



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 17-Nov-2022 | Report No: PIDC35075



BASIC INFORMATION

A. Basic Project Data

Country Türkiye	Project ID P180173	Parent Project ID (if any)	Project Name Türkiye Socially Inclusive Green Transition Project (P180173)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Jun 13, 2023	Estimated Board Date Nov 30, 2023	Practice Area (Lead) Social Sustainability and Inclusion
Financing Instrument Investment Project Financing	Borrower(s) Republic of Türkiye	Implementing Agency Ministry of Industry and Technology (MoIT)	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to contribute to the green transition in Türkiye by supporting regional and local authorities in improving green livelihood opportunities for vulnerable groups and communities.

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	400.00
Total Financing	400.00
of which IBRD/IDA	400.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	400.00
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Environmental and Social Risk Classification
Substantial

Concept Review Decision
Track I-The review did authorize the preparation to continue



B. Introduction and Context

Country Context

1. **Türkiye has made considerable development progress but structural challenges and repeated macroeconomic shocks can impede growth and the green transition.** Rapid economic growth tripled income per capita to a high of \$12,000 in 2015, making Türkiye the world's 19th largest economy. Robust economic activity in the first half of 2022 was driven by strong private-sector and export performance and loose monetary policy despite soaring inflation, a weakening currency, and a widening current account deficit. GDP growth is expected to moderate to 4.7 percent in 2022, with a risk investor confidence may falter, intensifying pressure on the Lira and corporate and bank balance sheets. Despite a strong jobs recovery, post-Covid poverty rates are receding slowly as lower-income households' budgets are hit by rising energy and food prices.¹ Despite the economic recovery in 2021, the poverty rate is projected to remain above pre-2019 levels due to persistently high inflation. Inflation affects the lowest income households the most as they spend a higher share of income on items like food that face higher than average inflation. In September 2022, consumer price inflation reached a two-decade high of 83.45 percent year-on-year. Projections using an updated upper-middle-income country poverty line of \$6.85 per person per day (2017 PPP terms) estimate the poverty rate falling from 11.7 percent in 2021 to 11.4 percent in 2022 and 11.1 percent by 2024. External risks remain elevated, given the growing current account deficit, high share of public debt in foreign currency, low foreign exchange reserves, high external financing requirements and continued monetary loosening amid tightening global liquidity.²

2. **The COVID-19 crisis—the deepest global recession since World War II—has exacerbated social disparities and weakened community resilience.** The Turkish Government reacted quickly to the crisis: it put in place a large fiscal stimulus program³ to support households and businesses and took sizable monetary measures to inject liquidity into its financial system. These policies led its economy to perform well compared to other countries, growing 1.8 percent in 2020. Nevertheless, people struggled: workers lost jobs, had their hours cut, or were put on leave, and between 2019 and 2020, poverty grew from 10.2 to 12.2 percent. The consumer price index (CPI) inflation reached 48.7 percent and domestic producer price inflation hit 93.5 percent in January 2022.⁴ The sharp depreciation of the Lira coupled with high exchange rate passthrough, rising demand pressures, and deteriorating inflation expectations led to a jump in consumer and domestic producer prices, exacerbated by the easing of monetary policy in September 2021.⁵ The economic downturn has more severely affected low-income households. Despite the economic stimulus, Turkish firms were affected severely: on average, firms reported a 37 percent drop in sales.⁶ Although Türkiye has begun to recover from the twin crises, the recovery among female, youth, lower-skilled, and informal workers have lagged, compounding the existing disadvantages they face. In addition, the current regional crisis, including the invasion of Ukraine by Russia, and the rising prices of food and energy are likely to continue disproportionately affecting those who are already most vulnerable in Türkiye. In addition, degradation of natural resources and natural and climate-induced disasters disproportionately impact vulnerable

¹ World Bank Macro Poverty Outlook (MPO), October 2022

² TURKSTAT, Sept 2022

³ These amounted to 12 percent of GDP—see World Bank, Turkey Economic Monitor: Navigating the Waves, April 2021.

⁴ World Bank 2022. Türkiye Economic Monitor February 2022: Sailing Against the Tide. Türkiye Economic Monitor. Washington, DC: World Bank. <https://openknowledge.worldbank.org/handle/10986/37035>

⁵ *ibid*

⁶ World Bank. 2021. Türkiye Economic Monitor, April 2021: Navigating the Waves. World Bank, Washington, DC: World Bank. <https://openknowledge.worldbank.org/handle/10986/35497>



groups due to their low level of socio-economic resilience and their reliance of natural resources for their livelihoods.⁷ Climate change is expected to aggravate the pressure on the natural resource base, posing risks to welfare and livelihood security.

3. The crisis has laid bare existing structural inequalities. Several social groups in Türkiye are disadvantaged by their identities in how they take part in society and the economy. **Women** face persistent barriers to economic participation: Türkiye is ranked 133 out of 156 countries for gender equality across a range of indicators related to educational and health outcomes, economic opportunities, and political empowerment.⁸ Compared to men, women in Türkiye are less likely to participate in the labor force, much more likely to work informally and less likely to be entrepreneurs. Less than half of **young people** in Türkiye (45 percent) participate in the labor market. Youth have higher rates of unemployment than the rest of the population (22.6 percent in 2021). **Persons with disabilities** (who comprise more than six percent of the population) are less than half as likely to work (21 percent vs. 48 percent) and are over five times as likely to be illiterate (23 percent vs. 4.5 percent) than the general population. Households which include persons with disabilities need 9.1 percent more household income to have the same standard of living as other households. **Spatial inequalities** are also strong, with the eastern regions of the country historically lagging the western regions in income, educational attainment, and consumption.⁹ Although poverty has declined across the country, poverty reduction has been slower in less developed regions than elsewhere.¹⁰ Addressing these inequalities is critical not just to strengthen inclusion but also to accelerate growth in the economy.

Sectoral and Institutional Context

4. The year 2021 was pivotal for climate policy progress in Türkiye with many important developments. The first big step was the approval of the Paris Agreement by the Grand National Assembly of Türkiye in October 2021. In addition, it was announced that the preparations for action plans were within the scope of harmonization with the European Green New Deal. The country made several other climate change commitments including in the National Climate Change Action Plan 2011-2023; the Green Deal Action Plan (August 2021), and the 11th Development Plan (2019-2023). These commitments were further supported by the 2053 carbon-neutral target statement. These developments are clear indications that the Government of Türkiye will take ambitious steps to develop climate-compatible policies and actions in the coming period. The 2022 Türkiye Country Climate and Development Report (CCDR)¹¹ considers that Türkiye can achieve 2053 net zero target emissions with major investments, and changes in many economic sectors, including the power sector, industries, agriculture, waste management, and water management.

5. The green transition, as any other transition, is a process through which some groups of individuals and some locations are set to benefit, and others' situation might be negatively impacted. A 2022 World Bank report estimated that nearly one in five of all workers in Türkiye today may be vulnerable to job loss due to the destruction of “brown jobs”¹² and/or lags in upskilling towards greener competencies.¹³ In Türkiye it is estimated that men, and lower education workers, who are more disproportionately included in labor markets and in “brown” sectors, are more likely to be

⁷ Türkiye has high vulnerability on 9 out of 10 climate vulnerability dimensions, compared with a median of 2 out of 10 in other Organization of Economic Co-operation and Development (OECD) countries.

⁸ World Economic Forum 2021 Gender Gap Index

⁹ World Bank, POV, 2022. DRAFT. Prosperous Places: Advancing Spatially Inclusive Development in Türkiye (publication upcoming)

¹⁰ ibid

¹¹ World Bank 2022. Türkiye Country Climate and Development Report. Washington DC: World Bank

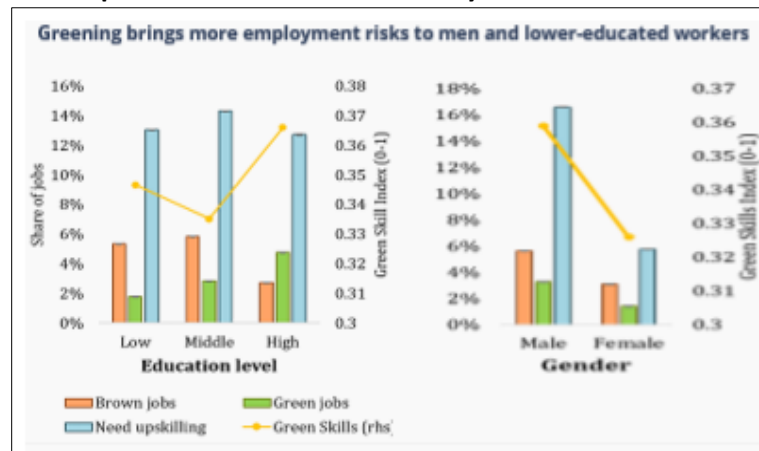
¹² Brown jobs are defined as occupations in industries in the 95th percentile of GHG emissions intensity, based on O*NET occupational data from the US.

¹³ World Bank, 2022, Türkiye in Transition. Next-Generation Human Capital Investments for Inclusive Jobs, Washington DC: World Bank, p.66



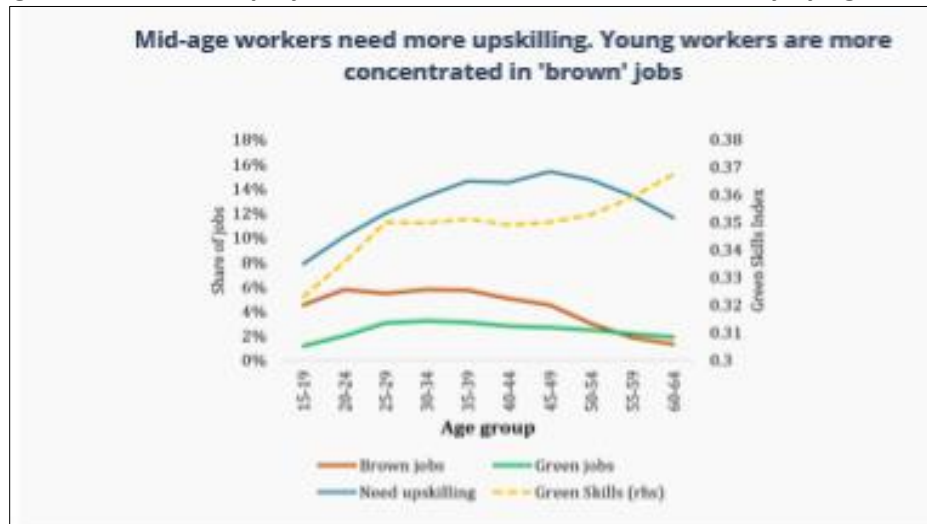
negatively affected and become more vulnerable, as a result of the green transition (see figure 1). In addition, 48 percent of “brown jobs” employ workers below 34 years old, and 42 percent between 35 and 50,¹⁴ the green transition is thus likely to more negatively impact younger workers who tend to be more involved in the brown economy (see figure 2). Finally, the green transition is expected to impact workers more significantly in Western Provinces, where the share of brown jobs is higher (see figure 3). As emphasized in Priority 6 of the CCDR, throughout the green transition process, it will be key to “Minimize social disruptions and ensure a just and inclusive transition”.¹⁵ It is therefore critical as expressed at the COP 26 Statement by the ILO that such transition be envisioned as “a process towards an environmentally sustainable economy”, that “needs to be well managed and contribute to the goals of decent work for all, social inclusion and the eradication of poverty”.

Figure 1. Impact of the Green Transition by Gender and Education Level



Source: Daniel Garrote-Sanchez and Mattia Makovec, 2022, Jobs, Skills, and the Green Transition: Challenges and Opportunities for Turkey, (World Bank Background note on jobs and human capital for input to Türkiye CCDR)

Figure 2. Share of Employment in the Green and Brown Economy by Age Group

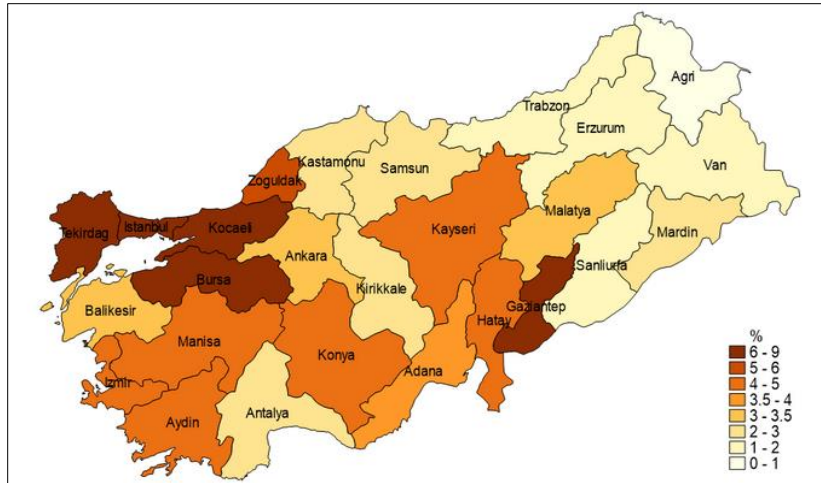


Source: Daniel Garrote-Sanchez and Mattia Makovec, 2022, Jobs, Skills, and the Green Transition: Challenges and Opportunities for Turkey, (World Bank Background note on jobs and human capital for input to Türkiye CCDR)

¹⁴ ibid, p. 67
¹⁵ ibid, p.16



Figure 3. Share of brown jobs per region (2019)



Source: Daniel Garrote-Sanchez and Mattia Makovec, 2022, Jobs, Skills, and the Green Transition: Challenges and Opportunities for Turkey, (World Bank Background note on jobs and human capital for input to Türkiye CCDR)

6. **The green transition also creates new opportunities that can strengthen the inclusion of vulnerable populations.**

While the evidence remains limited and somewhat mixed, characteristics of the low-carbon, green economy suggest they may be more conducive to inclusion than traditional, “brown” jobs. For example, research on clean energy jobs in the US¹⁶ found them to have lower education requirements and a more equitable wage structure than traditional occupations. And while the female share of employment in clean energy was found to be relatively low, the skills requirements and services-orientation of green jobs overall make them relatively accessible for women and youth. Moreover, the emergence of new green sectors has opened opportunities for social entrepreneurship, and the decentralized nature of green infrastructure (e.g. renewable energy) is well-suited for the establishment of citizen and community-owned cooperatives. Investments in climate adaptation and rehabilitation of local ecosystems creates earnings opportunities for households and populations who are otherwise vulnerable to climate change and environmental degradation.

7. **Unless adequately supported, citizens who are already vulnerable or excluded from labor markets, and those who will become vulnerable due to climate change and the green transition process will find themselves excluded from the opportunities in the green economy.**

For example, with only 32 percent of Turkish women employed in 2018 (well below the OECD average of 63 percent),¹⁷ women are likely to be excluded from new employment opportunities generated by the green transition.¹⁸ Similarly, Youth who are Not in Education, Employment or Training (NEET) has been increasing overtime in Türkiye.¹⁹ If carefully managed, the green transition will present a large array of new opportunities, including new jobs in new locations, that could bring vulnerable groups out of vulnerability and poverty.

8. **Case studies of historical green transitions have demonstrated that addressing broader social vulnerabilities can alleviate inequalities and support community resilience.**

²⁰ Many developed countries undergoing a green transition have focused on ensuring social inclusion of vulnerable groups in the transition process. For example, Greece has specialized programs promoting employment such as *Local Actions of Social Inclusion for Vulnerable Groups*. In Italy, the Piedmont

¹⁶ Brookings Institute (2019) Advancing Inclusion through Clean Energy Jobs, Brookings Metropolitan Policy Program
¹⁷ UN Women. 2018. Needs Assessment of Syrian Women and Girls Under Temporary Protection Status in Türkiye. Ankara: UN Women, p. 45; IBRD. 2019. Implementation Completion and Results Report: Türkiye- Resilience, Inclusion and Growth DPF. ICR00004758, p. 3.
¹⁸ World Bank, 2022, Social Sustainability and Inclusion Diagnostic for Türkiye
¹⁹ World Bank, 2022, Türkiye in Transition. Next-Generation Human Capital Investments for Inclusive Jobs, Policy Note, Washington DC: Washington
²⁰ Atteridge, A. and Strambo, C. (2021) ‘How can socio-economic transitions be better managed? Lessons from four historical cases of industrial transition’



Regional Government offers programs, services and resources aimed at guaranteeing social protection, equal opportunities, and inclusion, such as the *We Care Regional Strategy* – a social innovation program. In Spain, the national government has developed territorial ‘just transition agreements’ with regions at-risk from the transition, with specific objectives to improve employability and working conditions of underrepresented groups in new employment opportunities, including women, long-term unemployed persons, people with disability and others at risk of exclusion.²¹

9. The Turkish Government has developed strategies and programs to guide the green transition. The March 2021 Economic Reform Program presents the Government’s vision in supporting the green transition with the Ministry of Industry and Technology (MoIT) as one of the key responsible ministries in implementing specific actions.²² The management of the green transition is the second objective under the macro-economic objectives and policies of the Medium-Term Program (2023-2025).²³ Going forward, the green transition will also be a central theme of the upcoming 12th National Development Plan. The National Climate Change Action Plan also emphasizes the importance of the green transition and defines the role of Development Agencies (DAs) in implementing regional and local level activities in line with the objectives of the action plan and calls for the inclusion of climate change adaptation issues in regional development planning.²⁴

10. In line with the national policies, the DAs are integrating various activities on the impact of climate change and climate change policies at the regional and local level. They are also implementing various activities on the broader issue of climate change, including financial and technical support to projects that focus on mitigating the impact of climate change and climate change policies; awareness raising at the local level; and undertaking development research.²⁵ In line with the national policies, the new regional development plans, covering the period 2024-2029, will cover green transition as a cross-sectoral theme and a core objective. Social inclusion, understood generally from the perspectives of promoting participation of social and economic life and creation of new economic opportunities, is a central theme of the transition.²⁶

Relationship to CPF

11. The proposed Socially Inclusive Green Transition Project (SoGreen Project) is aligned with the World Bank Country Partnership Framework (CPF) covering the period 2018-2023, and with Türkiye’s 11th Development Plan. In particular, it supports the achievement of Focus Areas I (Growth) and II (Inclusion) through the following objectives: (i) *Objective 2: Enhanced Access to Finance for Underserved Markets*; and (ii) *Objective 5: Increased Labor Force Participation of Women and Vulnerable Groups*.

C. Proposed Development Objective(s)

²¹ World Bank, 2022, *How to implement a just transition? Leading practices in policy and governance*, draft Note from the SSI Global Practice

²² <https://ms.hmb.gov.tr/uploads/2021/03/Ekonomi-Reform-Takvimi.pdf>

²³ <https://www.sbb.gov.tr/wp-content/uploads/2021/09/Orta-Vadeli-Program-2022-2024.pdf>

²⁴ https://webdosya.csb.gov.tr/db/iklim/editordosya/uyum_stratejisi_eylem_plani_TR.pdf

²⁵ For example, İpek Yolu DA (covering Gaziantep, Adıyaman, and Kilis provinces) has implemented a project on increasing the adaptation capacity of agriculture sector to climate change (2021), available at: <https://www.kalkinmakutuphanesi.gov.tr/dokuman/trc1-bolge-nde-tarimin-iklim-degisikligine-uyum-kapasitesinin-artirilmesi-projesi-arastirma-raporu/1490>;

²⁶ For Example, İzmir DA, in its perspective paper on green transition estimates that more than 325,000 new jobs can be created by 2030 as part of green transition in the region. İzmir DA, Green Transformation and Blue Opportunities Perspectives, 2022 p.29: <https://www.kalkinmakutuphanesi.gov.tr/dokuman/izmir-de-yesil-donusum-ve-mavi-firsatlar-perspektifi/2650>



12. The Project Development Objective (PDO) is to contribute to the green transition in Türkiye by supporting regional and local authorities in improving green livelihood opportunities for vulnerable groups and communities.

13. The project defines **green livelihoods** as occupations complying with environmental sustainability. The project defines **vulnerable groups and communities** specifically in the green transition context, as groups and communities at risk of losing livelihoods due to the disappearance of brown jobs, and at risk of not accessing new livelihood opportunities emerging in the green transition, due to location, lack of skills, or lack of information.

Key Results (From PCN)

PDO Level Indicators

- PDO 1. Percentage of grant recipients under component 1.a, who indicate that project interventions have effectively supported the greening of their cooperative, association, producer union, or enterprise, disaggregated by gender of the recipient, age, and type of business.
- PDO 2. Percentage of training beneficiaries under component 1.b, who were able to retain their livelihood, or secure new livelihood, within one year of completing the training, disaggregated by gender, education level, and age.
- PDO 3. Percentage of recipients of infrastructure investments under component 2.a (municipality or chambers of commerce or chambers of industry) who indicate that infrastructure and institutional investments have supported green development in their locality

D. Concept Description

Project context

14. **The proposed SoGreen project aims to address the social impacts of the climate and green transition**, through two complementary approaches: (i) **mitigating the negative social impacts** of the transition for people and communities that are set to lose from the process through loss of livelihoods; and (ii) **maximizing the potential positive impacts** of the transition, by supporting people and communities where many are already vulnerable and excluded from access to livelihoods, but could benefit from new opportunities brought by the green transition, if adequately supported. In line with the CCDR, the project recognizes that the green transition is taking place at multiple levels, including the local level.²⁷ Aligned with the CCDR recommendation of “implementing regional and/or community-based targeting approaches”,²⁸ the SoGreen project will be implemented through Türkiye’s 26 Development Agencies (DAs), with tailored regional approaches and a focus on local development stakeholders.

²⁷ Some cities and municipalities have introduced local climate change action plans, policies, and measures to strengthen resilience to climate change, and sectoral policies and plans incorporate aspects or elements of climate change. Twenty-seven Turkish cities and municipalities have joined the Global Covenant of Mayors for Climate and Energy, the largest global alliance for city climate leadership with over 10,000 city and local government members. World Bank 2022. Türkiye Country Climate and Development Report. Washington DC: World Bank, p.25

²⁸ World Bank 2022. Türkiye Country Climate and Development Report. Washington DC: World Bank, p.70



15. The project will be implemented in a phased manner in two to three batches (to be determined during project preparation), to eventually cover all 26 regions. Support will be provided through: (i) subgrants to support socially and environmentally focused local development stakeholders for the development of green livelihoods; (ii) provision of skills and capacity building for vulnerable workers to access new and green livelihoods opportunities; and (iii) financing of local infrastructure that supports the creation and sustainability of green livelihoods.

16. **The project will benefit from lessons learned from the Social Entrepreneurship, Empowerment and Cohesion Project (SEECO – P171456)**, effective since April 26, 2021, and implemented by MoIT and the DAs. The SoGreen project will leverage the operational experience of the SEECO project in terms of implementation arrangements, monitoring and evaluation, flow of funds, and environmental and social management. The SoGreen project, much like the SEECO project, aims at supporting vulnerable groups (in the case of the SEECO project, those are women and youth refugees and host communities). Similarly, the SoGreen project, aims at supporting inclusion in labor markets and access to livelihoods for most vulnerable groups, including those most affected by the green transition, through support provided by DAs.

17. **The project will complement the upcoming Türkiye Greening Industry project (P179255)**, financed by the World Bank, that will focus on supporting the reduction of carbon emissions in Türkiye, through support to Türkiye’s industrial firms. In parallel, the proposed SoGreen project focuses on ensuring vulnerable groups are included in the green transition and have access to green and sustainable livelihoods opportunities at the local level.

Target beneficiaries

18. **Target beneficiaries differ by component**, as reflect in table 1 below.

Table 1. Beneficiaries of project Investments

Component	Subcomponent	Direct Beneficiaries
Component 1. Inclusive Access to Green Livelihood Opportunities	Subcomponent 1(a). Green Livelihoods Development	Local development stakeholders (including producer unions, associations, cooperatives, and micro, small, and medium enterprises, with a specific focus on social enterprises) that focus on greener and more sustainable livelihood opportunities
	Subcomponent 1(b). Adapting Skills to the Green Transition at the Local Level	Local training providers (including chambers of commerce; chambers of industry; universities; and other skills training providers) and individual beneficiaries (e.g. workers in brown jobs at risk of losing their livelihoods; as well as NEET [people Not Employed, in Education or Training], in search of new skills to access livelihoods opportunities in the green transition)
Component 2. Community Infrastructure Investments for Green and Inclusive Livelihoods	Subcomponent 2(a): Green Infrastructure Investments	Municipalities; other local stakeholders such as chambers of commerce and chambers of industry
	Subcomponent 2(b): Institutional and Capacity Strengthening	Targeted national level institutions; local authorities and stakeholders (provincial and district level municipalities, governorates, chambers of commerce; chambers of industry; universities; NGOs/civil society).
Component 3. Project Management	n/a	Public information campaigns will benefit the entire Turkish population

A. Project implementation and sequencing



19. The proposed SoGreen project will be designed and implemented as a US\$400 million stand-alone IPF over a 7-year period.

20. **The Project will cover Türkiye's 26 regions²⁹ in several batches, using a dual prioritization approach**, to support in parallel: (i) regions with the highest number of brown jobs, (ii) regions with highest rate of vulnerable people, at risk of being excluded from opportunities brought by the green transition, using unemployment and poverty rate as proxies. This dual approach is aligned with the dual objectives of the project: (i) mitigating the negative impacts of the green transition in areas where livelihoods are most directly at risk; while at the same time, (ii) ensuring that the most vulnerable areas, excluded from sustainable livelihoods, are provided with access to new opportunities generated by the green transition. A preliminary list of four regions with the highest rate of brown jobs, and four regions with the highest combined unemployment and poverty rate has been established. Regions prioritized in the first batch were selected based on data collected by the World Bank and MoIT for the 2022 *Prosperous Places: Advancing Spatially Inclusive Development in Türkiye* prepared in close partnership with MoIT³⁰ and the Poverty team of the World Bank Türkiye country office working. The tentative list of the first eight regions to be prioritized under the first batch is included in Annex 3. It is notable, that amongst the first eight regions, two regions are included in the ongoing SEECO project. The inclusion of two DAs, already familiar with working with the World Bank, is expected to help speed up implementation and disbursement at the onset of the project.

21. **The project is tentatively anticipated to cover 53% of the 81 Provinces in Türkiye (43 Provinces in Türkiye).** Provinces covered by the project will tentatively include all Provinces that are located in regions below the national average on vulnerability (as defined in the above section, through the use of the unemployment rate and poverty rate as proxies). In addition, the project will cover the bottom two provinces by SEGE ranking in regions with three or four provinces and will cover the bottom three provinces in regions with five or more provinces (in regions with only one province, that province will be included). The SEGE index is MoIT's Socio-Economic Development Index (*Sosyo-Ekonomik Kalkınma Endeksi, SEGE* in Turkish); it is a widely accepted ranking, based on data collected by the Government of Türkiye. The latest provincial-level data is included in the 2017 SEGE report. MoIT and the DAs use the SEGE index to prioritize intra-regional development activities and address intra- as well as inter-regional development gaps. With this tentative targeting, at the district level, it is estimated that the project would then cover 497 districts, which corresponds to 51% of Türkiye's 973 districts.

22. **The prioritization methodology will be further elaborated and potentially supplemented with a vulnerability assessment that would help identify sub-regional areas (including provinces) that are most vulnerable to the green transition.** The methodology will also benefit from the above-mentioned SEGE index. This exercise will help inform the framing and targeting of intervention at the intra-regional level and ensure that most vulnerable areas are adequately included in the project. It will specifically help inform the framing and specification of call for proposals and guided project support processes under component 2.

²⁹ These regions are not administrative units. They are statistical units matching the NUTS-II classification.

³⁰ World Bank, 2022. DRAFT. *Prosperous Places: Advancing Spatially Inclusive Development in Türkiye* (publication upcoming). The study put together a database of 102 indicators and will be used for ranking Provinces according to key indicators as relevant to the project, including share of brown jobs, unemployment and poverty.



Project components

23. The proposed SoGreen project would consist of three components:

Component 1: Inclusive Access to Green Livelihood Opportunities (tentatively US\$165 million)

24. Component 1 will support access to green livelihood opportunities for vulnerable groups, by: (i) supporting local development stakeholders to create greener and more sustainable livelihoods; and (ii) supporting local training programs to allow target vulnerable groups to acquire skills relevant to the green economy.

Sub-component 1(a): Green Livelihoods Development (US\$130 million)

25. This sub-component will support **subgrants to local development stakeholders** (including producer unions, associations, cooperatives, micro, small and medium enterprises, with a specific focus on social enterprises) that focus on **creating green(er), and (more) sustainable jobs**. This would include new green activities and greening of existing activities, including adapting to the changing climate and climate policy. Examples of activities likely to be supported by the subgrants would include: the development of short food supply chains; enhancement of dissemination of solar power systems in electricity generation in order to reduce energy costs in agricultural irrigation (i.e. installation of solar power units; installation of micro-hydro or micro wind, modernization and rehabilitation of existing irrigation infrastructure systems, etc.); financing of drying and cooling systems; and strengthening local capacities in terms of financial management, green transition awareness, access to green finance, and human resources development, investments in technology and equipment and/or acquiring certifications to support green construction, building retrofits, ecosystem restoration; adoption of climate smart / sustainable agriculture, forestry, and/or fishing technologies and approaches. Sub-grants beneficiaries will be required to provide a co-financing of 25 to 50 percent of the subgrant proceeds. Co-financing arrangements will be agreed upon during project preparation.

26. Subgrants are envisioned here (rather than reimbursable grants, for instance), due to: (i) existing challenges in accessing finance for small and micro businesses in Türkiye, and particularly for vulnerable groups like women and youth and businesses in lagging areas; and (ii) additional risks involved in investing in new technologies and new industries (not established) which will further reduce access to finance.

27. Recipients and sub-projects for the subgrants will be identified using the “call for proposal” approach, a well-tested and familiar method, used by DAs (see annex 2). Through the “call for proposal” approach, the DAs invite applicants to submit project proposals to implement activities in a specific development area. In this model, the project framework is pre-determined (i.e. objectives, scope, targets, eligibility, etc.) and the DAs evaluate proposals by potential applicants and select the best proposals for financing.

28. This subcomponent will promote access to new economic opportunities by targeting specific sectors that offer promising opportunities for entrepreneurs and workers, and/or that are in the process of transitioning from traditional production methods.

Sub-component 1(b): Adapting Skills to the Green Transition at the Local Level (US\$35 million)

29. This sub-component will support skills adaptation programs to support access to new economic/livelihood opportunities for workers in brown jobs at risk of losing their livelihoods, as well as NEET people, in search new skills to access livelihoods opportunities in the green transition. It will be key to build skills for the opportunities available locally, and to consider existing specializations and gaps at the local level. For this reason, this sub-component will primarily rely



on training providers that are directly in-tune with the most relevant sectors in each region and province, and most knowledgeable about the local economic fabric and training needs.

30. This sub-component will also help develop the capacity and green focus of local training providers (including chambers of commerce; chambers of industry; universities; and other skills training providers) and finance support to such facilities and institutions with small rehabilitation works and equipment. These investments are expected to contribute to the sustainability of the project, through ensuring that local training providers have the capacity to continue supporting the green transition, in complementarity with ongoing efforts at the national level implemented by the Turkish Employment Agency (ISKUR) and other stakeholders.

31. The CCDR highlights the need for upgrading skills of the country's workforce in light of the lower share of green jobs, with the report estimating that in some regions, the share of workers requiring upskilling reaches 15 percent of total employment.³¹ This activity is aligned with one of the key recommendations of the CCDR to "invest[...] in people, through [...] upskilling investment, to support the transition to greener occupations".³² In this context, the priority of the subcomponent will be for entities supported under subcomponent 1(a) or unemployed workers interested in applying for jobs within these entities.

32. The design of this subcomponent will be informed by lessons learned from projects led by the SPJ team, including Development of Businesses and Entrepreneurship for Syrians under Temporary Protection and Turkish Citizens Project (P168731) and Employment Support for Syrians Under Temporary Protection and Turkish Citizens Project (P161670).

Component 2: Community Infrastructure Investments for Green and Inclusive Livelihoods (tentatively US\$220 million)

33. Component 2 will support investments in local, inclusive, and green infrastructures that will support green employment and local development. Component 2 will also invest in building the capacity of national and local authorities and local development stakeholders to design, plan, and implement socially inclusive green development initiatives. Building on the current processes implemented by the DAs, communities will be engaged in the planning and prioritization processes of infrastructures.

Sub-component 2(a): Green Infrastructure Investments (US\$ 215 million)

34. This sub-component will support Municipalities and other local stakeholders such as chambers of commerce and chambers of industry with **local, inclusive, and green infrastructure investments** to support livelihoods and green development and will be based on regional development needs identified in target regions based on the development research conducted by the DAs, as well as the DAs' green priorities in their regional development plans. At the same time, the identification of subprojects will be done in a participatory manner, with community members and key stakeholders at the heart of the identification and selection process.

35. The infrastructure subprojects will have a focus on promoting green transition and enhancing livelihood opportunities at the local level. Investments will be selected based on: (i) a participatory selection process including representatives of women, youth, and workers in brown jobs, among others; (ii) high potential for creation of employment; (iii) potential for supporting sustainable green employment for vulnerable groups; and (iv) alignment with Regional Development Plans and green priorities. All new infrastructure investments will be built on publicly owned land, and infrastructures will remain publicly owned. The operating and maintenance costs will be the contributions of the subgrant beneficiaries. Some

³¹ World Bank 2022. Türkiye Country Climate and Development Report. Washington DC: World Bank, p. 67

³² World Bank 2022. Türkiye Country Climate and Development Report. Washington DC: World Bank, p. 67



facilities might be availed or rented out to private entities for expanding economic opportunities in select sectors, following the model implemented in the Working and Producing Youth Program (*Çalışan ve Üreten Gençler Programı* in Turkish), currently implemented by the MoIT to promote youth's access to livelihoods at the local level.

36. Investments will be identified in each region, most likely following either the “call for proposal” approach as described under component 1a (for investments below US\$250,000) and in most cases, following the “guided project support” approach (for investments above US\$250,000). The DAs are flexible in setting the parameters of the call and can limit the sector and type of activities or type of applicants. The “guided project support” approach is a DA-led financial support model whereby the objectives and conditions of the project that will be supported are determined under the leadership of the DAs in line with the priorities envisaged in the regional development plan. The guided project concept is determined jointly by the DAs and the stakeholders through an inclusive and participatory process. The maximum implementation period for guided support project is 24 months. Such investments may include (but not be limited to): building or refurbishing of production centers for environmentally sustainable activities; building and/or refurbishing of geothermal greenhouses; building and/or refurbishing of solar and wind farms; building or refurbishing of waste management and/or recycling facilities.

37. Design and implementation of such investments to transform infrastructure in target areas will be informed by feasibility studies, conducted in collaboration with local authorities, universities, and NGOs, and designed to ensure that investments are selected and designed based on a rigorous analysis, to ensure economic returns on investments are optimized.

38. While most investments will be identified during implementation, it is anticipated that a pipeline of investments under the first batch of prioritized regions, will be identified during project preparation, so implementation of these investments can start as soon as the project becomes effective.

Sub-component 2(b): Institutional and Capacity Strengthening (US\$5 million)

39. The infrastructure investments will be supported by a **capacity strengthening program**, targeting both national level institutions as well as local authorities and stakeholders (provincial and district level municipalities, governorates, chambers of commerce; chambers of industry; universities; and NGOs/civil society). Institutional capacity strengthening will aim at improving capacity in designing, planning and implementing socially inclusive green development initiatives. This component is aligned with the CCDR's recommendation to invest in capacity building and institutional strengthening.³³

Component 3: Project Management (tentatively US\$13.5 million)

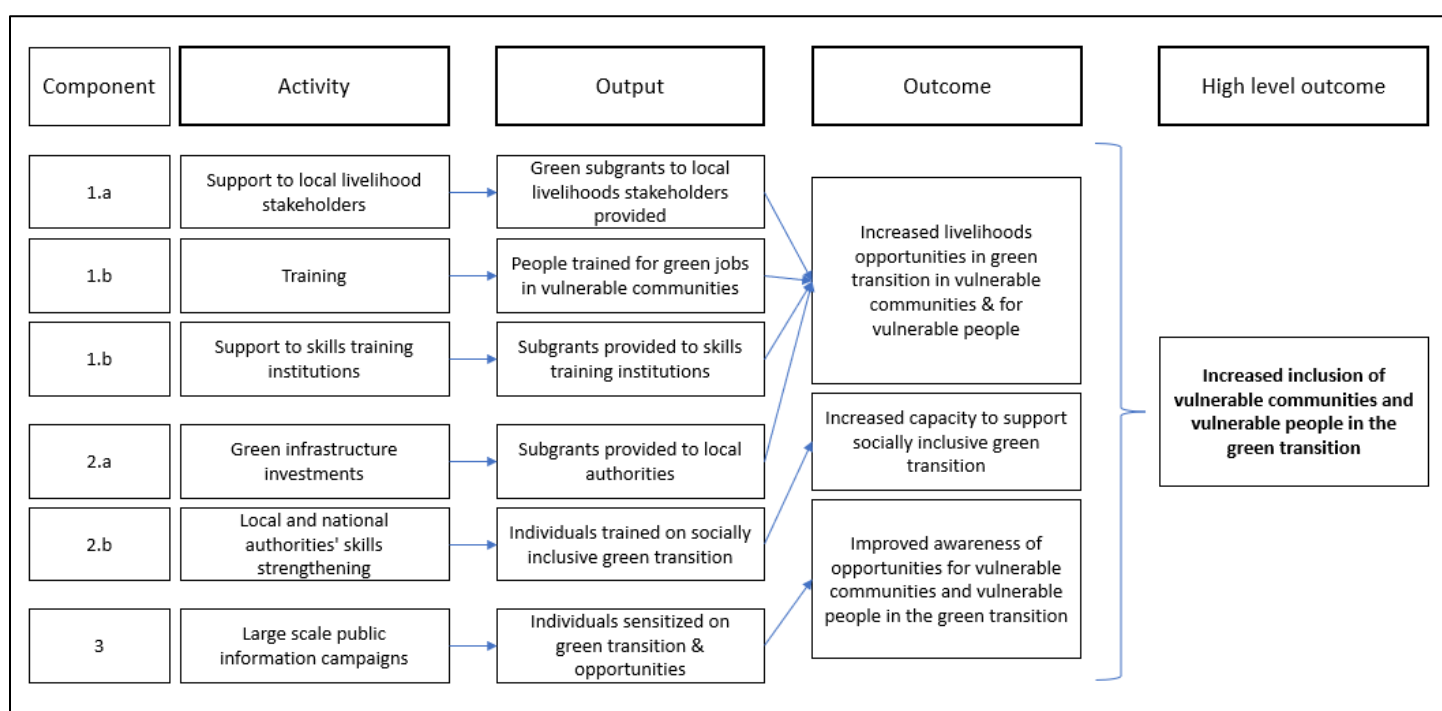
40. This component will cover project management and communications and awareness raising activities. Project Management will cover the costs of the Project Implementation Unit (PIU), project administration, implementation and supervision including procurement and financial management activities and audits; preparation of subproject designs and construction supervision; implementation of environmental and social monitoring; quality assurance responsibilities; technical management and oversight; grievance redress mechanism; and monitoring and evaluation.

³³ World Bank 2022. Türkiye Country Climate and Development Report. Washington DC: World Bank, p. 70

41. The project would also support large scale **public information campaigns** to raise public awareness on green transition-related opportunities and challenges. During project preparation, the use of an online civic engagement platform will be explored, to assess whether this type of tool would fit the project’s objectives and be relevant in the project’s context.

42. The project coordination at the national level and complementarity with relevant national programs will be ensured through a Project Steering Committee, to meet on a bi-annual basis, and consisting of the MoIT; the DAs; the Small and Medium Enterprises Organization (KOSGEB); the Ministry of Labor and Social Security; ISKUR; the Ministry of Environment, Urbanization and Climate Change; and the Ministry of National Education; among others. The DAs current roles and responsibilities in regional development will ensure coordination and complementarities at the local level.

Figure 4. SoGreen Project Results Chain



B. Implementation arrangements and flow of funds

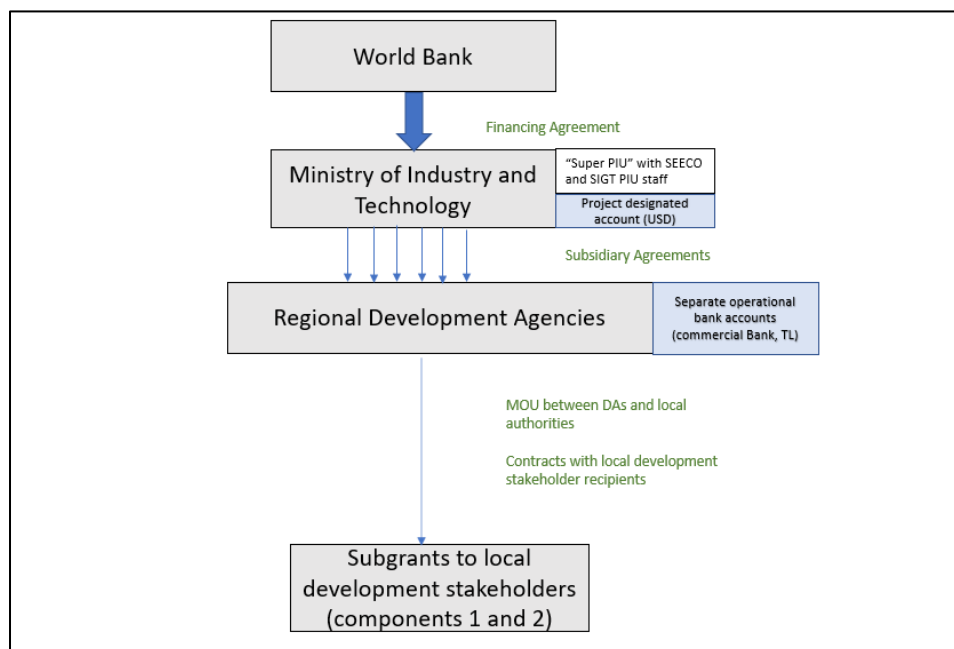
43. **The project will be anchored within the MoIT Directorate General of Development Agencies as the main coordinating agency.** The project Implementation will be anchored within the MoIT, where a “super PIU” will be established to support both the ongoing SEECO project and the proposed SoGreen project. Project activities under component 1 and 2 will be implemented with the support of the DAs. Division of labor between the two merged PIUs will be clear, while at the same time, allowing for the knowledge and experience sharing by the experienced SEECO PIU with the PIU staff recruited for the new SoGreen project, and help ensure the new project’s speedy implementation and disbursement.



44. **The project will benefit from lessons learned from the SEECO project** and will address bottlenecks that have been identified in the implementation of the SEECO project. Building on the lessons learned, the design of the proposed SoGreen project will rely on streamlined and more efficient processes from the onset, including:

- (i) The implementation of activities that align with MoIT and DAs expertise and experience, including: support to local development stakeholders through provision of subgrants, and support to community green livelihoods investments (see Annex 1 for a detailed description of DAs, and their key areas of expertise as it relates to local green development).
- (ii) The project will primarily be implemented using existing national systems to disburse funds, that the MoIT, DAs, as well as key local development stakeholders are already familiar with. This includes the use of the already well tested and efficient “call for proposals” and “guided project support” mechanisms used by the DAs to design and finance subprojects and disburse funds (see Annex 2 on those two approaches and how they will be used to implement the project). It is expected that, in line with the current general practice, thresholds will be established to determine the mechanism to be utilized. At concept stage, it was agreed that subprojects under US\$250,000 equivalent would be implemented through the “call for proposal” approach, and subprojects above US\$250,000, that are usually more complex and require more technical support and monitoring and supervision, would be implemented through the “guided project support” approach. For both approaches, an additional step to ensure community participation will be added. With the “call for proposals”, DAs will convene communities and key stakeholders for “public meetings” to define the scope of call for proposals, and ensure they are fully aligned with community green development needs and aspirations. With the “guided project support” approach, DAs will convene a series of community identification sessions, to identify potential sub-projects, aligned with regional development plans, that will support green livelihoods in the region.
- (iii) **The project structure and flow of funds derives from lessons learned from the SEECO project.** The proposed flow of funds model would follow a similar pattern as the one established under the SEECO project and described in detail in the SEECO project’s Sub-Grant Manual and Project Operations Manual. The designated account for the project will be established by the MoIT and be administered by the central PIU within the MoIT. The MoIT will then sign subsidiary agreements with the implementing DAs, with each of them opening a separate operational bank account for the project. Funds will then flow from these separate operational bank accounts to local development stakeholders, as illustrated in figure 3

Figure 5. Flow of funds for SoGreen Project



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	

The environmental risk is assessed as Substantial. The project has a national-wide scope and the exact locations of the sub-projects will not be known during the project preparation and appraisal stages. This risk will be re-evaluated when additional information becomes available, particularly those related to the scale, size and location. In general, the environmental impacts from the project are expected to be positive given that the green transition and infrastructure investments will be supported under the project. However, during the construction of new facilities, renovations of the existing facilities, equipment installation and etc., the implementation activities might entail a series of adverse risks and impacts and specifically: dust and noise generation, vehicle and machines emissions, generation of construction waste, hazardous material and waste including oil, grease, hydrocarbons, old electrical appliances, lead-based paints, etc. as well as OHS issues such working at height, rotating and moving equipment, vibration, welding / hot works, industrial vehicle driving and site traffic, ergonomics, repetitive motion, manual handling, fire, etc. While the construction activities might have some adverse impacts on natural habitats and cultural heritage, all such investments will be excluded from financing, based on the initial environmental screening. The impacts related to the project activities under Component 1 are expected to be temporary, reversible and manageable through the application of the national laws as well as the use of the World



Bank Environmental, Health and Safety Guidelines (EHSGs) and Good International Industrial Practices (GIIP). However, the potential activities to be supported under Component 2 might require substantial investment and time to manage environmental risk and impacts of the construction of new facilities while medium to low probability of serious adverse effects to human health and/or the environment (e.g. due to accidents, hazardous waste management, OHS, etc.). Therefore, the proposed environmental risk rating for the project is Substantial at concept stage. The social risk rating is Moderate. The project is expected to have positive social impacts on vulnerable groups as its main target groups are women, youth, lower-skilled workers, unemployed persons, and those employed in brown industries. Social inclusion aspects are at the core of the project design, and other vulnerable groups such as refugees and persons with disabilities will also be able to benefit from project support under Component 1. The project is not expected to cause direct irreversible or unmanageable impacts, as the project will exclude from sub-grant financing any activities assessed as High risk, and any causing impacts on cultural heritage. The project is expected to support both new investments/construction of new facilities and rehabilitation of existing facilities; therefore civil works will be eligible under the project. Community health and safety, and labor and occupational health and safety impacts during civil works are expected to be manageable and will be addressed by adhering to the standard mitigation measures included in the Environmental and Social Management Framework, including the application of the national laws, use of the World Bank EHSG, Code of Conduct for construction workers and stakeholder engagement activities. While the project aims to avoid land acquisition impacts, these risks and impacts cannot be completely ruled out. While the MoIT will not conduct any new land acquisition, there may be instances under Component 2 where municipalities acquire the land for proposed sub-projects prior to the Bank financing. Therefore, a Resettlement Framework will be prepared to manage such cases of land acquisition prior to Bank financing as well as any potential cases of land acquisition needed for associated facilities. Risks of child and forced labor are not expected, and the project labor management procedures (LMP) will include a clear minimum working age and procedures for age verification. To facilitate social inclusion and participation of stakeholders, the project will prepare a Stakeholder Engagement Plan (SEP), and stakeholder engagement activities will start early during project preparation. Sexual exploitation and abuse/sexual harassment (SEA/SH) risk is assessed as moderate and discussed in a dedicated section. MoIT and regional development agencies already have experience with Bank-financed projects and the ESF. The existing PIUs have already received in-depth trainings on ESF.

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