

**HABITAT FOR HUMANITY  
INTERNATIONAL**

**FACT FINDING REPORT ON POVERTY AND  
HOUSING IN TURKEY**

**IAN A. ELLIOTT**

**Report Prepared by Ian A. Elliott for Habitat for  
Humanity International for the European and Central  
Asia Office in Bratislava**

**June 2010.**

## INTRODUCTION

This report is prepared for the Habitat for Humanity International (HfHI) Office for Europe and Central Asia. The report aims to provide a general overview of housing specific issues in Turkey crosscutting with issues relating to poverty. This document is prepared as desk based research, and is based on compilation and analysis of available data, documentation and reports from governmental, intergovernmental, academic and practitioner sources. Meetings were also held with the authors associates and contacts from various agencies and associations in Turkey which will provide useful building blocks for HfHI should they wish to pursue opportunities for involvement in Turkey.

Section I sets the context of the report by providing key national data and institutional mechanisms in Turkey and a geographical section which highlights the risk of earthquakes.

Section II begins firstly to explore housing and poverty. Data from the Turkish Statistical Institute represents the core data which highlights trends in poverty and risk of poverty. Household dynamic, employment and education data is presented. Delivery frameworks in addressing poverty together with housing specific resources and low income housing models are briefly outlined. The latter part of this section focuses on migration and in particular Internally Displaced People (IDP'S) and issues affecting their return.

Section III presents the housing sector in Turkey by firstly plotting a historical record of events which have shaped present day environment. In this section and throughout the report the terms *illegal settlement*, *slum tenure* and *Gecekondu* which literally means 'built overnight' are intermingled. Secondly, this section looks at the present day trends. Key regulatory bodies are presented.

Section IV looks into the legal framework around housing by firstly presenting departments responsible for the legislation and regulations and therefore decision-making pertaining to human settlement at national, regional, provincial, and settlement levels in Turkey. This section offers a basic take on the legal aspects pertaining to ownership, tax issues and home ownership.

Section V presents the financial framework for affordable housing in Turkey by firstly identifying key regulatory bodies' acts and legislation. Investment (for projects) and household finance (family access to mortgages etc) are outlined. Micro finance is also explored in terms of regulation of micro finance in Turkey and issues of supply and demand are then presented together with identification of key market players.

Section VI highlights key issues pertaining to housing stock characteristics. Housing delivery models are explored in terms of their impact on housing delivery. Here, financial mechanisms (payment plans in the case of The Housing Development Administration of Turkey (TOKI)) are touched upon.

Section VII identifies housing actors and potential resources for delivering poverty housing initiatives at macro and micro level. Case studies, potential partnerships and model mix are explored.

Section VIII concludes the report and offers additional recommendations for Habitat for Humanity International.

*This report has been compiled by Ian A. Elliott of Kaleidoscope Gayrimenkul Danismanlik. Whilst every effort has been made to ensure the accuracy of the data and other material contained within this report, Ian A Elliott and Kaleidoscope Gayrimenkul Danismanlik does not accept any liability for any loss or damage suffered as a result of any errors or omissions.*

I.	CONTEXT .....	7
a.	REPUBLIC OF TURKEY OVERVIEW and POLITICAL STRUCTURE .....	7
b.	URBAN POPULATION .....	8
c.	INSTITUTIONAL MECHANISMS .....	8
i.	National Level .....	8
ii.	Regional Specific .....	8
iii.	City Level .....	9
iv.	Local Level .....	9
v.	Turkey and the EU .....	10
d.	ECONOMIC OVERVIEW .....	10
e.	THE EMERGENCE OF GLOBAL CRISIS .....	12
f.	GEOGRAPHY .....	13
g.	SUMMARY .....	17
II.	HOUSING AND POVERTY .....	18
a.	POVERTY .....	18
i.	<i>Urban and Rural</i> .....	19
ii.	<i>Household size factor</i> .....	19
iii.	<i>Household Type</i> .....	19
iv.	<i>Employment Type and Status</i> .....	20
v.	<i>Education and Poverty</i> .....	20
b.	DELIVERY FRAMEWORKS AND VEHICLES FOR POVERTY RELIEF IN TURKEY .....	21
i.	<i>The State Planning Organisation (SPO)</i> .....	21
c.	POVERTY HOUSING DELIVERY MODELS .....	22
i.	<i>Definition of Social Housing</i> .....	22
ii.	<i>Affordable Housing</i> .....	23
iii.	<i>Gecekondu Transformation</i> .....	23
iv.	<i>Urban Transformation</i> .....	24
v.	<i>Co-operative Housing</i> .....	24
vi.	<i>Rental Sector</i> .....	24
d.	POVERTY CAUSES – TURKEY SPECIFIC (MIGRATION, ECONOMIC, SOCIAL) MIGRATION .....	24
i.	<i>Migration</i> .....	24
ii.	<i>Internal Displacement</i> .....	26
iii.	<i>Towards a National Action Plan</i> .....	28
e.	<i>Challenges of addressing the Kurdish question</i> .....	29
i.	<i>Strategic International Actors</i> .....	29
f.	SUMMARY .....	30
III.	HOUSING SECTOR IN TURKEY .....	31
a.	HISTORICAL OVERVIEW OF HOUSING IN TURKEY .....	31
b.	HOUSING SUPPLY DELIVERY VEHICLES .....	32
i.	<i>Housing Delivery</i> .....	33
c.	PRESENT DAY - TRENDS IN FORMAL AND INFORMAL HOUSING MARKETS .....	34
d.	SUMMARY .....	35
IV.	LEGAL FRAMEWORK FOR HOUSING .....	36
a.	LEGISLATION AND REGULATION .....	36
i.	<i>National Level</i> .....	36
ii.	<i>Regional Level</i> .....	37
iii.	<i>Provincial Level</i> .....	37

iv.	<i>Settlement Level</i> .....	37
v.	<i>Mass Housing Act 1984</i> .....	37
vi.	<i>Building and Construction</i> .....	38
vii.	<i>Transfer of Ownership</i> .....	38
viii.	<i>Financial Leases</i> .....	39
ix.	<i>TAX</i> .....	39
x.	<i>Home Ownership Specific</i> .....	39
b.	<b>SUMMARY</b> .....	40
V.	<b>FINANCIAL FRAMEWORK TO DELIVER ACCESSIBLE HOUSING</b> .....	41
a.	<b>REGULATORY BODIES, KEY INSTITUTIONS LAW AND ACTS</b> .....	41
b.	<b>HOUSING FINANCIAL FRAMEWORK</b> .....	41
i.	<i>Public Investment</i> .....	41
ii.	<i>Long Term Commercial Loans</i> .....	41
iii.	<i>Mass Housing Credit</i> .....	42
iv.	<i>Household Finance</i> .....	42
v.	<i>Mortgage</i> .....	43
c.	<b>MICRO FINANCE</b> .....	45
i.	<i>European Union</i> .....	45
d.	<b>MICRO CREDIT IN TURKEY</b> .....	46
i.	<i>The Regulation of Micro credit in Turkey</i> .....	46
ii.	<i>Supply</i> .....	47
iii.	<i>Demand</i> .....	47
iv.	<i>Micro Credit Delivery Vehicles in Turkey</i> .....	49
e.	<b>SUMMARY</b> .....	54
VI.	<b>HOUSING STOCK CHARACTERISTICS IN TURKEY</b> .....	55
a.	<b>HOUSING PRODUCTION</b> .....	55
b.	<b>CURRENT HOUSING STOCK</b> .....	55
i.	<i>Stock</i> .....	55
ii.	<i>Living Standards</i> .....	55
iii.	<i>Construction Type</i> .....	57
iv.	<i>Key Issues</i> .....	57
v.	<i>Quantity/Demand</i> .....	59
c.	<b>FORMAL SECTOR KEY DELIVERY ORGANISATIONS</b> .....	60
d.	<b>HOUSING DELIVERY MODELS</b> .....	60
i.	<i>Mass Housing Model – The Housing Development Administration of Turkey (TOKI)</i> .....	60
ii.	<i>Illegal Development Model</i> .....	66
iii.	<i>Urban Transformation Model</i> .....	67
iv.	<i>Co-operatives</i> .....	67
v.	<i>Municipality Model</i> .....	69
e.	<b>SUMMARY</b> .....	71
VII.	<b>HOUSING KEY ACTORS AND POTENTIAL RESOURCE SOURCES</b> .....	72
a.	<b>RESOURCES TO ASSIST IN PROJECT DELIVERY</b> .....	72
i.	<i>National Macro</i> .....	73
ii.	<i>Housing Specific</i> .....	77
iii.	<i>Disaster Relief Specific</i> .....	78
iv.	<i>Micro Finance Specific</i> .....	78
v.	<i>Neighbourhood Capacity Resource Specific</i> .....	80
vi.	<i>Support Resource Specific</i> .....	85
b.	<b>CASE STUDIES</b> .....	85

i.	<i>Van Province Action Plan for the IDP's Service Delivery (2006)</i> .....	85
ii.	<i>South Eastern Anatolia Project (GAP)</i> .....	89
iii.	<i>Local Enterprise Supporting Platform (DESTEK)</i> .....	91
iv.	<i>Zeytinburnu Istanbul</i> .....	92
v.	<i>Beriköy YAY Foundation Project</i> .....	92
vi.	<i>Istanbul Technical University</i> .....	93
c.	<b>PARTNERSHIPS</b> .....	94
i.	<i>Public Private International Mix</i> .....	94
d.	<b>SUMMARY</b> .....	95
VIII.	<b>CONCLUSION</b> .....	97
a.	<b>HEADLINES</b> .....	97
b.	<b>HABITAT FOR HUMANITY INTERNATIONAL (HFHI) OPPORTUNITIES FOR INVOLVEMENT</b> .....	98
	<b>Bibliography of Key References</b> .....	100

# I. CONTEXT

## a. REPUBLIC OF TURKEY OVERVIEW and POLITICAL STRUCTURE

Table 1 General Data

<b>Area</b>	<b>783,562 sq km</b>
Language	<b>Turkish</b>
Currency	<b>Turkish lira (TL)</b>
<i>Exchange rate:</i>	
2008 average	<b>US\$1= TL1.30</b>
2009 latest	<b>US\$1= TL1.57</b>
Population ( <b>December 31, 2009</b> )	<b>72.561.312</b>
Ethnicity	<b>75% Turkish</b> Additional ethnic groups represented include are Kurds, Armenians, Jews and Greeks.
Religion	<b>99% Islam</b> Additional religious minorities include Greek Orthodox Christians, Armenian Christians, and Sephardic Jews.

Financial Times 2009, TURKSTAT 5<sup>th</sup> January 2010

The modern state of Turkey is the successor to the Ottoman Empire that had existed for over 600 years. The Republic was founded in 1923 and the capital was relocated from Constantinople (now Istanbul) to the new city of Ankara. Under the constitution of 1923, Turkey is a secular republic and a representative democracy with a President as the Head of State who is elected for a five year term by direct elections. Since the end of the Second World War, there have been three military coups in Turkey (1960, 1971 and 1980) and a further incident in 1997 when pressure from the National Security Council, the MGK, caused a collapse of the government and its replacement by a secular coalition. There have recently been arrests of figures within the military alleging plotting against the Justice and Development party (AKP) government. Investigations are ongoing.

Table 2 Turkey Constitution

<b>Constitution</b>	
<b>Official name</b>	Republic of Turkey
<b>Form of state</b>	Parliamentary republic
<b>Legal system</b>	Based on European models and constitution of 1982
<b>National legislature</b>	Unicameral Meclis (parliament) of 550 members directly elected for a four-year term
<b>Electoral system</b>	Universal direct suffrage over the age of 18. Only parties with more than 10 per cent of the national vote are eligible for seats in the parliament
<b>National elections</b>	Jul 22 2007; next election Jul 2011
<b>Head of state</b>	The current president, Abdullah Gul, was elected by an absolute majority of the Meclis for a single seven-year term on Aug 28 2007. The next presidential election due in Aug 2014 will be by universal direct suffrage. The directly elected president will be allowed to serve two consecutive five-year terms
<b>National government</b>	The present government is formed by the Justice and Development party (AKP)

Financial Times 2009

## **b. URBAN POPULATION**

There are currently 5 provinces with a population of more than two million (table 3). Istanbul is the largest with a population of almost 13 million with the capital Ankara second with a population of 4.6 million. Izmir is third (close to 4 million) and Bursa and Adana have populations exceeding 2 million. There are a further 13 provinces with a population greater than one million. Population growth in Istanbul has been very rapid, increasing from under 5 million in 1980 to the current figure due to mass migration and the development of the Bosphorus crossings. The general growth in population for the country is estimated at 1.3% per year; equivalent to almost 1 million increase each year. It is reported that 35% of the population are below the age of 20, and 45% below the age of 70 (Turk Stat 2009).

Table 3 Provinces and population 2009

<b>Provinces and population 2009</b>		<b>% of total Population</b>
Istanbul	12.915.158	17,8
Ankara (capital)	4.650.802	6,4
Izmir	3.868.308	5,3
Bursa	2.550.645	3,5
Adana	2.062.226	2,8

Financial Times 2009, TURKSTAT 5<sup>th</sup> January 2010

## **c. INSTITUTIONAL MECHANISMS**

### **i. National Level**

The national framework is made up of ‘federal’ ministries, based in the capital Ankara, providing health care, primary education, policing, some housing and transport, among others, in the city. The ministries’ involvement in city affairs is coordinated by a governor, who is directly appointed by central government. Some central governmental bodies such as The Housing Development Administration of Turkey (TOKI) have direct links to the Prime Minister.

### **ii. Regional Specific**

Partly to comply with the European Union accession process, Turkey recently established 26 Development Agencies to assist in the coordination between the municipal and central bodies as well as civic institutions for budgeting and planning of large-scale urban projects. As a consequence, efforts within the context of South-eastern Anatolia Project (GAP), Eastern Anatolia Project Master Plan and Konya Plain Project (KOP) have been intensified, Village Infrastructure Support Project (KÖYDES) and Municipal Infrastructure Support Project (BELDES) were carried out for the development of rural infrastructure and model development programs were performed.

To increase prevalence, quality and efficiency of the public services, important steps have been taken through the State Planning Organization in areas such as local administration reform, e-transformation, justice, tax, land registry and cadastre infrastructure, disaster and emergency management (SPO 2009)



### iii. City Level

At the city level, the Metropolitan Mayor is directly elected by the city’s population for a five-year term and shares executive power with a Municipal Council made up of members of a city’s District Municipalities and their District Mayors. District Mayors are also directly elected and lead the District Municipalities.

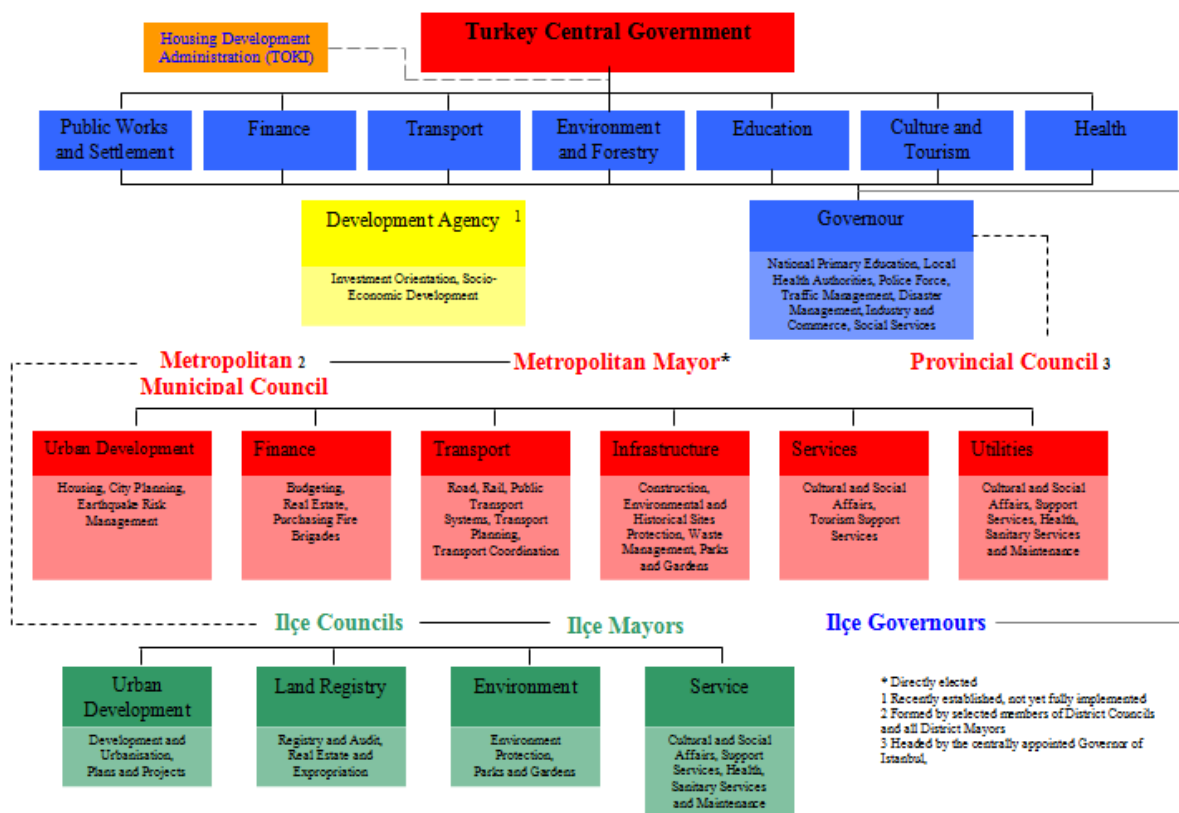
Governance does not, however, occur only at the municipal and central levels. Regional development agencies also link municipalities to central offices. Furthermore, there are provincial authorities for each of Turkey’s cities which have significant areas of responsibility, including master planning (although in Istanbul this responsibility has been transferred to the Istanbul Metropolitan Municipality).

### iv. Local Level

At the local level, there are subdivisions or districts (*ilçe*).

Istanbul’s government functions vary slightly to other cities as the Transport Ministry’s involvement in Istanbul is coordinated by the Governor of Istanbul. One of the most important political figures in Turkey is the Metropolitan Mayor of the Istanbul Metropolitan Municipality (IMM), who shares executive power with a Municipal Council of the city’s 39 District Municipalities and their District Mayors. The IMM enjoys extensive powers and a significant budget for citywide planning, transport, housing and environmental services, among others. Figure 1 illustrates how the framework operates down to a district level.

Figure1. Turkey Operational framework – Istanbul Example



Adapted from Urban Age 2009

Within the framework are numerous structures charged with addressing housing and poverty as part of their working remit such as The State Planning Organization (SPO) and The Housing Development Administration of Turkey (TOKI) (see section VI).

#### v. Turkey and the EU

As an EU candidate country, Turkey is also preparing a Joint Inclusion Memorandum (JIM) which lays down the national policy for social policy and programming. The JIM preparation work is carried out by the Ministry of Labour and Social Security. This Ministry intends to apply participatory processes in preparation of the JIM benefiting from inputs not only of governmental entities but also of the wider research and civil society community. As such, the national institutional framework is very much complemented by international organizations such as the EU, the United Nations and the World Bank through partnership arrangements aimed at addressing poverty (SPO 2009).

### d. ECONOMIC OVERVIEW

Turkey is the 17th largest economy in the world and the 6th largest in Europe.

Table 4. Economic Indicators

<b>Economic Summary</b>	<b>2008</b>	<b>2009 (est)</b>
Total GDP (TLbn)	<b>950.1</b>	<b>947.1</b>
Total GDP (\$bn)	<b>729.4</b>	<b>552.2</b>
Real GDP growth (annual % change)	<b>1.1</b>	<b>-5.1</b>
GDP per head (\$ purchasing power parity)	<b>13,138.1</b>	<b>12,446.0</b>
Inflation (annual % change in CPI)	<b>10.4</b>	<b>6.9</b>
Agricultural output (annual % change)	<b>4.1</b>	<b>2.0</b>
Industrial production (annual % change)	<b>-0.6</b>	<b>-9.8</b>
Service production (annual % change)	<b>1.9</b>	<b>-2.2</b>
Money supply, M1 (annual % change)	<b>0.6</b>	<b>2.8</b>
Foreign exchange reserves (\$bn)	<b>73.7</b>	<b>59.7</b>
Unemployment (%)	<b>10.7</b>	<b>14.2</b>
Budget balance (% GDP)	<b>-1.8</b>	<b>-5.3</b>
Current account balance (\$bn)	<b>-41.4</b>	<b>-6.6</b>
Exports of goods (fob) (\$bn)	<b>140.7</b>	<b>104.9</b>
Imports of goods (fob) (\$bn)	<b>193.9</b>	<b>121.0</b>
Trade balance (\$bn)	<b>-53.2</b>	<b>-16.1</b>

TURKSTAT 2009 Financial Times 2009

During the course of the 1980s, Turkey went through a step-by-step liberalization in its economy. Privatization of the state economic enterprises, promotion of export-led growth, liberalization of the foreign trade regime, and finally transition to full currency convertibility in 1989 were the main components of the new economic program (Oniş 1988). The economic program was expected to result in a more flexible and efficient financial system. However, this was not the case. Sudden changes in speculative capital flows, together with the weak and fragile nature of the Turkish economy, contributed to the rise of serious crises in 1994, 1998-1999, and 2000-2001, each of which was followed by a complete collapse of the economy and could only be stabilized after the intervention of the International Monetary Fund (Demir, F. 2004; Gurses, D. 2009)

#### Economic Crisis

In the aftermath of 2001 crisis, tight fiscal and monetary policies as well as structural reforms aimed to increase life quality, ensure a permanent macroeconomic stability and provide the economy with a flexible and productive structure, constituted the basic characteristics of the implemented policies. In this period, confidence and stability in the Turkish economy were established and a deep rooted process of change commenced towards the restructuring of the

economy and public management. So as to improve life quality and income distribution, reformist steps have been taken in the areas such as social security, health and education infrastructure, housing and urban transformation. Table 5 provides an overview of reforms.

Table5. Reforms after 2001 Crisis

Reforms after 2001 crisis
Fiscal Policy
- New public financial Management and Control Law putting an emphasis o balancing the budget
Monetary Policy
- Central Bank Independence mandated. The main purpose of the central bank is price stability.
- Explicit inflation targeting introduced in 2006
Tax Policy
- Corporate and personal income taxes were reduced
Labour Policy
- 2003 Labour code increased the threshold for employment protection from companies with 10 to 30 workers.
Other aspects of labour law became more rigid than before
Banking Regulations
- Public banks to operate o an arms length basis from government with mandatory budgeting
- Public banks re-capitalised according to Basel rules
- Intra-group lending is capped
Financial markets
-Regulatory framework strengthened; new governance principals were issues
Foreign Direct Investment
- New FDI law in 2003 granted national treatment to foreign firms
Infrastructure
- New electricity, natural gas, telecommunications laws in line with competition policy at EU level
- Authorisation to new air carriers to enter domestic and international routes
Agriculture Policy
- Market distorting price subsidies were significantly reduced and replaced with direct income support for farmers
- State funding of agricultural cooperatives was reduced
- New Agricultural Law in 2006 outlining institutions and policies
EU Harmonisation
- Customs Union: Law on simplification and convergence of customs regime
- Law for the creation of the Public Procurement Agency
- Regulation for the enforcement of IP Rights in industrial designs
- Unification of Social Security institutions; improving sustainability of pension system and offering universal healthcare

OECD Economic Survey Turkey 2006

### Real GDP Growth Rate – Turkey

Over the past seven years, Turkey has cast off its historic image of political and economic instability to become a key emerging market in Europe. Turkey commands a unique position bridging Europe and Asia. Results released at the end of June 2009 indicated that GDP for the quarter was down almost 14% on the same period last year against analysts’ expectations of less than 12%. Turkey started accession negotiations with the EU on 3 October 2005. The EU Council suspended negotiations on 8 areas of the EU acquis in December 2006 because of Turkey’s failure to extend its Customs Union with the EU to the Republic of Cyprus but negotiations continue on the remaining areas and progress is being made. There remain a number of political hurdles with certain member states that will need to be overcome before Turkey can become a full member of the EU. The three-year stand-by agreement signed with the IMF in May 2005 ended in May 2008 and there have been on-going discussions with the IMF on a further stand-by agreement, but to date the Government have been unwilling to accept certain of the IMF’s terms (UK Trade and Investment 2009)

## e. THE EMERGENCE OF GLOBAL CRISIS

The most rapid contraction in the global economic activity after the Second World War was experienced in 2009. It is envisaged that Turkish economy will start to grow again in 2010 and the pace of growth will begin to increase as of 2011.

Originating from the US housing market crash in the second half of 2007, the decline in asset prices in developed markets resulted in a decline in household wealth and thereby a contraction in domestic demand. Starting from the last quarter of 2008, many developed economies entered into a recessionary period and growth rates began to slow down in many developing countries.

### The Effects of Crisis on Turkey

The global crisis affected the Turkish economy through trade, financing and expectations channels. This decline in exports which contributed significantly to the growth performance in recent years affected production and employment negatively (SPO 2009).

Though inflation has eased and the economy appears to be moving out of recession, unemployment has remained stubbornly high, defying state-backed efforts to promote job creation and preserve existing positions. By late 2009, the unemployment rate had risen to 13.4%, up from the 11% of 2008, with the best hopes for a turnaround being a major increase in activity in the manufacturing sector (Oxford Business Group 2009).

The effect of global crisis on the Turkish banking sector was quite limited. Contrary to many other countries, the necessity of intervention to the banking sector by public sector or resource transfers did not arise. The improvement in the regulation and supervision framework and restructuring of the sector were the key factors of this success.

The contraction in economic activity caused social security premiums to stay well below their targets and an obvious increase in social security deficit was recorded. Central government budget deficit for 2009 which was foreseen as 10.4 billion TL at the beginning of the year, was expected to realize as 62.8 billion TL as of the end of year, and IMF-defined primary balance for 2009, which was foreseen to give a surplus of 29.8 billion TL at the beginning of the year, is expected to give a deficit of 20.8 billion TL as of the end of 2009 (SPO 2009).

Figure 2 Provincial Map 81 Provinces

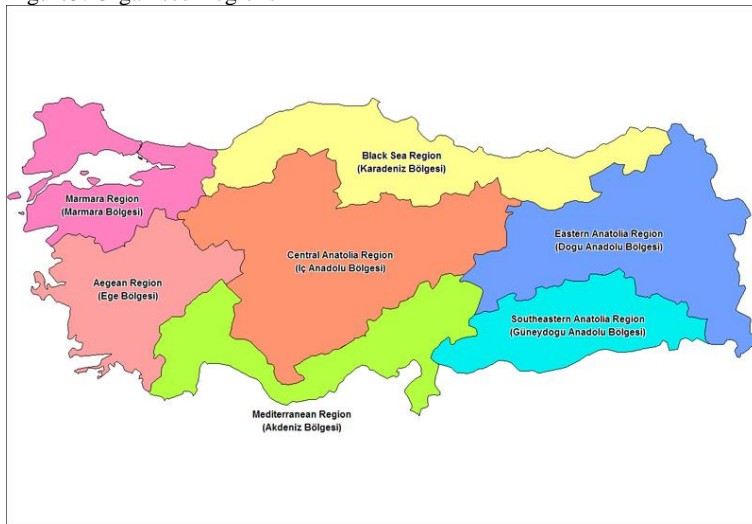


## f. GEOGRAPHY

Turkey has a land mass of approaching 800,000sqkm with around 97% in Asia and 3% in Europe. Turkey borders Greece and Bulgaria on the European side, and Syria, Iraq, Iran, Armenia and Georgia on the Asian side. The country commands an important strategic position as it controls the routes from the Black Sea to the Mediterranean Sea via the Bosphorus Strait, the Marmara Sea and the Strait of Dardanelles. The total population from the 2009 household census is 72.561.312 and approximately 14% live on the European side (3% of Turkey's land area).

The 81 provinces of Turkey (figure 2) are organised into 7 regions (figure 3) for statistical purposes and for census only. The provinces are generally named after the main town and vary in size from over 12 million (Istanbul) to under 100,000 inhabitants.

Figure3. Organised Regions



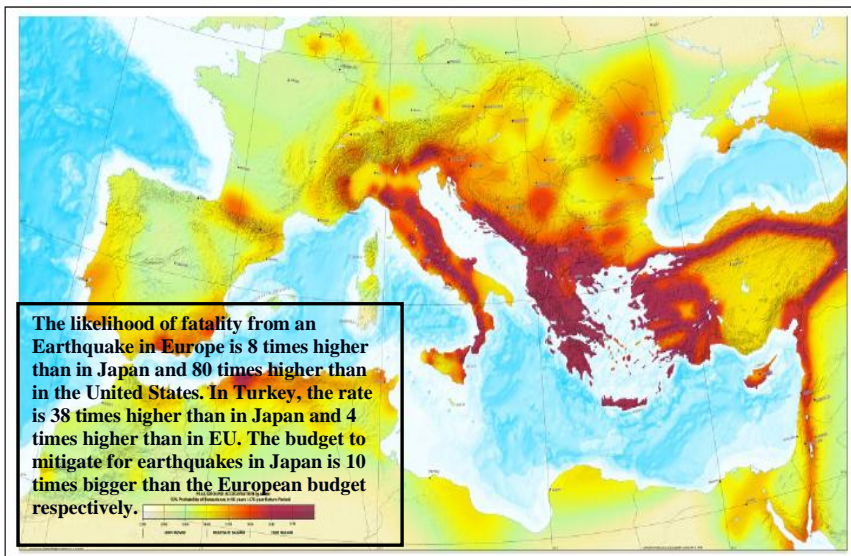
### Earthquakes

In the Study on A Disaster Prevention / Mitigation Basic Plan in Istanbul including Seismic Microzonation in the Republic of Turkey December 2002 Erdik (2002) stated that:

*“Turkey ranks high among countries, which have suffered losses of life and property due to earthquakes over many centuries. So far in this century there have been earthquakes that caused loss of life in Turkey with total of over 110,000 deaths, about 250,000 hospitalised injuries and close to 600,000 destroyed housing units. Following the losses suffered during the two major earthquakes that struck Turkey in 1999, there has been a broad recognition among Turkey's governmental, non-governmental and academic organizations of the need for extensive response planning based on detailed risk analyses of likely seismic hazards in Turkey general and, Istanbul, in particular”*(Erdik,M.2002.p1)

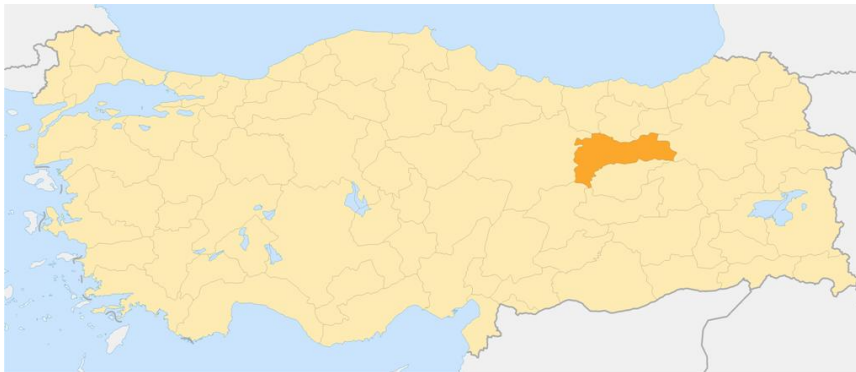
Geologically, Turkey is located at the boundary area where the Arabian Plate and African Plate are moving north towards the Eurasian Plate. A large scale fault line called North Anatolian Fault (NAF) is formed more than 1,000 km long from east to west in the northern territory of Turkey and historically, many strong earthquakes have occurred along this fault line (Figure 4).

Figure4. Turkey North Anatolian Fault (NAF)



Between 1939 and 1992 very strong earthquakes occurred in Erzincan City (figure 5) which is situated in the eastern part of Turkey. More than 30 thousand died in the earthquake of 1939 while 700 people perished in 1992. There was heavy damage to property, including the collapse of a number of buildings and infrastructures.

Figure 5 Erzincan province



There was major seismic activity in 1999, and an earthquake of intensity 7.4 on the Richter scale struck Izmit resulting in over 18,000 fatalities and a further 44,000 people injured. Furthermore, approximately 300,000 homes were damaged. Over 13,000 aftershocks followed and a further earthquake of intensity 7.2 then struck Duzce causing over 800 fatalities. The aftershock was felt in both Istanbul and Ankara. Calculations indicate that there is a 65% chance of a further earthquake centred on the Marmara Sea by the year 2030 and an early warning system has been established for Istanbul (Elliott I, A.2005). Furthermore, Elazığ province, 550 kilometres east of Ankara experienced an earthquake with a preliminary magnitude of 6 on 8<sup>th</sup> March 2010 resulting in least 51 fatalities, 74 injured persons and the collapse of houses in six villages (Today's Zaman 2010).

Since the disastrous **Erzincan** earthquake in December **1939** in eastern Turkey, there have been six earthquakes along the fault with a magnitude greater than seven points, all progressing from east to west. The earthquake in Izmit in 1999 happened 96 kilometres east of Istanbul.

### *Istanbul*

*"It's inevitable, a certainty," said Professor Okan Tuysuz, director of the Eurasia Institute of Earth Sciences at the city's Technical University. "We know the scale. We know the place. We just don't know exactly when, but there's a 65% probability that Istanbul will be hit by a 7.6 earthquake by 2030. That's a very high probability." (Guardian 2006)*

Research by Parsons (2004), reported that the probability had risen to as high as 70%. Furthermore, about 65% of buildings in Istanbul don't meet construction regulations standards and the city is growing too fast for anyone to be able to keep up. Things have improved, but not quickly enough to cope with the problem (Ibid).

Following the 1999 Marmara earthquake, at the request of the Government of Turkey, the World Bank extended support for urgent requirements and responded with a loan of 505 million USD under the title of "Marmara Earthquake Emergency Reconstruction" (MEER 2003)

### *Recent developments*

Over a decade on from the 1999 Marmara earthquake and Istanbul's housing stock remains vulnerable to earthquakes due to high increases in urbanization – which created the demand for inexpensive housing; Faulty land-use planning and construction; Inadequate infrastructure and services with ineffective controls, and no accountability to government; Environmental degradation and; Unprecedented increase of the probability of occurrence of a large earthquake (Elliott, I.A 2005)

There have been a number of developments over recent years which have provided momentum in the future regeneration processes for Istanbul. They are the JICA study (2002); the Istanbul earthquake master plan (IEMP 2003); and The Draft Istanbul Neighbourhood Regeneration Strategy and Action plan. It is worth exploring further the JICA study and its implications.

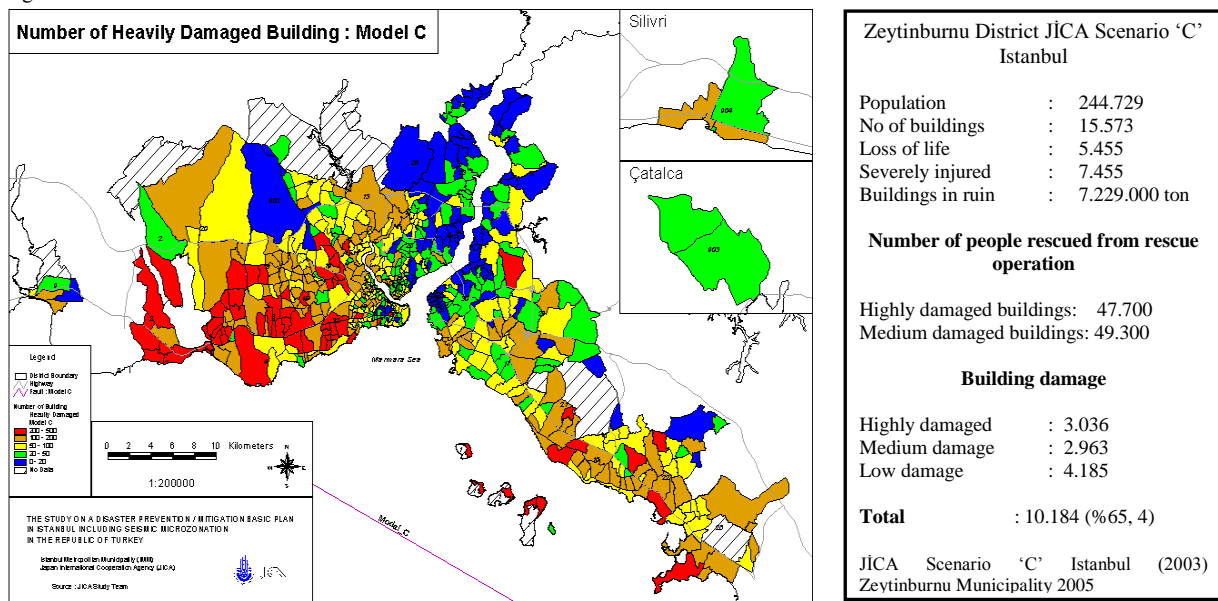
The Japanese International Co-operation Agency (JICA) and the Istanbul Metropolitan Municipality produced *'the study on a Disaster Prevention/Earthquake Mitigation Basic Plan for Istanbul'*. According to the different scenarios developed in the study, based on 750,000 vulnerable buildings, the estimated human and physical losses for Istanbul was predicted as follows:

- Death Toll of about 40,000 persons.
- Number of injured requiring hospitalization would be about 200,000.
- About 400,000 households would require shelters.
- A total of about 40,000 buildings would be completely damaged or suffer total collapse (4%). Five to six thousand could produce a "pancake type" failure" (0.8%).
- About 70,000 (9%) buildings would suffer extensive damage and some 200,000 (26%) would have moderate damage.
- The monetary losses due to building damage would add up to USD 11 billion.

(IMM-JICA 2002)

The map in figure 6 simply put illustrates the areas likely to sustain most earthquake damage from most effected (red) down to least effected (white).

Figure 6 JICA Scenarios 'C' Istanbul



(Ibid)

The study concluded that in total 54 quarters of the city that were highly vulnerable from earthquakes. The most vulnerable area identified was the district of Zeytinburnu where 6 of the 13 quarters which make up the district were at risk, which is 45% of the district of Zeytinburnu, was at high risk of earthquake damage. The municipality of Zeytinburnu was one of the first squatter (gecekondu) settlements established in the late 1940's. For Zeytinburnu, the legacy is that of a densely populated and inadequate housing infrastructure made up of 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> generation building groups all built on earthquake vulnerable land (Elliott, I.A 2005) requires urgent attention. Indeed, there have been attempts to engage with neighbourhoods most vulnerable, but mutually agreed strategies have not been forthcoming.

To address the issues relating to a future large scale environmental catastrophe, a plan of action was required. This came in the form of 'The Istanbul Earthquake Master plan' (2003). The plan has implemented but progress is very slow and local projects aimed at engaging people and addressing earthquake risk have not delivered as well as they could.



## **g. SUMMARY**

### **Context**

Key national data, institutional mechanisms and the risk of earthquakes

### **Urban Population**

- There are currently 5 provinces with a population of more than two million.
- Istanbul is the largest with a population of almost 13 million.
- There are a further 13 provinces with a population greater than one million.
- Population growth in Istanbul has been very rapid, increasing from under 5 million in 1980 to the current figure due to mass migration and the development of the Bosphorus crossings.

### **Economic**

- Turkey is the 17th largest economy in the world and the 6th largest in Europe.
- In the aftermath of 2001 crisis, tight fiscal and monetary policies as well as structural reforms to ensure macroeconomic stability.

### **Global Crisis**

- The most rapid contraction in the global economic activity since the Second World War has been experienced in 2009.
- Decline in exports affected production and employment negatively
- Contraction in economic activity created increase in social security deficit.
- Economy moving out of recession, unemployment has remained stubbornly high,
- Turkish economy will start to grow again in 2010 and the pace of growth will begin to increase as of 2011.
- The effect of global crisis on Turkish banking sector was quite limited.

### **Geography**

- Turkey has a land mass of approaching 800,000sqkm with around 97% in Asia and 3% in Europe.

### **Earthquakes**

- The North Anatolian Fault (NAF) is formed more than 1,000 km long from east to west in the northern territory of Turkey and historically, many strong earthquakes have occurred along this fault line
- Istanbul is particularly vulnerable due to density of population, poor housing quality
- 65% probability that Istanbul will be hit by a 7.6 earthquake by 2030.
- Estimated that 65% of buildings in Istanbul don't meet construction regulations standards.
- In total 54 quarters of the city are highly vulnerable from earthquakes.
- The most vulnerable area as the district of Zeytinburnu

## II. HOUSING AND POVERTY

The following section of the report explores poverty data in relation to urban and rural Turkey, delivery vehicles for poverty relief and housing delivery models in particular. The latter part of this section relates to key factors determining poverty namely migration and internal displacement.

### a. POVERTY

Access to employment, education, health and adequate shelter are key cornerstones in combating poverty. For Turkey, there are two core exasperators of poverty and the future risk to poverty, namely migration and internal displacement and risk of earthquake (Hürriyet Daily News 2009).

According to the poverty study carried out by the Turkish Statistical Institute, or TURKSTAT (2009-Press Release NO: 205), in 2008, around 374,000 people, or 0.54 percent of Turkey's population, were living below the food poverty line and 17.11 percent of the population, or 11.9 million individuals, were living below the complete poverty line which covers both food and non-food expenditures. According to the study, there are no people in Turkey with daily expenditures below \$1. However, the rate of individuals who live below the poverty line, defined as per-capita daily expenditures below \$2.15 according to purchasing power parity, was estimated as 0.47 percent.

The poverty figures illustrate a general decrease in poverty ratio of individuals who live below the food poverty line and the complete poverty line (see table (6)). However, figures of complete poverty for persons living in rural settings whilst having experienced some reduction from 2005 to 2008, are still comparable to those of 2002 (table 6).

Table 6 Poverty rates according to poverty line methods, 2002-2008

Methods	Percentage of poor individuals (%)						
	2002	2003	2004	2005	2006	2007(*)	2008
<b>TURKEY</b>							
Food poverty	1,35	1,29	1,29	0,87	0,74	0,48	0,54
Complete poverty (food+nonfood)	26,96	28,12	25,60	20,50	17,81	17,79	17,11
Below 1 \$ per capita per day <sup>(1)</sup>	0,20	0,01	0,02	0,01	0,00	0,00	0,00
Below 2,15 \$ per capita per day <sup>(1)</sup>	3,04	2,39	2,49	1,55	1,41	0,52	0,47
Below 4,3 \$ per capita per day <sup>(1)</sup>	30,30	23,75	20,89	16,36	13,33	8,41	6,83
Relative poverty based on expenditure <sup>(2)</sup>	14,74	15,51	14,18	16,16	14,50	14,70	15,06
<b>URBAN</b>							
Food poverty	0,92	0,74	0,62	0,64	0,04	0,07	0,25
Complete poverty (food+nonfood)	21,95	22,30	16,57	12,83	9,31	10,36	9,38
Below 1 \$ per capita per day <sup>(1)</sup>	0,03	0,01	0,01	0,00	0,00	0,00	0,00
Below 2,15 \$ per capita per day <sup>(1)</sup>	2,37	1,54	1,23	0,97	0,24	0,09	0,19
Below 4,3 \$ per capita per day <sup>(1)</sup>	24,62	18,31	13,51	10,05	6,13	4,40	3,07
Relative poverty based on expenditure <sup>(2)</sup>	11,33	11,26	8,34	9,89	6,97	8,38	8,01
<b>RURAL</b>							
Food poverty	2,01	2,15	2,36	1,24	1,91	1,41	1,18
Complete poverty (food+nonfood)	34,48	37,13	39,97	32,95	31,98	34,80	34,62
Below 1 \$ per capita per day <sup>(1)</sup>	0,46	0,01	0,02	0,04	0,00	0,00	0,00
Below 2,15 \$ per capita per day <sup>(1)</sup>	4,06	3,71	4,51	2,49	3,36	1,49	1,11
Below 4,3 \$ per capita per day <sup>(1)</sup>	38,82	32,18	32,62	26,59	25,35	17,59	15,33
Relative poverty based on expenditure <sup>(2)</sup>	19,86	22,08	23,48	26,35	27,06	29,16	31,00

(TURKSTAT 2009-Press Release NO: 205)

(1) Here, 618 281 TL, 732 480 TL, 780 121 TL and 0.830 TRY, 0.921 TRY, 0.926 TRY and 0.983 TRY which are the equivalents of 1 \$ purchasing power parity (PPP), are used for 2002, 2003, 2004, 2005, 2006, 2007 and 2008 respectively. (2) Based on the 50% of equivalised median consumption expenditure. (\*) Figures were revised according to new population projections.

### ***i. Urban and Rural***

In 2008, the monthly food poverty line for a four-person household was estimated at 275 Turkish Liras while the monthly complete poverty line was 767 liras. The ratio of individuals who live below the complete poverty line *in rural areas* dropped slightly from 34.80 percent in 2007 to 34.62 percent in 2008, whereas the figures in urban areas also registered a decrease from 10.36 percent in 2007 to 9.38 percent in 2008. Individuals living in rural areas are at greater risk of poverty (Ibid).

### ***ii. Household size factor***

Poverty risk rises as household size grows. In 2008, the ratio of individuals in households with three or four people who live below the *complete poverty line* was 8.5 percent. For larger households of seven or more people 38.2 percent live below the *complete poverty line*. Furthermore, for households of seven or more people in rural areas the risk increases to 54% and decreases to 27% for urban dwellers (Table 7).

Table 7 Poverty Rate According to Household Size

Hanehalkı büyüklüğü Household size	Türkiye Turkey	Kent Urban	Kır Rural
<b>Yoksul fert oranı, 2007</b>			
Percentages of poor individual, 2007 <sup>(1)</sup> (%)			
<b>Toplam - Total</b>	17.8	10.4	34.8
1-2	8.8	2.9	22.2
3-4	8.3	3.9	22.9
5-6	21.2	14.4	36.7
7+	41.3	31.5	51.7
<b>Yoksul fert oranı, 2008</b>			
Percentages of poor individual, 2008 (%)			
<b>Toplam - Total</b>	17.1	9.4	34.6
1-2	9.6	2.9	23.5
3-4	8.5	4.3	21.7
5-6	21.5	12.2	39.5
7+	38.2	27.0	54.0

(1) Yeni nüfus projeksiyonlarına göre revize edilmiştir.

The results were revised according to new population projection.  
(TURKSTAT Turkey in Statistics 2009)

### ***iii. Household Type***

The ratio of individuals below the *poverty line* in a nuclear family with children is 15.42 percent, while the rate for individuals without children decreases to 8.76 percent. The poverty risk for individuals in a nuclear family with children is 9.14 percent in urban areas and increases to 33.77 percent in rural areas (TURKSTAT 2009-Press Release NO: 205)

The *poverty rate* for individuals who live in large families was estimated at 21.79 percent. Agriculture has the highest poverty rate among all sectors. The number of people who work in the agricultural sector below the poverty line increased from 32.05% in 2007 to 37.97 percent in 2008 in 2008 (Ibid)

#### ***iv. Employment Type and Status***

Type of employment is a significant factor in determining poverty risk. The poverty rate for regular workers is 5.93%, 28.56 % for casual workers, 1.87 % for employers, 24.10 % for persons work as self employed and 32.03 % for persons work as an unpaid family worker in 2008.

#### ***Sector Specific***

Agriculture sector workers experience the highest poverty rate among all sectors of 37.97 % in 2008, an increase of 5.92% on 2007. The poverty rate among the people employed in industry sector has been calculated as 9.71 % and poverty rate for people employed in service sector has been calculated as 6.82 % in 2008.

#### ***Economically inactive and unemployed***

Poverty rates were measured at 13.73 percent and 17.78 percent for economically inactive people and for unemployed persons, respectively, during the same period (Ibid).

#### ***v. Education and Poverty***

The most important factors causing poverty are low education and high household size. Education levels are very important elements in terms of poverty. The higher the education level, the lower is the poverty risk (TURKSTAT Facts and Figures 2009).

The poverty rate was calculated at 39.59 percent among the illiterate persons and 13.44 percent among graduates from elementary school. The rate decreases significantly among graduates of high schools and equivalent professional schools and among those who had graduated from a two-year university or higher to 5.64 percent and 0.71 percent respectively (TURKSTAT 2009-Press Release NO: 205).

Research undertaken by Adaman, F. Keyder, Ç. (2006) echoes afore mentioned causes of poverty and provides additional details as to the causes of poverty with respondents sighting the following:

- low wages in the unskilled (and mostly informal) work that the majority of their target group was employed in (with an additional dimension of gender segregation)
- problems in accessing capital
- low human capital level due to low levels of schooling
- productivity losses due to problems with habitation (for example, crowded family and small space, bad sanitation, malnutrition, lack of heating)
- problems in accessing information regarding small-scale (generally home-based) production/sale
- insufficiency of the supply of services for training or courses intended to increase employment opportunity
- Low participation rate in the labour market due to household responsibilities or disability discrimination at work.

Since a significant portion of the society are either unemployed or employed in the informal sector, with no social security or health insurance and deteriorating social safety, we can conclude that there is, potentially, a high incidence of social exclusion (Ibid).

## **b. DELIVERY FRAMEWORKS AND VEHICLES FOR POVERTY RELIEF IN TURKEY**

There are four major state driven social assistance organizations and schemes in place for the poor in Turkey namely the *Social Assistance and Solidarity Fund (SASF)*, *Old Age and Disability Assistance Scheme (Law 2022)(OADAS)*, *Green Card Scheme (Free of Charge Health Treatment For the Poor)* and *Social Services and Child Protection Agency (SSCPA)*

The SASF is financed by the Prime Ministry and allocates resources to over 900 foundations throughout Turkey. The foundations allocate assistance to needy people at their discretion. This is the largest scheme of pure social assistance in Turkey. Monies are allocated via in-kind transfers and thereby mitigating the hardships of needy people, improving the distribution of income, increasing social welfare and encouraging social cooperation. To be qualified for assistance, people are subject to means testing ([www.sydgm.gov.tr](http://www.sydgm.gov.tr)).

OADAS is administered by the General Directorate of Civil Servants Pension Fund (under the Ministry of Labour and Social Security) and provides benefits for those over 65 years of age and to disabled persons who have no social insurance. 967 thousand people benefited from the scheme in 2001.

*Green Card Scheme (Free of Charge Health Treatment for the Poor)*: According to the law, enacted in 1992, for poor people with no social insurance, medical treatment services and all expenditures made during the treatment in hospitals are provided by the government free of charge. In order to get medical treatment free of charge, the income level of the poor must be less than 1/3 of the minimum wage level. People meeting the criteria given above receive a “green card” for their medical treatment free of charge.

SSPCA runs orphanages and homes for the elderly. Its target groups are children that require protection, the elderly and the disabled to whom it provides small amounts of assistance. The Agency provides the most general level of support to those under its protective care (UN 2002)

### **Other organizations**

Along with the main schemes mentioned above, there are also other organizations delivering assistance to specific groups such as Red Crescent (especially in case of natural disasters and national emergencies), Association of Dormitories and Credit for Higher Education, Administration for the Disabled and General Directorate for the Enhancement of the Status of Women.

#### **i. The State Planning Organisation (SPO).**

The SPO is charged with delivering 5 year plans, in their Medium Term Programme 2010 – 2012 (2009), under the heading of Strengthening Human Development and Social Solidarity (Improving Income Distribution, Social Inclusion and Combating Poverty) outline their main objective as enabling individuals and groups, who are under the risk of poverty and social exclusion, to participate more actively in economic and social life, to upgrade their quality of life and to secure social integration through:

- The accessibility of major services such as education, health, employment and social security will be improved for the disadvantaged groups.
- In the context of activities for combating poverty, implementations which prevent the formation

- Of a culture of poverty and the intergenerational transmission of poverty will be emphasized.
- Transfers aiming to decrease poverty will be made more effective.
- Family support services will be made widespread, violence against women and children will be combated more intensively, the quality of preventive, protective and rehabilitative services towards disadvantaged children will be improved (SPO September 2009).

The five year plans are revised annually. The 2010 annual program main objectives in addressing poverty is to enhance the participation in economic and social life of individuals and groups that are subject or prone to the risk of poverty and social exclusion, to improve their life quality and to integrate them to the society.

### **Poverty Housing Specific**

In terms of housing specific, the SPO also seek to address migration issues through the implementation, monitoring and evaluation of Rural Development Plans which look to provide sustainable living conditions for the citizens who departed from their settlements due to force, through establishing rural development projects focusing on employment will be implemented to mitigate the economic and social risks. Furthermore, the procedures and principles for settlement and construction in rural areas are to be established in a manner that is respectful to local conditions, protecting natural, historical and cultural environment, increasing disasters preparedness, meeting the needs of the citizens in rural areas and enhancing their quality of life. In preparedness for *Natural Disasters*, the SPO has an objective is to achieve a disaster management structure that is effective, sufficient and comprehensive both at central and local levels by preparing a National Disaster Management Strategy and Action Plan will be prepared (Ibid).

The Housing Development Administration of Turkey (TOKI) reports directly to the Prime ministry and is charged with delivering affordable mass housing. It is the cornerstone of housing in Turkey. Municipality housing companies are also active in housing delivery often in cooperation with TOKI. Further detail of TOKI and municipal companies operations and models can be found in section VI (d) of the report.

## **c. POVERTY HOUSING DELIVERY MODELS**

### ***i. Definition of Social Housing***

Social type rented housing models in European countries such as the UK are defined whereby access is controlled by the existence of allocation rules that favour households that have difficulties in accessing housing in the market. This housing is usually let at a non-profit or subsidised rent and provided by government or non-profit agencies such as housing associations (Department of the Environment, Heritage and Local Government Ireland 2004) Thus, social housing projects as we know them in Europe - municipally owned subsidized rental homes - do not exist in Turkey. There are some public rental flats called "lojman"s for members of the military and for the civil servants. These flats are owned by public institutions and are developed as a housing aid for their workers / employees. Even though this is very common in every city of Turkey, 'lojman' housing targets only a limited group of people (civil servants). Due to this exclusivity they have never been regarded as part of the Turkish social housing policy. Social housing policy in Turkey is generally associated with the delivery of mass housing projects through TOKI which families sitting on or just above the poverty line cannot generally afford.

## ***ii. Affordable Housing***

Affordable housing is generally defined as housing that is available for purchase or rent at a market value affordable to the majority of the population. In particular, the term is used to describe housing that is provided, usually with the assistance of the State, below market values in locations characterised by high house prices. The Housing Development Administration of Turkey (TOKI) provides affordable housing (mainly for purchase) solutions to households with regular income through their mass housing schemes. However, in terms of affordable rental housing, for households working through informal channels reliant on sporadic income, affordable rental housing has in essence been provided by the informal unregistered housing sector (*gecekondu*) (see also following section on rental sector).

In a sense, mass housing by definition (that is housing for the masses) fulfils its criteria; however the mass housing projects are sometimes at odds with the families needs. Furthermore, TOKI has to generate its own income which without state support to deliver both quality and affordable housing units, will be limited in its ability to reach the needy. That is, private market economics works against both factors, because market economics seeks to maximize income from a poor population, resulting in smaller units, minimal maintenance, crowding and overcrowding (Balamir, M. 1999).

Size, location with respect to access to facilities, proximity to work place, transport connections, quality of neighbourhood in terms of safety neighbourhood family resources and support networks are all considerations. Furthermore, families from different regions who have migrated to the urban centres have differing needs (Bolen, F. 2004).

Thus, if housing is produced that is out of sync with consumer demand then the result, if left unchecked, may appear to be economically rational short term but could end up leaving a future legacy of vacant housing stock. However, it is important to remember that much of the existing housing stock is vulnerable to natural disasters such as earthquakes and flooding so there is some urgency in the need to build large amounts of housing stock in Turkey. Presently, mass housing is the dominant formal housing model.

## ***iii. Gecekondu Transformation***

Close to 10 million people, out of 44 million urban residents, in Turkey today live in informal Settlements known as slum tenure or more commonly termed - *gecekondu*. Aiming to legalize the existing stock and solve the ownership problem of *gecekondu* settlements, 16 amnesty laws were adopted with accompanying improvement and development plans in the 1980s and early 1990s. This, however, has not prevented unregistered construction (close to 2 million alone in Istanbul, Ankara and Izmir) and illegal urbanization in *gecekondu* settlements (Ozer, G. et al, 2007).

From the perspective purely of improving Turkey's urban and rural housing but particularly the urban city settlements, it is obviously desirable to improve *gecekondu* as infrastructure is inadequate: there is a lack of sewerage, which may result in the pollution of the underground water; playgrounds, and parks and public buildings are of below average quantity and quality (Adaman, F. Keyder, Ç. (2006). In some cases, the best solution is to demolish and rebuild, as the current structures are low-density, poor quality, and have irregular electricity and plumbing. The issue then being is what to replace them with.

#### **iv. Urban Transformation**

The initial concept was first implemented in the early 80s. The idea was not to legalize the gecekondü, but to recognize the right to shelter as a human right and exchange the occupied land of the settler with a decent flat, enough for a family to live in. The whole idea was supposed to be financed through the economic surplus generated with the land development itself. Municipalities must be involved, often via urban regeneration and renewal projects conducted by TOKI and the municipalities. As earlier stated, mass housing may not always be the most appropriate model, but it is the model of dominance.

#### **v. Co-operative Housing**

The occupants of the housing are members of the co-operative and therefore also have responsibility for managing the housing. Co-operative housing may be owned or rented by the members. In the case of co-operative rented housing, the dwellings are owned by the co-operative or members collectively and are usually let for a non-profit or subsidised rent.

#### **vi. Rental Sector**

According to the 2000 census for Turkey, 27.2% of households nationally rented their dwellings. Rented accommodation is mainly provided through the private sector and varies in standard depending on ability to pay. For persons with the ability to rent a more 'formal' type of tenure through say a housing cooperative (see above) or through private housing that has all legal ownership documentation in place, these forms of tenure can be of good quality and secure in that the tenant enters into a formal agreement which gives them formal right of tenure. The cost of rented accommodation differs dramatically depending on location. However, for persons working in insecure grey employment or who are unemployed, rented accommodation is usually provided through illegal housing supply – that is housing without relevant planning and ownership papers and generally termed as slum tenure or gecekondü. Here rented accommodation is insecure, of poor quality and often without access to adequate water and sanitation services. In 2005, the total housing stock in urban Turkey was calculated at 15.1 million of which 34.4% was classed as unauthorised (illegal or unregistered) housing. This equates to 5.1 million unregistered houses, the many of which are classed as slum housing and offer insecure tenure. It is this form of tenure which provides a large share of rented tenure for low income families (Gyoder 2008).

### **d. POVERTY CAUSES – TURKEY SPECIFIC (MIGRATION, ECONOMIC, SOCIAL) MIGRATION**

#### **i. Migration**

Historically, migration in Turkey is manifested in the need to either better ones economic station or to flee conflict the latter being internally displaced people (IDPs). Mass migration for economic betterment commenced back in the 1950's with the need for labour in the developing urban areas which were in the process of industrialisation (see also section III).

Table 8 outlines in – out migration in Turkey. The Marmara region of Turkey which includes Istanbul has the highest inflow in terms of in- migration, whilst eastern Anatolia experiences the most significant out- migration.



Table8. In/Out Migration in Turkey - In-migration, out-migration, net migration and rate of net migration by statistical region 2000

	Region (Level 1)	Population of place of residence in 2000	In-migration (1)	Out-migration (1)	Net migration	Rate of net migration ‰
TR	Turkey Total	<b>60 752 995</b>	<b>4 098 356</b>	<b>4 098 356</b>	<b>0</b>	<b>0,0</b>
TR1	Istanbul	9 044 859	920 955	513 507	407 448	46,1
TR2	Western Marmara	2 629 917	240 535	172 741	67 794	26,1
TR3	Aegean	8 121 705	518 674	334 671	184 003	22,9
TR4	Eastern Marmara	5 201 135	432 921	351 093	81 828	15,9
TR5	Western Anatolia	5 775 357	469 610	378 710	90 900	15,9
TR6	Mediterranean	7 726 685	413 044	410 316	2 728	0,4
TR7	Central Anatolia	3 770 845	205 108	300 113	- 95 005	-24,9
TR8	Western Black Sea	4 496 766	219 008	450 799	- 231 791	-50,3
TR9	Eastern Black Sea	2 866 236	151 193	227 013	- 75 820	-26,1
TRA	Northeastern Anatolia	2 202 957	144 315	256 922	- 112 607	-49,8
TRB	Centraleastern Anatolia	3 228 793	170 568	280 156	- 109 588	-33,4
TRC	Southeastern Anatolia	5 687 740	212 425	422 315	- 209 890	-36,2

(1) Migration across the provinces within the region is not covered - TURKSTAT 2009 website

The provinces with the highest in-migration and out-migration are illustrated in Table 9 which provides data from the results of Population Census 2008 of the Address Based Population Registration System (ABPRS) whilst figure 7 clearly highlighting the desire/need to migrate east to west.

Table 9. The provinces with highest in-migration and out-migration by rate of net migration in 2007-2008 periods

	2008 population	In-migration	Out- migration	Rate of Net Migration %
The provinces with highest in-migration according to their net migration rate				
Yalova	197 412	16 656	6 542	52.58
Tekirdağ	770 772	47 534	22 373	33.19
Antalya	1 859 275	92 031	55 806	19.68
The provinces with highest out-migration according to their net migration rate				
Muş	404 309	10 058	25 896	-38.42
Erzurum	774 967	18 999	43 585	-31.23
Yozgat	484 206	15 352	30 117	-30.04

Turkey in Statistics 2009 TÜİK

Figure7. Provinces with highest in-migration and out-migration by rate of net migration in 2007-2008



Elliott, I.A 2010.

## ii. Internal Displacement

Around one million internally displaced people (IDPs) in Turkey continue to face protracted displacement (United Nations Economic and Social Council 2002), Prevailing insecurity in south-eastern Turkey, and continuing presence of village guard militias and of mines and lack of economic development continue to bar their return. Displacement has also resulted from the implementation of large-scale development projects and natural disasters. Figure 8 illustrates provinces of significant IDP concentrations and IDP origin.

Figure 8 IDP Concentrations



Source: [www.internal-displacement.org](http://www.internal-displacement.org)

## Displacement figures

In 2004 the government commissioned a national IDP survey from the Hacettepe University Institute for Population Studies (HUNEE). The survey which concluded in December 2006 stated that between 1986 and 2005, between 950,000 and 1.2 million people were displaced from the east and south-east of the country between due to security-related reasons (HUNEE, December 2006, Internal Displaced Monitoring Centre (IDMC 2009). Half of those displaced remain in south-east Turkey close to their places of origin, while the other half have moved to western and northern Turkey to such cities as Ankara, Istanbul and Izmir (Turkish Economic and Social Studies Foundation TESEV 2009).

Despite a series of government programmes such as the Return to Village and Rehabilitation Project (RVRP) launched in 1994, the number of returnees has remained quite low at 10-13% (Ibid). However, more than half of IDPs had expressed a desire to return to their areas of origin (HUNEE, December 2006). Furthermore, many displaced villagers do reportedly return temporarily, usually in summer months, but no clear figures are available (Human Rights Watch, 2005; TESEV, 2009). The reason for the part time living can be linked to economic gain in that people return to their home and work the land throughout the summer months and return around September time to the city to spend the winter months and more potential of gaining some employment.

### **Legal framework**

#### *Extension of the Compensation Law*

In 2004, the government adopted Law 5233 on “the Compensation of Losses Resulting from Terrorist Acts and the Measures Taken Against Terrorism” in favour of those who had suffered loss or damage as a result of “action by terrorist organisations and measures taken by the government to combat it” since 1987.

### **Main causes and Obstacles for Return**

Main causes and obstacles of IDP’s return are conflict, natural disasters, economic considerations, and large scale development and urbanisation projects.

#### *Conflict*

Most IDPs in Turkey were displaced by the conflict in the 1980s and 1990s, but their movement has also been affected by a broader rural-to-urban migration, encouraged by both the violence and the socio-economic marginalisation of the region (Ibid). Furthermore, the village guards system, whose members were often implicated in the original causes of displacement, remains a significant obstacle to return (IDMC 2009). Furthermore, there are an estimated one million landmines in provinces bordering Syria and Iraq. Problems particularly identified among forcibly displaced communities include prevalent trauma, low levels of education, and high levels of unemployment, particularly among displaced women. In urban centres, child labour and domestic violence is reportedly on the rise (TESEV 2009).

#### *Natural disasters*

Turkey is situated across three tectonic plates which creates a high potential risk of earthquakes. Natural disasters also cause major displacements; in 1999, an earthquake in northern Turkey killed around 18,000 people and displaced over 675,000 (International Federation of the Red Cross IFRC, 2004). Government statistics indicate that between 1995 and 1999 over 800,000 people were displaced by earthquakes and floods (IDMC full report 2009).

#### *Economic*

There has been limited development in former conflict areas suffering from inadequate basic infrastructure (HRW, March 2005; CoE, October 2009), and the “serious state of economic and social underdevelopment constitutes a major obstacle to voluntary return” (Ibid). The potential economic opportunities offered by urban living (even though it means living in very poor conditions) underpin reasons why people migrate and also why they don’t return to their homes.

### *Large scale development*

The South-eastern Anatolia Project (GAP) is a regional scale multi-sector effort in sustainable development. Its basic objectives include the improvement of living standards and income levels of people so as to eliminate regional development disparities and contributing to such national goals as social stability and economic growth by enhancing productivity and employment opportunities in the rural sector. GAP covers 9 provinces including Adiyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Sanliurfa and Sirnak ([www.gap.gov.tr](http://www.gap.gov.tr)). The projects include the construction of 22 dams and 19 hydraulic power plants and irrigation of 1.82 million hectares of land. These large-scale developments have raised some concerns over the displacement they could cause; for example the planned construction of the Iliyad dam project could displace between 50,000 and 78,000 people, mainly Kurds (KHRP, May 2009).

### *Urban projects*

Urbanisation projects in cities such as Istanbul and Ankara have also led to demolitions of Roma areas, adding these to the numbers of displaced (CoE, October 2009). This also includes displaced and marginalised communities residing in peripheries of urban centres.

### *Protracted displacement*

As many as 50% of the IDP's do not wish to return to their rural lives and up until recently most programmes focused on return with the government has only recently acknowledging the situation of IDPs living in urban areas (UN CHR, November 2002; TESEV 2009). Most displaced people have been living for over ten years on the peripheries of cities including Istanbul, Ankara, Izmir and Adana, as well as in cities in the south-east such as Batman, Diyarbakır, Hakkari and Van (TESEV 2009). Generational differences have resulted in younger IDPs not wishing to return to rural places of origin where it is felt that opportunities remain limited (Sonmez 2008).

### **iii. Towards a National Action Plan**

In recent years, the government has taken steps to address internal displacement by commissioning a national survey on the number and conditions of IDPs; drafted a national IDP strategy; adopted a law on compensation; and launched a comprehensive pilot action plan in Van Province which seeks to address rural and urban displacement.

The Return to Village and Rehabilitation Project (RVRP) was established to provide the necessary social and economic infrastructure to provide sustainable livelihoods for returnees. Between 1999 and 2008 the government invested \$54 million on infrastructure, social projects and assistance to returnees. A further \$10 million was allocated to the RVRP for 2009. However the national survey in 2005 placed into doubt the credibility of the project highlighting that 88 per cent of returnees had returned without assistance from the government and that nearly half of them were not aware of the assistance available (HUNEE, December 2006).

The Van Action Plan (VAP) is the basis of a national action plan that aims to provide a comprehensive response to displacement in south-eastern provinces and will be replicated in 13 other provinces affected by displacement (IDMC October 2009). VAP recognises the need to address urban displacement as well as to facilitate returns according to the Guiding Principles. Developed with UNDP technical support, it is a blueprint to be replicated subject to the requirements of each province, and complements rather than replaces the RVRP

(TESEV, May 2009). The plan is to be replicated in 13 more provinces most affected by displacement in south-eastern Turkey, and form an integral part of a National Action Plan.

The National Plan was scheduled to be completed by end of 2009 once all 13 provincial plans were finalised. Finally, a national legislative framework to address displacement is to be finalised in 2010 (IDMC October 2009). However, the provincial action plans from which the National Action Plan is to be developed do not address the situation of urban displacement outside the south-east.

***e. Challenges of addressing the Kurdish question***

The vast majority of IDPs are Kurdish. The choice of Van for a pilot action plan for example was appropriate since it has greatly been affected by the displacement of more than one million Kurds during the 1990s in eastern and south-eastern Turkey in the course of the armed conflict between the Turkish security forces and the Kurdistan Workers' Party (*Partiya Karkerên Kurdistan – PKK*) (TESEV VAP (2009). Extended kinship relations of Kurds in south-eastern Turkey have allowed the displaced to find a shelter with extended family members.

In the last few years, the government has taken a number of unprecedented steps towards a “democratic opening” to address the Kurdish issue which could have significant bearing on the response to displacement (Hürriyet 2009). However, with the closure of the (Kurdish Democratic Peoples Party (Demokratik Toplum Partisi) on the 11th December 2009 due to their blatant refusal to denounce PKK as terrorists is likely to fuel further set backs.

***i. Strategic International Actors***

**United Nations**

The United Nations country team's response to displacement is represented by the United Nations Development Programme (UNDP) project entitled “Support to the development of an IDP programme in Turkey”. The project originally ran from 2005 to 2006, but was subsequently extended to help the government formulate a coherent and comprehensive National Action Plan for IDPs and to develop a national legislative framework (UNDP, August 2008). UNDP has provided technical advice to the government, and facilitated participatory consultation with IDPs and civil society in the development of the Van Action Plan. It is currently replicating this process for subsequent provincial action plans. Other UN agencies such as UNICEF address situations of displacement indirectly through general development programmes (UNICEF, October 2009).

**World Bank**

Whilst having a primary focus on infrastructure, the World Bank also offer support mechanisms such as micro financing (see section V (c)) which can assist in the process of people returning to their homes.

## f. SUMMARY

### **Housing And Poverty**

Poverty data in relation to urban and rural Turkey, delivery vehicles for poverty relief and housing delivery models, key factors determining poverty namely migration and internal displacement.

#### **Poverty Data**

- Around 374,000 people, or 0.54 percent of Turkey's population live below the food poverty line and 17.11 percent of the population, or 11.9 million individuals, are living below the complete poverty line which covers both food and non-food expenditures.
- The two most important factors causing poverty are low education and high household size.
- Individuals living in rural areas are at greater risk of poverty than urban counterparts
- Larger rural households are particularly vulnerable to poverty.
- Agriculture has the highest poverty rate among all sectors.
- Self employed and unpaid family workers are at greater risk of poverty than regular and casual workers.

#### **Main Causes**

- **Migration** - The Marmara region of Turkey which includes Istanbul has the highest inflow in terms of in- migration, whilst eastern Anatolia experiences the most significant out- migration
- Economic and forcibly displaced through conflict are main causes
- **Internal Displacement** Around one million internally displaced people (IDPs) in Turkey continue to face protracted displacement.
- Programmes such as the Return to Village and Rehabilitation Project (RVRP) have only had limited success.
- Problems identified among forcibly displaced communities include prevalent trauma, low levels of education, and high levels of unemployment, particularly among displaced women and urban centres, child labour and domestic violence is reportedly on the rise.
- **Natural disasters** Between 1995 and 1999 over 800,000 people were displaced by earthquakes and floods
- **Economic** There has been limited development in former conflict areas suffering from inadequate basic infrastructure and the "serious state of economic and social underdevelopment constitutes a major obstacle to voluntary return".
- As many as 50% of the IDP's do not wish to return to their rural lives and up until recently most programmes focused on return with the government has only recently acknowledging the situation of IDPs living in urban areas
- **Large scale development** The South-eastern Anatolia Project (GAP) are developing large-scale projects and have raised some concerns over the displacement they could cause particularly in Kurdish neighbourhoods.
- The vast majority of IDPs are Kurdish.

### III. HOUSING SECTOR IN TURKEY

Turkey's economy is growing and its standard of living is rapidly rising. With a growing economy comes rapid urbanization and increasing housing demand, but housing production, finance, and formalization are lagging behind the need. Turkey needs to improve its housing – total supply, housing quality, and housing affordability – which lag behind other sectors of the Turkish economy relative to these countries to which Turkey aspires (The Association of Real Estate Investment Companies GYODER 2008)

The following section firstly provides a historical framework of Housing in Turkey from the 1950' to present day. Focusing on urban development, the section will also explore the implications of migration on the rural communities. Secondly, housing stock is explored and thirdly key housing supply delivery vehicles will be outlined.

#### a. HISTORICAL OVERVIEW OF HOUSING IN TURKEY

##### 1950's

Immediately after the 2nd world war, Turkey witnessed industrialisation and the development of a market economy which encouraged private sector participation. Road building programmes connected villages to commercial centres. Concurrently, the Marshall Plan (1948) was pushing through modernisation of the agriculture sector resulting in the need for less labour and placing many out of work. As a consequence, Turkey witnessed enforced and economic migration from rural areas to urban centres.

The expansion of urban industry was undersupplied with labour and actions to address shelter problems were through the establishment of housing Cooperatives, the Real Estate Credit bank and the Social Security Institution which provided housing credits could not cope with the rapid migration. Since this time, Turkey has been facing a housing shortage. Indeed, migration from rural areas to large cities continues present day. Up until the 1950, around a quarter of Turkey's population lived in the cities compared to today's ratio of around two-thirds. This has led to burgeoning of squatter buildings (known as *gecekondu* built in a night) and illegal constructions (Bolen, F. 2004).

Housing options at the time were either through small enterprise constructions which were multi family apartments built in partnership with landowners of small plots close to urban conurbations, or *Gecekondu* which was built without permits on government land. Thus, the first migrants, who built their *gecekondu* houses, sometimes literally overnight, on the outskirts of big cities, provided cheap labour for the emerging industry in a period when governments were unable to satisfy the housing needs of this section of the society.

##### 1960's

The 1960's witnessed Governments pursuing populist based policies to established agreements with migrants whereby they were allowed to occupy mostly public land and build informally, and would be provided with municipal services in exchange for their votes. As a result of these agreements, the "*Gecekondu* Law" 1966, became the legal basis for the permanence of the settlements. The State Planning Institution (SPI) was established in 1961 to deliver 5 year plans but was not received well politically and was only enacted piecemeal. Housing in this period was however considered a social service.

## 1980's

With continued urbanization, development of city centres and the expansion of the service sector, housing demands of the middle class grew. Consequently, the value of land around the large cities increased rapidly resulting in single-storey *gecekondu* houses with small gardens being pulled down and replaced by multi-storeyed “apartment block *gecekondu*” which were either rented out or sold for profit. Thus, first generation “*gecekondu* owners” became landlords to second generation “*gecekondu* tenants”. *Gecekondu* had become a source of business. Consequently, around Close to 10 million people, out of 44 million urban residents, in Turkey today live in informal Settlements—*gecekondu* which is particularly vulnerable to flooding, earthquake and fire. (Ozer, G. et al, 2007)

## b. HOUSING SUPPLY DELIVERY VEHICLES

From 1963 - 1984, the majority of housing construction was carried out by the private sector with public sector providing disaster housing. The delivery vehicles for private sector development were as follows:

*Housing Co-operatives* – accounted for about 10% of planned housing provision and were usually financed through credits applied by the Social Security Association. Projects were up to five stories high and of high density. Target group was the **regularly** salaried lower-middle – middle income families. Developments took place on the periphery of cities and lacked development plans and inadequate infrastructure.

*Real Estate Credit Bank* – accounted for 1% of planned housing provision to good technical standards which were targeted to the middle- upper middle income groups (Ibid).

*Small Enterprise Builders/seller relationships* - provided the remainder of formal housing provision whereby small builders would form partnerships with land owners. Existing 2-3 storey building would be demolished and replaced by multi storey apartments, thus pushing up profit margins and encouraged high density living.

The problem with afore mentioned modes of construction was that it only catered for low-middle, middle and high income groups. Thus, the low income families in informal employment gravitated to and generated a market of illegal settlements known as *Gecekondu* which literally means ‘built overnight’.

*Gecekondu* - Because migration to large urban centres was critical to the continued industrial development of Turkey, laws such as the squatter law (1966) were not always enforced by the government resulting in continued unauthorised construction without any form of permit. Industrialists and traders encouraged such developments as it provided shelter for their cheap labour supply. Thus, *Gecekondu* became the core provider of shelter for low income groups (Bolen, F. 2004).

**1980's** In 1982 the ‘Right of shelter’ was championed with the constitution stating that the state would take necessary steps to provide for the housing need of Turkey though the construction of large scale housing. The government changing its role in effect from **regulator** to **provider** a paradigm shift away for the 1961 constitution.



The Mass Housing Law 1984 was the platform from which to deliver housing and as a result investment in housing increased substantially. Furthermore, 1984 also witnessed the ‘general pardon for unauthorised constructions’ giving legal title to squatters who had built on governmental land. In addition, Law No: 3194 and 3030 give local authorities the right to implement their plans.

### ***1. Housing Delivery***

Again the majority of house production was carried out by the private sector. However, limited access to housing credits and incentives offered little financial resource for low income groups. Thus, the planned housing only catered for low-middle, middle and high income groups resulting in the accelerated development of Gecekondu.

*Small Enterprise Builders/seller* - fell into a bottle neck and could not compete with financial incentives given to large scale construction firms.

*Housing Co-operatives* - merged to form associations and built city scale projects such as Batikent in Ankara and Esenkent in Istanbul. The target audience was low and low middle income groups but resulted in supplying houses for middle – income families.

*Gecekondu* - The 1984 ‘general pardon for unauthorised constructions’ giving legal title to dwellings encouraged the construction of 4 storey apartment blocks to a poor standard which now comprise a significant amount of urban housing.

*Large Scale Housing* -With the introduction of the mass housing law (1984) large scale construction of urban settlements consisting of 60-100,000 units were developed via partnerships formed with private enterprise and the Real Estate Bank. Projects were technically well planned but did not fully take into account the surrounding developments resulting in urban sprawl. The establishment of the Housing Development Administration of Turkey (TOKI) initially supported through the Housing Fund by social security institutions as well as Türkiye Emlak Bankasi (Emlak Bank) became and remains the largest provider of housing in Turkey.

Throughout the 1980’ and into the 1990s, Turkey has witnessed strong growth in the housing sector. However, the lack of an accessible housing loan system arising from economic instability caused a bottleneck, prevented low and middle-income families from accessing finance to support their housing aspirations (Central Bank of the Republic of Turkey 2008). However, segments of the population in informal employment (which mostly means an irregular job and uncertain employment), fluctuating and low income (either because the employer does not pay regularly or the worker has to change jobs often) and the lack of social security networks are not however in a position to take up formal finance and as a consequence tend to live in gecekondu neighbourhoods and are more at risk of further exclusion and poverty (Adaman, F. Keyder, Ç. 2006).

### **1990’s**

This new social division was further aggravated as a result of the massive movement of internally-displaced people (IDP), from the countryside of eastern and south- eastern Anatolia to cities both in the West and in the region, during the 1990s. This new wave of migrants, generally believed to be at around one million, was the result of armed conflict in the South-east (Ibid). This migration from rural to urban has also left a legacy of fractured family units and diminishing access to services for families remaining in rural areas. In the latter half of

the 1990's as a consequence of the Russian Crisis in 1998, the earthquake of 17 August 1999 in Adapazari close to Istanbul and the 2001 economic crisis in Turkey, the housing sector witnessed a significant contraction in output.

### **2000's**

Witnessed needed Structural reforms which focused on strengthening the banking sector and banks began to compete with each other to increase their market shares in credits. Furthermore, economic activity increased following the recovery from the crisis, interest rates declined as inflation fell rapidly to single digit figures. The restoration of economic and political stability and the accession process of Turkey to the EU decreased the risk perception of global investors and enabled Turkish banks to borrow from the international credit markets at low rates.

As a consequence, Turkey witnessed a considerable increase in the housing activity. Housing to loans ratio to the total household credit, which used to range between 14 to 21 percent from the early 2003 till mid 2005, jumped to nearly 50 percent of household loans in mid-2006 (Central Bank of the Republic of Turkey Housing Sector in Turkey 2008). However, political uncertainty in May-June 2006 when the Turkish courts tried and failed to close the ruling AK party, negatively affected the housing sector. Furthermore, an increase in interest rates curbed households' willingness to buy house and as a result housing loan take up declined from over 300 percent to 25 percent (Ibid)

The purpose of outlining the historical context is that it defines the present and future housing need in Turkey. Having outlined a brief historical overview of housing trends in Turkey, the next section will provide a preview present day trends and housing stock characteristics.

## **c. PRESENT DAY - TRENDS IN FORMAL AND INFORMAL HOUSING MARKETS**

### **Regulatory Bodies for Construction Industry**

The main regulators of the construction sector are the Ministry of Public Works and Settlement, the Housing Development Administration of Turkey (TOKI) and the State Planning Organization (SPO).

The Ministry of Public Works and Settlement serves two main functions: First, it oversees the construction activities financed by public funds (planning, tendering, controlling, and technical acceptance). Second, it sets standards, issues licenses, and prepares and publishes regulation for the whole construction services cluster. The Ministry also made changes to the Building Inspection Law after the earthquake of 1999 enforcing stricter standards for all construction activities in Turkey;

The Housing Development Administration of Turkey (TOKI) is responsible for increasing the housing supply for the low-to-medium income population. Its main function is to provide financing, develop projects both in Turkey and abroad and achieve an orderly process of urban development (see also section VI (d)).

The State Planning Organization develops medium-to-long term plans for the public construction projects (see also section II (d)).

## Key Institutions

*Chamber of Civil Engineers* conducts research, follows construction tenders and assists its members in participating in these tenders.

*The Chamber of Architects* -organizes all architects in Turkey and inputs into development decision making processes.

*Turkish Contractors Association* – This represents 130 largest Turkish contractor companies (Katsarakis, Y. Etal (Spring 2007).

## Household Trends

Households have generally gained greater access to disposable income; the average number of people in a household is growing faster than population at roughly 3.0% annually. This is because household size has generally declined in the last twenty years from 5.3 people to 4.5 people (Turkish Statistics Institute TSI 2007). Between 2000 and 2004, households increased 13%, equating to an average of 350,000 to 400,000 new households a year (Mutlu, S. 2007). Residential growth is changing the character of Turkey's urban neighbourhoods and is running well ahead of infrastructure, leading to over-stress transportation, water and sanitation (<http://www.state.gov/r/pa/ei/bgn/3432.htm>). Therefore, the shortfall is continuing to fuel illegal construction.

## d. SUMMARY

### Housing Sector In Turkey

Historical context, present day trends, key regulatory bodies, current housing stock, housing delivery models and their impact on housing delivery.

#### Historical

- The expansion of urban industry in the **1950's** was undersupplied with labour and actions to address shelter problems could not cope with the rapid migration leading to burgeoning of squatter buildings (known as *gecekondu* built in a night) and illegal constructions.
- Provision of housing through the construction of large scale housing.
- The government changed its role in effect from **regulator** to **provider** a paradigm shift away for the 1961 constitution.
- The Mass Housing Law **1984** was the platform from which to deliver housing and as a result investment in housing increased substantially.
- 1984 'general pardon for unauthorised constructions' giving legal title to squatters who had built on governmental land. This backfired and resulted in the construction of 4 storey apartment blocks to a poor standard which now comprise a significant amount of urban housing.
- A new generation of squatter landlords. *Gecekondu* had become a business opportunity.
- Social divisions aggravated as a result of the massive movement of internally-displaced people (IDP), from the countryside of eastern and south- eastern Anatolia to cities both in the West and in the region, during the **1990s**.
- 1999 earthquake in Adapazari close to Istanbul and the 2001 economic crisis in Turkey resulted in a significant contraction in the housing sector.
- 2000 Structural reforms which focused on strengthening the banking sector and banks began to compete with each other to increase their market shares in credits.

#### Present Day

- Households are growing faster than population.
- The average number of people in a household has declined in the last twenty years pushing up demand.

## IV. LEGAL FRAMEWORK FOR HOUSING

This section will provide an overview of present policies and legislation that direct housing provision in Turkey. There is no formal national housing Act rather a number of acts and legislation that determine housing implementation. Furthermore a law specifically related to Social Housing does not specifically exist but has some limited coverage in the mass housing law (1984) to the degree that affordable housing will be provided. This housing is however out of reach for some people.

Formulation and implementation of housing policies normally take years whilst social economical and political change occurs on a faster timeline to conflicting demands and outputs. Thus, policy makers are sometimes working to a more quantitative formulate ensuring that the minimum requirements of housing delivery are met to prevent social and therefore voter unrest whilst enhancing economical outputs.

### a. LEGISLATION AND REGULATION

The following bodies are responsible for the legislation and regulations and therefore decision-making pertaining to human settlement in Turkey. The organisations with a significant impact on housing in Turkey are as follows.

#### *i. National Level*

*State Planning Organization* is responsible for the preparation of Five Year Development Plans or preparation of Regional Plans or having them prepared (see also section II (d)).

*The Ministry of Public Works and Settlement* is responsible for: the preparation of territorial plans or having them prepared and their approval through Planning Law No: 3194/1985; the preparation of land use plans for areas subject to disaster and their approval through Disaster Law No: 7269/1051; the approval of Tourism Area and Centres Master Plans through Tourism Encouragement Law No: 2634, 18.03.1982; the approval of landfill in coasts or land gained through drying through Coastal Law No: 3621, 17.04.1990; the preparation and approval of the plans on Metropolitan Area Public Works within the context of Public Works Law No: 3194, the approval of land-use plans related to public institutions, important for transportation, mass housing implementations through the Planning Law, No: 3194, 09.05.1985; the approval of land-use plans of explosive and flammable material stores through the Regulation announced relative to the second article of the Law No: 6551 (1987); the preparations and approval of land-use plans of Squatter Prevention Areas or Rehabilitation Zones through the Squatter Law No: 775/3384; and the approval of Implementation Plans of National Parks through the Law on National Parks No: 2873, 09.08.1993.

*The Ministry of Public Works and Settlement* (General Directorate of General Directorate of Bank of Provinces) is responsible for, by the request of municipalities, the preparation of land-use plans by itself or through private tenders via the Law of General Directorate of Bank of Provinces No: 4759, 02.06.1945.

## **ii. Regional Level**

*South-eastern Anatolian Project Regional Development Administration* is responsible for the use of rights and competence in planning and infrastructural issues in South-Eastern Anatolian Region Provinces relative to the Laws No: 1580 and 3194 through the Governmental Decree No 399, 06.11.1989.

*Regional Councils of Cultural and Natural Resources Protection Councils* is responsible for giving instructions on land-use plans with conservation objectives in urban and archaeological natural conservation areas through the Law on the Protection of Cultural and Natural Resources No: 2863/3386, 23.7.1983.

## **iii. Provincial Level**

*Governates* are responsible for the preparation and approval of land-use plans outside the municipal and adjacent area boundaries through the Planning Law No: 3194, 09.05.1985; the announcement of Mass Housing Areas through Mass Housing Law No: 2985, 17.03.1984; the determination of village settlement areas through Planning Law No: 3194, 09.05.1985; and the determination of village settlement areas and approval of their plans through the Village Law No: 442/3367, 26.06.1987.

## **iv. Settlement Level**

*Municipalities* are responsible for the preparation of land-use plans within the boundaries of Municipalities and adjacent areas through the Planning Law No: 3194, 9.5.1985; the determination of squatter areas and upgrading zones and preparation and approval of their land-use plans through the Squatter Law No: 775/3811; the preparation and approval of upgraded implementation plans through the Amnesty Law on Settlement Development No: 2981/3290/3386; the Construction and Occupancy Permits through the Planning Law No: 3194, 9.5.1985 and the Municipality Law No: 1580, 3.4.1930; and the approval of land-use plans related to land uses other than tourism in tourist areas and centres through the Tourism Encouragement Law No: 2634, 12.3.1982.

*Greater Municipality* is responsible for the preparation and approval of master or land gains through drying through the Law on the Administration of Greater Municipalities No: 3030, 27.06.1984.

*The Ministry of Environment and Forestry* is responsible for the determination and protection of national and natural parks, and preparation of development plans through the Law on National Parks No: 2873, 9.8.1993.

*The Housing Development Administration of Turkey (TOKI)* determines general policies on providing lands and housing, the land production areas with priority, and the calendar for the production of such areas, supervises domestic and foreign resources required for the production of land and housing (UN 2004).

## **v. Mass Housing Act 1984**

With the introduction of the mass housing law (1984) large scale construction of urban settlements consisting of 60-100,000 units was encouraged. MHA's housing production models are as follows:

- Social housing fund raising projects, land provision and production in cities (fund now has very little scope)
- Disaster housing

- Urban transformation projects (gecekondu squatter transformation projects)
- Housing production on MHA's lands for low and middle income groups
- Agriculture villages.

The Housing Development Administration of Turkey (TOKI) was given special powers to assert the development of mass housing in Turkey (see section VI (d)).

#### **vi. Building and Construction**

*Development of Land - The process for rezoning agricultural land to build able land*

The Reconstruction Act 19856 requires that any rezoning should be decided by the Ministry of Public Works and Settlement upon proposition of local administration and should be published in Official Journal in order to be in force.

#### **Building construction license**

Under the provisions of the Reconstruction Act 19857, a building construction license must be obtained for all buildings from either the municipality or the governorship of the province. In order to obtain a license, an application must be made to the relevant authorities by submitting the title deeds, the architectural drawings, the structural drawings, and the electrical and mechanical installation drawings.

The constructor is obliged to start construction operations within two years as from the issuance date of the construction permit, failing this; a renewal of the permit must be requested. The constructions have to be completed within five years as from the date of the permit.

#### **Permit to use the construction**

In addition, the owner of the construction is obliged to obtain a permit to use the construction at the end of the construction. This permit is granted by the governorship and by the municipality (Real Property Investment Law in Turkey - March 2007)

#### **vii. Transfer of Ownership**

*Acquisitions*

In order to acquire title to a property, an application has to be submitted in advance to the title deed registry of the location of the property. After the terms of the transaction are agreed upon between buyer and seller, both parties go to the title deed registry office to register the transaction and the transfer of title.

*Acquisition of Real Estate by Foreign Entities*

The acquisition of real estate in Turkey by foreigners is subject to certain limitations. Foreign controlled Turkish companies benefit from a liberal regime.

Foreign legal persons have the right to buy real property and/or to benefit from real rights for an indefinite period of time, on the condition of reciprocity and subject to a limitation to 2.5 hectares in total in Turkey. For acquisitions up to 30 hectares, a decision of the Council of Ministers is required. Legal inheritance is an exception.

Companies having legal personality established in foreign countries according to the laws of these countries can acquire real property and limited rights over real property in Turkey according to the provisions of special laws.

Foreign investors are subject to equal treatment with domestic investors (Article 3 of the Foreign Direct Investment Act (Act number 4875)). Therefore, companies with foreign capital that are duly established in Turkey are not considered to be foreign companies, but Turkish companies.

### ***viii. Financial Leases***

Leasing is regulated in Turkey by the Financial Leasing Act (Act number 3226), and only this type of leasing can be used. There is no legal framework for operational leasing. The asset under financial leasing remains the property of the landlord; the tenant is granted an exclusive right to use such asset. The ownership is transferred at the end of the term of a lease for a predetermined price.

### ***ix. TAX***

#### **Transaction costs - Sale of land and buildings**

##### *Title deed transfer charge*

A tax of 1.5% is payable on the sale of the real property. This charge is payable by both the buyer and seller. Thus, the total title deed charge over the property that has to be paid is 3%. This rate is also applied if the property is contributed as capital in kind to a company.

##### *Real property tax*

Real property tax returns are filed every four years. Real property in Turkey is taxed according to the purchase / sale value. The taxable basis for properties is subject to annual revaluation based on government determined levels. Annual property tax rates are as follows:

- Residential buildings 0.1%
- Buildings 0.2%
- land 0.3%
- fields 0.1%

The rates are doubled for property located in the metropolitan municipalities. The taxable basis for property taxes is the tax value of the property, which is defined as the value of the property at the time of the annual declaration. The property tax payable may not be less than the taxable amount calculated on the basis of the minimum value determined for the area by the special valuation commission of the local municipality. (Real Estate Tax Act 1970 (Law No. 1319 of 29 July 1970) (Real Property Investment Law in Turkey - March 2007).

### ***x. Home Ownership Specific***

#### **Mortgage Law**

The New Mortgage Act for the acquisition of houses was passed on Wednesday 21st February 2007. The law allows mortgages to carry floating interest rates and prepayment penalties. It will also facilitate mortgage securitization, thereby allowing risks to be transferred out of the banks to other parties who are willing to take them, and increasing the funding for mortgages. The law also provides for the establishment of mortgage finance companies that can raise non-deposit funds and intermediate the securitization process. Securitization will nonetheless take time to develop. Only mortgages with good titles and standard contracts will be attractive for securitizations at reasonable interest rates. (CBT 2008)

## Flat Ownership

Flat ownership and the law on Ownership allows for the division of a building into private parts which belong to their respective owners and common parts which are owned jointly by all the co-owners. The neighbours share co-ownership of the common parts, such as the outside walls, the land, the roof and so forth. The management plan of the co-ownership divides the property into private parts, common parts, and common parts used by certain co-owners only.

## b. SUMMARY

### Legal Framework

Legislation and regulations and ownership, tax issues and home ownership.

- The mass housing act 1984 is the single most effective housing law.
- The Housing Development Administration of Turkey (TOKI) was given special powers to assert the development of mass housing in Turkey.

### Building And Construction

- **Development of Land** - any rezoning should be decided by the Ministry of Public Works and Settlement.
- **Building construction licenses** are obtained for all buildings from either the municipality or the governorship of the province.
- The constructor is obliged to start construction operations within two years from permit issue and the constructions have to be completed within five years as from the date of the permit.

### Transfer Of Ownership

- **Acquisitions** - In order to acquire title to a property, an application has to be submitted in advance to the title deed registry of the location of the property.
- **Acquisition of real estate by foreign entities** - Foreign controlled Turkish companies benefit from a liberal regime.
- Foreign legal persons have the right to buy real property subject to a limitation to 2.5 hectares in total. For acquisitions up to 30 hectares, a decision of the Council of Ministers is required. Legal inheritance is an exception.
- Companies having legal personality established in foreign countries according to the laws of these countries can acquire real property and limited rights over real property in Turkey according to the provisions of special laws.
- Foreign investors are subject to equal treatment with domestic and companies with foreign capital that are duly established in Turkey are not considered to be foreign companies.

### Financial Leases

- There is no legal framework for operational leasing. The asset under financial leasing remains the property of the landlord; the tenant is granted an exclusive right to use such asset. The ownership is transferred at the end of the term of a lease for a predetermined price.

### Tax

*Transaction costs & Sale of land and buildings*

- **Title deed transfer charge** - A tax of 1.5% is payable on the sale of the real property by both the buyer and seller.
- **Real property tax** returns are filed every four years according to the purchase / sale value and are subject to annual revaluation based on government determined levels.

### Home Ownership Specific

- The Mortgage Act (2007) allows mortgages to carry floating interest rates and prepayment penalties.
- The law also provides for the establishment of mortgage finance companies
- Only mortgages with good titles and standard contracts will be attractive for securitizations at reasonable interest rates.
- Flat ownership and the law on Ownership allows for the division of a building into private parts which belong to their respective owners and common parts which are owned jointly by all the co-owners.



## V. FINANCIAL FRAMEWORK TO DELIVER ACCESSIBLE HOUSING

The effect of the global crisis on the Turkish banking sector has been limited. The crisis has however, dented public finance performance with tax revenues well below the projected budget forecasts as a result of the contraction in growth and tax cuts to support the real sector. The contraction in economic activity also caused social security premiums to stay well below their targets and an obvious increase in social security deficit was recorded. As a result, budget deficit, debt burden and Treasury debt rolling ratio increased more than projected. (SPO 2009)

### a. REGULATORY BODIES, KEY INSTITUTIONS LAW AND ACTS

The key bodies pertaining to the banking system in Turkey are the Republic of Turkey Undersecretariat Turkish Treasury and the Banking Regulation and Supervisory Agency.

#### **Key Law and Acts**

Banks in Turkey are subject to the Banking Act and to the provisions of other laws pertaining banks with the key law and acts being:

*Banking Law No. 5411, Banking Act No.4839 (June 1999) as amended by the Act No.5020, Capital Market Law No. 2499 (July, 1981), Regulation on Capital Adequacy-Official Gazette No.24657 (Jan.2002) Regulation on the Establishment and Operations of Banks-Official Gazette No.2445 (June 2001).*

(<http://www.bddk.gov.tr/WebSitesi/english/Legislation/Legislation.aspx>).

### b. HOUSING FINANCIAL FRAMEWORK

#### *i. Public Investment*

The most important change to State housing finance in Turkey in recent years is the abolition of the Mass Housing Fund as part of the implementation of the ongoing economic stability programmes. As a result, public housing investment became dependent on allocations from the general budget and the financial resources of the State housing development company TOKI. These changes together with lack of accessible large building plots severely debilitated the effectiveness of the cooperative housing model for example.

#### *ii. Long Term Commercial Loans*

In terms of project finance, commercial loans are available through banking institutions and are usually set in USD or EUR terms. For larger amounts for project finance, duration is usually 7 years (sometimes extended to 10 years) with 2 years grace period. Costs are around Libor +4.5% but duration and cost depend on the feasibility and equity/collateral amount of the project. Table 15 provides market averages

Table 15 Commercial Loan rates

Currency and Loan Period	Fixed Rate %	Variable Rate %
USD 1 Year	5.75	Libor + 5.45
USD 2 Year	6.50	Libor + 6
USD 3 Year	7.25	Libor + 6.2
USD 4 Year	8.00	Libor + 6.7
USD 5 Year	8.50	Libor + 7.05
EUR 1 Year	6.00	Euribor + 5.45
EUR 2 Year	6.75	Euribor + 6
EUR 3 Year	7.25	Euribor + 6.2
EUR 4 Year	7.75	Euribor + 6.7
EUR 5 Year	8.25	Euribor + 7.05

HSBC 2010

### *iii. Mass Housing Credit*

There is a very limited financial aid through a mass housing credit called “Complementary Credit” corresponding to between 5-6% of the total project construction costs, which is disbursed when 85% of work is completed. However, housing co-operatives for example do not apply for this credit because of the related bank and other costs associated with it (<http://www.ica.coop/al-housing/articles/197/1/Housing-Cooperatives-in-Turkey/Page1.html>).

### *iv. Household Finance*

#### **Borrowing Trend**

Turkish households tend to favour short and medium term maturities to longer dates, which is mainly a result of frequent crisis episodes. As of 2008, average maturity is less than 7 years and almost half of the households prefer a maturity of **5 to 10 years** while the share of loans with maturities longer than 10 years is 19 percent, which is quite low when compared to international figures. Unlike past economic crisis, due to structured reforms and a strong banking sector, Turkey has remained stable which will encourage price stability and will over time favour of longer-term maturities (CBRT 2008)

#### **Housing Credit Ratio (Take Up)**

Home ownership ratio in Turkey is 68 percent but housing credit’s ratio to GDP is still at low levels when compared to developed economies. For instance housing loans to GDP ratio in the United Kingdom, United States and European Union are 85, 75 and 47 percent respectively, whereas the corresponding figure for Turkey is a mere 4 percent (Ibid). Thus, there is a significant latent demand for the housing sector and mortgage loans to grow over time and increase its share in the economy. However, access to affordable housing for low income groups will remain limited due to ability to repay loans exasperated by sporadic working and income patterns (which could not be used as secure income). Those low income families who happen to own a dwelling are likely to have legality of ownership issues (Gecekondu) rendering the asset obsolete from which to leverage against.

## v. Mortgage

The Turkish mortgage law was passed on March 2007. Mortgage finance is little known and less used. In part, this is simply a matter of time; the mortgage law is new, companies are being set up and licensed, and the asset-backed securities rules are not yet in place. The law is new, and it will take some time to build up all components in the mortgage value chain, including specifically:

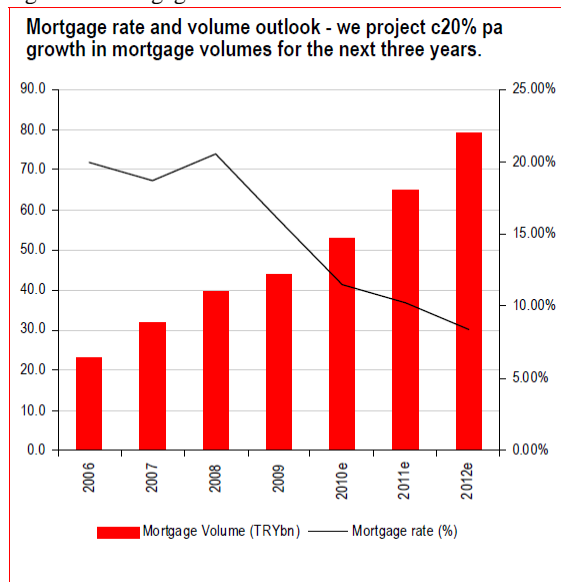
- New loan products.
- Consumer awareness and acceptance of mortgage financing and longer-term borrowing.
- Capable mortgage originator companies and individuals.
- Forms of secondary-market liquidity (i.e. direct loan sales, securitization).
- Virtually any government action that accelerates the take-up of mortgage financing will be in Turkey's policy interest (GYODER 2008)

### **Demand**

In Turkey, the problem is not that homes are too expensive; rather, it is that *home loans* are too expensive. Thus, the biggest gaps in Turkey's housing system are on the demand side and helping people pay for housing, rather than the supply side and making home prices cheaper.

Turkey will require an additional 5, 5 million housing units by 2015 (GYODER 2007) There is a current housing deficit representing requirement for between 500 - 700,000 new housing units to be built each year (GYODER 2007; HSBC March 2010) . In terms of mortgage supply, HSBC (2010), project 15% general loan and 20% mortgage loan growth (Figure 13) in 2010.

Figure 13 Mortgage Rates and Volume



HSBC (March 2010)

### **Mortgage Accessibility and Terms**

Under current economical conditions, poor people or low-income groups cannot acquire quality houses with favourable terms and conditions. According to research by the Central Bank of Turkey (2008), only those which take the biggest share from the income distribution (the top 10 percent) are able to access mortgage credit and the number of households who can access housing credits is only 1.8 million. However, interest rates now are now close to 1% including charges and given the favourable supply and demand dynamics in the mortgage

market, together with the increasing competition among commercial banks and improving confidence among creditors, rates should decrease further.

Mortgages are currently available exclusively through the banking system. The leading banks in Turkey are Garanti Bank, Ak Bank, İş Bank, Finansbank, HSBC, Fortis, Denizbank, TEB and Yapı Kredi.

### Loan Period

Loan periods usually range from 3 - 240 months (20 years) with an opportunity to borrow over a maximum period of 360 month (30 years).

There is still a reluctance to borrow over longer periods (see section Household Finance *borrowing Trends*) with preferred loan maturity period of 5 -10 years. Table 16 provides two examples of present mortgage options. Here we can observe that repayment over a ten year period amounts to an additional 80,000TL (10,000TL per year) which remains very high.

Table 16 Mortgage conditions as of March 2010

	Maximum use of Credit	Loan Tern (month)	Loan Amount	Yearly Rate	Total Payment	Monthly Payment	Monthly Loan Rate (Fixed)
Guarantee Bank*	75.00 %	10 years (120 months)	100000 TL	14.22 %	179,352.64 TL	1,469.61 TL	1.05 %
Yapı Kredi**	80.00 %	10years (120 months)	100000	14.00 %	178,211.66 TL	1,462.59 TL	1.04 %

[www.garanti.com.tr](http://www.garanti.com.tr) [www.yapikredi.com.tr](http://www.yapikredi.com.tr)

### Insurance

Insurance companies are working on mortgage insurance but it is currently not available. The Association of insurance and reinsurance companies of Turkey is also exploring future implementation. In Turkey there are currently two types of insurance policies for properties namely, compulsory earthquake insurance and none – compulsory property insurance.

#### *Compulsory*

The Turkish Catastrophic Insurance Pool –TCIP (DASK) has been established under the implementation of Law no: 587 in order to write compulsory Earthquake insurance other associated tasks within the decree. In Turkey Compulsory earthquake Insurance is mandatory for all buildings with the exclusion of buildings belonging to public establishments and buildings constructed in village settlement areas.

#### *Non – Compulsory*

Other property insurance is available covering risk of fire and theft.

### Mortgage Downscaling

In terms of downscaling access to mortgages, there is a lot of potential for banks to increase their product market share. However, many people in employment in Turkey work in the grey economy and cannot therefore evidence enough financial means to secure finance which would require a rethink from institutional lenders in terms of their eligibility criteria. It would also require a further lowering of the mortgage interest rates. Furthermore, many existing home owners cannot use their existing property as a source of leveraging equity as many are without legal ownership documentation Thus, with significant demand to reach

from low middle - middle high income groups, it is unlikely that further mechanisms to assist lower income groups in accessing finance will be provided from the banking sector in the near future at least.

### **c. MICRO FINANCE**

According to World Bank, the number of people living in absolute poverty in Turkey is relatively low. On the other hand, vulnerability to the threat of poverty remains high. Income distribution among sectors of the population and regions are highly disparate. Micro and informal sector activities play an important role in protecting population segments against vulnerability. Access to microfinance services helps decrease vulnerability by enabling people to take advantage of economic opportunities that allow them to diversify and increase their sources of income.

Micro credit is regarded as an instrument for to increase the employment and to enhance the income in socio-economically depressed areas, by providing financial support to the micro and small enterprises, mostly founded and run by families.

Demand for microfinance services can be understood from the perspective of (a) Micro and small businesses that seek access to finance to fund operations and growth; (b). From a perspective of poor and low income households that seek a range of financial services including loans, savings and other services to invest in businesses, improve their homes, and meet other consumption needs. Thus, supporting the supply of micro loans is therefore not only an issue of entrepreneurship and economic growth, but also of social inclusion.

#### ***i. European Union***

In 2007, the European Investment Fund (EIF) calculated that there were 11 million potential customers in the European microfinance market and categorizes the demand for microfinance under four major trends: the demand of micro-loans that have a positive impact on small enterprises, the demand for job creation supports to avoid unemployment and exclusion, the demand for funds to maximize the contribution of the informal sector to the public and demand for micro-social loans in the meaning of funds to minimize the adverse effects of immigration (Carpenter, 2007). Thus, in the same year, the European Commission published its Communication on micro credit, re-introducing it as a fundamental tool in addressing unemployment and poverty.

#### **EU Initiatives**

The Multi-annual Program (MAP) 2001-2006 had a significant focus on promoting micro finance and included a specific support initiative for MFI's in the EU which was the Micro credit Guarantee Window, delivered by the European Investment Fund (EIF) in cooperation with the Commission (European Microfinance Network, 2008). MAP was then replaced by The SME Guarantee Facility (SMEG).

SMEG is part of the Entrepreneurship and Innovation Program which is one of three schemes under the Competitiveness and Innovation Framework Program Micro credit guarantee window of the SME Guarantee Facility (SMEG) and was established with the aim of reaching a greater number of SME's than its predecessor under the MAP and to encourage financial institutions to play a greater role in the provision of loans of a smaller amount by enabling the

financial intermediaries to receive grants to partially offset the high administrative costs inherent in micro credit financing (Budavari, V. 2006).

The European Commission and the EIF have set up a special credit facility of microfinance and SME creation called the Joint European Resources for Micro and Medium Enterprises (JEREMIE) under the European Regional Development Fund (ERDF).

JEREMIE enables the regional and local ERDF managing authorities to transform some parts of their budget, into loan capital to be assigned to selected potential financial intermediaries, including micro credit institutes (<http://www.eif.org/jeremie>, 2008) The new JEREMIE scheme for 2007-2013 is expected to provide micro-credit, guarantees for both loans and equity and venture capital finance to SMEs (Ibid).

#### **d. MICRO CREDIT IN TURKEY**

##### ***i. The Regulation of Micro credit in Turkey***

The most recent development considering the regulation of micro credit system in Turkey is the Draft Act on Micro-financing institutions. It is expected that the new legislation if passed in the Parliament will set up a special legal framework that permits foundations, associations, NGOs or other non-bank organizations to provide microfinance services. Currently the lending operations of the NGOs are run by the independent profit oriented companies established to comply with the banking regulations.

The draft law permits the lending activities of associations and other charitable institutions, but does not clearly provide the provisions of the secondary legislation that will create the legal basis for practice. Other legislation pertaining to micro credit are the Banking Law No. 5411, Banking Act No.4839 (June 1999) as amended by the Act No.5020, Capital Market Law No. 2499 (July, 1981), Regulation on Capital Adequacy-Official Gazette No.24657 and Regulation on the Establishment and Operations of Banks-Official Gazette No: 2445

After the 2001 economic crisis, micro credit was received positively by the Development and Justice Party (AKP), the new governing party after the 2002 general elections. The AKP viewed micro credit lending as a form of poverty alleviation and was in accordance with AKP's values that social assistance should be conditional on participating in productivity. "Teaching peoples how to fish rather than giving them fish" has been a slogan most favoured by the AKP government since their 2002 victory (Buğra and Keyder 2006).

There is still very little knowledge in Turkey on microfinance and the possibilities microfinance can provide for poverty reduction by expanding access of the poor and the un-banked to financial services. On March 17th 2006 and with the cooperation of The Banks Association of Turkey, the UNDP held a one-day workshop, at which the findings of its survey on Commercial Banks and micro finance were debated, (<http://www.undp.org.tr/GoZlem2.aspx?WebSayfaNo=121>).

Table 17 highlights the strengths and weaknesses of micro credit application in Turkey observed from the workshop and clearly illustrates that micro credit is in its infancy. However the draft law on the Micro Finance Institutions could significantly increase in the number of the micro credit programs made available to SMEs.

Table 17 SWOT Analysis on Micro Finance in Turkey

Strengths and opportunities for Turkish commercial banks in microfinance	- Existence of well diversified financial system in Turkey
	- High loan recovery rates in Microfinance implementations in Turkey
	- Increasing number of banks gaining experience on SMEs and some extending their services to micro-enterprises.
	- Increasing number of banks developing low cost evaluation methods such as scoring
	- Cost reflective pricing has developed within the past few years as dealing in government securities was no longer enough for generating sufficient and sustainable income
	- Although the banks are strict on classical collaterals, some banks are open to innovative models for non bankable clients i.e. cash flow based collateral
	- Opportunities for cross-selling
	- Increased donor interest in initiating microfinance programs in Turkey
	- Budget discipline imposed by economic stabilization programs has reduced irresponsible lending by state banks to cooperatives, creating the opportunity to establish more effective programs and improve the credit culture
Weaknesses and Threats for Turkish banks in micro finance	- No banks addressing the non- bankable segments
	- Financial methodology and organizational structure not suitable to handle small scale transactions efficiently in many banks
	- Banks are not sufficiently informed on world-wide applied price modelling of microfinance
	- Investment for infrastructure needed
	- Capital adequacy issues might raise concern under Basel II
	- It has been agreed that successful implementation of microfinance by commercial banks in Turkey will both enhance and diversify the customer base of commercial banks and contribute to a great extent, to the development of microfinance market and the reduction of serious income disparities in Turkey.

### **ii. Supply**

There is insufficient supply of micro loans particularly to business creators who are unemployed persons, informally employed persons (an irregular job, uncertain employment and fragmented income source), women or ethnic minorities. In further supporting the supply of micro loans economic growth and social inclusion can be addressed.

In traditional banking, micro credit is often perceived as a high risk and low return activity due to the failure rate and the high handling cost for micro loans.

### **iii. Demand**

Micro and small business in Turkey are a visible and productive part of the Turkish economy. SMEs account for 99% of all enterprises in Turkey. Non agricultural SMEs employ more than 40% of the workforce, and produce 35% of exports. The Tradesmen and Artisans Confederation (TESK) (<http://www.tesk.org.tr/eng/eng.html>) which deals exclusively with the enterprises of tradesman, service providers and craftsmen estimates that there are about 4 million businesses in Turkey with 1-10 employees. Two million of these businesses are registered with TESK, and the majority are self-owned. An additional 700,000 SMEs with independent legal status are registered with the Chamber of Commerce (Burritt, 2003).

A recent survey by Helmut Grossmann (2006) (table 18), studied the demand and characteristics of micro finance in Turkey in 384 households. To capture the socio-economic variety of Turkey, one area in the West, one in the centre, one in the South-East and one in the North-East was identified. Migration areas were considered of particular interest. Thus, the study surveyed Şeferihisar (Izmir), Mamak (Ankara), Şahinbey (Gaziantep), Uzundere (Erzurum). The following table illustrates some of the general key findings (in relation to this report):

Table18 Overview of Grossmann Micro Finance Survey Results 2006

<b>Education</b>	Irregular wage earners have limited education with only a small number with education above primary school.	
<b>Poverty*</b>	No poverty incidence	64%
	one poverty incidence	25%
	two or more incidences	11%
<i>Income and food insecurity (Last 12 months)</i>	“some days” when the income was less than 1 USD per person/day.	10%
	Not always sufficient food	12%
	Households with children at least one child under-weight	12%
<b>Finances</b>		
<i>Household Income and Expenses</i>	Seasonal peaks and lows for income or expenses	69%
<i>Savings Management</i> Preferred way of savings management (if all options were easily available)	Cash or in kind savings,	39%
	No change to existing arrangements	33%
	Would like to save in a bank	26%
	An informal saving group	1%
<i>Borrowing Behaviour</i>	Households that have borrowed money or goods during the last 12 months,	49%
Of the households who borrowed money or good in the last 12 months	Banks.	30%
	Family members	12 %
	Neighbours or friends	31%
	Borrowed goods only	19%
	From shop-keepers or suppliers	14%
<i>Borrowing Purpose</i>	For emergency.	69%
	for doctor or medicine, Note: 61% of irregular wage earners have borrowed for doctor or medicine and 54% of unemployed to buy food. This illustrates again the dire circumstances these people are living in.	18%
	for food	18%
	to pay small bills	13%
	education of children	5%
	To buy a business or farm asset (for self-employed households the result is 34%).	20%
<b>Banks</b>		
<i>General</i>	households use a bank	48%
	% of bank users who are content with their bank	92%
	Have or will stop using banks.	1.5%
<i>Possible Future Bank Use</i>	business loans	26%
	mortgage loans	22%
	vehicle loans	17%
	private loans (This section indicates that people would like to use specific loan products instead of expensive credit cards and overdraft facilities, however, they may find it difficult to access specific loan products as they may not fulfil the banks criteria).	16%

\*defined along the targets of the MDG which are relevant for Turkey: minimum income, food security, health and education.

**Note numbers do not necessarily tally to 100% as some respondents answered more than one option.**

The table is to illustrate general trends and for further regional differences, the report needs to be explored further. However, it is interesting to note that although the majority of households have no poverty incidence almost half had borrowed money over the 12 month period. Furthermore, 69% of all households borrow only for emergency. Hence, the overwhelming majority of the target group does not plan borrowing ahead. It is an ad-hoc decision based around crisis management.

Ziraat Bank was by far the most popular bank for savings, followed by Akbank, Is Bank and Halk Bank.



#### ***iv. Micro Credit Delivery Vehicles in Turkey***

Although there is no explicit regulation in the field of microfinance applications, the general model is to provide new micro credit opportunities generally through initiatives of the international organizations such as the UNDP and World Bank to improve access to credit for low income households.

Aside from several private banks with limited market coverage, the two state-owned banks are the primary credit suppliers in classical banking terms and only two NGOs have started micro credit delivery very recently in two different parts of the country. They are the Maya and Grameen projects.

#### ***BANKS***

The primary suppliers of microfinance services are the banks. However the products offered are supply-driven products and services that do not respond well to the financial service needs of clients. Costs incurred are also a drawback: Current accounts whilst free of charge incur an opening fee (one Turkish bank reported 14 YTL opening fee). Overdrafts are rather expensive (around 3% per month). Furthermore, one large Turkish bank stated that issuing a cheque would cost a minimum of 10 YTL and depositing a cheque would cost 20 YTL.

The largest players in the microfinance sector in Turkey are the state-owned banking institutions, Halk Bank and Ziraat Bank who supply the majority of microfinance loans through formal operators (formal sector) are supplied by these banks. This is due to their extensive branch network and experience in lending small loans to small businesses (<http://www.undp.org.tr/Gozlem2.aspx?WebSayfaNo=121>).

*Halk Bank* provides loans to micro and small enterprises registered through TESK. Given that these borrowers are registered in the formal sector and can meet collateral requirements they are likely to be among the better off in the target market (Burritt, 2003).

*Ziraat bank* primarily serves clients in the agricultural sector. The total demand for microfinance services in the non-agricultural sector is estimated conservatively at 2 million clients (Ibid).

Whilst private banking institutions have had limited coverage in delivering micro credit, there is now growing interest in this market segment:

The Turkish Economy Bank (BNP Paribas TEB) together with the Young Businessmen Association of Turkey (GYİAD), are working in partnership with UNDP on the Golden Bracelet project with the aim of providing micro credit for young entrepreneurs between the ages of 18 and 35. Under the pilot scheme TEB will provide small loans (between \$4,000 and \$50,000) with no collateral requirements (up to \$9,000) to up to 1,000 young entrepreneurs per year initially in two cities with six branches.

(<http://www.undp.org/partners/business/gsb/Brochure%20material%202009/GSB%20brochure.pdf>). Women entrepreneurs, vocational high school and college graduates will have a priority in the project. TEB will provide the funding and the supervision of the project, while UNDP will provide technical staff and GYİAD educational support.

The European investment bank (member of the World Bank Group) will provide a loan of up to EUR 250 million (or equivalent) to Akbank dedicated to the financing of small and medium scale productive investments across Turkey. The primary objective of the proposed

long term loan to Akbank under this project is stemming from the relatively low appetite of banks to lend to the SME sector and to enhance the prospects for economic growth and employment in Turkey through the provision of long-term financing for small/medium scale projects undertaken by small and medium sized enterprises  
(<http://www.eib.europa.eu/projects/pipeline/2009/20090197.htm>)

Currently there is no clear legal framework that permits foundations, associations, NGOs or other non-bank organizations to provide microfinance services. In fact there appears to be restrictions on organizations like foundations and associations to collect money from the public. In order to support lending operations, NGOs have established independent for profit companies which have to comply with banking regulations and other relevant laws. Legislation is currently under consideration that would allow for both, deposit-taking and non-deposit taking banks (European Commission 2007)

### **None Banking Sector**

None banking sector players are virtually absent from the Micro credit market in Turkey. Several are experimenting with micro credit delivery at this time, such as Maya Enterprise for Microfinance (<http://www.kedv.org.tr/index.php?page=maya>) and the Grameen Bank initiative in the eastern city of Diyarbakır (<http://www.tgmp.net/eng/index.html>). However, at present, there are no clear policies for facilitating further access of the un-banked majority to the population as well as small business to the formal financial sector.

### **UNDP**

UNDP supports development of a microfinance sector in Turkey as a tool to reduce poverty. The main objective is building inclusive pro-poor and sustainable financial systems for all sectors of the society with a view to foster productivity and empowerment. UNDP, in cooperation with the Turkish government, has established a National Committee on Microfinance, comprising members of the government, NGOs, the private sector, academia and international development organizations to develop policy advice for the decision-makers and government institutions (UNDP Putting People at the Centre of Development).

In Turkey, the concept of microfinance has emerged in recent years, and there are only two NGOs operating in the microfinance sector namely the Foundation for the Support of Women's Work (KEDV) and the Foundation for Waste Reduction. Both institutions started operation just after the 2001 financial crisis.

### **The Foundation for the Support of Women's Work (KEDV)**

KEDV was established in 1986 with a mission to empower women by supporting their economic participation in economic life. KEDV projects mainly consist of support for business and product development, marketing for women entrepreneurs and supporting women to establish cooperatives. After the 1999 Marmara earthquake, KEDV established a microfinance project in Kocaeli, one of the cities deeply affected by the earthquake (<http://www.kedv.org.tr>). In 2002, KEDV established the first MFI in Turkey, the Maya Enterprise for Microfinance.

### **Maya Enterprise for Microfinance**

For legal reasons, KEDV founded a for-profit company to run its microfinance business. Maya targets low-income women with already established micro businesses, and as of June 2003, it was lending to 200 clients in Kocaeli with an average loan sizes are about \$350. The

activities are mainly small-scale trading in markets and shops, home-based productions such as textile, candles, and lace work.

The interest rate is approximately the same as that of the private banks, the annual interest rate being 4.9 percent per month, charged on a declining basis. This was the minimum interest rate that Maya had to apply in order to break even in 2005, its fourth year of operations. Loan cycles are from 4 to 6 months; depending on the loan size (UNDP 2003).

Maya Micro credit is working in the Marmara region; an area deeply affected by the 1999 earthquake and is currently active in the low-income areas of Istanbul, Kocaeli, Sakarya, and Eskisehir. As of December 31, 2007, it has provided 6.227 micro credits to a tune of 4.100.000 US\$. All the credit borrowers are women (Gurses, D.2009).

#### *Maya Challenges/culture issues etc*

Some issues encountered by Maya include:

- Initially, women were unwilling to use the financial services offered by Maya due to their lack of knowledge about financial issues and their mistrust about the new organization
- The cultural barriers and the conservative medium of the small cities discouraged and even prevented women to take part in business life.
- As most of the women were working in the informal sector, they were reluctant, fearing that their status could be jeopardized if they received funds from a formal institution (UNDP 2003).
- Maya only lends to women who have been involved in the same business at least for six months. This approach is a reflection of Maya's concern for maintaining its viability as a financial institution and whilst this may change over time, for now, this approach makes it difficult for the "poorest of the poor" to engage – those who are in most need (Ozer 2004).

#### **Grameen Microfinance Project (TGMP)**

In June 2003, the Foundation for Waste Reduction launched the Turkish Grameen Microfinance Project (TGMP) (<http://www.tgmp.net/eng/index.html>) which aims to adapt and apply the Grameen Bank (GB) micro credit lending methodologies of lend micro credits to poor people without financial collateral in the south eastern region of Turkey that experienced military conflict during the 1990s due to the existing ethnic dispute. The city of Diyarbakır, which is one of the least developed provinces of the country, where unemployment and the rate of poverty are much higher than the country's average was the first chosen location. The Diyarbakır governorship provided the office building as a sign of state support to the project. Furthermore the funds of the project are invested in accounts opened by the governorship.

The TGBP makes available credits ranging between 200-500YTL (150-280 US\$) with an interest rate of 20 percent which are distributed on the basis of solidarity groups consisting of five to eight women. The group members are equally accountable for the repayment of loans. The creation of peer group pressure among the group members in fact encourages each individual in the group to repay her debts regularly (Ozer, 2004) enabling the micro credit program to achieve high repayment rates of 98 percent (Rahman 1999).

The credit receivers use the credits mostly in home-based activities such as raising livestock, working with lace, sewing, and offering other handicraft or small marketing activities in the neighbourhood.

*Challenges/culture issues etc*

- It is likely that men would retain control over the use of the credits received through micro credit lending, increasing the women’s burdens and responsibilities in the household with limited returns in terms of social and economic status.
- High interest rates charged for small loans to the poor making them unaffordable to the very poor. That is, if they were to use the service, they could fall into financial difficulties.
- As the micro credit programs ask borrowers to form groups in which all borrowers are jointly liable for each other’s loans, it may be that the other group members may exclude “the poorest of the poor,” as a liability to the group success. Thus, the peer pressure could prove a negative and cause of exclusion in this model.

Amin et al. (2003) have found that a micro credit program, which was successful in reaching the poor, failed to reach the people most in need of assistance, the vulnerable poor. Their survey has shown that the forces that made some poor households vulnerable could also make them greater risks for the micro credit providers (Ibid). The prime target group of microfinance is the economically active poor. People who have no reliable income source or people who live under permanent emergency situation cannot participate in main-stream microfinance. Currently, poor clients and informal sector businesses, especially women, are unable to access loans through the formal sector (Burritt, 2003). The only formal access to additional financial assistance is through programs delivered by governorships which utilize the public financial resources of the *Social Assistance and Solidarity Fund* which is a means tested Fund which fulfils the states social responsibility throughout the country by helping citizens who do not have social security. Here there is a limited resource to support (for example) employment-oriented training and projects (<http://www.sydgm.gov.tr/tr/>). Thus, reaching the core poor is difficult, not only by means of classical banking instruments but by micro credit programs too. Table 19 provides a breakdown of micro credit players in Turkey and their specific roles.

Table 19 Micro – Credit Delivery Vehicles

Form of Institution		Relevance	Form of public/ private support for micro credit			
			Principal sponsor	F*	G*	Further or other form of support
State-owned or Promotional Banks	•	Medium	The largest players are state-owned: Halk Bank (serving industry and trade, SMEs) and Ziraat Bank (serving the agricultural sector).	•	•	Halk Bank lends money through a subsidized loan program supported by Treasury. The State-owned banks mainly lend money to members of trade cooperatives (TESKOMB) and Agricultural Cooperatives. TESK (Turkish Tradesmen and Craftsmen Confederation) provides a guarantee for the loans subsidized by Halk Bank.
Savings banks						
Credit unions		Low	TESKOMB, Agricultural Cooperatives Credit & Security Cooperatives			Only the Agricultural Cooperatives get funds from the state owned banks and lend money to their members.
Commercial Banks	•	Low		•		A number of commercial banks channel small institutional resources to SME products.

Downscaling			The Turkish Economy Bank (TEB) Akbank			A number of commercial banks have begun to focus institutional resources on developing products for SMEs.
Micro credit Banks						
Foundations	•	Low	The Development Foundation of Turkey (TKV), Foundation for the Support of Women's Work (KEDV), Pathfinder Fund (ABD), Bernard van Leer Foundation And MAYA Enterprise for Microfinance		•	The Development Foundation of Turkey (TKV) currently distributes a limited number of non-monetary start-up loans of 300-3000 USD with long repayment periods in Southeast Turkey.  MAYA, (Foundation for the Support of Women's Work - Maya Enterprise for Microfinance) the first and the only microfinance institution. It finances its operations grants and loans from the international NGO CRS. As of June 2003, MAYA had 200 clients an outstanding loan portfolio of 55 Billion TL
NGOs	•	Low	MAYA, KEDV Grameen Bank, Women Development Organization			To provide low-income women with long-term financial services so that they can improve their businesses and their living standards, and become active participants in the economic life of Turkey. (see also: <a href="http://www.kedv.org.tr">www.kedv.org.tr</a> ; <a href="http://www.undp.org.tr">www.undp.org.tr</a> ; <a href="http://www.mikrofinansturkiye.org">www.mikrofinansturkiye.org</a> )
Guarantee Societies	•	Low	KGF (Turkish Credit Guarantee Fund)		•	KGF provides loan guarantees up to 80% to SMEs with insufficient collateral. KGF was founded in 1994 as a joint stock company under private law by a number of Turkish SME organizations. KGF's mission is to provide guarantees to existing SMEs and start-ups with insufficient collateral or track record. Guarantees are provided for all kinds of credit needs.
Others: 1-KOSGEB, 2-Non-Bank Financial Institutions 3Participation Banks	•	Medium	1-Government 2-Commercial banks 3-institutional own Resources Exp: The Shareholding Structure of Albaraka Türk : Foreign Shareholders %83,80 Local Shareholders %16,20		•	1-KOSGEB has subsidized SMEs and micro credit interest rates and gives guarantees. 2-Non-Bank financial institutions : leasing, factoring firms and brokerages, mostly are bank subsidiaries.(180) There exist 83 financial leasing, 88 factoring and 9 consumer finance companies(total 180) <a href="http://www.die.gov.tr">www.die.gov.tr</a> 3-Participation Banks: Albaraka Türk, Türkiye Finans, Asya ve Kuveyt Türk (see more: <a href="http://www.albarakaturk.com.tr">www.albarakaturk.com.tr</a> ; <a href="http://www.tkbb.org.tr">www.tkbb.org.tr</a> (Association of Turkish Participation Banks.

\*F=Funding, \*G=Guarantee. Adapted from: KOSGEB - Small and Medium Industry Development Organization and European Commission Expert Report (2007a) The Regulation of Micro credit in Europe Form of Institution, Relevance, Form of Public/private support for micro credit, Principal sponsor etc.

## e. SUMMARY

### **Financial Framework**

Identifies key regulatory bodies' acts and legislation, finance for project investment and household finance. Focus on micro finance.

#### **Investment Finance**

- **Public Investment** - State housing finance in Turkey abolition of the Mass Housing Fund as part of the implementation of the ongoing economic stability programmes severely debilitated the effectiveness of the cooperative housing model.
- **Mass Housing Credit** - "Complementary Credit" corresponding to between 5-6% of the total project construction costs, which is disbursed when 85% of work is completed.
- **Long Term Commercial Loans** - Duration is usually 7 years (sometimes extended to 10 years) with 2 years grace period. Costs are around Libor +4.5%.
- 

#### **Household Finance**

##### *Borrowing Trend*

- Average maturity is less than 7 years and almost half of the households prefer a maturity of 5 to 10 years (2008).

#### **Mortgage**

- The Turkish government enacted a new mortgage Act 2007
- There is a current housing deficit representing requirement for between 500 - 700,000 new housing units to be built each year (GYODER & HSBC March 2010).
- Project 20% mortgage loan growth for 2010.
- Loan periods usually range from 3 - 240 months (20 years) with opportunity to borrow over a maximum period of 360 month (30 years).
- Under current economical conditions, poor people or low-income groups cannot acquire quality houses with favourable terms and conditions.

#### **Micro credit In Turkey**

##### **The Regulation of Micro credit in Turkey**

- The most recent development considering the regulation of micro credit system in Turkey is the Draft Act on Micro-financing institutions.
- It is expected that the new legislation if passed will set up a special legal framework that permits foundations, associations, NGOs or other non-bank organizations to provide microfinance services.

#### **Supply**

- There is insufficient supply of micro loans particularly to business creators who are unemployed persons, informally employed persons (an irregular job, uncertain employment and fragmented income source), women or ethnic minorities is limited.
- Traditional banking sector view micro credit as a high risk and low return activity.

#### **Demand**

- SMEs account for 99% of all enterprises in Turkey.
- Majority of households borrow only for emergency.

#### **Delivery Vehicles in Turkey**

##### *Banking Sector*

- The primary suppliers of microfinance services are the banks.
- Supply-driven products
- Costs incurred are a drawback:

##### *None Banking Sector*

- Currently there is no clear legal framework that permits foundations, associations, NGOs or other non-bank organizations to provide microfinance services.
- Maya Enterprise for Microfinance and Grameen Bank offer limited micro finance products.

## VI. HOUSING STOCK CHARACTERISTICS IN TURKEY

### a. HOUSING PRODUCTION

Current housing provision has issues pertaining to quality, quantity and cost. Social housing projects as we know them in Europe - municipally owned subsidized rental homes - do not exist in Turkey. Thus, for Turkey, supply of housing can be classified more as affordable housing. The key delivery models in the present housing climate are Mass Housing through the Housing Development Administration of Turkey (TOKİ) and Urban Transformation. TOKİ are the most influential players in housing production in Turkey and therefore, this section is weighted heavily in exploring the mechanisms of TOKİ. Secondary delivery vehicles are municipality companies, cooperatives and illegal developments.

Whilst some work is undertaken in terms of retrofitting and making dwellings more resilient to earthquakes, the dominant model is that of demolition of informal dwellings in favour of modern mass housing developments. Retrofitting in Turkey generally means to gentrify buildings of historic significance.

### b. CURRENT HOUSING STOCK

There are over 2 million illegal homes in Turkey.

#### i. *Stock*

In the year 2000, the Turkish census of population identified 13,000,250 households in individual dwellings. Definitive figures on the size of the housing stock are difficult to obtain because of the high level of unauthorised dwelling construction in Turkey (some 2 million Gecekondu). The Turkish government estimates that approximately 38% of housing need in the country is met by this source, rather than by officially sanctioned construction.

Estimates of urban housing stock range from 15,000,000 to 19,200,000, of which perhaps half need to be renovated (meaning serious structural concerns) and perhaps one-third are below minimum standards and poor quality (GYODER 2007).

In 2000, 63.8% of Turkish households owned their own dwelling. Although home ownership rates were significantly higher in rural areas of Turkey – 76.3% of households in these areas were homeowners compared to just 60.2% of their urban counterparts; 27.2% of households nationally rented their dwellings. Disaggregated data are not available concerning the proportion of households that rent from a private or a social landlord (DoEH and Local Government Ireland 2004).

#### ii. *Living Standards*

TABLE 10 provides details of the characteristics of the Turkish housing stock in 2000. In terms of **water and sanitation**, it reveals that in terms of the availability of lavatories, bathrooms and piped water, Turkish dwellings are less well serviced than those in many of the other European countries; 88.0% of Turkish households had an inside toilet in 2000, 94.9% had an indoor bathroom, and 94.7% had indoor piped water. These services are less commonly available in rural areas. Only 86.1% of rural households had piped water, for example, as compared to 97.3% of their urban counterparts, while 72.4% of rural dwellers had an indoor toilet compared to 92.6% of their urban counterparts.

In terms of dwelling size, in 2000 the average dwelling area per person was 24.5 m<sup>2</sup> and 89.9% of dwellings were greater than 50 m<sup>2</sup> in size. At the same time, however, there was only 1 room per person in 2000, and only 6.9% of dwellings had 5 rooms or more. Comprehensive data regarding vacant housing in Turkey are not available (Ibid).

Table 10 Characteristics of the Housing Stock in Turkey, 2000

Category			%
Households by tenure of dwelling	Home owner:		63.8
	Occupied rent free		7.5
	Rented		27.2
	Supplied by government		1.4
Households by availability of amenities in dwelling	Lavatory, of which are:	– inside the dwelling	88.0
		– outside the dwelling	11.7
		– none	0.4
	Bathroom, of which are:	– inside the dwelling	94.9
		– outside the dwelling	2.2
		– none	2.9
	Piped water of which are:	– inside the dwelling	94.7
		– outside the dwelling	3.0
		– none	2.2
	Heating system, of which are:	Central heating (single building)	100
		Central heating (multiple building)	6.8
		Individual gas/fuel heater	4.1
		Stove	7.9
Other		74.8	
Disposal method for waste water of which are:	City sewage system	82.6	
	Cesspool	15.1	
	Outside (to road, to garden or to courtyard)	1.7	
	Stream or sea through a special channel	0.6	
Households by size of dwelling	<50 m <sup>2</sup>		2.9
	51-80 m <sup>2</sup>		21.2
	81-100 m <sup>2</sup>		39.5
	101-150 m <sup>2</sup>		26.3
	>151 m <sup>2</sup>		2.9
Not known		7.1	
Households by number of rooms in dwelling	1 room		0.6
	2 rooms		7.3
	3 rooms		40.6
	4 rooms		44.0
	5 rooms		5.5
	6+ rooms		1.4
Not known		0.7	

2000 census, HBS TURKSTAT (2003) *Household Budget Survey & Turkish Housing System: History and current debates in Comparison with several EU countries (2008)*



### *iii. Construction Type*

#### **Urban**

Formal basic house (Urban) consists of a reinforced concrete frame building with masonry infill. The majority of Turkey's urban population lives in multi-story apartment blocks constructed of reinforced concrete with masonry infill.

#### **Rural**

Formal basic house (Rural) consists of a reinforced concrete frame building with masonry infill. In small rural villages wooden and mud built houses are common, the latter being particularly vulnerable to earthquakes.

### *iv. Key Issues*

#### **Quality**

Construction permits granted to illegal buildings under amnesty laws enacted between 1983 and 1988 have resulted in legitimising sub standard housing which undermines quality of the present housing stock. Thus, as of 2000, only about 62% of the 13.6 million buildings in Turkey's urban areas had construction permits; only 33% had utilization permits. It is estimated that 25% of the urban population in Turkey live in dwellings vulnerable to natural disasters (GYODER 2008).

#### **Age**

Age of the present housing stock, especially in big cities equates to 30% of current buildings being older than 30 years and 11% of those are more than 50 years old. Older buildings are in danger from earthquakes (Turk, S. etal 2008).

#### **Earthquake**

The risk/threat of earthquakes is a major driving factor for housing in Turkey. This was only recently reinforced in when on 8<sup>th</sup> March 2010 an earthquake with a preliminary magnitude of 6 occurred in Elazığ province, 550 kilometres east of Ankara resulting in least 51 fatalities, 74 injured persons and the collapse of houses in six villages (Today's Zaman March 2010)

In 2007, a 5.7 magnitude earthquake damaged buildings in the same area. Again to the East of Turkey, in 2003, an earthquake measuring 6.4 magnitudes caused a school dormitory in the neighbouring province of Bingöl to collapse, killing 83 children. The collapse was blamed on poor construction.

As a result of poor enforcement of building codes, linked to inadequate governance, a large proportion of residential buildings, as well as older public buildings, have been built without measures to protect them from seismic events, the result being that 3/4 of the population of Turkey live in areas highly vulnerable to earthquakes and are highly vulnerable to loss of life as well as property from earthquakes. The Turkish authorities are starting to establish preparedness and response systems, especially at local levels, with the participation of local communities. Much progress remains to be made, particularly regarding enforcement of construction codes and establishment of an efficient central emergency management coordination mechanism (Elliott I, A. 2005).

## **Energy Efficiency - Buildings Sector - Energy Use**

According to the State Planning Organization, as of 2007, Turkey's primary energy consumption was approximately 106 million toe ranking Turkey among the 25 most energy-consuming countries in the world and in terms of final energy consumption, the building sector represents the second-largest energy consumer accounting for 36% of the total final energy consumption in 2008 (equal to 28.3 million toe), which leads to considerable emissions of CO<sub>2</sub> associated with combustion of fossil fuels. The building sector presents significant opportunities for cost-effective energy and CO<sub>2</sub> savings, estimated at some 30-50% of the current levels.

Many of Turkey's new buildings (built post-2000) are energy inefficient compared with new buildings in the EU countries having similar degree-days. This is partly due to Turkey's building codes and standards which require further adjustment towards more stringent energy efficiency. The UNDP are currently developing a project with the objective to reduce energy consumption and associated Green House Gas emissions in public buildings in Turkey by raising building energy performance standards, improving enforcement of building codes, enhancing building energy management and introducing the use of an integrated building design approach. This is envisioned to be achieved by revising and enforcing building energy performance standards, introducing integrated building design approach in Turkey, promoting best energy practices in the building sector and monitoring, learning, adaptive feedback and evaluation. There is limited information as yet in terms of how the UNDP program will be implemented at a local level.

### **Water and Sanitation**

Infrastructure before development is not always the norm in Turkey particularly in cities that are rapidly urbanizing. These fast-growing largely informal areas either lack infrastructure entirely, or find it overburdened by new users. Often the modest formal power, water, and sanitation systems are clandestinely tapped into by informal households (GYODER 2008).

For government, the problem is that whether legal or illegal, these new users strain the system (especially the sanitation system), causing health problems to everyone and even to the city as a whole. The Service Strategy set by the State Planning Organisation (SPO) every 5 years monitors progress in terms of water and sanitation delivery. The 9th development programme set by the SPO records that as of 2004, according to the statistics obtained from 1911 of 3225 municipalities, among the population living in municipality boundaries, the ratio of those having sewage services, waste water treatment facilities, water for drinking and daily use, and drinking water treatment facility services have reached 80 per cent, 47 per cent, 93 per cent and 42 per cent, respectively.

For internally displaced persons, the majority of whom are the displaced rural population of Kurdish origin living in urban centres find themselves often facing poverty, inadequate heating, sanitation and general infrastructure as the displaced have often concentrated in slums in outskirts without adequate infrastructure and services (IDMC 2009). Furthermore, many villages lack access to electricity and telephone services, water and sanitation systems, and are inaccessible by road for up to three months a year (Ibid).

## v. Quantity/Demand

### Scale of Demand

Looking to the future, there are huge challenges, risks and potentials. According to the data from the Turkish Statistical Institute (TURKSTAT) and the State Planning Organization (SPO 2009), Turkey's total urban and rural housing requirement as of today is about 2, 5 million either for renewal or conversion projects or quality house production projects. Due to population growth and continuing urbanization, Turkey will require an additional 5, 5 million housing units by 2015 (GYODER 2008).

Even with (formal) housing production running at high levels, nearly 570,000 homes in the last three to four years, it is estimated that Turkey needs between 650,000-700,000 new units year on year in order to meet housing needs created by population growth, urbanization, replacement requirements and urban regeneration (Financial Times 2009). Thus, demand is growing faster than housing output. However, when unauthorised housing construction as a source of dwellings is taken into account there is an excess of housing supply.

### Urban Demand

Turkey's current population of over 70,500,000 (TURKSTAT 2007 population census 2008) is projected to grow to 81,650,000 by 2015 (GYODER Report-2 2007). Most of this growth is occurring in cities, which are growing at 2.0% to 2.5% annually, with the excess growth coming through rural immigration. Turkey is presently 70% urbanized and projected to be 75% urbanized by 2015, when over 60,000,000 families will be urban (Ibid). This equates to an increase of some 3,600,000 new **urban households**, requiring a similar number of urban housing units by 2015 (Ibid). Naturally, the largest cities are most urbanized: Istanbul (90%), Ankara (88%) and Izmir (81%) (TOKI, Residential Market overview 2006)

### Price

A private sector driven sector where access to affordable land and construction costs are the two variables which determine housing affordability in Turkey.

### Construction Cost

It terms of evaluating construction costs for residential dwellings, data remains vague. Table 11 offers some general figures.

Table 11 Housing Construction Costs in Turkey

Year	Category of Housing	Construction costs per m2 USD
2003	*Formal Basic House (Urban) Cost for reinforced concrete frame building with masonry infill. The majority of Turkey's urban population lives in multi-story apartment blocks constructed of reinforced concrete with masonry infill.	250-300
2004	**4 storey apartments without elevators and/or heating system excluding land	215
	Apartments with an elevator and/or heating system of up to 150 m2 excluding land	222
2008	***Housing units from 80-120m2, with m2 cost of including infrastructure costs, but excluding land costs.	180-200
	****Typical urban housing excluding land costs and marketing/corporate overheads	500

\*Earthquake Engineering Research Institute ,(2003)

\*\* Department of the Environment, Heritage and Local Government Ireland (2004)

\*\*\* <http://www.TOKI.gov.tr/english/1.asp>

\*\*\*\* Gyoder (2008)

The scarcity of development land, particularly in urban areas where housing demand is generally greatest, is an issue in most parts of Europe and is of particular concern for the large cities of Turkey where demand for land from mid and high income groups reduces options significantly. Furthermore, low household incomes (when compared to the cost of new housing) have impeded supply because demand is not supported by the ability to purchase or rent.

### c. FORMAL SECTOR KEY DELIVERY ORGANISATIONS

Using construction permits as a measure of unit delivery, table 12 illustrates that the private sector have increased their housing production from 70.7% in 2000, to 81.9% in 2008 and the share of absolute production of the cooperatives decreased by over two thirds over the same period. The share of the public sector (TOKI [The Housing Development Administration of Turkey] and local authorities) in the production of the housing has increased in recent years. Thus, the private sector has become the determinant of the production of housing.

Table 12 Distribution of Housing Construction Permits

<b>THE DISTRIBUTION OF THE HOUSING CONSTRUCTION PERMITS AMONG THE PRODUCER SECTOR AS PERCENTAGE</b>				
Years	The Number of Housing Units	Private Sector	Cooperative	Public Sector
2000	100.0	70.7	19.4	9.9
2001	100.0	76.6	14.4	9.0
2002	100.0	81.2	14.6	4.2
2003	100.0	85.0	10.0	5.0
2004	100.0	86.2	8.3	5.5
2005	100.0	83.7	6.4	9.9
2006	100.0	87.2	8.6	4.2
2007	100.0	87.3	7.0	5.7
2008	100.0	81.9	6.4	11.7

GYODER 2008 Main Indicators report

### d. HOUSING DELIVERY MODELS

#### ***i. Mass Housing Model – The Housing Development Administration of Turkey (TOKI)***

The Mass housing model as implemented by the Housing Development Administration of Turkey (TOKI) is the most single dominant model of housing delivery (outside of the collective private sector) in Turkey. The following passages present the key events in the models fruition.

#### ***Overview***

The 1984 Mass housing act and subsequent amendments to legislation, assisted (TOKI) in becoming the most influential player in terms of affordable housing whilst Cooperatives have diminished in terms of market coverage. Throughout the 80s and 90s TOKİ set out to deliver homes for the poor; however projects became middle class suburbs (i.e. Ataköy and Ataşehir in Istanbul or Eryaman in Ankara). Throughout this period, TOKİ began to supply funds and relatively long term soft loans to the "building cooperatives". Again the middle class and those having a stable income could organize themselves into cooperatives and start building.

In 2004, the Bill 5162 (Amendment no: 2985) gave TOKI authorisation to plan and develop projects aimed at eliminating areas of substandard housing, giving authority to prepare and modify zoning plans and to develop and make the necessary financial arrangements for slum transformation projects. The prevention of Gecekondu construction and the rehabilitation of

existing Gecekondu were addressed in cooperation with the local governments (SP 44) that the provision of adequate housing units for low – income groups (SP 45) will be provided with low repayments plans. Bill 5273 transferred duties of the Urban Land Office to TOKI including 64.5 million m2 of property into the TOKI portfolio.

In the same year, TOKI was granted the authority to establish subsidiaries and was given the responsibility of establishing companies to grant individual and mass housing credits, to develop for-profit projects that will provide income for efforts in areas where natural disaster has occurred ([www.TOKI.gov.tr](http://www.TOKI.gov.tr)).

The land under the authority of TOKI and its subsidiaries Emlak Konut, Emlak GYO (Real Estate Investment Company) and Emlak Pazarlama are tendered out to private companies to construct upon. Emlak Konut has completed many residential and commercial construction projects in Turkey, including the 8,752 housing units in the Ataşehir project on Istanbul’s Asian side, and the first two phases of the Mavişehir Project in Izmir with 5,321 housing units. All of its projects are developed and constructed by private contractors on lands TOKI and Emlak Konut own on a unique revenue-sharing basis (see TOKI model section). The idea being that revenues generated from the sale of the housing developments would be used to finance construction of TOKI’s social housing (EMI 2008). Thus, TOKI has a distinct advantage over other housing providers as they are able to work with economies of scale and have superior access to affordable land through municipalities. The land is generally evaluated by TOKI less than its actual market value. So, as a result of this hidden subvention, the selling prices of the houses are in general lower than the houses sold by other developers. Furthermore, as the project is realized on a public owned land, legal procedures are addressed with minimal delay.

### Scale

TOKI has and continues to deliver affordable mass housing on a scale that in terms of numbers of units should be commended. In 2009, TOKI exceeded their seven-year goal of building 350,000 homes by completing 400,000. By 2011, the administration expects to reach 500,000 homes (Today’s Zaman November 2009).

In table 13, examples of the number of mass-housing projects and the number of housing units delivered are presented. In inner Anatolia, TOKI has constructed 288 housing projects, with 96,354 housing units, some of them finished and some ongoing. The second big numbers are in the Marmara region, TOKI has built fewer (222) housing projects, but more (103,546) housing units. In East Anatolia, it has built 27,656 housing units in 288 housing projects; in Aegean it has constructed fewer projects (105), more housing units (31,551). TOKI has built more high rise housing projects which have more housing units, in the western part of Turkey than in the eastern part.

Table 13 TOKI Project outputs

REGION OF TURKEY	PROJECT	TOTAL HOUSING
Marmara	222	103546
Aegean	105	31551
Mediterranean	88	23736
Black Sea	147	40695
Inner Anatolia	288	96354
East Anatolia	163	27656
South-Eastern Anatolia	111	29928
<b>TOTAL</b>	<b>1124</b>	<b>353466</b>

[www.toki.gov.tr](http://www.toki.gov.tr)

For 2010, TOKI plan to focus on building dwellings *for low-income families*. In addition to building housing provision, TOKI also build schools, hospitals, health clinics and family consulting centres. TOKI are currently following two business paths namely; building homes for poor and low-income families; and urban renewal programs in cooperation with municipalities (Today's Zaman November 2009).

### **Payments Terms for Low Income Group**

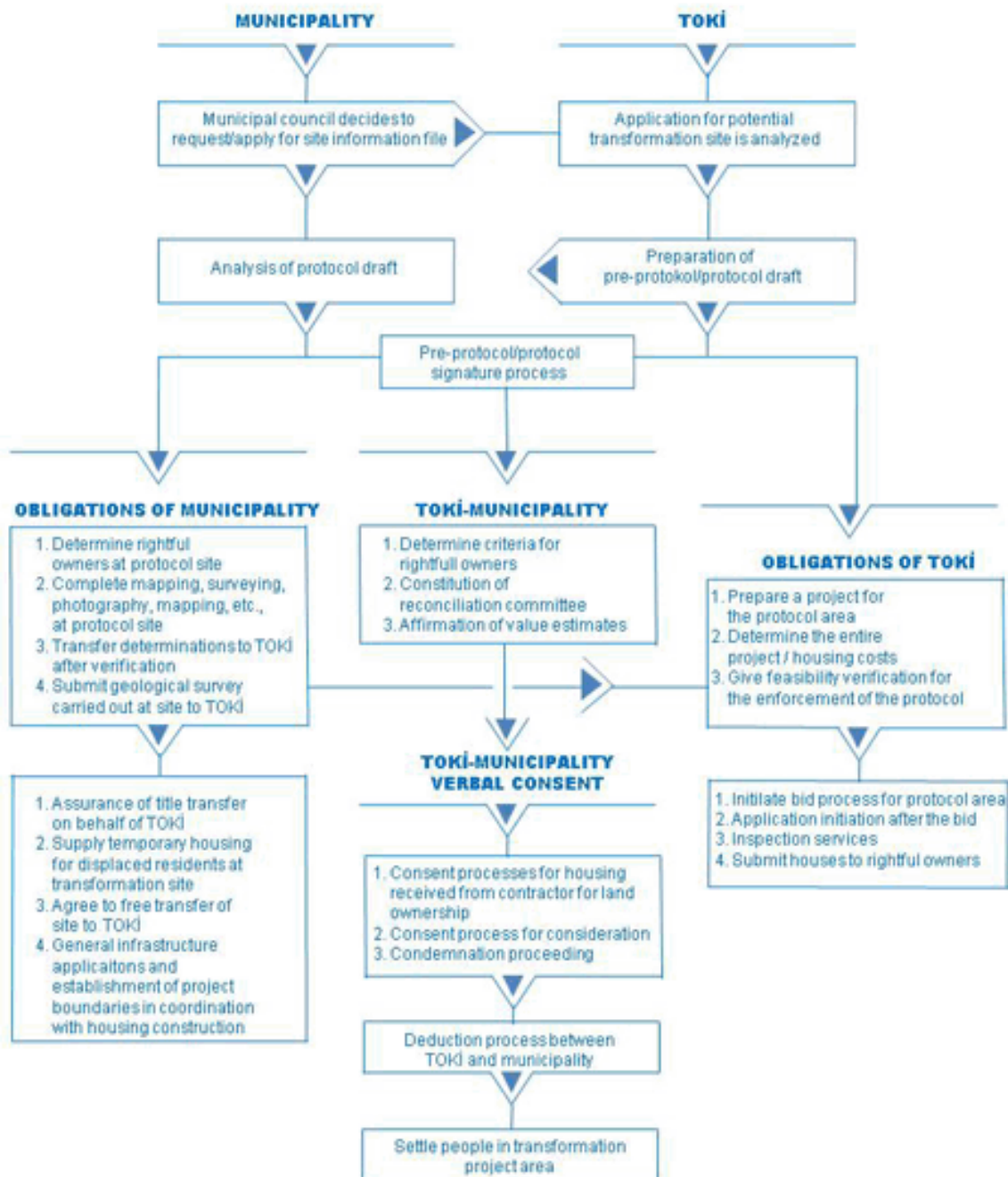
Opportunities for the lowest income exist in MHA projects because the instalments are relatively low (no down payment, and repayment of credit is US\$ 100 per month), although the houses are quite small (55-65m<sup>2</sup>). The low income groups, another target profile, are expected to make a small down payment (US\$ 2670 and repayment US\$ 170 per month,) but they have relatively larger units at the end (65- 87m<sup>2</sup>). Similar to the lowest group, they have long term repayments (about 15 years) ([www.TOKI.gov.tr](http://www.TOKI.gov.tr)). However, repayments even at this level are out of reach for persons in the informal working sector as they are less likely to have regular secure income. Furthermore, one of the major criticisms of the mass-housing projects in urban areas is related to those built at the peripheral city for the low-income people; their far distance from their work places and social networks may turn out to be a disappointment in the future and may even be vacated by their dwellers (Kumkale, E. 2009).

## TOKI Models

### Renovation of Squatter Areas (figure 9)

- Local authorities and municipalities identify the illegally settled region
- Local authority establish protocol with TOKI to renovate those regions through a housing development scheme
- Illegally occupied and under developed squatter region is cleared to make way for modern settlements.
- The illegally occupied squatter zone is rehabilitated and at the same time an alternative vacant area is planned for the purpose of providing modern housing units for evicted households from the squatter areas.

Figure 9 Renovations of Squatter Areas

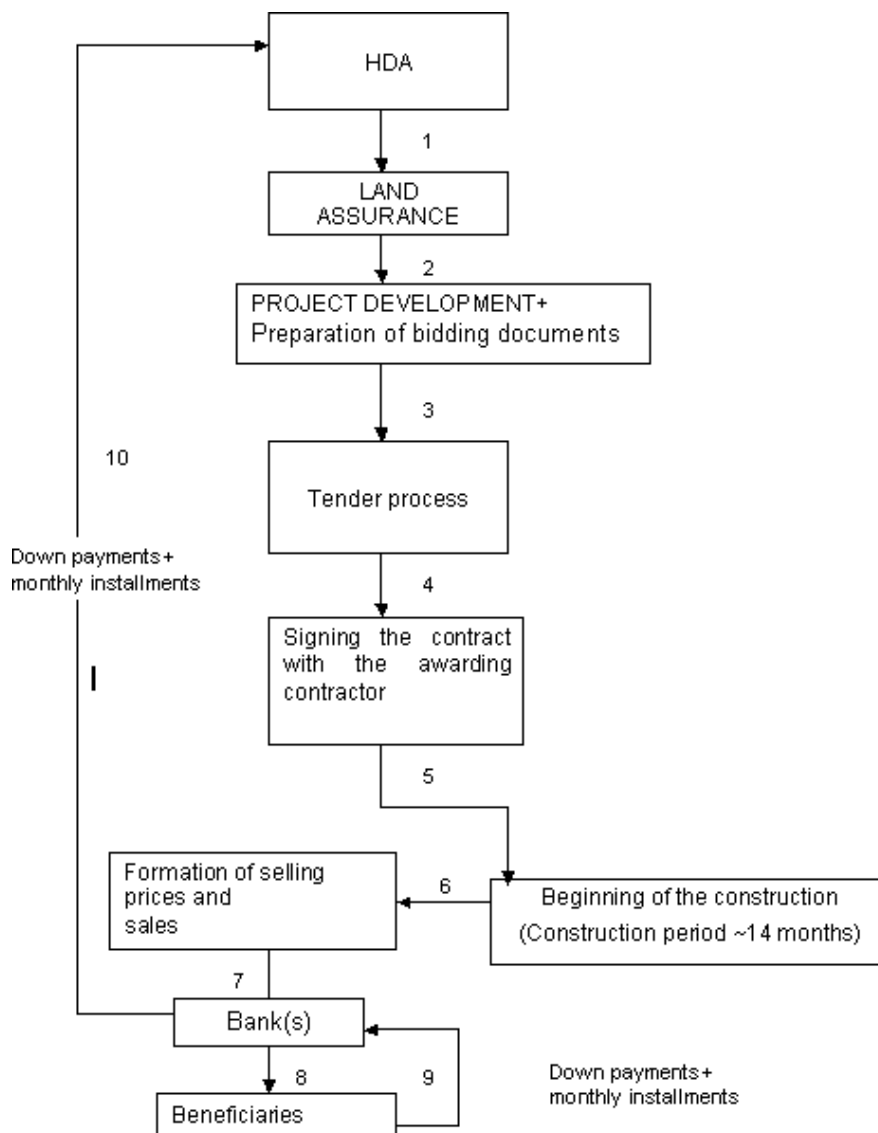


*Low and Middle Income Groups (figure 10)*

- Mass housing projects produced on TOKI owned land
- Targets low and middle-income families, who do not have the finances to purchase a housing unit within the existing market conditions in Turkey.
- TOKI provides mortgage loans- with long maturities and low yield for the beneficiaries of the projects and sale of the housing units takes place before the construction period.
- 1 0%-40% of the cost of the house is initially collected as a down payment with the remainder being spread over a maturity ranging from 75-240 months. Monthly repayments are indexed to the wage increase in the public sector in every six months
- TOKI acting as a "guarantor" for the repayments of the project until the end of the maturity. That is, purchaser of property does not receive ownership document (TAPU) until they have fully purchased property.

Every citizen who does not own a house has a right to apply for TOKI housing. However, in general workers and civil servants benefit mostly from these houses. Housing units are given to the applicants through elections made by notary public.

Figure10. Housing Production on Toki's Lands for the Low and Middle Income Groups



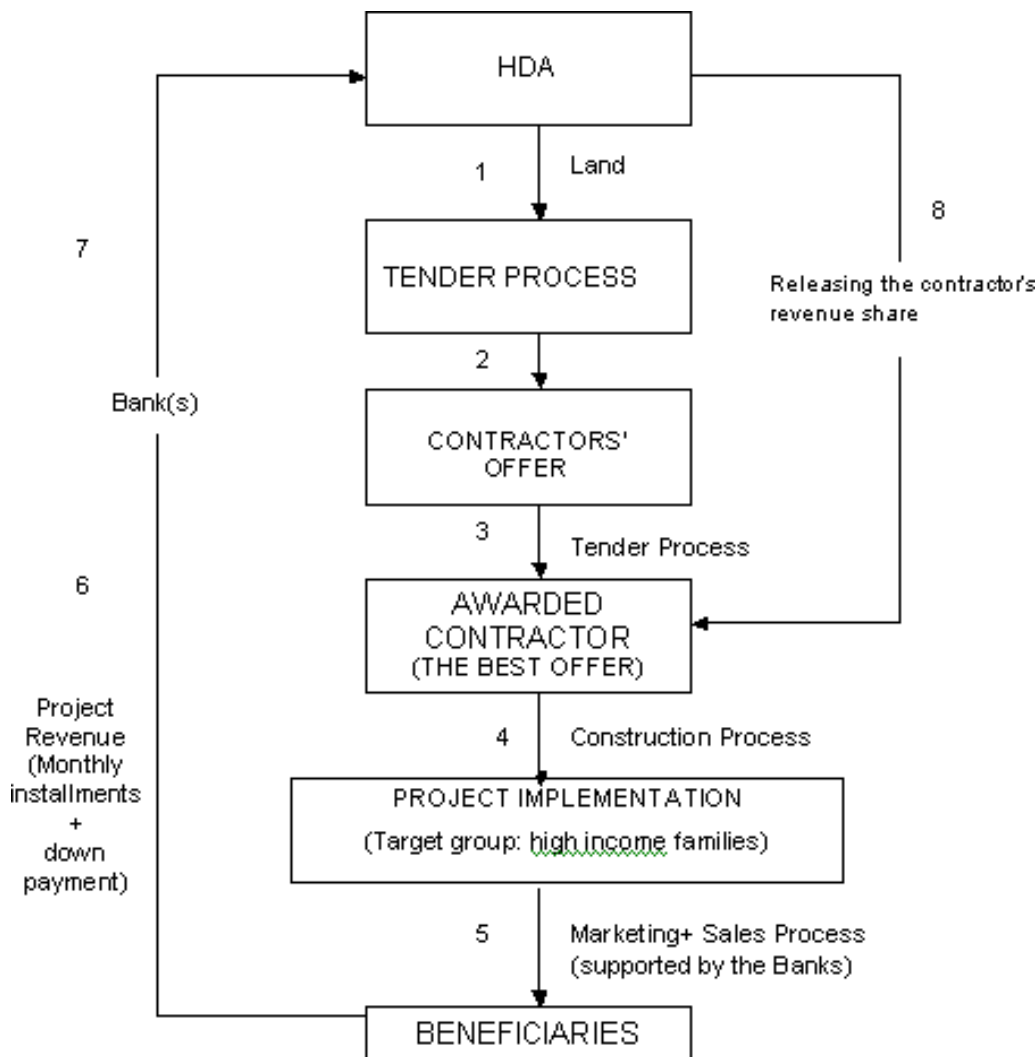


*Revenue Sharing Model (Figure 11)*

- Build-and-sell concept based on the revenue instead of housing units.
- Targets high-income families providing short-term financial funds.
- TOKI uses this method to generate funds for the low and middle-income housing projects.
- The model is based on production of housing units on TOKI owned lands in-cooperation with the private sector (developers and contractors) and sharing the sales revenue of the project with the shareholder firm.
- The project is implemented is through a private developer or contractor selected through an open tender within the framework of national tender law.
- The shareholder meets all the investment cost, except land cost, as land is provided by TOKI at the beginning of the investment period.

In this type of projects, the land is generally evaluated by TOKI less than its actual market value. So, as a result of this hidden subvention, the selling prices of the houses are in general lower than the houses sold by other developers.

Figure 11 Revenue Sharing Model



### *Agricultural Producer-Villages Project*

- To create model rural settlements with all the modern infrastructure providing adequate housing and social and economic facilities
- Encourage agricultural production and to promote the settlement in areas of rural production
- Prevent rural-to-urban migration.

The project implementation is either carried out in partnership with the Ministry of Agriculture (MOA) whereby the MOA identifies the places and the households to benefit from this project according to the related regulations, esp. Settlement Law, No: 2510 and TOKI acts as project planner and implementer; Alternatively, TOKI directly identifies the places where this project can be implemented according to its own housing development and housing provision criteria.

### *Credit Support to Individuals, Co-operatives and Municipalities*

TOKI provides long term credits in the form of housing construction loans to housing cooperatives, municipalities with a maturity is ranging from 5-10 years. The terms of the loans are specified in regulations issued by TOKI. The applications for loans are accepted and evaluated by the banks which have branches throughout the country. TOKI prioritises credit to areas requiring critical and urgent housing input such as under-developed regions and earthquake risk zones.

TOKI does not always reach the poorest groups as there is a formal structure for engaging and accessing TOKI housing. The ability to pay being one and also the locations of mass housing projects are sometimes outside of the cities and are therefore not always conducive to places of work of persons being resettled. However, a balance has to be struck in terms of earthquake safe housing and the re using of more central gecekondu land for income generating development in order to offset development costs and affordability of the mass housing projects. Thus, TOKI should not take full responsibility for failing to reach the poorest families.

### **ii. Illegal Development Model**

Turkey is a country where a dual economic system is working; there is the registered formal economy on one hand and the unregistered, informal economy on the other. The informal economy cannot be categorized as black or illegal, more grey. The most convenient credit line is through family support, borrowing from father or cousins instead of taking an interest loaded loan from the bank, making savings in form of gold or cash (US Dollars) and keeping them "under the pillow" instead of opening a savings account in a bank is common in the society and even more among the poor. Thus pulling them into the formal system is more difficult as all formal solutions are viewed as too expensive. Applied to housing then, the following can be observed:

For some, settling in a Gecekondu house is cheaper, easier and a safer – risk than entering the formal sector: Loosing an informal asset (a Gecekondu house) can be less of a financial burden than taking out a formal loan or mortgage for purchasing a formal apartment flat. Furthermore, from a speculative point of view, holding an illegal housing asset could one day deliver financial gain especially if history repeats itself. For example, just before a local election, a building amnesty may legalize the gecekondu and the illegal house may turn into a heavy asset, making the settler a landlord ready to bargain with the developer. This opportunity never exists with an already legal formal flat. In order to better address the issues

of Gecekondu which are a major concern particularly for Urban settlements, urban renewal and transformation projects are being developed.

### ***iii. Urban Transformation Model***

To consider housing as more than just the physical aspects of a dwelling and more as part of a neighbourhood and community and sustainable entity to encourage economic wellbeing and quality of life are key drivers of Urban Transformation. Urban Transformation in Turkey is gaining popularity with the government and landlords in gecekondu neighbourhoods. An "urban transformation" law was enacted, which allows municipalities to construct new dwellings, distributing a part of quota to the gecekondu owners in exchange for the land they occupied and selling the remainder to finance the development.

The initial idea was first implemented at the Dikmen Vadisi (Dikmen Valley) project in Ankara under the social democrat municipality in the early 80s. The idea was not to legalize the gecekondu, but to recognize the right to shelter as a human right and exchange the occupied land of the settler with a decent flat, enough for a family to live in. The whole project was to be financed through the economic surplus generated with the land development itself. The system worked as long as settlers could be convinced. However, later the municipality, saw an opportunity to generate income, and started to develop luxury dwellings to maximise profit. This inevitably resulted in social gentrification of the neighbourhood. The poor households now outnumbered opted to sell their flats and move to other settlements in the outskirts of the city. However, this whole process experienced in Ankara hasn't been viewed negatively by all. The Dikmen Valley project is indeed a fine urban development for the capital but more for the middle to upper income echelons.

### ***iv. Co-operatives***

Two major events brought about the expansion of housing co-operative movement Turkey: the adoption of the Co-operative Law in 1969 and the encouragement of mass housing projects under the Five Year Development Plan (1967-1972). Throughout this period, housing co-operatives were the only producers of mass housing projects in Turkey.

Housing cooperatives were originally conceived to provide housing for low income families and throughout, the Housing Co-operatives - merged to form associations and built city scale projects such as Batikent in Ankara and Esenkent in Istanbul. The first, and still the largest, project is the Batikent project, undertaken by Kent-Koop Union. Around 70,000 dwellings were built on 1,035 hectares of land, organized under 275 housing co-operatives for 250,000 individual members. However, the projects more than often resulted in supplying houses for middle – income families.

#### *Structure*

The co-op housing movement in Turkey has a three-tier structure. There are 61,551 housing co-operatives (active/non-active), 2,284,308 individual members; 383 unions (active/non-active) and 2 central unions: TÜRKKENT and TÜRK KONUT. Of the 61,551 Co- Ops almost half are now inactive ([www.turkkent.coop/v2/index.php](http://www.turkkent.coop/v2/index.php)).

#### *Statistics*

From the foundation of the first housing co-operative in Ankara in 1935 until 2002, 69,900 housing co-operatives were registered, home to 2,760,000 members. Many of these housing co-operatives were dissolved at the end of their construction as they were formed for this

specific reason. Today, housing co-operatives represents 25% of the total housing stock in Turkey with 1,408,603 housing units (Ibid).

### *Finance*

Prior to 1980 the effect of cooperatives on the production of social housing was low. Up to 1970's cooperatives supplied 5 % of total housing. 1970 -1980 share in total housing production had increased to 10-15% (<http://www.turkkent.coop/v2/index.php>). This was supported by some public authorities, such as, social security institutions (SSK, Bağ-Kur, OYAK, T. Emlak Bankası ) and central government units (Ministry of Public Work) who had been contributing to social housing financing prior to 1980. However, in 1993, there was a significant reduction in access to funds when the Mass Housing Fund was absorbed into the general budget.

The Housing Development Fund (HDF) had provided financing to housing co-operatives for 18 years, from 1984 to 2001, in the form of mortgages with interest rate subsidies. In 2001 however, funds were tightened further when the Mass Housing Fund was revoked totally with the law No. 4684. With the revoking of the fund, the share of housing cooperatives in housing production decreased to 14.5 % in 2001 and the share of the private sector increased to 76.5% (Turk, S., Korthals Altes, W. 2008).

There remains very limited financial aid through a mass housing credit called “Complementary Credit” corresponding to between 5-6% of the total construction costs, which is disbursed when 85% of work is completed. Cooperatives don't generally access this fund as it is deemed expensive. Thus, it is difficult for the housing co-operatives to be effective if there is no state support.

### *Union Pool System*

Some housing co-operatives have set up a Co-operative Union Pool System whereby the pool collects all payments from individual members and pays all development costs (dwellings and infrastructure). For cooperatives, the development of housing co-ops depends on the financial capacity of members. That is, finance is available through either individual contribution and or bank financing which is based on individual ability to pay. The latter being difficult for low – low income families due to relatively high interest rates. Under these conditions, only high-income people can become members of housing co-operatives (ICI Housing 2010).

Additional restrictions on cooperative operational capacity can also be attributed to:

- Scarce supply of large urban land parcels in and around cities.
- Public urban land available for mass production is used directly by the HDA for housing construction through the private sector or for selling to capital owners in the regular market.
- Recently, urban renewal and squatter transformation projects have been undertaken though partnerships between HDA, municipalities and private contractors. These projects involve mass production of housing and other utilities but the legal framework and practices exclude housing co-operatives in these projects.

Thus, whilst TOKI were given greater powers and access to resources (land and planning controls), cooperatives are now much less effective.

**v. Municipality Model**

Municipal companies don't actually constitute a model in themselves but rather an addition to the mass housing model either through partnership with TOKI or as a stand alone. However, they do warrant consideration.

Municipal companies are the private legal persons working within Turkish Trade Law. Execution of duties by municipalities through these companies is a kind of internal sub - contract. Company decision-making bodies consist of members of the municipal council and the decision process is thoroughly under the executive of municipal administration; however the company as a private legal person has authority to compete in the tendering processes.

Corporate foundations are present at all metropolitan municipalities. 70% of central province municipalities have at least one company or are a partner of a company. Also municipalities are able to start a corporation with the purpose of supplying house (www.yerelnet.com). KIPTAŞ is a company owned by Istanbul Metropolitan Municipality is a considerable model for this matter. The project was initially developed together with the Istanbul Metropolitan Municipality and KIPTAŞ, and this was one of the first examples developed in such a way. The following examples of KIPTAŞ, Istanbul Konut and Bimtaş are offered by way of illustrating municipality input.

**KIPTAŞ Istanbul Public Housing Corporation**

Istanbul Public Housing Corporation (KIPTAŞ), a Metropolitan Municipality Institution, was established with its main remit to provide solutions to unplanned urbanization and shanty houses through the construction affordable settlements; creating modern and liveable areas without disturbing the natural structure of the city, protecting the forest and great divides. KIPTAS, creates projects aimed at all income groups.

Since 1995, KIPTAS has completed approximately 40.000 residences and roads, waste water and rain water canals, drinking water conveyance line, energy, telephone, natural gas lines, street lighting, landscape applications, forestation, kids playing areas, parking areas, health establishments, school, nursery and playfields (Figure 12).

Figure 12 KİPTAŞ Developments



Depending on target market, KİPTAŞ provides a varied credit approach. For the low to middle income groups, KİPTAŞ offer loans with 0.9% interest rate up to 120 months of terms.

For certain projects (Phase II of Silivri for example), KİPTAŞ claim that no pre-condition exists, no preliminary conditions are imposed and no payment required until the delivery of the house (<http://www.kiptas.com.tr/EN/INDEX/default.asp>).

### Istanbul Konut

Investing in real estate market on behalf of Istanbul Greater Municipality, Istanbul Konut is an investment company which supports the growth of new and existing businesses and the creation of new lands. Investment focuses on areas of greatest need and greatest potential. Work covers:

- Municipality and founding real estate investment partnerships
- Earthquake planning (searching for temporary relief areas and manufacturing temporary shelters). Develop and construct an original design concept for alternative emergency housing following a possible earthquake, represent a long-term project on behalf of the Istanbul Metropolitan Municipality to systematically address emergency housing needs
- Land development including acquisition, building, any business or undertaking for the purposes of regenerating its are and Joint ventures with foreign investors for land development projects
- Develop projects to make every family in Turkey own their land and house. Support communities, or organized groups of households, that want to build their own houses with the natural building materials under a scheme. This scheme can include the following support:
  - access to suitably located land that can be serviced
  - access to housing subsidies and other forms of credit to build the houses

- training opportunities

(<http://www.ibb.gov.tr/tr-TR/Kurumsal/Birimler/IstanbulImarAS/Pages/AnaSayfa.aspx>)

## **Bimtaş**

Bimtaş has been involved in a number of infrastructure projects in Istanbul. Furthermore they were charged with The Preparation of Local Action Plans and Urban Transformation Projects for the Administrative Districts that have been determined as risk-prone areas within the Istanbul Earthquake Master Plan (i.e. the district of Küçükçekmece) for purposes of Ensuring the Safety and Preparedness of the Concerned Areas against Earthquakes.

The Istanbul Metropolitan Urban Design Centre (İMP) a brand of Bimtaş, prepare plans for the Istanbul Greater Municipality as well as delivering planning expertise overseas. The centre has a range of academic and practitioner expertise with many international connections (see also section VII) ([http://www.bimtas.com.tr/proje\\_e.htm](http://www.bimtas.com.tr/proje_e.htm)).

## **e. SUMMARY**

### **Stock Characteristics**

#### *Quality*

- There are over 2 million illegal homes in Turkey (source)
- Half of Turkey's Urban stock requires renovation
- Construction permits granted to illegal buildings under amnesty laws enacted between 1983 and 1988 have resulted in legitimising sub standard housing which undermines quality of the present housing stock.
- Formal Basic Housing (Urban/Rural) consists of reinforced concrete frame building with masonry infill. Wooden and mud built houses are common in smaller rural settlements
- The risk/threat of earthquakes is a major driving factor for housing in Turkey.

#### *Quantity/Demand*

- Turkey's current population of over 70,500,000 projected to grow to 81,650,000 by 2015.
- It is estimated that Turkey needs between 650,000-700,000 new urban housing units year on year in order to meet housing needs.
- Turkey has a housing backlog of 2,500,000 homes.

#### *Cost*

- Land prices particularly in urban zones are escalating fuelled by competing real estate sectors making affordable housing either too expensive or is pushing developers to build affordable housing in areas not on the periphery of cities away from workplaces creating isolation.
- The scarcity of development land, particularly in urban areas is a major problem.

### **Delivery Models**

- **The Mass Housing Model** as implemented by the Housing Development Administration of Turkey (TOKI) is the most dominant model of housing delivery in Turkey.
- TOKI have access to all public land and exert authority on how it should be used.
- In 2009, TOKI exceeded their seven-year goal of built 400,000 housing units.
- For 2010, TOKI plan to focus on building dwellings for low-income families.
- Housing models such as cooperatives cannot operate in present housing finance climate

## **VII. HOUSING KEY ACTORS AND POTENTIAL RESOURCE SOURCES**

This section aims to provide an insight into the resources available for housing based projects. What becomes very clear is that resources whether financial or support based available to specifically address housing need of persons in poverty, are very hard to find. However, this section also offers some opportunities for project support from a number of angles. An open mind and desire for a challenge will be required in order to identify compatible partnerships and add on resources. Where applicable, comment has been made in terms of how a specific resource could be compatible with HfHI's Turkey objectives.

### **a. RESOURCES TO ASSIST IN PROJECT DELIVERY**

There are a limited number of options for financial support for housing related projects in Turkey and many of the examples presented in this section are more advisory or supplementary providers of neighbourhood resources rather than direct sources of funding. This section does not detail specific potential in terms of organisation capacity but rather highlights the need to be creative in accessing both financial and none financial support.

There are over 4,000 NGO's registered in Turkey (<http://stk.bilgi.edu.tr/Default.asp?lid=en>) however, none relate specifically to poverty and housing (as a combined issue). At best there is an abundance of professional organisations willing to offer advice and share knowledge, at worst most NGO's have little financial capacity. Gaps in delivery of services to people experiencing poverty such as micro finance are awaiting the enactment of the micro finance law which could develop opportunities for some NGO's.

#### **Entry Level**

Resources can be broken down into specific type depending on the scope and intentions of HfHI in terms of entry level into Turkey. Table 20 offers a general overview.



Table 20 Task Specific Resource

	TASK	ACTORS	OUTPUT
NATIONAL STRATEGIC LEVEL	POLICY INPUT	-Ministries -State Planning Organisation	-Input into future housing strategy
	PLANNING AND CONSULTATION	-Regional Development Agencies -TOKI - EU - UNDP - World Bank - Chamber of City Planners -UNDP -JICA -Universities	- Identify future need and trends -To understand what is achievable and viewed as beneficial to existing strategies and projects
IDENTIFY PROJECT TYPE	DISASTER HOUSING IDP FOCUS URBAN FOCUS RURAL FOCUS ETC	-Municipalities -Municipality companies -Chamber of City Planners -Universities -NGO's -Companies - Research reports	- Project concept - Project demand -Maximise HfHI resources - Avoid failed or under achieving projects
IDENTIFY PARTNER	DISASTER HOUSING URBAN RURAL ETC	There are a number of potential draft neighbourhood strategies that require resource support and could be viable partners.	- Local knowledge and expertise - Existing network - Realistic expectations - maximise outputs
PROJECT ACTORS	PLANNING AND CONSULTATION	- TOKI - Municipalities - Local neighbourhood specific resources (NGO's etc) - Chamber of Architects - Chamber of City Planners - Project Management Resource	- Establish buy in from key actors - Legal due diligence - Financial due diligence - Ensure quality decision making -Avoid duplication of resource
	FINANCE SPECIFIC	- Banks - Donors - MFI's	- Set formal terms of finance - Establish balance of donor type
LOCAL KEY SPECIFIC	RESOURCE SPECIFIC	- Project Management Resource - Identification of builder and projects manager - Construction companies - Construction Materials	- Ensure that agreed milestones are met  - Access to donor materials
PROJECT BASED	BUILD AND PROJECT SUPPORT	Volunteers	- Buy in from locale - Additional resource - Opportunity to offer training for locals
	CAPACITY IN NEIGHBOURHOODS	TOG Maya	- Buy in from locale - Assessment of support needs

Elliott 2010

### ***i. National Macro***

#### **European Union**

European Union funds are generally distributed via the Turkish Ministry and are channelled through municipality programmes and large organisations such as the UNDP.

#### **Community Programmes**

European Community programmes are an integrated set of actions adopted to promote co-operation between the EU Member States and candidate countries in different specific fields related to Community policies, over a period of several years. Citizens, companies, non-

governmental organisations, and national administrations of Member States and candidate countries can all participate in Community programmes in areas such as Research, Education, Vocational Training, Youth, Culture and Audio-visual, Environment, Energy, Transport, Social Policy and Judicial Co-operation in Civil Matters, Small and Medium-sized Enterprises, Taxation, Customs, Information Society, etc. The programmes are not accessible for housing based projects but rather provide a modicum of technical assistance and access to strategic policy making mechanisms (as a possible long term aim of HfHA).

### **EU Loan for Small Businesses**

The Small Enterprises Loan Programme (SELP) is a European Union (EU) funded programme to provide loan facilities to small businesses in Turkey. The main objectives of the programme are to increase the competitiveness of Turkish small enterprises; improve loan facilities of selected commercial banks with respect to loans designed for small enterprises; and enable continuous and sustainable finance for small companies.

Regardless of the sector they are operating in, all small companies in Turkey can benefit from the EU SELP fund. So far, loans with a total value of approximately €33 million have been granted to nearly 2000 companies from various sectors ranging from food to machinery, textiles to construction, dentistry to shoemaking.

The second phase of the programme will continue until November 2012 and will cover 49 cities and it is expected to be extended so as to cover 15 more cities. The maximum loans available will be set at €30.000 for working capital loans and €50.000 for fixed investment loans, with a maturity of a maximum of 48 months.

*Criteria* - As regards the number of employees, the definition of a “small enterprise” in Turkey is parallel to the definition of the EU. According to this definition, the number of employees should not exceed 50. Besides, in order to benefit from the programme, the actives of the relevant enterprise should value less than \$1 million. Small enterprises interested in the programme should directly contact the provincial branches of the participating banks in order to benefit from loans.

Again, the support from the EU is more supplementary in providing access to funds for small businesses within a neighbourhood that is carrying out housing based projects by supporting neighbourhood capacity.

### **UN -UNDP Programmes in Turkey**

Whilst the UNDP do not have available funds to support housing based initiatives, they do however offer support and access to networks which could prove very useful.

UNDP programmes presently cover Democratic Governance, Poverty Reduction, Environment & Sustainable Development, Project Implementation Support, Private Sector Partnership, Gender, Information Technologies and HIV/Aids. Funding for the programme comes from a number of sources including the Turkish Government, the European Union, Spanish MDG-Achievement Fund, Swiss Development Cooperation Agency, Government and UNDP etc and partners tend to be (but there are exceptions) ministry offices and development agencies.

## Poverty Reduction:

### *Policy Advice and capacity building*

- Innovations for Women's Empowerment (IWE-L) in the GAP Region
- Localizing the UN Millennium Development Goals (MDGs) in Turkey through the Local Agenda 21 Governance Network

### *Regional Development and SME*

- Alliances for Culture Tourism in Eastern Anatolia (ACT)
- Industrial Restructuring of Şanlıurfa Project (IRS) (Technical Assistance Component)
- Eastern Anatolia Tourism Development Project
- Competitiveness Agenda for Southeast Anatolia (CASAR)
- Bridging South-South Cooperation (SSC) and Emerging Donor Rules

## Project Implementation Support:

- Diyarbakır-Batman-Siirt Development Project
- Sivas Erzincan Development Project Phase II
- Implementation Support to Health Transition Project

## Private Sector Partnership:

- Youth Increases the Quality of Life in their Cities
- Bridging Digital Divide: Empowerment of Youth for the E-Transformation of Turkey
- BTC Environmental Investment Programme Small Investment Fund

## Gender:

- UN Joint Programme: Promoting and Protecting Women and Girls' Human Rights
- Enhancing Women's Participation in Politics and Decision Making

## Energy Efficiency - *Buildings Sector - Energy Use*

The UNDP are currently developing a project with the objective to reduce energy consumption and associated Green House Gas emissions in public buildings in Turkey by raising building energy performance standards, improving enforcement of building codes, enhancing building energy management and introducing the use of an integrated building design approach. There is limited information as yet in terms of how the UNDP program will be implemented at a local level.

## Micro Finance

The UNDP have been proactive in formulating the draft micro credit law which if passed would allow for greater access to micro credit opportunities. To this end they have also brokered partnerships with the private sector for development designed to create a commercially viable, pro-poor and sustainable business environment: Micro-credits projects have been initiated with Turkish Economy Bank (TEB), Yapı Kredi Bank, and GYIAD to improve the livelihoods of youth and other population groups. (UN October 2007).

## **World Bank (WB)**

Similar to the UNDP, the World Bank don't usually support housing based projects with the exception of Earthquake mitigation. However, there may be funds to support supplementary

neighbourhood capacity building programs. Furthermore, the WB provides support and access to networks which could prove very useful.

*Access to Finance for Small and Medium Enterprises Project*

In 2009, The World Bank provided Turkey Halkbank with a loan of US\$100 million and €101.1 million with a maturity term of 14 years; Grace Period = 5 years. The project remit was to provide additional financing aiming to increase Turkish SME access to medium-term finance. It will scale-up SME financing not only during the implementation period (2008-2012), but also beyond that period as the Borrower will use the reflows repaid from the initial sub-borrowers to finance new investments before the funds are returned to the World Bank (WB December 15, 2009).

*Funding for Civil Society Organizations - Civil Society Fund (2010)*

World Bank has been implementing Civil Society Fund (CSF) Program (formerly known as Small Grants Program) for the past 9 years with the funds received from Development Grant Facility (DGF) budget, administered from Washington DC.

For 2010, the CSF will offer grants of up to US\$ 5,000 for projects submitted by Non Governmental Organizations active in social matters specifically on the topic of “Empowerment of Youth”. Grants will be given to small-scale activities in support of Youth related issues, implemented by grass-root level NGOs.

*Bank Funds for Civil Society Organisations (CSO's)*

Some of the grant programs funded by the Development Grant Facility (DGF) include a variety of small-grants funds (ranging from \$15,000 to \$1 million) geared to supporting civil society activities in specific areas such as environment, micro-credit, post-conflict reconstruction, information technology, human rights, gender, and innovative practices as well as activities supporting the aspirations of the indigenous peoples.

A second category of mechanisms are trust funds which are funded by development governments (e.g. UK, Dutch, and Japan) and also geared to specific topics such as social development and poverty reduction. While CSOs can access the small-grants programs directly by submitting proposals to the respective offices, they must partner with government agencies and/or Bank units in order to receive trust fund moneys.

The Bank has prepared a guide titled: “Guide to Resources for NGOs and Other Organizations of Civil Society” which contains information on the Bank grant funds as well as funding sources from other institutions. The guide was prepared by the Bank’s Small Grant’s Program in conjunction with the International Youth Foundation ([www.worldbank.org.tr](http://www.worldbank.org.tr)).

Most of these funding mechanisms are managed out of Washington; although some of these (particularly the Small-Grants Program and the Development Marketplace) are also administered at many of the Bank’s country offices. Many of these mechanisms are funded in partnership with other government donor agencies, such as UN and bilateral agencies (e.g. UNDP, DFID and CIDA). Some of these funding mechanisms only support CSOs, but others fund proposals submitted by government agencies and businesses. These funds support civil society initiatives at the global, regional, and country levels

### **High Street Banks**

High street banks provide lines of credit available for project delivery in the form of loans. Details can be found in finance section.

### ***ii. Housing Specific***

#### **The Housing Development Administration of Turkey (TOKI) (see section VI)**

The 1984 Mass housing act and subsequent amendments to legislation, have assisted (TOKI) in becoming the most influential player in terms of affordable housing. Through TOKI and the establishment of subsidiaries, TOKI has authority to supply mass housing credits and to develop for-profit projects the proceeds of which should go to providing affordable housing. TOKI provide access to housing finance for persons on low income providing they have the means to make monthly repayments.

#### *Payments for Low income Group*

Lowest payment terms are US\$ 100 per month with no down payment for 55-65m2 apartment. For larger 65- 87m2 apartment a small down payment of US\$ 2670 required and monthly repayments of US\$ 170 per month over 15 years.

It is possible (in theory) to explore some form of partnership with TOKI in the delivery of affordable housing. For example, the Local Enterprise Supporting Platform (DESTEK) has regular contact with TOKI for this purpose. At the least, developing good relations would provide access to further useful contacts.

#### **Municipality Companies (see also section VI)**

Companies such as the Istanbul Public Housing Corporation KİPTAŞ and Istanbul Konut are deliverers of housing provision often in partnership with TOKI. Again, as with TOKI, it is worth considering forging relations with municipality companies.

#### **Istanbul Metropolitan Planning And Urban Design Centre - (IMP)**

IMP was founded in 2004 to address the problems relating to the future planning of Istanbul. The centre accommodates academics and practitioners and liaises with NGO's and local and national actors. IMP liaise with the Ministry of Housing and Construction for planning activities in Turkey and is a useful one stop resource for identifying actors and accessing planning information throughout provinces of Turkey.

#### **Municipality Departments**

Developing local relations with municipality departments such as planning offices provides local expertise in terms of what is and what is not possible and also provides access to compatible local resources.

#### **The Chamber of Architects of Turkey (CAT)**

CAT is a professional organization responsible for regulating architectural profession and registration to CAT is compulsory for the practice of architectural profession in Turkey. Problems of architectural profession and architects are directly linked with the construction planning and public improvements in our country and its cities. As well as protecting the rights of architects throughout the country, CAT also works in providing a healthy living environment as a principle (<http://www.mimarlarodasi.org.tr/>).

### **Chamber of City Planners (TMMOB) Şehir Plancilari Odasi**

As with the Chamber of Architects, the Chamber of City Planners offers advice and knowledge on planning issues. They also have ability to identify local resources beneficial to Habitat.

**Local Enterprise Supporting Platform** (See section case studies).

### ***iii. Disaster Relief Specific***

#### **Support to Life**

Support to Life is an international humanitarian organization implementing projects ranging from relief aid to development. Emergency relief aid is provided impartially in response to humanitarian crises with a focus of laying the foundations for rehabilitation, reconstruction and participatory development. Disaster risk management and conflict prevention are important components of STL mandate.

STL designs and implements joint projects with international and local partners in the aim of creating innovative approaches and improving existing practices in humanitarian aid and participatory development

#### **Neighbourhood disaster Volunteers Foundation (MAG)**

Objectives of the Project is to improve neighbourhood-based rescue potential during critical hours by providing training, equipment, and an efficient and sustainable organizational structure

- To improve cooperation and coordination with professional responders
- To raise disaster awareness level within the community and to inform civilians on the disaster risks and precautions.
- 

#### **Istanbul Technical University (ITU) Centre of Excellence for Disaster Management**

Provides access to a dedicated information resource relating to:

- Skills Training for Mitigation
- Training
- Consulting
- Research

(<http://www.cedm.itu.edu.tr/>)

### ***iv. Micro Finance Specific***

#### **UNDP**

Have a wealth of knowledge in micro finance in Turkey and worked with the ministry on the draft micro finance law and therefore could be considered a strategic partner for developing future micro finance delivery vehicles.

#### **Small and Medium Enterprise Development Organization**

KOSGEB operates under the ministry of trade and industry and provides SME Credit Support Programs. The Budget Sources of KOSGEB has been allocated to SMEs with low to zero interest rates by the intermediary State-Owned Banks. General principles are as follows:

- KOSGEB cover the interest rate; the interest to be paid for the intermediary banks' loans
- Banks cover the risk
- Zero/low interest rate
- The less paper works via web-based on-line system
- Easy/quick application for SMEs
- On-line implementing & monitoring

In accordance with the order of precedence (application order, first priority) 30-40 % of KOSGEB's budget source is allocated to Less Developed Region of Turkey (Eastern and South-eastern Anatolia). Allocations for period 2007 – 2009 covered Credit Interest Rate Support for Manufacturing Handicraftsmen, Credit for Manufacturing Handicraftsmen Providing increase in Employment, Export Promotion Credit, New Employment Credit, and Credit for the Movement of the Leather Sector to Industrial Zones, Machinery and Equipment Credit for Food Sector, SME Export Promotion Financial Support and Credit for the Digital Infrastructures of the SMEs.

As of 2009, 3 new credit interest rate supports have been prepared namely Business Running Credit, Natural Disasters Loans and South-eastern Anatolia Project:

*Business Running Credit for 100.000 SMEs*

Credit Interest Rate Support for Craftsmen, Artisans and SMEs

Max. Credit limit	: 25-30.000TL/man-woman owner
Non-payment term	: first 3 months
Credit pay-back period	: 15 months
Interest Rate	: ¼ for SMEs

*Natural Disasters Loans*

Emergency support loans to enterprise which damaged by natural disasters

Interest rate support to SMEs (registered and approved in the database of KOSGEB) damaged by natural disasters

Max. Credit limit	: 100.000TL/enterprise
Credit pay-back	: 24 months
Interest Rate	: 0 %

*Within the South-eastern Anatolia Project Action Plan (GAP) (2008-2012)*

9 provinces (Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa and Şırnak)

Max. Credit limit	: 300.000TL/enterprise
Non-payment term	: first 6 months
Credit pay-back period	: 36 months
Interest Rate	: ¼ for SMEs

Clearly, none of the allocation sectors relate directly to housing. However, depending on type and scale of housing related project, KOSGEB could provide resources to strengthen SME's operating within a housing project neighbourhood.

### **Grameen Bank (GB) (see also section V)**

In June 2003, the Foundation for Waste Reduction launched the Turkish Grameen Microfinance Project (TGMP) which applies GB micro credit lending methodologies of providing micro credits to poor people without financial collateral in the south eastern region of Turkey.

The TGBP makes available credits ranging between 200-500YTL (150-280 US\$) with an interest rate of 20 percent which are distributed on the basis of solidarity groups consisting of five to eight women. The credit receivers use the credits mostly in home-based activities such as raising livestock, working with lace, sewing, and offering other handicraft or small marketing activities in the neighbourhood.

### **Maya Enterprise for Microfinance (see also section V)**

*The Foundation for the Support of Women's Work (KEDV)* helps women by supporting their economic participation in the economic life. KEDV projects mainly consist of support for business and product development, marketing for women entrepreneurs and supporting women to establish cooperatives. In 2002, KEDV established the first MFI in Turkey, the Maya Enterprise for Microfinance.

### **MAYA Enterprise for Microfinance**

For legal reasons, KEDV founded a for-profit company to run its microfinance business. Maya targets low-income women with already established micro businesses with average loan sizes are about \$350. The activities are mainly small-scale trading in markets and shops, home-based productions such as textile, candles, and lace work.

The interest rate is approximately the same as that of the private banks, the annual interest rate being 4.9 percent per month, charged on a declining basis. As of December 31, 2007, MAYA has provided 6.227 micro credits to a tune of 4.100.000 US\$. All the credit borrowers are women (Gurses 2009).

### **v. Neighbourhood Capacity Resource Specific**

#### **Turkish Philanthropy Fund (TPF)**

TPF aspires to promote and facilitate a culture of philanthropy among Turkish-Americans. Support is given under the headings of Livelihoods, Education, Health, Environmental Sustainability, Gender Equality and Women's Empowerment, Arts & Culture and Civil Society Empowerment. Donors can direct their funds to one of these areas of choice. It also enables its donors to get US tax benefits for giving to causes in Turkey.

#### *Grant making Criteria*

The selection process of the Turkish Philanthropy Funds is open to all non profit making organizations, without political or *religious affiliations*, from all regions of the country. Thus, for habitat, they would need to establish a Habitat Turkey. The following offers some of the preferred methods of cooperation.

TPF prefer to:

- Support organizations with programs that have the potential to expand beyond their current boundaries. When proven successful, the programs should have the potential to be scaled to serve additional people and/or to be replicated by other organizations in other parts of the country.



- Fund organizations and projects that will create long-lasting change to social problems rather than addressing short-term issues, that have a variety of funding sources and do not rely solely on a grant from TPF but rather use it as a leverage to obtain other, large sources of funding.
- Fund the gaps between the priority needs of the community and the services and funding provided by the state or other nongovernmental organizations. In addition, TPF would like to support interventions that do not heavily overlap with other local government or NGO programs.
- Fund organizations and programs that are community-oriented, i.e. the communities must be involved in assessing needs, determining priorities, designing the interventions, implementing the program, and evaluating its impact.

### **The Foundation for the Promotion and Protection of the Environment and Cultural Heritage (ÇEKÜL)**

ÇEKÜL has become one of the largest non-governmental organizations of Turkey with 100 representatives throughout the country along with nearly 650,000 participants involved in various projects and an advisory board of 700 specialists. Work focuses on protection of the environment and cultural heritage. The foundation is well respected and is competent in facilitating the cooperation of local actors and helping local organizations to pool and mobilize resources to implement small-scale projects.

The ÇEKÜL network reaches to the eastern Anatolian region and can provide information on local contacts and resources. For example, ÇEKÜL input into the *Cultural Heritage Development in South-eastern Anatolia Region (GAP)* which was initiated in 2003 and funded by the European Commission was implemented in partnership with GAP Regional Development Agency. ÇEKÜL leads a consortium for the Agency and a technical assistance team. In 9 provinces of Southeast Anatolia, training of the project design and formulation for preservation studies and cultural tourism reached 350 stakeholders. Through the Cultural Heritage Fund, 33 stakeholders were granted funding for their cultural tourism and preservation projects. Potential for Poverty and Tourism would be worth exploring further.

Whilst ÇEKÜL acted as a partner providing network building and organizational support for the Beriköy project (which was supported by Habitat for Humanity International), a sustainable resettlement project for low-income people, who were the victims of the massive 1999 Marmara Earthquake, ÇEKÜL does not provide funding or housing expertise in such projects. ÇEKÜL is an NGO that focuses more on nature and historical heritage conservation and develop projects in such context.

### **Ayhan Şahenk Foundation**

The Ayhan Şahenk Foundation was established in 1992 to undertake initiatives in education, culture, health, environmental issues and sports, as well as offering social aid to those in disadvantaged areas. The majority of the Foundation's activities, in 2008, focused on education, health and environmental issues. Children are the target audience for these activities. As an example of their support, in terms of its social based activities over a two year period, the Foundation provided food staples to 4,000 families and clothing to 2,500 students who were living under unfavourable conditions.

### **Development Foundation of Turkey (TKV)**

TKV operates in south-eastern Turkey and promotes Human Resources Development through:

- Social communication, participation and information related to organizational forms and routing (to determine needs and resources, project planning, implementation, audit processes, active participation, project boards etc).
- Income generating activities, skill development and improvement practices (farming, beekeeping, trout assertion, greenhouse and open field vegetable production, fruit growing, viticulture, crafts et al. Applications).
- Strengthening Women's individual capacity
- Potential resources at local, regional and national scales can access and TKV benefit from the ability of these resources-including the ability to benefit from credit-development (setting up their own business, cooperatives etc)

### **Income Creative / Enhancer Activities**

Development and the interaction between income generating activities:

- Poverty reduction and quality of life of rural families with limited resources to increase income levels is possible. The increase in income levels, community development, education, rural credit and marketing.
- Income opportunities for interaction between small-scale credit.

Currently a limited number of start-up loans are distributed in the south-eastern region of Turkey ranging from 300 – 3000USD.

### **Sabancı Foundation**

*Social Development Grant Program (SDGP) 2009*

The 2009 Social Development Grant Program was launched (Table 21) as Sabancı Foundation's first nation-wide grant program and aimed to advance social development by promoting an equitable environment in which women, youth and persons with disabilities have access and equal opportunities to actively participate in society.

The grant program allocated 1 Million TL to five projects that target women, youth and persons with disabilities with a specific focus on;

- Social Justice- Eliminating discrimination and promoting equality
- Participation- Enabling and encouraging active social and civic participation in all aspects of society
- Employment- Programs which enable employment placement, school-to-work transition and skill building
- Advocacy and Research- Increasing research-based policy reform initiatives and strengthening the knowledge base of in fields listed above

Table 21 Social Development Grant Program Grantees, 2009

NO	PROJECT NAME	NGO	FOCUS AREA	TARGET GROUP
1	Youth Space	Community Volunteers	Employment	Youth and Persons with Disabilities
2	Removing Barriers	KAMER Foundation	Participation Social Justice Research/Advocacy	Women and Persons with Disabilities
3	MIKRONET, Entrepreneur Women's Work Portal	Micro Foundation for the Support of Women's Work (FSWW)	Employment	Women and Youth
4	Integrating Blind People to Business	The Six Dots Foundation For Blinds	The Employment	Persons with Disabilities
5	Service for Disabled and Job for Women and Youth	Research and Development of Social Issues Association	Participation	Youth and Persons with Disabilities

### *Social Development Grant Program (SDGP) 2010*

The 2010 SDGP was launched on 16 September 2009. Projects applying for Social Development Grant Program 2010 must have a specific focus on:

- Social Justice - Activities which propose potential solutions for addressing discrimination due to gender, age or disability
- Economic Participation - Activities which propose potential solutions for systems that distort the supply side of employment of key target groups
- Social Participation - Activities which propose potential solutions for empowering and promoting societal participation of target groups

Associations, foundations, cooperatives and universities which are legally established and based in Turkey are considered eligible applicants for grants and a total of 1.200.000 TL grants were allocated to projects. The foundation could be a useful resource in providing neighbourhood support and capacity.

### **Community Volunteers Foundation (TOG)**

TOG was founded in 2002 and works with young people to deliver a Community Volunteers service. Aimed at youth, TOG has coverage in 81 university campuses and in 74 universities as student clubs to carry out social responsibility projects developed by young volunteers in accordance with local needs and priorities. Community Volunteers implement local and national social responsibility, social awareness projects and social activities. These projects are being carried out by mobilizing local resources and by active participation of youth and local actors. TOG has four Youth Service Centres in Istanbul, Samsun, and Van; and four Coordination Centres in Ankara, Diyarbakır, Sivas and Izmir. TOG could be useful in generating local youth capacity in supporting housing based projects.

### **Vodafone Foundation Turkey**

Founded in May 2007 and based in Istanbul, Vodafone Turkey Foundation is carrying out its social investment policies in line with the principles of Vodafone Group Foundation. Vodafone Turkey Foundation is a part of Vodafone's promise to be a responsible global citizen and a member of the community with a mission to contribute to the development of Turkish society and leverage living standards through:

- Cooperation with NGO's and other stakeholders for sustainable development,

- Eliminate limitations preventing people to fully engage in social life, with the help of mobile telecommunications technologies,
- Contributing to building the infrastructure of Turkey for transformation to information society,
- Supporting social development of disadvantaged children and youth as well as the disabled by contributing to their sports and music activities in order to lead the process of becoming a healthy and productive Turkish society,
- Increasing disaster awareness so that the Turkish people will be prepared and equipped for undesired incidents,
- Encouraging all walks of life, starting from Vodafone employees to volunteer in providing service to the society,

Thus far the foundation has focused on providing support for:

#### *Bridging the Digital Divide*

To accelerate the e-transformation process, and to support the youth to actively participate in the process, United Nations Development Programme, Vodafone Turkey Foundation and Youth for Habitat Foundation cooperated for the implementation of “Bridging the digital Divide Project”.

#### *Support to Teachers Project*

The Ministry of Education, Vodafone Turkey Foundation and Turkish Education Foundation have come together to implement Support to Teachers Project, aiming to equip our teachers with modern science and technology and increase the capacity of our children to deal with the problems that they encounter.

#### *Dreams Academy*

Vodafone Turkey Foundation, UNDP and Ayder have initiated a project to break social deprivation and ensure disabled individuals to be active and productive by using arts. This project also aims to develop a policy advisory note on local action for national follow up of Article 30 of the UN Convention on the Rights of Disabled and the inclusion of recommendations in national planning instruments

#### *Summer Preschool and Family Support Project for South-eastern Turkey*

The project aims to provide a fair-start to school for children coming from disadvantaged backgrounds in south-eastern Turkey and reduce regional disparities in educational attainment.

## ***vi. Support Resource Specific***

### **Third Sector Foundation (TÜSEV)**

Third Sector Foundation is a good resource from where to identify existing foundations via their foundation directory. The TÜSEV Social Investment Initiative involves a broad range of activities, ranging from information sharing, advocacy work for a better legal environment, providing technical support, infrastructure building to researching best practices from abroad.

TÜSEV's cooperation with national organizations such as the Corporate Volunteer Association and international partners such as Charities Aid Foundation, and WINGS (Worldwide Initiatives for Grant maker Support) and Turkish Philanthropic Fund has helped to generate action around creating more effective strategies and mechanisms for philanthropy in Turkey.

### **Istanbul Bilgi University NGO Training and Research Centre**

Bilgi University NGO Training and Research Centre, was established in order to respond to the needs and problems of NGOs in Turkey. This foundation comprises a network of over 100 foundations and aims at "strengthening the legal, fiscal and operational infrastructure of the third (non-profit) sector in Turkey". The centre is the first of its kind in Turkey, and it carries out research on the role of NGOs in Turkey and contributes to their efficient functioning by implementing training programs and certifications for NGO staff. Within the library of Istanbul Bilgi University, the centre has developed a collection of more than 1,000 books on NGO-related topics. Furthermore, the centre provides a database with details of nearly 4,000 NGOs in Turkey.

### **Universities**

Academic resources are available throughout Turkey and provide valuable local and national information. Universities such as Istanbul Bilgi University, Istanbul Technical University and Mimar Sinan University (in Istanbul), the Middle Eastern Technical University and Ankara University (in Ankara) are a good source of research for housing and neighbourhood resources.

## **b. CASE STUDIES**

This section presents case studies of varying size and concept in order to provide food for thought in terms of HfHI and to also illustrate some of the challenges anticipated and some of the opportunities for entry into Turkey. Suggestions of potential partnerships are offered only as possible scenarios.

### ***i. Van Province Action Plan for the IDP's Service Delivery (2006)***

The Van Action Plan (VAP) is the basis of a national action plan that aims to provide a comprehensive response to displacement in south-eastern provinces. VAP was drafted by the Governorate of Van with the technical assistance of the United Nations Development Program (UNDP) within the framework of the development of international cooperation. The Plan of Action aims to highlight potential strategies that will improve the living conditions of Internally Displaced Persons (IDP)s in Van and was launch on 29 September 2006.

It both addresses the right of return to original rural homes and the integration of urban IDPs. It also underlines the importance of civil society participation in implementation

Van is one of the provinces in the Return to Villages and Rehabilitation Project (RVRP) region that have received the highest number of IDPs. The urban population of the provincial centre (Van Municipality) increased from around 155,000 in 1990 to around 285,000 in 2000, the period covering the height of displacement in the region.

Prior to drafting the Action Plan, a series of workshops were organized in Van at the initiative of the UNDP office in Ankara which brought together the local Civic Society Organisations (CSO's) and private sector for a discussion to help define the shape the Action Plan should take.

#### *Stakeholders*

Stakeholders involved in formulating the plan with varying levels of input are District Governorates, local administrations including municipalities and mukhtars, non-governmental organizations (NGOs), private sector representatives, business and professional chambers, employer organizations, labour unions, and IDPs. CSOs are considered “supporters” of the plan in terms of delivering services and the role of the private sector is described as providing ideas as well as physical and financial resources.

#### *Strategy*

Strategic measures and policy proposals. Strategic measures are discussed under several headings namely: *integration and resettlement, infrastructure and social assistance, socioeconomic development, awareness-raising and communication, and cooperation and partnership.* (TESEV 2009)

#### *Integration and Resettlement*

Within the framework of integration and resettlement, model villages were planned under The Return to the Village and Rehabilitation Project (RVRP). Implemented in four districts which are in the scope of RVRP, namely Başkale, Çatak, Gevaş, Gürpınar, the model for rural settlements would cover:

- the renovation of existing housing, where possible, and/or
- the construction of new dwellings
- infrastructure such as roads, water, electricity, communication and basic public services, including education and health facilities,
- increasing productivity through traditional income generating activities, such as agriculture and animal husbandry,
- the creation of alternative income resources
- the creation of women- and children-friendly social and recreational spaces.

These villages are subject to site visits by interested members of the international community and NGOs. To the extent possible, exchanges will take place between these model villages as a means to illustrate knowledge sharing.

#### *Infrastructure and Social Assistance*

Here the provision of rural housing schemes would be implemented with returning IDP's preferences in mind. However, size and materials available for housing delivery were on a strict quota basis through the Governorate and additional extensions beyond this quota would need to be met by the returning IDPs.

Improvement of housing conditions of IDPs who choose to remain in the city were delivered through urban renewal schemes developed to improve housing conditions of the urban poor.

In order to fund and implement these activities, the Governorate of Van has attempted to establish relevant partnerships with both national and international implementing and funding institutions (Van Action Plan 2006).

#### *Urban reconstruction programs*

In cooperation with the local administrations and Housing Development Administration of Turkey (TOKİ), urban reconstruction programs comprising cheap or free house construction and social facilities for the IDPs and other vulnerable groups have been prioritised.

#### *Implementation*

The implementation stage has been marked by the overwhelming predominance of projects prepared by public agencies in Van both in number and budgetary scale. Some of these are urban projects, such as the planned building of housing for IDPs and sewage systems in IDP neighbourhoods.

Civil society participation in the implementation of the Action Plan has been beset by mutual mistrust and conflict. While some CSOs have refused to submit projects, others have reluctantly done so and some complain about the stringent conditions for acceptance of project proposals or claim their projects were unjustly rejected (TESEV 2009).

#### *Rural Housing Initiative - Konalga Village Town Project*

The most well-known government initiative targeting IDPs in Van under the RVRP is the “Konalga Village Town Project” in the Çatak district. The initiative was to build a model village for an estimated population of 3,200 and includes 383 houses, a village clinic, elementary school, community and occupational centre and a gendarmerie station. The project was completed in 2000.

The village is part of a government policy whereby villages are rebuilt in accessible central plains and incentives are provided to IDPs to relocate to these new settlements as opposed to returning to their original villages, often located in remote and mountainous terrains. The government champion the view that centralized villages offer greater access to the provision of public services such as education, health and security. Some Community Service Organisations claim that the real purpose is to maintain control over the rural population by keeping them away from mountainous areas where PKK militants operate (Ibid).

The Van Governorship argues that the Konalga Project is in accordance with the principle of “voluntary return” which constitutes the basis of government policy on internal displacement, and that 346 families have returned to Konalga. However, the Bureau for Monitoring and Coordination of RVRP (the RVRP Bureau) of the governorship concede that some members of the community have not returned and a CSO representative argued that the project was not appropriate for the lifestyle of the Kurds due to the close proximity of the houses and lack of grazing areas for livestock in the vicinity and the village. Furthermore, the village was located in an area prone to landslides (Ibid).

#### *Yalim Erez Neighbourhood*

A new neighbourhood outside the city centre of Van for displaced village guards who were obliged in 1995 to leave Uzundere, Hakkâri due to intensive fighting between the PKK and the Turkish security forces was established called Yalim Erez neighbourhood. The initiative includes the provision of 258 houses on state land, a primary school, a primary health care clinic, a community and work centre. Yalim Erez, which currently consists of 375 houses still

requires work on infrastructure such as roads and pavements with some residents waiting for title deeds to their houses. Furthermore, parts of the sewerage system is still incomplete (Check that this is still the case).

#### *Housing Development Administration of Turkey (TOKI)*

One of the largest projects submitted under the Action Plan is an urban renewal project by TOKI. The project consisted of building 600 housing units of which half would be allocated for IDPs with the remainder being sold to public employees and small entrepreneurs in the city. TOKI are in the process of completing a programme of some 4924 housing units in the Van province ([www.toki.gov.tr](http://www.toki.gov.tr)).

#### *Issues - Finance*

A major issue in actualising the VAN action plan is finance. Implementation requires significant financial resources outside the public realm, potential sources are identified as possible private sector financing and the need for mobilizing international support but it does not specify beyond this.

#### *Resource Buy in - CSO issues*

Some CSOs expressed positive views on the Action Plan whilst others expressed concerns about its feasibility and effectiveness. Critics especially emphasized:

- the unwillingness of the government to acknowledge the political nature of internal displacement in Turkey and its connection to the Kurdish question.
- Kurdish language and ethnicity were never mentioned in the Plan.
- The language used in the Action Plan was “top-down” and official rather than reflective of the concerns and issues raised by CSOs during the workshops.
- The need to dissolve the provisional village guard system
- The importance of bringing the armed conflict to an end for the purpose of solving the displacement problem (in terms of facilitating safe returns to villages and eliminating the possibility of more displacement); and
- The need for landmine clearance in order to allow safe returns.

#### *Summary*

The Van Action Plan (VAP) is the basis of a national action plan that aims to provide a comprehensive response to displacement in south-eastern provinces and will be replicated in 13 other provinces affected by displacement (IDMC 2009). Whilst there are criticisms ranging from issues of inclusion in the decision making processes, priority of projects prepared by public agencies in Van both in number and budgetary scale and the rationale for some of the projects under the Return to the Village and Rehabilitation Project (RVRP), there are strong foundations from which to further develop the plan and to address some of the issues outlined.

#### *HfHA*

For HfHA, in terms of *Infrastructure and Social Assistance*, there could be opportunities to input into further developing existing and future housing based initiatives through providing additional financial resources for the provision of rural housing schemes for returning IDP's and further meeting their housing needs above the strict quota basis through the Governorate. Furthermore, input into developing and delivering rural neighbourhood support services such as micro finance could be explored partnership with Turkish Grameen Microfinance Project (TGMP) for example. Rural Tourism as an opportunity to preserve and protect the cultural identity could also be worth exploring.



## ***ii. South Eastern Anatolia Project (GAP)***

The South eastern Anatolia (GAP) is a regional development project which aims at improving the income level and life quality of people living in the region by addressing development disparities between this region and other regions (particularly the wealthy western region of Turkey) of the country. GAP is coordinated via the GAP Regional Development Administration which was established in 1989.

### *Scale*

GAP covers 9 provinces (Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa and Şırnak). In terms of both population size and surface area the region corresponds approximately to 10% of the country.

Current activities under GAP include sectors such as irrigation, hydraulic energy production, agriculture, urban and rural infrastructure, forestry, education and health. Water resources envisages the construction of 22 dams and 19 hydro-power plants (8 plants or 74% capacity was reached by 2005) and irrigation schemes on an area extending over 17,000 square kilometres. 7 airports have been finished and active. The GAP cargo airport in Şırnak, which is also the biggest of its type in Turkey, has been completed. Some of the large-scale developments have raised some concerns over the displacement they could cause; for example the planned construction of the Iliyad dam project could displace between 50,000 and 78,000 people, mainly Kurds (TESEV 2009).

### *GAP Action Plan 2008-2012*

Under the Action Plan (2008-2012), four key strategic development themes were outlined as:

- Supporting Economic Development
- Ensuring Social Development
- Infrastructural Development
- Building Institutional Capacity

### *Housing – Mass Housing Model*

Under the heading of Infrastructural Development housing need is highlighted in that urban infrastructure and related services in the region will be addressed in a holistic manner with a focus on activities responding to housing demand, improvement of building quality in urban centres and improvements in drinking water supply networks, waste water and solid waste management and disposal.

Action number AG.4.3 of the 2008 – 2012 action plan states that housing construction will be encouraged in areas of demand and with the necessary funding support and infrastructure. The Mass housing model has been favoured and to this end TOKİ are the leading institution and via their tender process, the delivery vehicle is the private sector. A time line of between 2007 and 2012 was set for the delivery of almost 22,000 housing units (Table 22). However, to date TOKİ have completed, or are in the process of completing 33,884 housing units ([www.toki.gov.tr](http://www.toki.gov.tr))

Table 22 – TOKI Housing in GAP project by Region (Projected)

Regions	Number of Units Project Action Plan (2008-2012) Under construction, planned or complete	Number of Units Project Actual as of 2010 Under construction, planned or complete
Adiyaman	1,616	2,048
Batman	4,528	2,925
Diyarbakir	2,106	8,104
Gaziantep	6,919	9,135
Kilis	660	1,152
Mardin	724	3,140
Siirt	1,509	613
Şanlıurfa	3,423	4,891
Şırnak	476	1,876
<b>Total</b>	<b>21,961</b>	<b>33,884</b>

South eastern Anatolia Project Action Plan (2008-2012) Toki website 2010

In some cities to the east of Turkey such as Ardahan, Bitlis, Erzurum and **Şanlıurfa**, TOKI could not sell 1515 housing units out of 1625 built flats (Tuna, 2009). Turkish Government Control Institution has submitted a report about MHA implementations. In this report, they have highlighted that MHA has built housing all over Turkey, but it does not consider economic conditions, housing needs, possible housing demands of settlement areas; MHA did not make feasibility work in chosen areas (Ibid). There are also issues pertaining to the satisfaction of families who have moved into a mass housing type environment.

### *Summary*

Given the scale of the undertaking to improve income and quality of life and to address major regional disparities to 10% of Turkey is a bold attempt by the Government of Turkey (GOT) and inevitably there are some shortfall to the projects. For example, there are concerns that through some of the large scale development projects such as building of dams for example will further displace people. Furthermore, there are some issues pertaining to the type of housing delivered and its relevance to the needs of some groups resulting in vacant properties and strains on families' coming to terms with a new type of living environment.

### *HfHI*

Issues of lack of take up of houses and assisting families to adjust to a new living environment is a possible area for HfHI intervention by offering to provide housing support to families in a similar way to the housing association model in the UK. Furthermore, there could be opportunities to input into further developing existing and future housing based initiatives through providing additional financial resources for the provision of rural housing schemes further meeting their housing needs beyond shelter and more to preserving and enhancing their rural way of life. Developing and delivering rural neighbourhood support services such as micro finance could be explored partnership with Turkish Grameen Microfinance Project (TGMP) could prove beneficial. Rural Tourism as an opportunity to preserve and protect the cultural identity of GAP.

### ***iii. Local Enterprise Supporting Platform (DESTEK)***

DESTEK is an urban regeneration/renewal orientated organisation. DESTEK consider Urban Renewal/regeneration as vehicles from which to achieve personal and common benefits of all parties who are directly influenced by the project through reconciliation and should be considered as a process that contains 'human beings' and 'vision' based actions to improve an area.

#### *Values*

Core values and concepts considered when developing a project are to maximise participation levels through 'information', 'consciousness', 'meeting', 'expectations', 'uncertainty' and 'adoption' (6Bs) concepts.

DESTEK liaise with public and private sector and are currently working on three project action plans for Istanbul in the neighbourhoods of Hacıhüsrev (Beyoğlu), Karanfilköy (Beşiktaş), and Yunus (Kartal). Table 23 outlines project scope. However, whilst DESTEK are well resourced in housing and neighbourhood expertise, they face the challenge of sourcing adequate funds to actualize projects. To this end DESTEK are working on a number of scenarios in an attempt to produce realistic financial models which also in the case of poor households has a mechanism to offset the relatively expensive mortgage system which is not accessible to all walks of society.

Table 23 DESTEK Action Plan Detail

<b>ISTANBUL PROJECTS – Hacıhüsrev (Beyoğlu), Karanfilköy (Beşiktaş), Yunus (Kartal)</b>	
Scope of projects, neighbourhood size and no of households involved etc	Hacıhüsrev: 160 ha. appr. 10.000 dwellers Karanfilköy: 21 ha. appr. 3.000 dwellers Yunus: 9.4 ha., appr 2.500 dwellers
Housing content	Hacıhüsrev: 2.500 dwelling units Karanfilköy: 680 dwelling units Yunus: 670
Timeframe for proposal completions and time line of action	Timeframe for those projects are not definite yet, since all three projects are at scenario stage. It will be clear when all parties come together and decide for the project.
Partners identified	Istanbul Metropolitan Municipality District Municipalities
Involvement in developing draft action plans.	Local People and Local Organization.
Funds	Funds from TOKİ can be considered. The mortgage system in Turkey is expensive which is why DESTEK are looking to develop new and innovative financial methods.

DESTEK believe that the most effective route for a foreign organization to make an impact would be by establishing partnerships with local NGO's and help develop new and innovative approaches whilst considering complicated ownership structures, high density urban pattern and financial difficulties. DESTEK believe that foreign organization could also evoke overseas funds for regeneration of low income neighbourhoods. The funds can be used for either (1) Project Development and Organization and (2) Implementation Funds.

### *Summary*

DESTEK have a good resource base and experience in developing and delivering projects -the founder being instrumental in development and delivery of a number of cooperative projects and involvement in the draft Zeytinburnu Strategy and Action Plan (ZSAP) (for example). The three project action plans for regenerating neighbourhoods in Istanbul are presently in their draft stage and will be completed imminently. However, there is a lack of funding resources to actualise the projects.

### *HfHI*

HfHI could explore partnering DESTEK with a view of inputting into the project development and implementation processes via knowledge and finance. With part HfHA financial support other resources could be approached with more confidence.

### ***iv. Zeytinburnu Istanbul***

6 of the 13 quarters which make up the district of Zeytinburnu are at serious risk to earthquake, which is 45% of the districts. Zeytinburnu was one of the first squatter (gecekondu) settlements established in the late 1940's and now has a legacy of densely populated and inadequate housing infrastructure made up of 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> generation building groups all built on earthquake vulnerable land. Some pilot projects have been implemented through the Municipality and with some European Union funding and there have been attempts to engage with neighbourhoods most vulnerable. However, mutually agreed strategies have been slow to realise (see also section I).

### *HFHI*

Through working with a partner such as the Local Enterprise Supporting Platform (DESTEK), HFHI can explore opportunities in developing neighbourhood level initiatives. A great deal of attention is already focused on Zeytinburnu which may provide windows of opportunity for HfHI.

### ***v. Beriköy YAY Foundation Project***

The Beriköy project is based in Adapazarı to the east of Istanbul. The project was conceived in response to the 1999 earthquake. The project was developed through a partnership with local (Istanbul,TR) businessmen, MIT alumni and MIT Professor Jan Wampler, on a voluntary basis. The plan was to build a new community of 50 units. Six months after 1999 earthquake, a site was identified and specialists enlisted for help. The project was then taken to HFHI who, in turn identified local partner namely the Foundation for the Promotion and Protection of the Environment and Cultural Heritage (ÇEKÜL). CEKUL provided the legal umbrella under which, HFHI channelled seed money to Beriköy.

Once building started ÇEKÜL began to withdraw from project but remained supportive to a lesser degree. Four years after project conception, Beriköy was established as a legal entity namely the YAY foundation.

### *Staffing Resource*

Original staffing resource consisted of one project supervisor/manager, one support staff and three fundraisers - fundraisers being a critical element to project completion with in kind donations required. In addition, the project was supported by an active board. Staffing resource was then reduced to two people and then to none (10 years into the project) as money dried up through failure to secure funds with remainder of funds going into construction.

### *Current Status and Issues*

Due to a lack of funding resource, the project remains unfinished. 16 units are complete with 9 empty. 7 units are currently occupied and one family has vacated the project.

### *Momentum*

For the first two years structure of operation was not clearly defined and implemented resulting in a loss of project momentum making fundraising for earthquake housing difficult. It took two years to start fundraising and a further six months (totalling 2.5 years) before building started. Fundraising was weak in delivery and in kind donations sporadic/limited

The project was managed arms length from Istanbul which meant that the project management side of the operation could not always respond efficiently. Managing the project locally and delivered by local resources may have effected more favourable outcomes. Furthermore, the Foundation model was not quick to respond to change in project direction.

### *Summary*

Beriköy was established with the best intentions and a commitment from a few individuals which should be commended. Indeed, six months after the 1999 earthquake, project land and specialists had been identified however; the project appears not to have clearly defined its operational side. The real breaking point for the project was however the delay in fundraising and its 'in kind' nature coupled with delays in construction. Finally, with the project being managed at arms length, project management capability was weakened.

### *HfHI*

In terms of project outputs namely to build a certain number of houses and communal space, Beriköy project has failed to deliver. Conversely however, the project serves as an example of the difficulties in drawing a project together and in particular the absolute imperative to get the funding right. Project management and particular neighbourhood project management which encompasses social, economic and environmental elements is still in its infancy in Turkey and requires experienced project managers and practitioners in order to set and attain delivery milestones. Turkey has many academic experts who carry heightened authority due to the lack of appreciation of project practitioners (that is not to say that Beriköy was overweighed with academics). The same applies to larger projects such as the implementation of the VAN action plan for example which has experienced implementation problems. Beriköy is currently exploring options in terms of the future direction. HfHI having supported Beriköy will be aware of the potential future shape/s the project could take. However, funding and project management are crucial to any future project success. Beriköy as a brand needs to re brand. A new beginning grounded on a clear mission with clear milestones is required in order to complete in one form or another Beriköy.

## ***vi. Istanbul Technical University***

Since 1970, Istanbul Technical University (ITU) has studied the use of modern mud-brick houses particularly for use in the rural settlements. By mixing soil, water, lime and plaster and placing the mix into moulds, a durable mixture of Alker is formed from which it is possible to make housing structures with good insulation properties that are capable of withstanding natural disasters.

### *HfHI*

More detail investigation is required into the validity of the ITU mud brick project. However, for HfHI, the concept of mud brick build will not be new. Therefore, ITU could benefit from the experiences of HfHI in developing a system of build to be used in certain conditions.

## **c. PARTNERSHIPS**

In terms of identifying partnerships, it is easy to identify potential problems; lack of strong housing led agencies, lack of funding resources, potential political hurdles, legality of ownership of old unsafe housing stock and engaging with reluctant participants spring to mind. However, knowing the problems and working with the issues provides a window of solution not easy but a window none the less.

Firstly, HfHI cannot enter Turkey as a Christian charity which they are aware. The secular constitution does not allow for this. However, HfHA will have encountered similar issues in other countries and the issues can be circumvented by either working through a local partnership or by establishing a Habitat Turkey brand.

### ***i. Public Private International Mix***

For this section examples are presented to illustrate how different types of resources with different capacity potential can all combine to make a strong dynamic mix. The examples are general but work to outline the principle.

#### *Public*

In terms of potential partnerships, this is on the one hand driven by the limited direct opportunities available to HfHI and on the other, how prepared HfHI are to enter into a creative solutions process and to make indirect as well as direct alliances. Furthermore, whilst it has been noted by the author of this report that a number of agencies have expressed reluctance to engage positively with government organisations such as TOKI and with local municipalities etc, to not engage would firstly dramatically reduce potential resource options and secondly create mistrust detrimental to any project idea. Therefore, alliances need to be made with national and local government offices. UNDP as a case in point have had some successes in co delivering on human settlement initiatives with central and local government offices.

Local NGO's have the potential to contribute directly and indirectly to potential projects. Some have project ideas that could be of particular interest to HfHI. The Local Enterprise Supporting Platform (DESTEK) based in Istanbul a case in point.

Local government offices and companies could provide access to office resources on the proviso that knowledge be shared.

#### *Private*

Creating a strong relationship with one of the larger construction companies would also provide access not only to construction expertise but also to a broader network of expertise capable of 'getting the job done' when addressing issues pertaining to project delivery. Clearly a private company would be looking to justify any involvement through the bottom line. That is 'what is in it for me'. What could HfHI give in return? Many of the large Turkish

construction companies have a vast experience in construction delivery in foreign countries. Indeed it is one of their major strengths. HfHI have many projects in neighbouring countries. Perhaps, there is a window of opportunity available to generate mutual gain. There is mileage in exploring the general concept. Additional private donors can be courted with a view of offering them an opportunity to market their business with potential tax breaks.

*International*

UNDP have generated a wealth of knowledge in terms of the issues relating to for example Internally Displaced Persons and micro finance but also of the political and social nuances of making the right decisions at the right time and involving the right people. Furthermore, approaching selected domestic and foreign organisations (but who already have a presence in Turkey and therefore a vested interest) through individual or corporate channels could offer additional financial stimulus contacts and vehicles of support.

New initiatives from the UNDP include development of an energy efficiency project/program with the objective to reduce energy consumption and associated Green House Gas emissions in public buildings in Turkey through revising and enforcing building energy performance standards, introducing integrated building design approach in Turkey, promoting best energy practices. There is limited information as yet in terms of how the UNDP program will be implemented at a local level.

Many of the examples given in this section are indirect resources that individually don't provide the most exacting of propositions. However, through developing a core unit of associates and developing a *Public Private International Mix*, depending on the type and scale of project, effective capacity can be released. The trick then is how to manage and coordinate activities, challenges and conflicting views. Here a local coordinator resource is essential.

**d. SUMMARY**

<p><b>Key Actors And Potential Resource Sources</b>          Key housing actors and supporting resources. Case studies are presented highlighting possible opportunities for HfHI. Partnerships are briefly explored.</p> <p><b>Resources To Assist In Project Delivery</b></p> <ul style="list-style-type: none"> <li>• Limited in terms of financial capability</li> <li>• Limited in terms of housing specific</li> <li>• The need to be creative in accessing both financial and none financial support.</li> <li>• Explore some form of partnership with municipalities and TOKİ in the delivery of affordable housing.</li> <li>• Developing good relations as a vehicle to access to further useful contacts.</li> </ul> <p><b>Case Studies</b>          Illustrate challenges anticipated and some of the opportunities for entry into Turkey.</p> <p><b>Van Province Action Plan - for HfHA</b></p> <ul style="list-style-type: none"> <li>• Via <i>Infrastructure and Social Assistance</i>, there may be opportunities to input into further developing existing and future housing based initiatives.</li> <li>• Input into developing and delivering rural neighbourhood support services such as micro finance</li> <li>• Explore partnership with Turkish Grameen Microfinance Project (TGMP).</li> <li>• Rural Tourism as an opportunity to preserve and protect the cultural identity could also be worth exploring.</li> </ul> <p><b>South Eastern Anatolia Project (GAP) for HfHA</b></p> <ul style="list-style-type: none"> <li>• Assisting families to adjust to a new living environment is a possible area for HfHI intervention by offering to provide housing support to families in a similar way to the housing association model in the</li> </ul>
--

UK.

- Possible opportunities to input into further developing existing and future housing based initiatives through providing additional financial resources for the provision of rural housing schemes.
- Developing and delivering rural neighbourhood support services.
- Rural Tourism as an opportunity to preserve and protect the cultural identity of GAP.

#### **Local Enterprise Supporting Platform for HfHA**

- Explore partnering DESTEK with a view of inputting into the project development and implementation processes via knowledge and finance.

#### **Zeytinburnu**

- EU funding
- Slow to actualise working strategy

#### **Beriköy YAY Foundation Project for HfHA**

- HfHI having supported Beriköy will be aware of the potential future shape/s the project could take.
- Funding and project management are crucial to any future project success.

#### **Istanbul Technical University for HfHA**

- Explore validity of the ITU mud brick project.

#### **Partnerships**

- Lack of strong housing led agencies
- Lack of funding resources
- Potential political hurdles
- Legality of ownership of old unsafe housing stock
- Engaging with reluctant participants

#### **Public Private International Mix**

##### *Public*

- Limited direct opportunities
- Need for creative solutions
- Need for strong direct and indirect alliances.
- Alliances need to be made with national and local government offices.
- Need to engage with government organisations (TOKI) and municipalities
- Local government offices and companies could provide access to projects resources (access to an office for example) on the proviso that knowledge be shared (the author has one clear option in mind).

##### *Local NGO's*

- Potential to contribute directly and indirectly to potential projects.
- Strong local knowledge

##### *Private*

- Develop strong relationship with one of the larger construction companies - a 'get the job done' resource when addressing issues pertaining to project delivery.
- Private donors to identify.

##### *International*

- Utilise existing resources such as UNDP to gain insight and connections
- Approaching selected domestic and foreign organisations (but who already have a presence in Turkey and therefore a vested interest) through individual or corporate channels could offer additional financial stimulus contacts and vehicles of support.

##### *Mix*

- Need to develop a core unit of associates to formulate strong *Public Private International Mix* to be effective in releasing capacity.
- Project management and coordination essential to success.



## VIII. CONCLUSION

The closing section will firstly very briefly reflect on some headlines outlined throughout the report (additional information can be drawn from the summary boxes at the end of each section) and will then conclude by outlining possible opportunities for HfHI.

### a. HEADLINES

**Poverty** - Around 374,000 people, or 0.54 percent of Turkey's population live below the food poverty line and 17.11 percent of the population, or 11.9 million individuals, are living below the complete poverty line which covers both food and non-food expenditures.

**Migration and Internal Displacement** - The Marmara region of Turkey which includes Istanbul has the highest inflow in terms of in- migration, whilst eastern Anatolia experiences the most significant out- migration. Around one million internally displaced persons (IDPs) in Turkey continue to face protracted displacement. Economic and forcibly displaced through conflict are main causes. The vast majority of IDPs are Kurdish. Many IDP's are living in housing with inadequate water and sanitation provision.

Earthquakes are also a cause of displacement. Between 1995 and 1999 over 800,000 people were displaced by earthquakes and floods.

### **Housing Sector**

Households are growing faster than population. The average number of people in a household has declined in the last twenty years pushing up demand. Squatter buildings (known as gecekonddu built in a night) and illegal constructions are primary issues for the housing sector in Turkey. The preferred model of housing delivery in Turkey is that of Mass Housing through the Mass Housing Law 1984. The law also provided a 'general pardon for unauthorised constructions' giving legal title to squatters who had built on governmental land. This backfired and resulted in the construction of 4 storey apartment blocks to a poor standard which now comprise a significant amount of urban housing.

### **Legal**

The mass housing act 1984 is the single most effective housing law. The Housing Development Administration of Turkey (TOKI) was given special powers to assert the development of mass housing in Turkey.

### **Financial**

The new mortgage Act 2007 has provided access to long term finance. However, under current economical conditions, poor people or low-income groups do not have ability to partake. The Draft Act on Micro-financing institutions is yet to become law. Until this time, foundations, associations, NGOs or other non-bank organizations cannot provide micro credit.

### **Housing Characteristics**

There are over 2 million illegal homes in Turkey and half of Turkey's Urban stock requires renovation. The Mass Housing Model as implemented by the Housing Development Administration of Turkey (TOKI) is the most dominant model of housing delivery in Turkey.

## **b. HABITAT FOR HUMANITY INTERNATIONAL (HFHI) OPPORTUNITIES FOR INVOLVEMENT**

Section VII has already identified possible actors and resources and should be used as the core reference in terms of actors. The closing section of the report offers some possible options for HfHI and highlights how different resources, combined in a resource collective, could compliment HfHI activity.

### **Strategic**

Harnessing the resources of both the *World Bank* and *UNDP* would provide HfHI with a strategic outlook on infrastructure in Turkey and some opportunities to access some funds (albeit none housing specific funds) via their vehicles. TOKI are the third strategic option.

### **Housing Specific**

For housing specific, the Housing Development Administration of Turkey (*TOKI*) is the prime driver in planning and building of affordable housing in Turkey is the obvious resource for both strategic and local delivery of housing provisions. It is possible (in theory) to explore some form of partnership with TOKI in the delivery of affordable housing. By utilising the services of a local resource such as the Local Enterprise Supporting Platform (*DESTEK*) which has regular contact with TOKI, would be a good starting point. Thus, HfHI could explore partnering *DESTEK* with a view of inputting into the project development and implementation processes via knowledge and finance. With part HfHA financial support other resources could be approached with more confidence.

### *Construction*

Many of the large Turkish construction companies have a vast experience in construction delivery in foreign countries and HfHI have many projects in neighbouring countries. Thus an opportunity for mutual gain exists.

### *Energy Efficiency*

The UNDP energy efficiency project/program coupled with possible partners in the construction sector would be worth exploring further. To date, limited information is available in terms of how the program will be put into effect at a local level and whether opportunities exist for HfHA within its scope.

### *Water and Sanitation*

Whilst the majority of the Turkish population in Turkey have sufficient water and sanitation provision, there are still areas within the urban and rural setting that are not adequately provided for. In the urban case, unplanned housing areas namely *gecekond* are often lacking services as a whole because they were unplanned. However, in terms of water supply for example they are often illegally tapped into the main supply source thus creating a problem in terms of capacity. For some rural villages, there is also a lack of water and sanitation provision. HfHA opportunities to develop projects to alleviate these issues could be considered.

### *R&D*

The *Istanbul Technical University* TU mud brick project could offer opportunities to share expertise in producing safe affordable rural housing alternatives. The concept of mud brick build will not be new to HfHI and therefore, ITU could benefit from the experiences of HfHI

in developing a system of build to be used in certain conditions. ITU also have expertise in earthquake mitigation.

Forging relations with *Istanbul Metropolitan Urban Design Centre*, would provide HfHI with a project and planning knowledge base primarily for Istanbul but with contacts throughout Turkey who could advise and support potential projects and provide both academic and practitioner knowledge.

By combining the above resources, a strong expertise base can be forged from which to address poverty housing and causes such as displacement and earthquakes for example.

### **Micro Finance**

Apart from the obvious relations with banks and until the micro finance law pertaining to none banking sector participation is enacted, HfHI may consider developing relations with the *Grameen* micro finance project in eastern Turkey. The project has support from the local municipality and has had some success in delivering micro finance to vulnerable persons. Additional support from the *Small and Medium Enterprise Development Organization* (KOSGEB) could provide resources to strengthen SME's operating within a housing project neighbourhood.

### **Indirect Project Support**

There are numerous None Government offices (NGO's) and Foundations throughout Turkey (see section VII) but none that specifically support stand alone housing projects. However, these resources could provide periphery support through supporting persons involved in a housing project. For example, the Sabancı foundation provides funding to Associations, foundations, cooperatives and universities which are legally established and based in Turkey through core headings of Social Justice, Participation, Employment and Advocacy. The foundation, which has a strong reputation, could be a useful resource in providing neighbourhood support and capacity. The *Community Volunteers Foundation* (TOG) could also be useful in generating local youth capacity in supporting housing based projects.

### **Final Remarks**

The report has aimed to provide HfHI with an overview of housing and poverty in Turkey and has highlighted issues relating to HfHI possible future project developments in Turkey. Whilst there are a number of obstacles to overcome in terms of support and resources in general, there are opportunities for HfHI to enhance the lives of people experiencing poverty Turkey.

## Bibliography of Key References

Adaman, F. Keyder, Ç. (2006) - *Poverty and Social Exclusion in the Slum Areas of Large Cities In Turkey*. Economics and Sociology Department, Bogaziçi University

Amin, S., A. Rai, G. Topa (2003) - *Does Microcredit Reach the Poor and Vulnerable? Evidence from Northern Bangladesh*. Journal of Development Economics, 70(1):59-82.

The Association of Real Estate Investment Companies (GYODER) (2008) - *Main Indicators Report*. Istanbul. Turkey

The Association of Real Estate Investment Companies (GYODER) (May 2007) - *The Growth Potential of the Housing Finance System in Relation to the Housing Need and Housing Demand in Turkey 2015*. Real Estate Research Report-2. Istanbul. Turkey

The Association of Real Estate Investment Companies (GYODER) (2008) - *Affordable Housing in Turkey: Country Assessment and Recommendations*. Istanbul. Turkey

Balamir, M. (1999) - *Formation of Private Rental Stock in Turkey*. Delft University Press. Vol 14 No 4)

Balamir, M. etal (2003) - *Marmara Earthquake Emergency Reconstruction" MEER 2003). Evaluation and Assessment of Existing Conditions and Works Done in the Pilot Municipalities*

Banking Regulation and Supervisory Agency Turkey:  
(<http://www.bddk.gov.tr/WebSitesi/english/Legislation/Legislation.aspx>).

Bimtaş AŞ  
([http://www.bimtas.com.tr/proje\\_e.htm](http://www.bimtas.com.tr/proje_e.htm))

Bölen, F. (2004) - *Housing Policy and Housing Systems in Turkey* ITU A/Z Vol 1, No1, 14-31, 2004-1

Buğra, A. and C. Keyder (2005) - *Poverty and Social Policy in Contemporary Turkey*. Report of Bogazici University, Social Policy Forum. Retrieved May 27, 2008

Budavari V (2006) - *Microfinance with a mission: learning together: EU policy for microfinance in 2007-2013*. European Commission Directorate General for Enterprise and Industry, Budapest, 8 June 2006.

Burritt, K. (2003) - *Microfinance in Turkey: A sector assessment report*. United Nations Development Program.

Carpenter F. (2007) - *Institutional progress in support of Microfinance in the European Union*, European Investment Fund, 27 February 2007.

Centre of Excelence for Disaster management:  
(<http://www.cedm.itu.edu.tr/>)

Central Bank Of the Republic of Turkey Housing Sector in Turkey (2008) - *Challenges and Opportunities*, Dr. Ibrahim Turhan Deputy Governor 17<sup>th</sup> Annual International Conference The American Real Estate and Urban Economics Association Istanbul, July 4, 2008)

Chamber of Architects:

<http://www.mimarlarodasi.org.tr/>.

The Confederation of Turkish Tradesmen and Craftsmen (TESK):

<http://www.tesk.org.tr/eng/eng.html>

Council of Europe (COE) (2009) - *Report by Thomas Hammarberg Commissioner for Human Rights of the Council of Europe Following his visit to Turkey on 28 June – 3 July 2009*

[http://www.internal-](http://www.internal-displacement.org/8025708F004CE90B/(httpDocuments)/7D4A272BC62232EEC1257654005825FF/$file/com.instranet.pdf)

[displacement.org/8025708F004CE90B/\(httpDocuments\)/7D4A272BC62232EEC1257654005825FF/\\$file/com.instranet.pdf](http://www.internal-displacement.org/8025708F004CE90B/(httpDocuments)/7D4A272BC62232EEC1257654005825FF/$file/com.instranet.pdf)

Department of the Environment, Heritage and Local Government Ireland *Housing Developments In European Countries 2004*. The Housing Unit. Dublin.

Demir, F. (2004) - *A Failure Story: Politics and Financial Liberalisation in Turkey: Revisiting the Revolving Door Hypothesis*. World Development.

Duyar, K. Kienast, U. (2006) - *The Formation of Gecekondu Settlements in Turkey* Habitat International, Lit Verlag, Hamburg

Elliott, I. A (2005) – *Housing and Regeneration in Istanbul – A Social Dimension*

Emerging Markets Intelligence (EMI) News (2008) – *Turkey Construction Report*

Erdik, M. (2002) – *Earthquake Risk to Buildings in Istanbul and a Proposal Towards its Mitigation*. Boğazici University, Istanbul, Turkey.

European Commission (2007) - *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: A European initiative for the development of micro-credit in support of growth and employment*. COM (2007) 708 final, Brussels.

European Commission (2007a) - *Expert Group report: The Regulation of Micro credit in Europe, Enterprise Industry*, Brussels.

European Investment Bank (2008). JEREMIE – Regional funding. Retrieved 13.05.2008. <http://www.eif.org/jeremie>

European Microfinance Network (2008) - *EU and microfinance*: [www.european-microfinance.org](http://www.european-microfinance.org)

European Investment Fund (2008): (<http://www.eif.org/jeremie>, 2008)

European Investment Bank:  
(<http://www.eib.europa.eu/projects/pipeline/2009/20090197.htm>)

Financial Times (9<sup>th</sup> June 2009) – *Turkey Special Report*

Financial Times Newspaper:  
[http://www.ft.com/cms/s/0/86b93100-343f-11dd-869b-0000779fd2ac,dwp\\_uuid=849f4ad0-3354-11dd-8a25-0000779fd2ac.html?ncllick\\_check=1](http://www.ft.com/cms/s/0/86b93100-343f-11dd-869b-0000779fd2ac,dwp_uuid=849f4ad0-3354-11dd-8a25-0000779fd2ac.html?ncllick_check=1)

Foundation for the Support of Women's Work (KEDEV):  
(<http://www.kedv.org.tr/index.php?page=maya>)

Garanti bank:  
<http://www.garanti.com.tr/en/index.html>

Grameen Bank:  
<http://www.grameen-info.org/bank/index.html> info

Turkish Grameen Micro Credit Programme:  
(<http://www.tgmp.net/eng/index.html>)

Grossmann, H. (2006) - *Demand Study for Micro-Finance in Turkey Results from a Field Survey Major Findings*. Bankakademie International Frankfurt a.M. Germany

Gurses, D. (2009) - *Microfinance and Poverty Reduction in Turkey* Yildiz Technical University, Humanities and Social Sciences, Istanbul-Turkey

Hacettepe University Institute Of Population Studies (HUNEE) (2006) - *Turkey Migration And Internally Displaced Population Survey* Press Release 6th December 2006, Ankara

Helvacioğlu, A, Karatas, A (2008) - *The Microcredit Strategies for SMEs in Turkey in the Eu Harmonization Process*. 8th Global Conference on Business and Economics in Florence Italy.

The Housing Development Administration of Turkey (TOKI)  
[www.TOKI.gov.tr](http://www.TOKI.gov.tr)

The Housing Development Administration of Turkey (TOKI) (2006) - *Residential Market Overview*

The Housing Development Administration of Turkey (TOKI) (2007) - *Planned Urbanization & Housing Production Mobilization 2003-2007* presentation, EMEA, UAR

HSBC (1 March 2010) – *Mid Cap Real Estate Equity Report– Turkey*

Hürriyet Daily News December 1, 2009  
[www.hurriyetcailynews.com](http://www.hurriyetcailynews.com)

Human Rights Watch (HRW) (March 2005) - *Hollow Promises for Kurds Displaced by Army*  
<http://hrw.org/english/docs/2005/03/07/turkey10261.htm>

International Federation of the Red Cross (IFRC) (2004) - *Annual Appeal 2004: Turkey*  
[http://www.ifrc.org/cgi/pdf\\_appeals.pl?annual04/017904.pdf](http://www.ifrc.org/cgi/pdf_appeals.pl?annual04/017904.pdf)

Internal Displacement Monitoring Centre (26 October, 2009) *Turkey: Need for continued improvement in response to protracted displacement A profile of the internal displacement situation*

International Cooperatives Alliance:  
(<http://www.ica.coop/al-housing/articles/197/1/Housing-Cooperatives-in-Turkey/Page1.html>).

Istanbul Metropolitan Municipality  
(<http://www.ibb.gov.tr/tr-TR/Kurumsal/Birimler/IstanbulImarAS/Pages/AnaSayfa.aspx>

Istanbul Konut  
<http://www.ibb.gov.tr/tr-TR/Kurumsal/Birimler/IstanbulImarAS/Pages/AnaSayfa.aspx>

Istanbul Metropolitan Urban Design Centre (IMP)  
<http://www.istanbulmetropolitenplanlama.com/>

Istanbul Investment  
<http://www.istanbulinvest.com/page.php?s=111>

Japanese International Co-operation Agency (JICA) and Istanbul Metropolitan Municipality (2002) – *The Study of a Disaster Prevention/Earthquake Mitigation Basic Plan in Istanbul, Istanbul*. Istanbul Metropolitan Municipality.

Katsarakis, Y. Etal (Spring 2007) - *Turkey & The Construction Services Cluster*.  
Microeconomics of Competitiveness

Kiptaş Housing  
<http://www.kiptas.com.tr/EN/INDEX/default.asp>

Kumkale, E. (2009) - *Sustainability of Housing: “Houses” Thematic Network as a Management and Renovation Research*. Toplu Konut Mimarlığı: Deneyimler, Olanaklar, Olasılıklar, Mimarlık 345. Ankara

The Metropolitan Municipality of Istanbul (2003) - *Istanbul Earthquake Master Plan*

The Metropolitan Municipality of Istanbul Earthquakes and Mega cities Initiative (2004) - *Istanbul Earthquake Master Plan: A Report of the International Experts Review Committee July 2004*. Istanbul.

Mutlu,S (2007) - *Turkish Real Estate Sector*, Raymond James Yatirim Menkul Kiymetler A.S., Istanbul.

OECD (2006) - *Economic Survey Turkey*

OECD (2008) - *Performance Review Turkey 3 Water Management*

Oxford Business Group (2010) - *Turkey: A Year in Review 2009*

Ozer, G.; Vardar, A. and Nazım, M. (2007) - *Unplanned Settlements within the context of Urbanization Process of Turkey*. FIG Commission 3 Workshop, Athens, Greece, March 28-31, 2007

Ozer, S. (2004) - *Turkey's Experience with Microcredit: The New Governmental Strategy*. Unpublished MA Thesis. Bogazici University: Istanbul.

UK Trade and Investment (2009) - *Building Turkey: Opportunities for the Construction Sector*

Pusch, C. (2004) – *Preventable Losses: Saving Lives and Property through Hazard Risk Management: A Comprehensive Risk Management Framework for Europe and Central Asia*. Presentation by Christoph Pusch. The World Bank Group.

Rahman, A. (1999) – *Micro Credit Initiatives for Equitable and Sustainable Development: Who Pays?* World Development, 27(1):67-82.

Republic of Turkey Governorship of Van (2006) - *Van Province Action Plan for the IDPS Service Delivery*

The Social Assistance and Solidarity Fund (SASF):  
([www.sydgm.gov.tr/sydtf/web/gozlem.aspx?sayfano=68](http://www.sydgm.gov.tr/sydtf/web/gozlem.aspx?sayfano=68)).

Small and Medium Enterprise Development Organization (KOSGEB) (2010) *SME Credit Support PowerPoint Presentation*

Sonmez, A. (2008) - *The Effects of Violence and Internal Displacement on Rural-Agrarian Change in Turkey*. Rural Sociology, Vol.73 (3)

Social Assistance and Solidarity Fund  
<http://www.sydgm.gov.tr/tr/>

Today's Zaman (2009/2010):  
<http://www.todayszaman.com/tz-web/news-203776-at-least-51-dead-as-strong-quake-strikes-eastern-elazig.html>

Turk, S. Etal (2008) - *The Planning System and Land Provision for Social Housing in Turkey*. Istanbul Technical University Faculty of Architecture Department of Urban and Regional Planning & OTB Research Institute for Housing, Urban and Mobility Studies  
Jaffalaan

Turkish Statistical Institute (TurkStat) (2009) - *Press Release NO: 205 December 1<sup>st</sup> 2009*

Turkish Statistical Institute (TurkStat) (2009) - *Turkey in Statistics*

Turkish Statistical Institute (TurkStat) (2009) - *Facts and Figures 2009*

Turkish Statistical Institute (TurkStat) (2008) - *Household Budget Survey & Turkish Housing System: History and current debates in Comparison with several EU countries*



Turkish Statistical Institute (TurkStat) (2003) - *Household Budget Survey*

Turkish Statistical Institute (TurkStat) (2007) - *Population Census Results,*” 21 January 2008

Turkish Economic and Social Studies Foundation (TESEV), (2009) *Permanent Solution to Internal Displacement? An Assessment of the Van Action Plan for IDPs*  
<http://www.tesev>.

TÜRKKENT

[http://www.turkkent.coop/v2/index.php?option=com\\_frontpage&Itemid=1](http://www.turkkent.coop/v2/index.php?option=com_frontpage&Itemid=1)and

TÜRKKONUT

<http://www.turkkonut.com.tr/>

Under Secretariat of State Planning Organization (SPO) (September 2009) - *Medium Term Programme (2010 - 2012)*. ANKARA

Under Secretariat of State Planning Organization (SPO) (2006) - 9<sup>th</sup> Development Programme 2007 – 2013. ANKARA

United Nations (2002) - *Combating Poverty Ch 3*

United Nations Economic and Social Council (2002) - *Specific Groups and Individuals Mass Exoduses and Displaced Persons*. Report of the Representative of the Secretary-General on internally displaced persons, Mr. Francis Deng, submitted pursuant to Commission on Human Rights resolution 2002/56 Addendum Profiles in displacement: Turkey\*

United Nations Development Programme (UNDP) :

<http://www.undp.org/>

United Nations Development Program (UNDP) (2003) -

*Turkey - Putting People at the Centre of Development*

[www.undp.org/eg/.../ST\\_Putting%20People%20at%20the%20Centre%20of%20Development.doc](http://www.undp.org/eg/.../ST_Putting%20People%20at%20the%20Centre%20of%20Development.doc)

United Nations Development Programme (UNDP) (August 2008) - *Project No: 00045992 Support to the Development of an IDP Program for Turkey: Additional Component for the Sustainability and Scale-Up of the Pilot Activity Carried Out in Van Province*

<http://www.internal->

[displacement.org/8025708F004CE90B/\(httpCountrySummaries\)/66D21F80E3A69E41C125732200255E35?OpenDocument&count=10000](http://displacement.org/8025708F004CE90B/(httpCountrySummaries)/66D21F80E3A69E41C125732200255E35?OpenDocument&count=10000)

United Nations Development Programme (UNDP) (2003) - *Microfinance in Turkey: A Sector Assessment Report*. Prepared by Kiendell Burritt. Ankara: UNDP.

United Nations Development Programme (UNDP) and State Planning Organisation (2005) – *The Millennium Development Goals Report*.

United Nations Development Programme (UNDP) (2008) – *Human Development Report: Youth in Turkey*

United Nations Development Programme (UNDP) (2009) – *Human Development Report: Overcoming Barriers – Human Mobility and Development*

United Nations Children's Fund (UNICEF) (October 2009) - *Children First: Children Living and Working on the Streets*  
[http://www.unicef.org/turkey/dn\\_2006/cp43.html](http://www.unicef.org/turkey/dn_2006/cp43.html)

Urban Age (2009) – *Istanbul City of Intersections*. London School of Economics

Yannis Katsarakis, Y. Etal (2007) - *Turkey and the Construction Services cluster*

Yerel Yönetimler Portalı  
([www.yerelnet.com](http://www.yerelnet.com)).

World Bank:  
[www.worldbank.org.tr](http://www.worldbank.org.tr)

World Bank (2010) – *Turkey: Expanding Opportunities for the Next Generation. A Report on Life Chance*.

World Bank Human Development Sector Unit and State Institute of Statistics Europe and Central Asia Region Turkey (2005) - *Joint Poverty Assessment Report*

## Supplementary Web Sources

### Administration for the Disabled

[http://www.ozida.gov.tr/web\\_english/index.htm](http://www.ozida.gov.tr/web_english/index.htm)

### Ayhan Şahenk Foundation

<http://www.ayhansahenkvakfi.org.tr/>

### Banking Regulation and Supervisory Agency

<http://www.bddk.org.tr/WebSitesi/English.aspx>

### Bimtaş

([http://www.bimtas.com.tr/proje\\_e.htm](http://www.bimtas.com.tr/proje_e.htm)).

### Central Bank of the Republic of Turkey

<http://www.tcmb.gov.tr/>

### Chamber of Architects of Turkey (CAT)

<http://www.mimarlarodasi.org.tr/>

### Chamber of Civil Engineers

<http://e-imo.imo.org.tr/Portal/Web/IMOindex.aspx>

### Chamber of City Planners (TMMOB)

<http://www.tmmob.org.tr/>

### Community Volunteers Foundation (TOG)

<http://www.tog.org.tr/>

### European Union

<http://europa.eu/>

### Foundation for the Promotion and Protection of the Environment and Cultural Heritage (ÇEKÜL)

<http://www.cekulvakfi.org.tr/>

### Garanti Bank

[www.garanti.com.tr](http://www.garanti.com.tr)

### General Directorate for the Enhancement of the Status of Women

<http://www.ksgm.gov.tr/arsiv/en-kssgm.htm>

### Grameen Microfinance Project (TGMP)

(<http://www.tgmp.net/eng/index.html>)

### Internal Displacement Monitoring Centre

[www.internal-displacement.org](http://www.internal-displacement.org)

### International Cooperative Alliance

<http://www.ica.coop/al-ica/>

**International Monetary Fund (IMF)**

<http://www.imf.org/external/country/tur/index.htm>

**Istanbul Bilgi Üniversitesi NGO Training and Research Centre**

<http://stk.bilgi.edu.tr/Default.asp?lid=en>

**Istanbul Technical University**

<http://www.itu.edu.tr/>

**Istanbul Greater Municipality**

<http://www.ibb.gov.tr/>

**Istanbul Metropolitan Planning And Urban Design Centre - (IMP)**

<http://www.istanbulmetropolitenplanlama.com/>

**Istanbul Technical University (ITU) Centre of Excellence for Disaster Management**

(<http://www.cedm.itu.edu.tr/>)

**KİPTAŞ**

<http://www.kiptas.com.tr/EN/INDEX/default.asp>).

**Local Enterprise Supporting Platform (DESTEK)**

<http://www.destek.as/>

**Mass Housing Administration (TOKİ)**

<http://www.toki.gov.tr/english/>

**Maya Enterprise for Microfinance**

(<http://www.kedv.org.tr/index.php?page=maya>)

**Ministry of Environment and Forestry**

<http://www.cevreorman.gov.tr/COB/AnaSayfa.aspx?sflang=tr>

**Ministry of Public Works and Settlement**

<http://www.bayindirlik.gov.tr/english/index.php>

**Neighbourhood disaster Volunteers Foundation (MAG)**

<http://www.magvakfi.org.tr/eng/default.asp>

**Organisation for Economic Cooperation and Development (OECD Turkey)**

[http://www.oecd.org/country/0,3377,en\\_33873108\\_33873854\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/country/0,3377,en_33873108_33873854_1_1_1_1_1,00.html)

**Social Services and Child Protection Agency (SSCPA)**

<http://www.socwork.net/2003/1/countrynotes/415>

**State Planning Organisation (SPO)**

<http://www.spo.org.tr/>

**Turkish Contractors Association**

<http://www.tmb.org.tr/>

**Sabancı Foundation**

<http://www.sabancivakfi.org/eng/>

**Small and Medium Enterprise Development Organization (KOSGEB)**

<http://www.kosgeb.gov.tr/Pages/UI/Default.aspx>

**South Eastern Anatolia Project (GAP)**

<http://www.gap.gov.tr/>

**Support to Life**

<http://www.hayatadestek.org/>

**Third Sector Foundation (TÜSEV)**

<http://www.tusev.org.tr/>

**TÜRKKENT**

[www.turkkent.coop/v2/index.php](http://www.turkkent.coop/v2/index.php)

**Turkish Philanthropy Fund (TPF)**

<http://www.tpfund.org/>

**Turkish Statistical Institute**

<http://www.turkstat.gov.tr/Start.do;jsessionid=XQqSMbJZDZj2KVLdyRtgPyQm1tdQp5xtJl0rkXLfG99Pp7Ntl0vh!1607652451>

**United nations development Program (UNDP) in Turkey**

<http://www.undp.org/>

**Vodafone Foundation Turkey**

<http://www.turkiyevodafonevakfi.org.tr/>

**World Bank**

<http://www.worldbank.org.tr>

**Yapi Kredi Bank**

[www.yapikredi.com.t](http://www.yapikredi.com.t)