, the project creates a sustainable pathway for technology adoption that can catalyze broader market development. A key element of the project design is the requirement for firms to obtain approvals and/or certifications under the two Government programs (DTP and GTP), which commit them to verifiable technology adoption targets and ensure accountability and the appropriate use of public resources. As such, the financing is ring-fenced for DTP/GTP vetted SMEs and MCEs, with a high payoff in fostering positive externalities and spillovers.

Early Warning System Project Analysis

The Environmental and Social risk rating is classified as **Moderate**. Major civil works are not expected within the scope of the project. Activities that would require compulsory land acquisition, restrictions to land use, or involuntary resettlement, as defined under ESS5, and those with adverse impacts on biodiversity or cultural heritage are not eligible for project financing. The main environmental and social risks are expected to be associated with (i) labor and working conditions, and occupational health and safety in beneficiary firms; (ii) pollution prevention, such as dust and noise generation, water and energy use, and waste management resulting from the business activities of beneficiary firms; (iii) social inclusion aspects, including access to finance by women-led or women-owned firms, young firms, or firms located in lagging regions, as they face greater obstacles in accessing finance in Türkiye; (iv) inadequate stakeholder engagement, which could create perceptions of greenwashing; and (v) institutional capacity within MoIT for environmental and social risk management. These risks and impacts are expected to be temporary and reversible, moderate in magnitude, and localized, and can be mitigated through known good management practices. Sexual exploitation and abuse (SEA) and sexual harassment (SH) risks are assessed as low.

People Affected By This Project

Investment Description

- World Bank (WB)

Total Project Cost: US$ 681.25 million
International Bank for Reconstruction and Development: US$ 500.00 million

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Turk Eximbank (Financial Intermediary)
- VakifBank (Financial Intermediary)

Private Actor Relationship

Private Actors Description

Founded in 1987, Türk Eximbank is Turkey's official export credit agency and main state instrument for supporting foreign trade.

VakifBank is the second-largest bank in Turkey in terms of asset size, established on January 11, 1954, and later started operating on April 13, 1954. Abdi Serdar Üstünsalih is CEO of the VakifBank.

Contact Information

CONTACT POINT - World Bank

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ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: https://www.worldbank.org/en/access-to-information/request-submission

ACCOUNTABILITY MECHANISM OF THE WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. Information on how to file a complaint and a complaint request form are available at: https://www.inspectionpanel.org/how-to-file-complaint

Bank Documents

- Appraisal Environmental and Social Review Summary (ESRS) - Turkiye Transforming Industry with Techno
- Appraisal Project Information Document (PID)
- Concept Environmental and Social Review Summary (ESRS) - Turkiye Transforming Industry with Technolo
- Concept Project Information Document (PID)
- Environmental and Social Commitment Plan (ESCP) - Turkiye Transforming Industry with Technology (Tra
- Environmental and Social Commitment Plan (ESCP) Turkiye Transforming Industry with Technology (Trans
- Official Documents- Disbursement and Financial Information Letter for GFPP Grant TF0C9216.pdf
- Official Documents- First Amendment to the Letter Agreement for GFPP Grant TF0C9216.pdf
- Official Documents- First Restatement of the Disbursement and Financial Information Letter for GFPP
- Official Documents- Letter Agreement for GFPP Grant TF0C9216.pdf
- Stakeholder Engagement Plan (SEP) - Turkiye Transforming Industry with Technology (TransformIndustry
- Stakeholder Engagement Plan (SEP) Turkiye Transforming Industry with Technology (TransformIndustry)