## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Project Name</th>
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<tbody>
<tr>
<td>Turkiye</td>
<td>P179347</td>
<td></td>
<td>Green and Future Cities Project (P179347)</td>
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<table>
<thead>
<tr>
<th>Region</th>
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<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<tr>
<td>EUROPE AND CENTRAL ASIA</td>
<td>Sep 18, 2023</td>
<td>Dec 15, 2023</td>
<td>Urban, Resilience and Land</td>
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<tr>
<th>Financing Instrument</th>
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<th>Implementing Agency</th>
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<tbody>
<tr>
<td>Investment Project Financing</td>
<td>IlBank</td>
<td>Participating Municipalities</td>
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</table>

**Proposed Development Objective(s)**

Support participating municipalities and utilities in Türkiye to plan for and invest in climate resilience and greenhouse gas (GHG) reductions

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total Project Cost</td>
<td>434.53</td>
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<tr>
<td>Total Financing</td>
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<tr>
<td>of which IBRD/IDA</td>
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<td>Financing Gap</td>
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#### DETAILS

**World Bank Group Financing**

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<tr>
<th>International Bank for Reconstruction and Development (IBRD)</th>
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**Environmental and Social Risk Classification**

- Substantial

**Concept Review Decision**

- Track II-The review did authorize the preparation to continue
B. Introduction and Context

1. **Türkiye has ambitious climate goals to reach net zero emissions by 2053.** Türkiye ratified the Paris Agreement in October 2021. In November 2022 the country updated its nationally determined contributions (NDC) and will need to continue updating it on a more regular basis making it progressively more ambitious in line with its commitment under the Paris Agreement. To support the implementation of the Paris Agreement, the government is also intensifying its efforts to adopt a Climate Change Law, which sets out both climate mitigation and adaptation objectives, covering all the major economic sectors and requiring both national and sub-national action. In addition, Türkiye is preparing its Long-Term Strategy for Climate Change aimed at identifying low carbon pathways towards its 2053 net zero target. The LTS is expected to feed into the 2024-2028 National Development Plan for Türkiye (so as to set medium-term climate targets for the country).

2. **The national climate goals, NDC, and implementation of the upcoming Climate Change Law provide a critical opportunity for Türkiye to transition to green, resilient, and inclusive growth, as it Builds Back Better from recent domestic and global economic shocks.** Türkiye achieved rapid economic and social development in the 2000s, with poverty incidence more than halving and real Gross Domestic Product (GDP) increasing by 50 percent by 2008. After setbacks from the 2008 financial crisis, growth was again rapid, but its sustainability was challenged by declining productivity, with growth fueled instead by a reliance on government spending and foreign-denominated debt. Since 2017, Türkiye’s economy has been buffeted by repeated setbacks, as domestic vulnerabilities (including debt, depreciation, and inflation) collided with international relations challenges and global shocks (including impacts of the COVID-19 pandemic, Russia’s invasion of Ukraine and associated sanctions, and global liquidity tightening). These setbacks slowed progress in poverty reduction, employment creation, and growth in recent years, and continue to raise forward-looking near-term macro and financial vulnerabilities and risks, with growth projected at 2.3 percent in 2022, rising to 4 percent by 2024.

3. **As emphasized in Türkiye’s Climate Change and Development Report (CCDR) [2022] prepared by the World Bank Group in dialogue with the Government, Türkiye can enjoy a more comprehensive and sustainable recovery from recent macroeconomic turbulence by exploiting synergies between economic, environmental, and resilience goals.** Türkiye’s CCDR estimates that a Resilient Net Zero Pathway (RNZP) would raise growth and job creation. Green transport, energy efficiency, and renewable energy are expected to support productivity by reducing energy expenditures, energy and fuel imports (relieving current account pressures), disruptions caused by global energy and fuel markets challenges, and air pollution. After stagnant productivity growth, decarbonization can also support Türkiye to build its competitive edge as global markets—including the European Union (EU), Türkiye’s main trading partner—move to decarbonize. Carbon border charges (like the EU’s Carbon Border Adjustment Mechanism - CBAM) create an opportunity for Türkiye to benefit in markets where competitors are more carbon-intensive, especially if the country builds on existing advantages in electric mobility value chains, develops solar and wind resources, and improves the emissions-efficiency of its industry.

4. **Building resilience to climate-related risks will also be important for sustainable growth, macroeconomic stability, and poverty reduction** — to safeguard public finances, reduce financial sector vulnerabilities, protect productive assets and livelihoods, and improve momentum in poverty reduction (considering the disproportionate exposure and vulnerability of the poor) in the face of large and growing shocks and risks. Climate-related disasters have already
been striking with greater frequency and intensity in the past two decades,\(^1\) and climate models predict this intensification will continue due to climate change, with more frequent extreme weather and flooding, more protracted droughts and wildfires, sea level rise, and extreme heat. Türkiye’s geographic and socioeconomic conditions make it particularly vulnerable to climate change – assessed as highly vulnerable in 9 out of 10 climate dimensions, compared with the Organization for Economic Development (OECD) median of 2 out of 10, in the Türkiye CCDR (2022). Dimensions with high risks include extreme heat, agricultural (maize) yield losses, risks to assets, risks to well-being, forced displacement, exposure of the poor to climate risks, and transport network exposure – with considerable implications for productivity, macroeconomic stability, and poverty reduction.

5. **Harnessing synergies between economic, environmental, and resilience goals will require comprehensive policy reforms and large-scale investments across multiple sectors and scales of government.** Despite ambitious decarbonization targets, Türkiye’s coal dependency is high and set to increase further under current investment plans, while its building sector has above-average energy-intensity compared to the EU. Türkiye’s manufacturing is currently more carbon-intensive than the EU average, exposing the sector to risks if plans for the EU CBAM are implemented. Türkiye’s power and transport sectors are currently less carbon-intensive than the EU average, thanks to strong investment in renewables, but these emissions could soar with increased motorization and continued reliance on imported fossil fuels. Phasing out today’s polluting assets, and diverting new investments to green, future-proof technologies and activities that promote resilience and decarbonization, will be critical to avoid the accumulation of stranded assets that become defunct or high-risk in the presence of national and global decarbonization efforts and climate risks.

### Sectoral and Institutional Context

6. **Cities play a major role in Türkiye’s development and will be critical for achieving stronger, more sustainable growth driven by productivity improvements, and green transition for meeting national mitigation and resilience goals.** A large share of Türkiye’s GDP and assets, and about 76 percent of Türkiye’s population, are concentrated in urban areas – with the urban population expected to reach 86 percent by 2050\(^2\) – thanks to the agglomeration benefits they offer for productivity and service delivery. However, rapid urban population growth, paired with insufficient consideration of climate risks and their mitigation, have resulted in increasing exposure of urban populations and assets to climate hazards, and rising urban emission intensity.

7. **The Government of Türkiye (GoT) recognizes that achieving Türkiye’s goal of carbon neutrality by 2053 will require action in and by cities.** The Ministry of Environment and Urbanization which coordinates activities to combat climate change in the country established a Climate Change Presidency in 2021 changing its name to the Ministry of Environment, Urbanization, and Climate Change (MOEUCC) in recognition of this challenge. The Presidency is responsible for preparing future updates to the NDC and the Climate Change Law adoption. In parallel to the Climate Change Law adoption, it is expected that MOEUCC will introduce legislation requiring municipalities to prepare comprehensive climate change action plans (CCAP) along with associated investment strategies. On the latter, IlBank, the municipal development bank is the primary vehicle to finance loans for municipalities for urban infrastructure and will be a key financier of future investments require to achieve the goals set out by municipalities in their CCAPs. In

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\(^1\) 935 extreme weather and flood events were recorded in 2019 alone – the highest number since at least 1944. Turkish State Meteorological service (2020). State of the Climate in Türkiye in 2019 (https://www.mgm.gov.tr/FILES/genel/kitaplar/2019MeteorolojikAfetlerDegerlendirmesi.pdf)

parallel, ILBank has been shifting its priorities to meet the climate change mitigation and adaptation needs of municipalities in addition to basic infrastructure services by establishing a climate change unit in recent years.

8. **Actions in Türkiye’s cities over the next 5-10 years could establish the trajectory for national decarbonization for decades.** 65 percent of Türkiye’s (2015) Scope 1 emissions\(^3\) are already produced in urban areas (up from 52 percent in 1990), and total emissions attributable to urban areas are likely higher once emissions produced in rural areas to support economic activities in cities (such as urban energy and food supplies) are considered. Power, transport, building, and industrial sectors account for more than 75 percent of national GHG emissions. Population growth, economic growth, and urbanization mean that under Business as Usual (BAU), rather than reaching carbon neutrality as targeted, emissions from many urban sources would more than double by 2050.

9. **Current trends suggest Türkiye is at serious risk of locking-in urban forms and building physical assets that will create significant increases in emissions for decades.** Indeed, if Türkiye’s cities in 2050 resemble a sprawling, car-oriented city like Houston, USA today, they would produce 593 MtCO\(_2\) annually from transport alone – up from 82MtCO\(_2\)e today. Türkiye’s building stock is projected to grow from 9.9 million buildings in 2020 to 17 million by 2050 (and floor area to almost double from 3.6 billion to 7.2 billion m\(^2\)), creating large emissions from construction processes and materials, land conversion, and building energy use (with the latter expected to double by mid-century). Waste generation is expected to increase by 60 percent by 2050 under BAU, with the associated emissions exacerbated by Türkiye’s reliance on open dumping and limited methane capture. Once sprawling urban forms, inefficient buildings, polluting energy assets, and preferences towards private vehicle use have been established, they are extremely costly – and often infeasible – to reverse, meaning successes or failures in the next few years can be ‘locked in’ for decades or more likely centuries having a serious implication on whether Türkiye can achieve its stated climate goals.

10. **Yet, if they act fast and effectively, Türkiye’s cities have an opportunity to pursue deep decarbonization while improving productivity, efficiency, and inclusion, in support of both national development and climate goals.** Global estimates suggest that emissions in cities can be reduced by almost 90 percent by 2050 with technically feasible, widely available measures, and that actions in cities could achieve up to 40 percent of the emission reductions needed to limit global warming to 1.5 degrees. As an example, scenario assessments for Türkiye’s CCDR (2022) suggest that Türkiye could achieve net zero urban transport emissions by 2060, using widely available technologies and for limited net costs.\(^4\) The CCDR identifies priority mitigation actions for Türkiye’s cities as: (i) clean urban energy; (ii) urban planning that favors compact, livable, and transit-oriented urban growth; (iii) infrastructure for clean public transit, walking, bicycling, and electric vehicles; (iv) regulations and incentives for energy efficiency of buildings and industries; and (v) improved solid waste management.

11. **In addition to their importance for mitigation, Türkiye’s cities are key to ensuring the resilience of people, productive activity, and public finances under mounting climate risks.** Türkiye’s people and assets are increasingly concentrated in cities, with above-average exposure to climate risks exacerbated by inadequate infrastructure and services. Rapid urban growth paired with insufficient consideration of climate risks in spatial planning, investment prioritization, and construction have resulted in urban populations and assets that are increasingly concentrated in areas exposed to climate hazards, with inadequate provisions for resilience, and rising associated damage estimates.

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\(^3\) Scope 1 emissions are all direct emissions created and released at the location in question. They exclude Scope 2 and Scope 3 emissions, which are those generated outside the city/location in question, but to supply the city/location (such as rural power generation or overseas manufacturing).

\(^4\) The scenario utilizes already-available technologies, with investment costs of US$67 billion by 2050 compared to US$46 billion under BAU, which unlock around US$100 billion in savings from reduced oil consumption.
Looking forward, more intense precipitation, extreme weather events (such as storms, snow, and hail), drought, extreme heat, flooding, and rising sea levels are expected to increase the frequency and severity of disasters and increase urban infrastructure and energy costs.

a. **Increasing urban heat** risks health and loss of life, reduces workers’ productivity, and elevates pressure on urban power grids and energy costs for cooling, while also raising risks for droughts and wildfires. The ‘urban heat island’ (UHI) effect already elevates summer temperatures by 2-3 degrees Celsius (°C) in some of Türkiye’s cities. Climate projections predict steep increases in temperatures and associated cooling costs (and emissions) in Türkiye’s cities: under a moderate RCP4.5 climate scenario, the mean temperature throughout Türkiye is projected to increase by 2°C by 2040, and 4°C during summer months by 2070, with cities in Western and coastal areas likely to be the worst affected, and some expected to suffer 15-30 days per year with temperatures above 40°C. Furthermore, in urban areas, increased cooling of buildings adversely generates more exhaust heat, which can perpetuate the heat island effect.

b. **Riverine and Urban floods** already affect 600,000 people annually on average, with approximately US$5 billion of annual GDP exposed and US$843 million of annual damages forecast. Most recently, floods in 2021 caused 2,500 evacuees, 454 significantly damaged buildings, and at least 81 deaths, while flooding caused around US$600 million in damages in 2009, US$400 million in 2004, and over US$1 billion in damages in 1998. Urban Flooding is considered high risk in Türkiye meaning that potentially damaging and life-threatening urban floods are expected to occur at least once in the next 10 years. Project planning decisions, project design, and construction methods therefore must consider the levels of urban flood hazard.

c. **Türkiye’s long coastline exposes many coastal cities to sea level rise and coastal flooding.** Türkiye has 28 cities (plus 181 towns and villages) along its coasts at less than 10m above sea level, with a combined population exceeding 22 million. A conservative projection of a 20 cm sea level rise, with no adaptation measures taken, would increase the mean annual disaster losses for Istanbul alone from US$13 million to US$327 million, while a 40 cm rise would increase losses to US$1.7 billion; in Izmir, the losses would increase from US$7 million to US$314 million and US$997 million, respectively. Türkiye’s coastal and marine ecosystems are also increasingly threatened by climate change and anthropogenic stressors (such as rising coastal pollution), risking local livelihoods and key economic sectors such as tourism, fisheries, and logistics.

12. **Although many cities have begun to plan for resilience and mitigation, much remains to be done.** The opportunities and urgent needs presented by urban climate action could be missed without improved plans, institutions, and financial capacity at national and subnational levels. Complementing Paris Agreement commitments, Türkiye’s National Development Plan (NPD) (2019-2023) targets ‘Liveable Cities and Sustainable Cities’, while at subnational level, twenty-seven Turkish municipalities are already members of the Global Covenant of Mayors for Climate and Energy (GCoM) – the largest global alliance for city climate leadership – and the forthcoming legislation will require

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5 Republic of Turkey Ministry of Environment and Urbanization (2018), Seventh National Communication of Turkey under the UNFCCC. Ankara: Ministry of Environment and Urbanization.  
6 Chakraborty & Lee, 2019; Iturbide et al., 2021.  
8 According to ThinkHazard! a web-based tool developed by the Global Facility for Disaster Reduction and Recovery (GFDRR).  
10 Adana, Edirne, Izmir, Samsun have been identified to be at highest risk due to their low elevation and river deltas.  
all municipalities to prepare comprehensive CCAPs addressing resilience and mitigation. However, much remains to be done, with few cities so far completing and adopting comprehensive assessments and plans for climate mitigation and adaptation and even fewer having associated investment strategies. Planning challenges are compounded by broader institutional weaknesses and tight overall financing conditions, both of which are exacerbated at the municipal level. The financing needs for climate action are beyond what public resources can support - there is a need for leveraging scarce public resources to crowd-in concessional financing, private sector investment, and philanthropic and civil society support.

13. **Furthermore, women’s particular vulnerability to climate risks are not yet reflected in urban climate planning.** Although women tend to be more vulnerable than men to the adverse effects of climate change in cities, they are also underrepresented in Türkiye’s urban and climate decision-making bodies and processes. Urban climate assessments and plans have also so far neglected the gender dimension, with few or no mentions of gender or women. Türkiye’s female labor force participation is also very low (39 percent, compared to the OECD average of 65 percent, in 2019), and women are particularly underrepresented in STEM professions key to delivering many urban climate solutions.

14. **Some cities in Türkiye have begun to take advantage of climate-smart technologies, but Türkiye can benefit greatly from improving uptake and efficiency.** Türkiye’s National Smart City Strategy and Action Plan 2019-2022 has guided the development of smart cities in Türkiye. Several cities have integrated, or begun to integrate, Smart solutions, such as Intelligent Transport Systems (ITS), air pollution monitoring, GIS data systems, smart energy grids, electric vehicle charging, digital payment and monitoring of urban services, and LED streetlighting. However, in most cities these solutions are still absent or at early stages of development.

**Relationship to CPF**

15. The proposed Green and Future Cities Project is aligned with the World Bank Group (WBG) Country Partnership Framework (CPF) for Türkiye for FY18–FY21 (Report No. 110906-TR, August 29, 2017), which was extended to cover the FY22–23 period through the Performance and Learning Review (Report No. 142353-TR, March 13, 2020). The CPF sets out the overall objective of supporting Türkiye in achieving more sustainable and inclusive development by focusing on growth, inclusion, and sustainability dimensions.

16. **The Project will contribute to meeting CPF Objective 8 - Improved Sustainability and Resilience of Cities - under CPF Focus Area 3: Sustainability.** Under CPF Objective 8, this Project will underpin the GoT’s strong commitment to strengthening institutions at municipal level and building capacity in cities to reduce the impacts of natural disasters on people and assets and to scaling up its actions to address climate change, for which it has requested WBG and international support. The Project is also part of the broader World Bank and IFC program in Türkiye that strengthens

12 have committed to a climate change mitigation target through the GCoM process, but much remains to be done—currently, 10 of the 27 cities are working on emissions inventories and mitigation plans, while only 2 have performed an adaptation assessment and none have adaptation plans

13 In 2016, local authorities in Turkey accounted for only 10% of total public expenditures – well below the average of 29% among OECD unitary countries.

14 https://dergipark.org.tr/tr/download/article-file/1374382

15 World Development Indicators. https://data.worldbank.org/indicator/SL.TLF.ACTI.FE.ZS?locations=OE

16 Under the Ministry of Environment and Urbanization’s Smart Cities and Geospatial Technologies Department.

17 https://www.trade.gov/country-commercial-guides/turkey-smart-city-technology-equipment
the capacity of municipal-led institutions to identify bankable projects and secure international resources, both private and public.

17. **Building disaster and climate resilience in cities will also contribute to the Bank’s twin goals of ending extreme poverty and promoting shared prosperity in a sustainable way, as well as the WBG’s commitments under the Climate Change Action Plan (CCAP) 2021-2025 “Supporting Green, Resilient, and Inclusive Development”**. Building resilience supports sustainable development and helps avoid vulnerable people becoming trapped in cycles of poverty, with disasters causing US$520 billion in losses and pushing some 26 million people into poverty each year. The WBG’s CCAP also commits to scaling up climate action and financing to deliver Paris Agreement goals, recognizing cities as one of five key sectors for transition. The Project fits squarely within the overall strategic approach of the Bank around cities and climate change summarized in Figure 1 with the aim of stepping up support to cities to decarbonize and build resilience, while supporting broader development goals. The project will also support the goals of the WBG’s Europe and Central Asia Climate Roadmap 2021-2025, including climate adaptation through investments in resilient infrastructure and mainstreaming disaster and climate risk considerations into urban transformation.

18. **The Project will contribute to goals set out in Türkiye’s National Development Plan (NDP) and its climate adaptation and mitigation targets per its commitment under the Paris Climate Agreement**. The 2019-2023 NDP lists “Livable cities and sustainable environment” as one of its objectives, including urban transformation, housing, urban infrastructure, and disaster risk management. This Project is designed in line with the targets and objectives under these NDP focus areas. It also contributes to the achievement of the Integrated Urban Development Strategy and Action Plan (2013-2023) that promotes the development of integrated participatory mechanisms for urban transformation projects. Türkiye’s Climate Change Action Plan (2011-2023) identifies several actions aimed at reducing and adapting to adverse impacts of climate change. The Project is also aligned with Türkiye’s NDC (2022) to the Paris Agreement, which aims to reduce GHG emissions up to 41 percent by 2030 compared to the BAU scenario (up from 21% in its first NDC in 2016), with additional pledges of peaking greenhouse gas emission by 2038 along with Türkiye’s existing goal of achieving net zero emissions by 2053.

19. **Furthermore, the Project is consistent with the upcoming legislation requiring all municipalities in Türkiye to prepare comprehensive climate change action plans (CCAP).** CCAPs must be prepared within a limited timeframe following the national government’s guidelines (to be outlined in accompanying legislation linked to the upcoming Climate Change Law). This Project is therefore in support of this objective.

20. **The Project will be fully aligned with the Paris Agreement**. The Project is not expected to hinder the achievement of Türkiye’s latest NDC presented at COP27 in November 2022, National Climate Change Adaptation Strategy and Action Plan (2011) or its Long-Term Strategy (under preparation) and will be designed to be fully aligned with the Paris Climate Agreement.\(^\text{18}\)

C. Proposed Development Objective(s)

Support participating municipalities and utilities in Türkiye to plan for and invest in climate resilience and greenhouse gas (GHG) reductions

Key Results (From PCN)

\(^{18}\) As part of the CCAP and the 2018 MDBs’ Joint Declaration, the WB has committed to align its operations with the Paris Agreement. This commitment applies to all financing operations approved by the WB Board starting from July 1, 2023.
21. The project will promote carbon-neutral and green and resilient urban development and capacity at municipal levels, leading to improved livability, efficiency, productivity, and resilience to climate risk and natural disasters in the participating municipalities and utilities. The Project is designed around the following framework for cities and climate change, which sets out the approach for planning, financing, and implementing transformative climate action in cities.

22. The primary beneficiaries for this project will be the municipalities and residents of the participating municipalities who will benefit directly from improved municipal services and city livability and enhanced resilience of the cities to climate-related risks and disasters. Gender and citizen engagement will be considered priority during the project preparation and implementation of the project interventions.

23. PDO indicators may capture (a) number of adopted city-level climate action plans covering mitigation and adaptation actions, with consideration for gender and other vulnerable groups mainstreamed; (b) city-level climate mitigation targets set by participating municipalities and the GHG emission reductions generated from those investment project activities and (c) Resilience measures – e.g. reduced population vulnerable to urban flooding, heatwaves, etc.

D. Concept Description

24. The Green and Future Cities Project responds to the GoT’s request to support their efforts to operationalize Türkiye’s NDP and its climate adaptation and mitigation targets per its commitment under the Paris Climate Agreement.

25. A relatively small number of municipalities will be selected to participate in the project. The selection will take into account the institutional capacity for climate-sensitive planning and investment; the ownership of the agenda; the importance of climate action in the cities (including size of the population and economy, and presence of climate risks, emissions, and mitigation opportunities); and a need for regional balance to be able to demonstrate the different development contexts across Türkiye’s regions.

26. The Project will catalyze the next generation of investments in Turkish cities for climate-smart, greener, more resilient, and inclusive urbanization. The project would help selected cities develop and implement resilient 2053 net zero pathways, hence mirroring or applying the CCDR approach at city-level and helping to achieve the country’s own 2053 policy objective. In practice this would mean reviewing the ongoing or completed CCAPs to identify how to explicitly target 2053 net zero as per official Government policy. And along the same line, project indicators would be further explored during preparation to see how to align more explicitly these with the upcoming LTS and the new NDP’s 2028 targets (to be issued in 2023) assuming these are available at the time.

27. The Project will build on and complement the Bank’s existing urban and resilience engagements in Türkiye. These include a series of Sustainable Cities Series of Projects (P128605, P161915), which provide a working model of lending to municipalities through Ilbank for sustainable and resilient infrastructure investments. Such a model for scaling climate finance to municipalities will be imperative to further develop and improve as more climate finance becomes available to municipalities. In addition the Project will draw from technical experience under the Seismic Resilience and Energy Efficiency in Public Buildings Project (P175894), which focuses on buildings owned by the central government; the Earthquakes, Floods, Wildfires Emergency Reconstruction Project (P176608) which supports municipalities in responding to and preparing for natural hazards, and the recently approved Climate and Disaster
Resilience Project (P173025), which will finance resilient housing reconstruction/retrofitting and resilient infrastructure investments.  

28. The Project will also seek opportunities to draw good practices from, and coordinate work in municipalities with, other sector-specific projects currently being prepared with IIBank including the Water Circularity Efficiency Improvement Project (P174915), the Climate Resilient Forests Project (P179345), and the Public and Municipal Renewable Energy Project (P179867).

29. **The Project will build on the ongoing work by MOEUCC in a series of municipalities to pilot the new CCAPs.** The CCAPs are expected to serve as a model for municipalities across Türkiye and will be important for the design considerations of the future project along with IIBank’s experience piloting Sustainable Energy and Climate Action Plans (SECAP) under the Sustainable Cities Project. Four of the five participating municipalities have completed, or are in the process of completing, CCAPs and/or SECAPs. Konya Municipality, one of the municipalities participating in this Project, has recently developed their CCAP with guidance by MOEUCC thus can also serve as a model for the Project.

30. Aligned with the PDO of the project and the design goals presented above, the proposed project components are described below.

**Component 1. Integrated planning for climate-smart, resilient urban development (EUR 5 million)**

31. This component will focus on building capacity of the Participating Municipalities in their preparation and operationalization of net zero, green, and resilient city plans, financing strategies, and implementation capacity improvements. Support under this component may include help to Participating Municipalities to carry out: (i) city-level GHG emission inventories, including baseline year inventory, scenario modeling, and systems for regular updating and reporting; (ii) urban climate risk and vulnerabilities assessments, including at-risk locations, infrastructure and services, sectors, and populations; (iii) identification of priority sectors and actions to mitigate emissions and strengthen resilience, including Nature-Based Solutions (NbS) that support climate goals while enhancing livability; (iv) city-level climate action plans, addressing both mitigation and adaptation, and setting appropriate targets; (v) climate-sensitive sectoral plans, such as Sustainable Urban Mobility Plans or Integrated Urban Water Management Plans, as were piloted under the Sustainable Cities Project; and (vi) capital investment planning and financial mobilization for mitigation and adaptation measures.

**Component 2. Integrated, multi-sectoral investments in participating municipalities (EUR 435 million)**

32. This component will support and finance investments supporting green, resilient, and inclusive urban development in the Participating Municipalities – including design review, quality assurance, investment financing, and supervision services as needed by each municipality. The component investments will leverage technology, NbS, and where possible demonstrate integrated approaches across the sectors listed below, among other good practices.

33. The identification, eligibility, and selection process for investments will be discussed during future technical missions, in collaboration with IIBank and the participating Metropolitan Municipalities, and will be described in the Project Operation Manual. Investments or subprojects that leverage up IBRD loans with parallel financing from other public or private sector stakeholders would be considered.

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19 The CDR Project will work with different municipalities – Istanbul, Izmir, Manisa, Kahramanmaras, and Tekirdag.
34. The project will prioritize investments with clear, significant, and credible expected impacts on urban mitigation and/or adaptation, and those that use a coordinated, multi-sector approach. The potential to leverage digital technology in the provision of these urban services will be explored across all sectors.

35. Investments may include, but will not be limited to, investments in key urban infrastructure and services that directly relate to scaling up mitigation and building resilience in cities (as per Figure 1):

a) **Renewable Energy and Energy Efficiency**: distributed renewable energy sources such as solar and geothermal; resilient and energy-efficient municipal buildings; energy efficiency improvements in municipal infrastructure services and on-site energy generation for utilities.

b) **Transport**: smart green urban mobility; low or zero emission public transport vehicles; non-motorized transport infrastructure and neighborhood walkability; transit-oriented urban development corridors; integrated greening along transport corridors.

c) **Solid Waste and Circular Economy**: improved waste management to reduce methane emissions from solid waste, reduce flood risk from improper waste disposal in waterways, enhance the recycling and reuse of materials, and protect and harness natural assets.

d) **Green Urban Infrastructure**: nature-based solutions targeting urban heat reduction, stormwater management, groundwater recharge, surface water quality improvement, and carbon sequestration – such as constructed wetlands and multifunctional urban landscapes (e.g., parks that also absorb floodwaters during extreme events) along with the provision of water, sanitation and drainage services.

e) **Emergency and disaster management**: such as fire or paramedic stations, 112 call centers, and city emergency response coordination centers, alarms, and early warning systems to support urban resilience and crisis response more broadly.

**Component 3. Project management (EUR 7 million)**

36. This component will finance project management and implementation support activities, including, *inter alia*, the provision of the requirements related to the Bank’s fiduciary policies and guidelines and implementation of environmental and social framework (ESF), supervision of construction activities, monitoring and evaluation, communication with municipalities and other beneficiaries and cost related to proper functioning of the PMU at central level and the PIUs at local levels, as relevant (consultant services, training of PIU staff, equipment, etc.). This component would also support the significant public outreach and communication critical to success of this Project.

37. The Project could also potentially include a **Contingency Emergency Response Component (CERC)** for contingent emergency response through the provision of immediate response to an eligible crisis or emergency as needed. This would be further discussed during project preparation.

**Corporate Commitments**

38. **Gender.** The proposed Project will explore opportunities to reduce the identified gender gap on women being under-represented in Turkiye’s urban and climate decision-making bodies and processes in the municipal sector and STEM sector as it relates to sectors identified in each participating municipality. During preparation, activities such as training, skill development activities, and increased awareness about inclusive employment opportunities in the municipal sector will be explored, including how those activities can better target women professionals as part of the Project design. Specific actions and relevant implementation arrangements for gender activities will be discussed with
relevant stakeholders and the Project will include relevant indicators to track progress on gender impacts to contribute to reducing the identified gender gap.

39. Citizen Engagement. Interventions in city climate action and municipal services offer a range of opportunities for engagement of urban communities, groups of community members, and individual residents. In order to achieve the objectives of the proposed Project and ensure the sustainability of the results, citizen engagement will be embedded in the Project design. The Project will seek how to effectively engage either communities or groups of users and involve them in the project cycle. During Project preparation, specific arrangements will be explored and designed, taking into consideration the capacity of the implementing agencies and the potential effectiveness of such arrangements. Based on this, relevant indicators will be included in the result framework to measure effectiveness.

40. Climate Commitments. The project will follow requirements for GHG accounting of urban projects and explore opportunities to pilot innovations in GHG accounting for multi-sector urban projects to the extent possible. The Project will be aligned with the Paris Climate Agreement. Based on preliminary assessment of the concept stage PDO and the types of investments and project activities these are expected to be aligned with the goals of the Paris agreement on both mitigation and adaptation. A more in-depth assessment will be carried out during project preparation once there is more clarity on the actual project investments in each participating Municipality.

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<tr>
<th>Legal Operational Policies</th>
<th>Triggered?</th>
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<tbody>
<tr>
<td>Projects on International Waterways OP 7.50</td>
<td>No</td>
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<tr>
<td>Projects in Disputed Areas OP 7.60</td>
<td>No</td>
</tr>
</tbody>
</table>

Summary of Screening of Environmental and Social Risks and Impacts

The overall project impact due to support to improved planning under Component 1 and better infrastructure under Component 2 is expected to be positive. Project activities under Component 2 can result in significant environmental and social impacts. The risks are related to the investments’ planning, construction, and operation phases. The planning stage impacts could be changes in land use close to sensitive receptors or changes required in local drainage patterns. Construction-related risks and impacts are air and noise emissions, pollution of water and/or land from uncontrolled discharges of solids or liquids, community health and safety (including traffic management-related risks) and occupational health and safety risks, etc. Since the locations of all sub-projects are not known at this stage, there is also a risk of having impacts on culturally or naturally sensitive areas given the historical importance of some cities, and the proximity of areas with important biodiversity to, for instance, Osmaniye and Konya.

Social impacts are expected to be related to labor and working conditions, OHS, community health and safety, and land acquisition. Since the project activities may require new land acquisition or the usage of lands that are previously acquired for the subproject purposes, it will inevitably bring along temporary or permanent land acquisition, land use restrictions, rights of easement, impacts on livelihoods or removal of assets and structures from the land. Low or medium labor influx to project sites may occur and therefore, the project will follow Ilbank ESMS which will define SEA/SH-specific mitigation measures including a Code of Conduct for workers, a mechanism to report SEA/SH cases, and training and awareness sessions for project workers and affected communities. Vulnerable groups (such as the elderly, illiterate, disabled, informal users, etc.) will be identified through a Stakeholder Engagement Plan (SEP). Additionally, local NGOs/CSOs, community leaders, and local government representatives residing or working in the project areas will also be considered as
stakeholders.

Specific locations of the investments are not known at this stage and will be only identified during project implementation. Since Ilbank is currently developing its ESMS which is expected to be finalized mid-next year, the project will be implemented under its World Bank-approved ESMS. An Environmental and Social Commitment Plan (ESCP), Resettlement Framework (RF), and Stakeholder Engagement Plan (SEP) will be prepared by Ilbank prior to the appraisal.

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APPROVAL

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<th>Approved By</th>
<th>Eavan O'Halloran</th>
<th>22-Feb-2023</th>
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