



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 26-Nov-2024 | Report No: PIDPC00156



BASIC INFORMATION

A. Basic Program Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Turkiye	EUROPE AND CENTRAL ASIA	P508541	PRIME Regional Development PforR
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Program-for-Results Financing (PforR)	04-Feb-2025	31-Mar-2025	Governance
Borrower(s)	Implementing Agency		
Ministry of Treasury and Finance	Ministry of Industry and Technology		

Proposed Program Development Objective(s)

The PDO is to improve management and climate-resilience of public investments for regional development in selected sectors.

COST & FINANCING (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? To be decided

Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Government program Cost	585.00
Total Operation Cost	450.00
Total Program Cost	433.87
IPF Component	15.00
Other Costs (Front-end fee,IBRD)	1.12
Total Financing	450.00
Financing Gap	0.00

FINANCING



Total World Bank Group Financing	450.00
World Bank Lending	450.00

Concept Review Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

- Türkiye is making progress towards spatial regional convergence, however regional development remains a key priority for the government.**ⁱ Lagging regions, primarily provinces in the eastern and central Anatolian regions, are closing gaps with leading regions linked to large public investments to improve the delivery of basic services. Gaps in access to education and healthcare have been closing fast, but other gaps persist. Gaps in gross domestic product (GDP) per capita are largely matched by geographic differences in household incomes, and the pace of convergence has been decelerating in recent years. Regional income inequality far exceeds that of comparator countries.
- A draft new National Strategy for Regional Development (NSRD) provides the framework for public investment programs aimed to accelerate convergence.**ⁱⁱ The NSRD incorporates eight spatial typologies to guide targeted public investments for regional development, using prominent indicators such as production structure, income level, exports, employment, and population.
- Climate resilience is increasingly a key priority for regional development and related public investments.** Türkiye is highly vulnerable to climate change impacts, especially in the lagging regions. Climate models predict increasing abnormalities that can impact food prices and reduce agricultural productivity, disproportionately impacting poor and vulnerable groups and regions. Nine out of 10 climate vulnerability dimensions are “high.”ⁱⁱⁱ The updated (April 2023) Nationally Determined Contribution (NDC) targets, plan to reduce greenhouse gas (GHG) carbon emissions by 41 percent in 2030 and achieve net zero emissions by 2053. The proposed PforR program aims to strengthen resilience in agriculture and foster local economic development through eco-tourism in lagging regions.

Sectoral (or multi-sectoral) and Institutional Context of the Program

- The economic rationale for regional development is to leverage infrastructural investments to support acceleration of place-based growth and job opportunities.** In line with the NSRD, a demand-driven process identifies investment to address local priority needs or productivity bottlenecks (e.g., agri-productivity, water, market access, climate risks). Solutions are smaller-scale and bespoke with support for local or technology-driven innovative strategies. Strengthening traditional sectors in lagging regions, such as agriculture and tourism, targets regional potential, promotes equality of opportunity (including for women), builds capabilities, and encourages future growth.
- Regional public development investments depend largely on direct central government spending, administered by Regional Development Administrations (RDA) and Regional Development Agencies (DA).** These entities are affiliated to



the Ministry of Industry and Technology (MOIT) and implement investment and support programs that improve the competitiveness and inclusiveness of relevant sectors without duplication or overlap with existing projects and programs.^{iv} While DAs are widespread across Türkiye, RDAs operate exclusively in lagging regions, strongly focused on rural development aspects (including the Eastern Anatolia Project (DAP), the Konya Plain Project (KOP), the Eastern Black Sea Project (DOKAP), and Southeastern Anatolia (GAP). Those RDAs represent 42.6 percent of Turkish agriculture output in 2022.

6. Technological adoption and innovation can boost agricultural productivity and enhance climate resilience. Efforts in lagging regions aim to increase productivity and reduce climate vulnerability, but rising water demand and poor management—especially of groundwater, which is being depleted at twice its recharge rate—pose sustainability risks.^v Investments in efficient irrigation management, particularly tertiary canals, and climate-smart agriculture technologies are crucial for long-term productivity and sustainable sector growth. Technological adoption and innovation would reduce gaps in agriculture productivity while enhancing the sector’s climate resilience.^{vi}

7. High levels of intermediation and weak value chain coordination translate into limited gains for agriculture producers and laborers. Producers often sell mainly to intermediaries rather than maximize profit through direct sales. RDAs are investing in strengthening the governance and professionalization of producers’ organizations and providing support for improved storage and aggregation activities that can help these entities be more effective to improve market linkages and add value.

8. The inherent tourism potential of southeast and eastern Türkiye can boost employment and the local economy. Support to tourism is a key priority for all the RDAs, including a focus on cultural sites and improving access to remote areas for eco-tourism. For the Black Sea region, regional planning on tourism was a key rationale to establish the RDA.

9. The 12th National Development Plan (NDP) targets governance and institutional reforms to support regional public investments and more focus on resilience. The NDP aims to improve institutional structure and governance mechanisms: enhancing RDAs’ capacities, improving coordination between regional and central level institutions, and better monitoring and evaluation (M&E). The NDP highlights the ‘green transition’ as a critical foundation for sustainability.

Relationship to CAS/CPF

10. The proposed Program is fully aligned to the new Türkiye Country Partnership Framework (CPF) FY24-28. It will contribute to CPF Objective 2 on spatial development and Objective 6 on resilient infrastructure investments at the local level. It also complements other Bank investments in support of small and medium enterprises to stimulate economic activity (P181068); socially inclusive programs supporting women and youth entrepreneurs (P180173); and initiatives targeting economic recovery in earthquake-affected areas of lagging regions (P502837).^{vii}

11. The program-design supports climate adaptation and mitigation measures. It is aligned with Türkiye's revised NDC GHG targets and adaptation goals, supporting adaptation and resilience in the priority water and agriculture sectors for climate co-benefits. It is aligned with the Türkiye Country Climate Development Report (CCDR) priorities, by improving energy efficiency (Priority 3), and making growth more resilient and sustainable (Priority 5).

Rationale for Bank Engagement and Choice of Financing Instrument

12. The World Bank (WB) can help ensure value for money and effectiveness. The WB support to the government program for Promoting Rural Initiatives and Improving Social, Economic, and Regional Development Infrastructure (PRIME) of the RDAs will leverage the Bank’s comparative advantage to support the government on public investment



management (PIM), governance, and climate-smart regional convergence. WB support to the PRIME program will provide the additionality of financing in a fiscally constrained period and incentivize climate-smart investments in priority sectors.

13. The PforR is the most appropriate instrument to support effective and results-oriented regional development public investments implemented through RDAs. The government is pursuing a results-oriented program of public investment planning and budgetary allocations through RDAs demand driven and results-focused action plans. The PforR will reinforce ongoing and planned institutional reforms, enhancing effectiveness of the government's PRIME program. The PforR is designed in coordination with the Strategy and Budget Office of the Presidency (SBO) that oversees all budgetary decisions on public investments. SBO, MOIT, and RDAs are jointly identifying disbursement-linked indicators (DLIs) that connect better public investment management with improved infrastructure and services. This programmatic approach benefits multiple sectors, including agriculture and tourism, considering local specificities and priorities, and supports MOIT's focus on strategic outcomes, results-oriented monitoring, and impact assessment. The PforR incentivizes greater coherence of activities across the multiple agencies involved in implementing programs through the RDAs. An Investment Project Finance with performance-based conditions (PBCs) would not be the adequate instrument because the operation will not focus on a defined set of expenditures, but on several RDAs demand-driven programs.

C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

Program Development Objective(s)

The PDO is to improve management and climate-resilience of public investments for regional development in selected sectors.

The sectors covered in the PRIME PforR are agrifood in all 4 RDAs and eco-tourism in the Eastern Black Sea region.

PDO Level Results Indicators

PDO#1: Increased average irrigation water efficiency (Percentage)

PDO#2: Farmers benefiting from enhanced climate-smart production (Number)

PDO#3: Increased volume of added value sales (Percentage)

PDO#4: Increase in numbers of tourists in Black Sea region, DOKAP(Number)

PDO#5: Improved management/governance of climate resilient regional public investments (Percentage)

D. Program Description

PforR Program Boundary

14. The government program for Promoting Rural Initiatives and Improving Social, Economic, and Regional Development Infrastructure (PRIME) is a priority within the upcoming NSRD. The draft NSRD is the umbrella framework for spatial development prioritization of each RDA action plan. Each RDA has a medium-term action plan outlining priority strategic objectives mapped to defined high-level outcomes. Each strategic objective has a sectoral operational program (SOP), comprising public investment programs with assigned annual budget allocations. Plans have a systematic results-focused approach, overseen by the General Directorate of Regional Development (DGDA) within the MOIT, based on: (i) strategy with high level outcomes; (ii) actions plans with strategy-linked objectives; and (iii) monitoring and evaluation



using the digital management information system (ELIS). The MOIT and RDAs have progressively improved project monitoring using ELIS.^{viii}

15. **The timeframe of the new NSRD is aligned for the first time with the new RDA SOPs.**^{ix} The results-based orientation of both provides a new focus to ensure (i) strategic planning that harnesses place-based competitive advantages; (ii) planned budgetary allocations for public investments, appropriate for delivering results; and (iii) fully aligned results monitoring and measurement of related outcomes. The SOPs implemented in the PRIME program are part of the annual investment program (AIP) overseen by the Public Investment Directorate of the SBO. Changes in SOP projects during the PforR will be reflected in future AIPs.

16. **PRIME and the PforR are aligned.** Geographically, the PforR program boundary is limited to the coverage of the four RDAs, except for DLR 1.1 (in 2 RDAs) and RA2 (in one RDA, DOKAP). The PRIME program and the PforR will cover the period 2025-2030. While aligned to the three high-level strategic priorities of the RDAs, this PforR will further incentivize focused reform actions within three defined RAs through DLIs. There are no significant adverse impacts identified in the public investments covered by the PRIME program. There are no high-value procurement contracts within either program. The PforR focuses solely on small-scale, primarily rural, public investments. No large-scale irrigation modernization projects can be eligible under the PRIME program.

TABLE 3	Government program	PforR Program (supporting PRIME)	Alignment
Objective	Narrowing the development gap between the provinces under the RDAs and other regions.	Improving management of climate-smart public investments for regional development in selected sectors.	
Duration	2025-2030	2025-2030	Aligned
Coverage	43 Provinces (rural focus)	43 Provinces (rural focus) – RA2 is focused on DOKAP and DLR1.1 (in 2 RDAs)	Aligned
Responsibility	4 RDAs	4 RDAs	Aligned
Strategic areas	<ul style="list-style-type: none"> ▪ Ensuring an increase in agricultural production and increased added value ▪ Ensuring economic growth in priority sectors ▪ Developing human and institutional capacity 	<ul style="list-style-type: none"> ▪ Enhancing agrifood climate smart production and value addition (RA 1) ▪ Enabling eco-tourism in the Black Sea Region (RA 2) ▪ Improving management of climate-resilient public investments for regional development (RA 3) 	The PforR will address subset of PRIME program priorities
Est. expenditure	USD 864 million	USD 585 million (IBRD: USD 435m)	

PforR Program Scope

17. **The Program is organized around three Results Areas (RAs).**

18. **RA1: Agrifood sector climate smart production and value addition:** to support activities contributing to Regional Development Program Strategic Objective 1. *Ensuring an increase in agricultural production and increased added value*, while bringing a strong focus on climate and sustainability aspects. It does so through a set of coordinated interventions clustered in three areas:

(a) **Irrigation Water-Efficiency.** This supports replacement and rehabilitation of small-scale irrigation infrastructure for efficient water-use in two RDAs (KOP, DOKAP); installation of smart meters to measure water use with the objective to increase water availability during drier months in all RDAs;^x and strengthening RDAs to manage and finance climate-smart irrigation.



(b) Climate-smart agri-food sector improvements. This supports farmers to adopt technological solutions, including facilitating access to technology acquisition and piloting of innovations. Implementation is by RDAs with provincial directorates of agriculture, public universities, or research institutions.

(c) Market-oriented agrifood value chain developments. This supports increased value-capture and creation and enhanced market coordination and information flows for small and vulnerable producers (including women and youth); and improved governance and effectiveness of producers' organizations to link with the market, through capacity building and professionalization. Implementation is by RDAs with provincial directorates of agriculture.

19. **RA2: Sustainable eco-tourism in the Black Sea Region:** to support activities contributing to Regional Development Program Strategic Objective 2. *Ensuring economic growth in the priority sector of tourism for the Eastern Black Sea Region and on its flagship green road program to facilitate eco-tourism.* The Tourism Masterplan, led and developed by the Ministry of Culture and Tourism in collaboration with DOKAP-RDA, identified Priority-1 sections of the highland road for improvement (i.e., widening), with the aim to systematically connect 21 primary tourist destinations and improve access to targeted touristic assets (including eco-tourist sites of canyons, caves, waterfalls, lakes, and bird sanctuary in remote areas).^{xi} The agriculture sector will be developed in parallel through DOKAP-RDA investments (under RA1 of this PforR) for improved linkage to markets, including greater tourist numbers that increase demand for local produce through local restaurants and hotels. For the agrifood investments, the improved road and related market centers will provide an additional axis to facilitate the agrifood value-chain extension and expansion in local and export markets.

20. **The PforR will incentivize budget allocations for effective, timely completion of road improvements as well as allied agrifood investments and private sector enabling support to the tourism corridor.** Unpredictability of financing has led to public investment in road improvements becoming more costly and prevented the use of more climate resilient materials for the highland roads.^{xii} Based on the Tourism Masterplan and 2023 Tourism Strategy, the PRIME program supports allied agrifood investments (e.g., support to cold chain) by DOKAP-RDA. Moreover, DOKAP-RDA will undertake tourism promotion through partner DAs, already engaging the private sector (incl., tour operators) and strengthen tourism circuit development through targeted investments (e.g., public access pathways to main tourist sites). Improvements completed to the priority-1 road segments, such as in Giresun province, illustrate increased tourist numbers and related local economic activity (increase of registered local accommodation, restaurants, and allied agrifood economic activity).^{xiii}

21. **RA3: Management of climate-resilient public investments for regional development:** to improve public investment management, with an important cross-cutting function to RAs 1 and 2:

(a) Strengthen management of climate-resilient regional development. Improved RDA action plans with initial budget estimates to also cover climate resilience aspects within SOPs and operationalization through revised secondary legislation of guidelines (i.e., rules and procedures) with climate criteria and their application to relevant public investments.

(b) Enhance effectiveness/governance of regional development public investments. Improved public investment management using ELIS project selection, monitoring modules, introduction of management information system module, and performance dashboards to increase the public outreach of regional development investments, impact assessments, annual public investment portfolio monitoring reports covering all RDAs, and interoperability between data systems used by the MOIT for regional development and by the SBO for all centrally financed public investments.

22. **The PforR will be implemented 2025-2030 with US\$435 million from IBRD financing.** The advances and prior results should not exceed 30 percent of the PforR financing (USD 130.5 million).^{xiv}

IPF Component

23. **The program combines (financial) reform incentives with technical assistance for capacity building, consulting support, and knowledge transfer, ensuring timely access to resources needed for PforR operation support.** The IPF component of US\$15 million will assist with implementation of the Program through:



- **Operation support.** Technical assistance, training, and operating costs of the program management unit (PMU) in the MOIT, within RDAs, and within the SBO to support PforR management, implementation, M&E, including the costs for the verification agent.
- **Targeted technical assistance and capacity building.** Technical support and skills transfer to the MOIT and RDAs to establish and embed new and improved PIM practices and incorporate green criteria into planning, including climate adaptation and mitigation and project-related procurement. Support development and implementation of strategic planning functions for RDAs.
- **IT solutions.** The operation will not finance significant IT procurement. Technical assistance will support the integration of IT solutions, notably: PIM system integration and interoperability between MOIT and SBO systems.
- **Change management.** Finance staff (e.g., results monitoring specialists, other capacity gaps identified in through the IFSA and ESSA), operational costs and capacity building for communications, and work with internal and external stakeholders to support constituencies for reforms across all three results areas.

Disbursement Linked Indicators

24. **Six DLIs, aligned with the PDO indicators, ensure that the indicators are achieved.** DLI milestones and targets trigger disbursements, with higher amounts linked to those that require more commitment and effort and/or have a greater impact on achieving the PDO.

Table 2: Disbursement Linked Indicators

Result area 1: Agrifood sector climate smart production and value addition
DLI 1: Efficient water management in agriculture
DLI 2: Climate-smart agri-food sector improvements
DLI 3: Market-oriented agrifood value chain developments
Result area 2: Sustainable eco-tourism in the Black Sea Region (DOKAP-RDA)
DLI 4: Improvement of priority-1 road access for enabling eco-tourism in Black Sea Region
Result area 3: Management of RDA climate-resilient public investments (crosscutting with RA1 & RA2)
DLI 5: Strengthening management of climate-resilience in regional development
DLI 6: Enhanced effectiveness/governance of regional development public investments

25. **An initial DLI-matrix of results indicators has been identified and discussed with the MOIT and the SBO,** to be further refined during preparation stage (see Annex 3).

E. Initial Environmental and Social Screening

26. **The Program is expected to have positive E&S outcomes.** They will result from improved water efficiency and climate resilience in agriculture, value addition and improved market access for agriculture and livestock producers, strengthened eco and cultural tourism in the lagging regions, and improved institutional capacities. No large-scale civil works or activities that could trigger potentially significant adverse impacts on the environment and/or affected people are anticipated. No new land acquisition, involuntary resettlement, or restrictions on land use are envisaged.

27. **The concept stage E&S risk rating and risk related to institutional capacity are both moderate.** Implementation involves multiple provinces and regions. Environmental concerns mostly relate to construction, i.e. potential impacts on



biodiversity, occupational health and safety risks, inadequate construction waste management, risks related to heavy vehicle traffic etc. Key social risks relate to community engagement and the impact of construction activities. The existing national level grievance redress mechanism may require strengthening at the RDA levels to ensure citizen feedback, consultation, and effective communication, particularly in regions with earlier issues or weak stakeholder engagement and consultation. An assessment with stakeholders and counterparts will result in an action plan to improve the overall E&S system. Activities under the proposed IPF-TA component are not expected to have any adverse E&S impacts and will be restricted to capacity building of RDAs, advisory services, and consultants to render technical support to the PforR.

Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts of the IPF Component

CONTACT POINT

World Bank

Shomikho Raha
Senior Governance and Public Sector Specialist

Luz Berania Diaz Rios
Senior Agribusiness Specialist

Borrower/Client/Recipient

Ministry of Treasury and Finance

Implementing Agencies

Ministry of Industry and Technology
Ahmet Simsek
Director General
ahmet.simsek@sanayi.gov.tr

FOR MORE INFORMATION CONTACT



The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

ENDNOTES:

ⁱ World Bank staff calculations, however, also observe that lagging regions were closing gaps with leading regions at almost twice the speed in the period, 2004–11, when compared with the most recent period, 2011–19. World Bank, 2023, Prosperous Places: Advancing Spatially Inclusive Development in Türkiye, Washington, D.C.

ⁱⁱ A draft NRSD strategy that covers 2024- 2028 is under preparation and expected to be approved by March 2025.

ⁱⁱⁱ World Bank (2022) Country Climate and Development Report - Türkiye

^{iv} According to Decree by Law No. 642.

^v Wedam, A. et al, 2020. Modeling of land subsidence caused by groundwater withdrawal in Konya Closed Basin, Turkey. <https://piahs.copernicus.org/articles/382/397/2020/>

^{vi} Climate-smart technologies and local innovative solutions include a range of activities financed currently through regional development public investments, including regenerative agriculture practices (water harvesting, reduced tillage) and enhanced sustainable crop production models (certified seeds through model-projects), precision agricultural technologies (drones for laser levelling, for seeding), establishment of greenhouse production for increased resilience.

^{vii} P181068 - Post-Earthquake MSME Recovery Project, IPF; P180173 - Türkiye Socially Inclusive Green Transition Project, IPF; and P502837 - Türkiye Small Industrial Estates Reconstruction and Regional Economic Recovery Project, IPF.

^{viii} The MOIT and RDAs use ELIS for project performance monitoring: for the budget years 2022, 80.1% of total projects were completed on time, a significant portion of which are on rural development and tourism promotion.

^{ix} The previous NSRD covered 2014-23, with each RDA producing Action Plans for 2014-18 and 2021-23, renamed Regional Development Program, from the 2021. For the period 2019-20, there were no Action Plans.

^x The strengthened climate focus of small-scale irrigation investments is aligned with priorities defined in the Water Efficiency Strategy Document and Action Plan in the Framework of Adaptation to the Changing Climate (2023–2033), prepared by the Ministry of Agriculture and Forestry.

^{xi} The primary tourist destinations that will be connected by the completed Yesil Yol / green road improvements include the Sahinkaya Canyon, Kizikirmak Bird Sanctuary, Persembe Highland, Cambasi Highland, Kulakkaya Highland (1500m altitude), Bektas Highland, Mavi Lake, Kuzalan Waterfalls, Kumbet Highland (1750m altitude), Karaca Caves (with stalactites, stalagmites), Suleymaniye, Tomara Waterfalls (with 40 different springs), Eriklibeli Highland, Sultan Murat Highland, Uzungol, Aydintepe, Zilkale, Ayder Highland, Camili Koyu, Kafkasor Highland, Zinav Lake, Ballica Cave, and Vezirkopru Atinkaya.

^{xii} 783 km of Priority-1 roads that remain to be improved (of 1,779 km identified by DOKAP-RDA) will be covered under the PRIME program.

^{xiii} In Giresun province, 262 km of Priority One road has been improved or maintained between 2013 and 2024. The number of visitors in Giresun has increased 33% from 168 000 to 223 000 between 2013 and 2022. Average night stays have also increased from 1.29 to 1.65.

^{xiv} Prior results are achieved between the date of the program concept review and the date of the Legal Agreement.