
Republic of Türkiye
Country strategic opportunities programme
2025–2030

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Action: The Executive Board is invited to review the country strategic opportunities programme 2025 to 2030 for the Republic of Türkiye.

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Map of IFAD-funded operations in the country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 23-09-2024

Executive summary

A. Introduction

1. This country strategic opportunities programme (COSOP) for the Republic of Türkiye was developed in consultation with the Government of Türkiye, in particular the Ministry of Treasury and Finance, the Ministry of Agriculture and Forestry, the Presidency of Strategy and Budget, provincial administrations, the United Nations Resident Coordinator Office, development partners, donors and private sector entities.
2. While Türkiye is an upper-middle-income economy, with a gross national income per capita (GNIpc) of US\$11,730 in 2024¹ – having remained above the Graduation Discussion Income threshold² for over three consecutive years – rural poverty and geographical inequalities remain entrenched,³ particularly in central and eastern regions and in mountainous areas, where poor communities are concentrated in forest villages that significantly lag behind urban settlements. Uplands and forest villages face an ageing population, low productivity growth, persistent outmigration and a lack of diversified economic opportunities.
3. The earthquakes in south-eastern Türkiye in 2023 compounded existing economic vulnerabilities. Meanwhile, ongoing geopolitical tensions in the region may trigger cross-border population movements and place additional pressure on food supply and demand.
4. Key challenges facing the agriculture sector – many of which IFAD is well positioned to address – include land fragmentation, informality in rural employment arrangements, vulnerability to climate risks, poor soil conditions, loss of biodiversity and poor ecosystem health, increasing water scarcity, inadequate governance of rangelands, low productivity, and limited access to finance, infrastructure, markets, technology and mechanization. Other constraints include the high cost of inputs, high rates of post-harvest loss, poor safety and health standards, weak branding, and an inability to capitalize on high-value products and niche markets.
5. Türkiye's economic outlook through 2030 remains moderately positive, supported by efforts to stabilize macroeconomic conditions across key sectors. However, structural reforms will take time to yield tangible results, and the smallholder agriculture sector is likely to continue to grapple with competitiveness challenges and climate-related risks. While Türkiye has made significant development progress over the past two decades, sustaining this momentum will require addressing emerging challenges in economic growth, poverty reduction, social inclusion and environmental sustainability.
6. During the development of the COSOP, specific indicators and targets for the three graduation criteria were agreed upon with government counterparts to assess Türkiye's development trajectory as it transitions towards graduation from IFAD borrowing (appendix III). Progress will be assessed at COSOP completion, focusing on: (i) the country's ability to access capital markets, as measured by Standard & Poor's (S&P) and Fitch ratings, improving from BB- (baseline) to BB+ (completion); (ii) an increase in the overall rural sector performance assessment score from 4.1 to 4.9; and (iii) measurable progress on Sustainable Development Goals (SDGs) 1, 2, 5 and 10. IFAD and the Government of Türkiye will review these targets periodically, particularly at midterm and completion.

¹ World Development Indicators of the World Bank.

² For the Twelfth Replenishment of IFAD's Resources, the 2021 Graduation Discussion Income threshold of US\$7,155 was applied.

³ Per capita value-added average for agriculture, forestry and fisheries was US\$4,513 in 2022 (World Bank and the Turkish Statistical Institute).

7. Building a COSOP with a view to graduation⁴ requires a strategic shift in project focus towards three key areas, aligned with this strategy's objectives: (i) developing sustainable rural institutions; (ii) promoting global public goods; and (iii) fostering innovation. These shifts ensure that IFAD's investments not only address immediate rural development needs but also support scalability within Türkiye and facilitate knowledge-sharing with other countries through South-South and Triangular Cooperation (SSTC). Despite Türkiye's strong institutions and financial resources, IFAD's expertise remains crucial for supporting vulnerable rural populations, advancing climate-smart agriculture, and promoting women's and youth economic empowerment. IFAD's innovative development models and capacity-building efforts complement national strategies and contribute to SSTC through the exchange of global best practices.
8. Beyond financial support, IFAD offers scalable models for rural transformation that align with Türkiye's development priorities. Targeted investments in climate resilience, natural resource governance, agrifood systems and smallholder market integration are expected to deliver transformational impact.

B. Overall goal and strategic objectives

9. A COSOP completion report in 2024 and a country strategy and programme evaluation in 2023 outlined key results and lessons, which have been taken into account in formulating the current COSOP. Its overall goal is to foster sustainable rural transformation and address regional imbalances by strengthening natural ecosystems and agrifood systems, increasing incomes, enhancing resilience and reducing poverty among target rural populations. To achieve this, the country programme will pursue the following three strategic objectives (SOs):
 - (i) **SO1: Strengthen the governance of natural resources and ecosystems for more efficient, resilient and sustainable management.** This SO focuses on reinforcing local grassroots institutions while addressing global public goods such as biodiversity conservation, and climate change adaptation and mitigation. Scalable models developed under this objective will be shared with other countries through SSTC.
 - (ii) **SO2: Foster sustainable agrifood systems.** By promoting sustainable practices and high-quality value chains with a focus on regional branding, activities under this objective position agrifood systems as contributors to both regional and global public goods.
 - (iii) **SO3: Diversify economic opportunities that contribute to the socioeconomic development and empowerment of women and youth in rural areas, ensuring the inclusion of those left behind.** Investments in the economic empowerment of women and youth will generate models for social inclusion and rural enterprise development that can be scaled and shared through SSTC, promoting equity as a global public good.

C. Target group and targeting strategy

10. IFAD will focus its support on remote upland regions with higher poverty rates, forest villages and areas more prone to climate risks and natural disasters. The target group and targeting strategy are outlined in paragraph 40 in the main report. The Results Management Framework will serve as the primary tool for monitoring the effectiveness of the country programme by both the IFAD Country Office and the Government.

⁴ IFAD Graduation Policy (EB 2021/133/R.5).

Republic of Türkiye

Country strategic opportunities programme

2025–2030

I. Country context

A. Socioeconomic setting

1. **Over the past two decades, Türkiye has experienced growth rates that have propelled it to the higher end of upper-middle-income status.** However, emerging challenges must be addressed to sustain the country's growth trajectory. While food price inflation has historically outpaced the general consumer price index, since April 2024 it has remained below headline inflation, except for a temporary spike in November 2024. Nevertheless, structural constraints, global economic pressures and domestic monetary policies continue to influence food prices. These dynamics remain critical, as prolonged inflationary pressures could still undermine economic stability, poverty reduction efforts, rural development and food security.
2. **Persistence of disparities between men and women.** Only 36.7 per cent of women participate in the labour market.⁵ Türkiye ranks 127th out of 146 countries in the World Economic Forum's Global Gender Gap Index,⁶ highlighting persistent and significant inequalities.
3. **Türkiye has a young population, with 44.2 per cent of its people under 30 years of age.**⁷ While many young people migrate to urban areas,⁸ labour markets in cities are unable to absorb the influx, as reflected in the youth unemployment rate of 15.8 per cent as of November 2024.⁹
4. **The private sector is central to Türkiye's transition to high-income status,** accounting for a significant share of investment and turnover. It is also the country's largest employer, providing 81.3 per cent of jobs among individuals between 20 and 64 years of age in 2022.¹⁰

Table 1
Country indicators

| Indicator | Data | Year of reference |
|---|------------|-------------------|
| GNIpc, current US\$ | 11 730 | 2023 |
| GDP growth (%) | 3.0 | 2024 |
| Public debt (% of GDP) | 25.2 | 2024 |
| Debt service ratio (%) | 6.9 | 2024 |
| External debt to GDP ratio (%) | 41.3 | 2024 |
| Inflation rate (%) | 42.12 | January 2025 |
| Population size (million) | 85 664 944 | 2024 |
| Population, female (million) | 42 811 834 | 2024 |
| Youth population aged 15-24 years (%) | 14.9 | 2024 |
| Unemployment rate (%) | 9.3 | 2024 |
| Fragility States Index | 84.0 | 2024 |
| Office for the Coordination of Humanitarian Affairs (OCHA), INFORM Risk Index | 4.9 | 2024 |

⁵ November 2024 estimate.

⁶ World Economic Forum, *Global Gender Gap Report 2023. Insight Report (2023)*.

⁷ <https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/turkey/overview>

⁸ Statista, *Share of rural population in Turkey from 2001 to 2023*.

⁹ Macrotrends, *Turkey Youth Unemployment Rate 1991–2025*.

¹⁰ European Commission. Türkiye 2024 Report.

B. Assessment framework

5. The COSOP design team considered country needs in terms of access to external credit markets, progress in maintaining institutions and policies that foster sustainable and equitable socioeconomic rural development,¹¹ and its advancement towards meeting the SDGs. The analysis is structured around three criteria, with corresponding indicators presented in table 2. The targets represent “what if” scenarios and will be assessed periodically to measure the country’s progress towards its development aspirations. The assumptions underlying these projections are detailed in appendix III.

Table 2

Assessment criteria, baselines and targets for graduation

| <i>Graduation criteria</i> | <i>Indicator</i> | <i>Past COSOP (2016)</i> | <i>Baseline (2024)</i> | <i>Midterm (2027)</i> | <i>Completion (2030)</i> |
|--|---|--------------------------|------------------------|-----------------------|--------------------------|
| Progress towards SDGs | | | | | |
| SDG 1. No poverty | Poverty headcount ratio at US\$6.85 a day (2017 purchasing power parity) (2023) (%) | 10.3 | 7.8 | 6.60 | 4.99 |
| | At risk of poverty or social exclusion (%) | 33.2 | 29.3 | 27.56 | 25.23 |
| SDG 2. Zero hunger | 2.c.1 Indicator of food price anomalies, based on food consumer price index | (1.12) | 1.05 | 0.52 | 0.18 |
| | Obesity rate (%) individuals aged 15 and over | 19.6 | 20 | 18.8 | 17.6 |
| SDG 5. Gender equality | Percentage of women employed in agriculture (%) | 28.50 | 18.70 | 16.69 | 14 |
| | Ratio of female-to-male labour force participation (%) | 45.1 | 49.9 | 55.4 | 62.7 |
| SDG 10. Reduced inequalities | Gini coefficient | 0.404 | 0.413 | 0.405 | 0.404 |
| | Income share of bottom 40% (%) | 16.78 | 16.61 | 16.97 | 16.78 |
| Access to international capital markets | Credit rating agency | | | | |
| | S&P Fitch | BB – BB- | BB- BB- | BB- BB- | BB+ BB+ |
| Institutions/policies for sustainable rural development | Rural sector performance (RSP) | IFAD12 | IFAD13 | | |
| RSP assessment | Overall RSP assessment rating | 3.7 | 4.1 | 4.4 | 4.9 |
| | Policies/frameworks (1.1) | 4.3 | 4.6 | 4.8 | 5.2 |
| | Climate change policies (3.2.) | 3.7 | 4 | 4.2 | 4.6 |
| | Access/use of rural financial services (4.1) | 2.5 | 2.9 | 3.2 | 3.7 |
| Memo item | | 2016 | 2023 | | |
| GNIpc (Atlas method, current US\$) | | 11 340 | 11 730 | 13 208 | 14 785 |

C. Food systems, agriculture and rural sector agenda

Overview

6. **Agriculture’s declining role in rural development, GDP and employment.** According to data from the Turkish Statistical Institute (TURKSTAT), agriculture

¹¹ Progress will be tracked using IFAD’s RSP assessment index.

accounted for 14.6 per cent of total employment in 2023 and contributed 6.2 per cent to GDP. While other sectors, particularly services and industry, now have a larger economic footprint, agriculture remains pivotal for rural livelihoods and national food security.¹² Smallholders, who form the backbone of the sector, with nearly two thirds of Turkish farms under five hectares in size, play a vital role in food security. Agricultural productivity varies across regions and crop types, with smallholders particularly dominant in the production of fruits, vegetables and certain cereals.^{13,14}

7. **Rural outmigration.** Small-scale producers face challenges linked to the low levels of skills and education in the rural workforce, inadequate social and post-harvest infrastructure, limited access to finance and digital technology, and insufficient innovation, including in organic waste processing. The sector also struggles to attract private investment. There is a need to invest in both on- and off-farm income, employment and enterprise development opportunities, such as technologies that enhance the competitiveness of small-scale producers and the promotion of stronger animal welfare standards to build the resilience of rural households.

Challenges and opportunities

8. **Natural resources – key to sustaining rural livelihoods in Türkiye – and ecosystems are under increasing stress.** Governance of forest areas, 42.2 per cent of which were classed as degraded in 2019, and upland ecosystems is weakening due to outmigration of forest villagers and the use of practices that cause ecological changes and threaten biodiversity.
9. **Türkiye faces ongoing challenges in managing its water resources efficiently and protecting the environment.** According to TURKSTAT projections (2023–2100), the population is expected to reach 93.8 million by 2050. Meanwhile, the State Hydraulic Works 2024 performance programme estimates that, as of 2023, annual per capita water availability stands at 1,297 m³. If the population reaches 100 million by 2050, water availability could fall to 1,120 m³ per capita, placing Türkiye in the category of water-stressed countries. In the light of these trends, improved governance systems and innovative water management approaches are critical to ensuring sustainable water use.
10. **Türkiye has embarked on a national pathway for the transformation of its food systems** in a manner that ensures healthy diets for all, mitigates climate change, protects biodiversity and strengthens the food chain.¹⁵
11. **While Türkiye has largely addressed issues of hunger and undernutrition, it needs to focus on diversifying diets and inculcating healthy and safer eating habits.** ¹⁶ In 2021, anaemia affected 30.9 per cent of women of reproductive age, while vitamin D deficiency was prevalent in 93 per cent of children and adolescents in 2022. Obesity has emerged as a significant public health concern, with 20.2 per cent of people aged 15 and over classified as obese in 2022, with higher rates for women, and childhood obesity is on the rise.
12. **Türkiye has faced increasing exposure to climate-related risks**, including droughts and floods. The earthquakes in February 2023 underscored the importance of being prepared to respond swiftly to natural disasters.

Government policy and institutional framework

13. **Twelfth Development Plan (2024–2028).** The primary policy framework guiding the development agenda is the Twelfth Development Plan, which envisions

¹² TURKSTAT employment statistics, 2024.

¹³ TURKSTAT agricultural report 2023.

¹⁴ Eurasian Research Institute, [Agriculture of Turkey: Production, Trade and Policy Reforms](#).

¹⁵ [Towards sustainable food systems: National Pathway of Turkey](#), October 2021.

¹⁶ Global Hunger Index. [Türkiye](#) (2023).

positioning Türkiye as an environmentally friendly, disaster-resilient nation with high value-added production based on advanced technology, fair income distribution, and a stable, robust and prosperous economy within the framework of the "Century of Türkiye".¹⁷ In line with this vision, a growth model focusing on green and digital transformation, improved access to good-quality financing and job creation will be implemented.¹⁸

14. **Nationally Determined Contributions.** Türkiye's historical contribution to global greenhouse gas emissions is less than 1 per cent. However, the country has reaffirmed its commitment to reduce its greenhouse gas emissions by 41 per cent by 2030 (to 695 metric tons of carbon dioxide equivalent) compared with the business-as-usual scenario.¹⁹
15. **Türkiye's Green Deal Action Plan (2021)** emphasizes environmental and social sustainability, and promotes technological innovation, increased use of renewable energy, and enhanced waste and residue management. Additionally, Türkiye's biodiversity commitments are reflected in its National Biodiversity Action Plan, which aims to protect, restore and manage its ecosystems sustainably.

II. IFAD engagement: lessons learned

A. Results achieved during the previous COSOP

16. A COSOP completion report (2024) and a country strategy and programme evaluation (CSPE) (2023) outlined key results and lessons (see appendix V) from IFAD's engagement in Türkiye. The 2016–2024 COSOP objectives were aligned with national development strategies. The four underlying projects focused on upland areas and in the eastern Mediterranean and western Black Sea watersheds. The total outreach over the past eight years is estimated at 116,295 households, with women representing 46.1 per cent of the cumulative outreach.
17. The CSPE confirms that the programme promoted a range of technologies, practices and processes that were effective in addressing systemic challenges. While not necessarily innovative in the broader national context, the solutions introduced were new to projects' beneficiaries.
18. According to the findings of the COSOP completion report, the CSPE and the IFAD Impact Assessment, IFAD-financed projects improved natural resource management, and watershed management and helped to reduce soil erosion by applying a landscape approach and enhancing the hydrological functioning of micro-catchment areas. The projects also supported economic diversification and livestock production, leading to higher incomes for smallholders, for example, through the use of greenhouses, improved livestock productivity, pasture roads and water points.
19. The projects were effective and contributed to a 30 per cent increase in household incomes. Under the Murat River Watershed Rehabilitation Project, livestock income rose by 63 per cent, emerging as a key driver of overall income gains. This was accompanied by a 7 per cent reduction in the multidimensional poverty index in the intervention areas. The projects improved household food security with a 20 per cent reduction in the Food Insecurity Experience Scale and increases in both household dietary diversity (2.7 per cent) and women's dietary diversity (5 per cent). However, despite efforts to link smallholders to post-harvest processing and storage facilities, IFAD-financed projects achieved only limited success in strengthening market access for smallholders.

¹⁷ Presidency of Strategy and Budget, [Twelfth National Development Plan \(2024–2028\)](#).

¹⁸ Ibid.

¹⁹ [Republic of Türkiye Updated First Nationally Determined Contribution](#).

B. Lessons from the previous COSOP and other sources

20. Lessons from the review of the COSOP, the findings of the CSPE and the impact assessment will be taken into account and translated into practical measures in the design of future investments. A more granular analysis of these lessons is provided in several appendices.
21. **IFAD's previous country strategy and programme rightly prioritized support** for upland and mountainous regions, which faced greater vulnerability to climate change impacts (such as variability and increased intensity of extreme weather events), higher levels of economic poverty and significant rural-urban outmigration. The CSPE found the following aspects to be relevant: (i) the overarching focus on resilience in social and ecological livelihoods; (ii) the geographical targeting of upland and mountainous areas for the investments; and (iii) the increasing emphasis over time on reaching women, youth and nomadic groups. However, the absence of a clearly defined resilience objective and its associated causal pathways in the former strategy weakened the effectiveness of the projects, particularly in terms of strengthening resilience capacities, such as social bonding and bridging capital within targeted rural communities, and ecosystem resilience.
22. **The country programme has demonstrated cost-effectiveness**, with positive economic internal rates of return, by converting inputs into results in an efficient manner.
23. **Although targeting of women and youth has improved across the portfolio, it still requires greater emphasis**, including clearly defined responsibilities, dedicated budgets, targets and regular monitoring.
24. **Strengthening links between smallholders and private sector operators along the value chain is essential to enhance value addition, market competitiveness and the sustainability of investments.** IFAD will engage entrepreneurial farmers, cooperatives and other value chain actors as part of its renewed approach to agrifood systems.
25. **A key lesson for improving portfolio efficiency is the need to adopt a programmatic approach** to strengthen overall coherence, implementation performance and transformational impact. The creation of a sustainable innovation and cooperation platform within ongoing IFAD-financed projects will provide a space for stakeholders to share experiences, develop innovative solutions and identify opportunities for collaboration.
26. **IFAD projects need to strengthen grassroots organizations** by assigning them clear responsibilities, especially user groups engaged in natural resource management, which were often informal and lacked adequate structure and capacity.

III. Strategy for a transformational country programme

A. COSOP theory of change

27. The theory of change assumes that the COSOP's strategic objectives (SOs) will transform rural areas by improving the governance of natural resources by rural institutions, fostering sustainable agrifood systems, and expanding socioeconomic opportunities for women and youth. Despite Türkiye's strong institutional framework, IFAD's expertise remains vital in supporting vulnerable rural populations, advancing climate-smart agriculture and enhancing social inclusion.

28. Paragraphs 29 to 33 provide a snapshot of the theory of change, which is set out in full in appendix XII.²⁰
29. **Governance of natural resources and ecosystems (SO1).** If local grassroots institutions are strengthened, and communities receive capacity-building and adopt innovative technologies such as digital solutions and ecosystem monitoring, **then** the productivity, sustainability and resilience of water resources, forests and rangelands will improve. This will enhance biodiversity, reduce GHGs, and foster more sustainable ecosystems, supporting adaptation and mitigation goals. This SO will thus focus on global public goods through institution-strengthening such as mitigation (by transforming farms into carbon sinks), adaptation and long-term resilience for rural communities and ecosystems.
30. **Sustainable agrifood systems (SO2):** If investments are made in post-harvest infrastructure and digital technologies, and training is provided on food products value addition, with the potential to increase food quality and safety, and **if** private sector connections are strengthened (agribusinesses, food processors, cooperatives and agritech start-ups) through contract-farming among others, **then** productivity, sustainability and resource efficiency of agrifood systems will improve. This will increase resilience to market and climate-related shocks, enhance the value of marketed produce, and align agricultural development with food safety goals, leading to better food security and health outcomes for rural populations.
31. **Socioeconomic opportunities for women and youth (SO3):** If training in enterprise development and access to financial services are provided to rural women and youth, **then** they will be more likely to engage in off-farm economic activities, leading to increased employment and incomes. This will contribute to strengthening rural enterprise growth, reducing gender inequality and boosting the economic empowerment of women and youth, while fostering broader socioeconomic development.
32. Potential challenges that underpin the realization of this theory of change include limited governance capacities of local level, environmental degradation and underdeveloped markets. Specific risks also include limited knowledge of sustainable practices, fragmented land holdings, declining crop yields and cultural barriers related to women's economic empowerment. Addressing these barriers will be critical to achieving the objectives.
33. The theory of change also rests on several key assumptions. The success of the strategy depends on political and economic stability, the absence of natural disasters and manageable pressure on natural resources, thus ensuring that the broader environment remains conducive to the proposed interventions.

B. Overall COSOP goal and strategic objectives

34. The strategic goal of the COSOP is to promote sustainable rural transformation and address regional disparities by strengthening ecosystems and agrifood systems, increasing incomes, enhancing resilience and reducing poverty among targeted rural populations. Building a COSOP with a view to graduation entails that the focus of projects shift towards: (i) enabling effective and sustainable rural institutions; (ii) promoting global public goods; and (iii) fostering innovation.
35. The mainstreaming themes of women's and young people's economic empowerment, climate resilience and nutrition-sensitive agriculture will be integrated throughout the country programme. The objectives, outcomes, outputs and activities are outlined in the theory of change (appendix XII) and the Results Management Framework (RMF) (appendix I).

²⁰ The linkages between the SOs and the three key areas – promotion of public goods, support for effective and sustainable rural institutions, and fostering innovation – are outlined in section B and appendix XII.

36. To achieve this, the country programme will pursue three strategic objectives:

(i) **SO1: Strengthen the governance of natural resources and ecosystems for more efficient, resilient and sustainable management**

- Outcome 1.1: Improved governance of natural resources and ecosystems through strengthened rural institutions
- Outcome 1.2: Enhanced productivity and sustainability of water resources, forests and rangelands
- Outcome 1.3: Increased resilience of ecosystems through the adoption of green technology and infrastructure
- Outcome 1.4: Reduced greenhouse gas emissions, increased biodiversity and improved climate adaptation

Co-benefits: This SO contributes to the country's climate adaptation and mitigation goals by supporting the transformation of farms into carbon sinks and enhancing the long-term resilience and sustainability of rural ecosystems. It also promotes the development of sustainable rural institutions capable of governing and managing natural resources effectively, thereby contributing to global public goods such as biodiversity conservation and climate adaptation and mitigation.

(ii) **SO2: Foster sustainable agrifood systems**

- Outcome 2.1: Increased productivity of agrifood systems and more efficient use of natural resources
- Outcome 2.2: Improved food quality and safety for selected produce
- Outcome 2.3: Increased volume and value of marketed produce
- Outcome 2.4: Enhanced commercialization of selected high-value value chains

Co-benefits: This SO will contribute to more sustainable and healthier agrifood systems. It promotes innovation, such as precision agriculture and digital technologies, to enhance productivity and strengthen resilience to market-related shocks. Selected value chains, including fruit, vegetable and fodder crops, as well as livestock, honey and products from the gastronomy sector, will be supported. Geographical indications will be secured to generate income to promote regional economic stability, positioning these products as regional public goods. The renewed agrifood system can serve as a scalable model that aligns agricultural development with sustainability and health goals, with potential for replication in other contexts through South-South and Triangular Cooperation (SSTC).

(iii) **SO3: Diversify economic opportunities that contribute to the socioeconomic development and empowerment of women and youth in rural areas, ensuring the inclusion of those left behind**

- Outcome 3.1: Increased employment and income from off-farm investments, especially for women and youth
- Outcome 3.2: Growth in rural enterprises, with increased value addition and job creation

Co-benefits: This SO aims at improving agency of women and youth, contributing to more diversified and inclusive economic opportunities and rural development. These interventions provide replicable models that can be shared through SSTC initiatives, including potential incubators for youth and women's employment.

Sustainability

37. The sustainability of the country programme will depend on (i) strengthening the institutional and governance capacities of local institutions and user groups involved in natural resource management; (ii) building the capacity of smallholders, agricultural cooperatives and rural enterprises; (iii) developing leadership and business skills among young men and women to support rural entrepreneurship and employment; (iv) identifying mutually beneficial investments at household, village and enterprise level; and (v) ensuring that all investments are both environmentally sustainable and market-oriented. An exit strategy will be developed for each area of investment, with clearly defined responsibilities assigned to each stakeholder.

Scaling up

38. The country programme will seek to scale up IFAD-financed interventions that demonstrate potential for disseminating good practices, informing public policy, facilitating learning and strengthening institutional capacities for inclusive rural development. To this end, the programme will organize discussions around the knowledge generated, with the aim of encouraging the uptake of successful results by other partners and their integration into policy decisions. It will further endeavour to mobilize additional climate finance or other resources for smallholder producers, pursue partnerships with private sector stakeholders to improve access to finance and markets, and promote SSTC initiatives with neighbouring countries to advance both individual and shared national capacity development objectives.
39. Table 3 summarizes the key policy reform areas.

Table 3

Key development priorities, concerned institutions and policy reform areas

| <i>Key development priority (strategic objective)</i> | <i>Concerned institutions</i> | <i>Policy reform challenges</i> | <i>Proposed IFAD interventions</i> |
|---|--|--|---|
| SO1: Strengthen the governance of natural resources and ecosystems for more efficient, resilient and sustainable management. | Ministry of Agriculture and Forestry (MoAF), local and provincial entities, user groups involved in natural resource management. | Weak regulatory and monitoring frameworks; limited enforcement capacity; lack of incentives for sustainable resource management. | <p>Technical assistance: strengthen institutional capacity for watershed and micro-catchment planning.</p> <p>Policy support: develop incentives for compliance, leveraging digital monitoring solutions.</p> <p>Facilitating bottom-up governance: promote smallholders' inclusion in resource management processes.</p> <p>Scaling innovations: expand successful natural resource management models into new regions.</p> |
| SO2: Foster sustainable agrifood systems. | MoAF, farmers' cooperatives, financial institutions, private sector entities. | Lack of policy framework for market access, private sector investment and food safety; weak producers' organizations. | <p>Enhance farmers' organization capacity: support market linkages and contract farming arrangements.</p> <p>Evidence-based policy: improve data collection to inform agricultural policy reform.</p> <p>Smallholder participation: foster participatory policymaking through engagement with local administrations.</p> <p>Scaling innovations: promote successful value chain models, digital solutions and sustainable agrifood practices.</p> |
| SO3: Diversify economic opportunities that contribute to the socioeconomic development and empowerment of women and youth in rural areas, ensuring the inclusion of those left behind | MoAF, research institutions, universities, financial institutions, cooperatives, digital service providers. | Limited access to rural finance; low participation of youth and women in rural entrepreneurship; weak engagement of research institutions in skills development. | <p>Develop rural enterprise training modules in collaboration with research institutions and universities.</p> <p>Access to finance: improve financial literacy and facilitate partnerships with financial institutions and digital service providers.</p> <p>Youth and women's inclusion: support policies that encourage young farmers to remain in or return to rural areas.</p> <p>Scaling innovations: expand and adapt proven incubator models for youth and women-led enterprises.</p> |

C. Target group and targeting strategy

40. By strengthening local institutions involved in the natural resource governance and supporting communities in remote upland areas, forest villages and areas more vulnerable to climate risks and natural disasters, IFAD will benefit its target groups, including rural small-scale and family farmers, and the most vulnerable segments of the rural population, including women, youth and, where relevant, people under temporary protection. Indicatively, the programme will target some 94,000 households – or 333,000 individuals – across districts in the provinces of Adıyaman, Afyonkarahisar, Bingöl, Çankırı, Diyarbakır, Elazığ, Kahramanmaraş, Karabük, Kastamonu, Kayseri, Kütahya, Malatya, Osmaniye, Şanlıurfa and Sinop, and potentially other underdeveloped districts, based on the “at risk of poverty or social exclusion” indicator (see appendix III). Based on lessons learned, IFAD will also target entrepreneurial farmers, cooperatives and value chain actors, including in the private sector, to enhance value addition and ensure the sustainability of its investments.
41. A combination of geographical, self- and direct targeting will be used to maximize the economic, social and environmental benefits of the investments.

IV. IFAD interventions

A. Financing instruments

42. IFAD financing will be determined subject to internal approvals, including financing for the private sector, and will contribute to achieving the COSOP SOs. Opportunities will be explored to channel climate-related grants to promote innovation, while the Government of Türkiye will provide counterpart funding.

B. Country-level policy engagement

43. The country programme will strengthen partnerships to enhance policy engagement and inform decision makers about IFAD-promoted approaches. It will support the scaling up of successful interventions while building institutional capacities through analytical work and data generation aimed at addressing rural poverty and inequality. Lessons learned from policy engagement will systematically be captured to enable continuous adaptation and improvement.
44. Key policy areas to be pursued include: (i) developing watershed micro-catchment planning models in collaboration with stakeholders to integrate livelihoods and agricultural production into environmental planning; (ii) establishing guidelines for the empowerment of youth and women farmers’ organizations, including financial, technical and managerial training to enhance their access to microfinance and markets, while also supporting unregistered farmers in accessing public funds; (iii) implementing policies aimed at retaining and attracting young farmers in rural areas to reduce rural-urban migration; and (iv) promoting inclusive contract farming arrangements in uplands communities, ensuring that the expectations of the most vulnerable producers are safeguarded.

C. Institution-building

45. Strengthening provincial rural development institutions, grassroots organizations and smallholder cooperatives will be central to the COSOP’s sustainability strategy.
46. Resources will be allocated to meet the training needs of local rural development institutions whose effectiveness is often constrained by limited staff capacity, low incentives, geographical remoteness and high staff turnover. Support will also be provided to farmers’ organizations and women’s cooperatives to help them to establish partnerships with service providers, develop businesses, strengthen governance and managerial capacities, and formalize their legal status. IFAD will facilitate interaction between national and subnational institutions to maximize the impact of IFAD-supported policies, while also enhancing the capacity of local institutional players to manage rural development programmes and SSTC activities.

D. Innovations

47. IFAD will collaborate with the MoAF, particularly the General Directorate of Agricultural Research and Policies, to explore innovations such as: (i) scaling up erosion control and desertification efforts under Türkiye's National Biodiversity Action Plan; (ii) developing ecosystem monitoring and evaluation systems to strengthen sustainable resource management; (iii) expanding drought-resistant fodder varieties to reduce pressure on rangelands; and (iv) developing economic cluster models to facilitate sustainable rural transformation.

E. Information and Communications Technology for Development (ICT4D)

48. IFAD will forge partnerships to improve digital literacy among its target groups and promote the adoption of tailored ICT4D solutions. These will improve access to finance, inputs and markets, weather forecasting services, precision agriculture solutions, AI-powered advisory systems and e-commerce opportunities. Such efforts will optimize resource use, boost productivity and strengthen monitoring and evaluation. Ensuring that digital innovations are accessible, affordable and responsive to the needs of smallholder farmers will be critical in transitioning towards climate-resilient agricultural practices.

F. Knowledge management

49. Targeted training will be provided to project and government staff to strengthen knowledge development on cross-cutting themes. The knowledge management strategy will document learning from IFAD-financed investments to improve performance, sustainability and scalability; support policy engagement by generating evidence-based insights to inform rural development policy decisions; promote the dissemination of best practices through analytical reports, cross-project learning exchanges, and a growing number of SSTC activities; and establish memorandums of understanding with research institutions and local think tanks to ensure a structured approach to capturing and applying lessons learned.

G. Strategic partnerships and South-South and Triangular Cooperation

Government and civil society

50. IFAD's key interlocutors are the Presidency of Strategy and Budget and the Ministry of Treasury and Finance. Its main implementation partners are the MoAF and relevant local authorities. The Ministry of Environment, Urbanization and Climate Change will serve as a partner on environmental and climate-related matters. Civil society organizations will be engaged, as appropriate in consultation with the Government of Türkiye, primarily in ecosystem management and training activities.

Development partners

51. IFAD partners with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) under a United Nations joint programme analysing the domestic wheat sector supply chain, and will continue to coordinate its activities with United Nations partners, including with FAO on policy-related initiatives and with WFP to engage smallholders in areas affected by the 2023 earthquake. Collaboration in these and other areas is key to achieving the country's rural development objectives. IFAD will also ensure alignment of its interventions with the priorities of the United Nations Sustainable Development Cooperation Framework, particularly in the areas of sustainable growth, climate resilience and social inclusion. IFAD will also engage with the World Bank and the Islamic Development Bank to explore opportunities for collaboration.

Private sector

52. Efforts will be made to strengthen links between farmers' organizations and cooperatives with private sector entities, including processors represented by the

Turkish Industry and Business Association, the Union of Chambers and Commodity Exchanges, and local agricultural credit cooperatives, to support value chain development and partnerships that benefit both smallholders and agribusinesses relying on their production. Discussions with commercial banks will also be intensified to improve smallholders' access to finance and training opportunities. In parallel, new partnerships will be explored to support financing and technology transfer, with the aim of leveraging private sector resources and innovation for more inclusive growth and environmental sustainability.

South-South and Triangular Cooperation

53. IFAD and Türkiye will promote knowledge-sharing and best practices of value to countries, particularly in Africa and Central Asia. SSTC efforts will include exchange visits for policymakers, provincial administrators and project staff across the region, as well as tailored events that both enhance IFAD's role and facilitate the evidence-based transfer of methodological approaches. These initiatives will also help to create trade opportunities for Turkish manufacturers of agricultural equipment and technologies, with a view to long-term engagement, for instance, through the establishment of an agrifood network managed by the MoAF.

V. COSOP implementation

A. Investment volume and sources

54. The proposed financing under the Thirteenth and Fourteenth Replenishments of IFAD's Resources (IFAD13/14) will be determined based on the availability of resources and subject to approval by the Executive Board. Financing from earlier lending cycles is presented below.

Table 4

IFAD financing and cofinancing of ongoing and planned projects

| <i>(Millions of United States dollars)</i> | | | | <i>Cofinancing</i> | | |
|--|-----------------------|---------------------------|-------------------------------------|--------------------|----------------------|--------------------------|
| | <i>IFAD financing</i> | <i>Source (PBAS/BRAM)</i> | <i>Selectivity criteria (COSOP)</i> | <i>Domestic</i> | <i>International</i> | <i>Cofinancing ratio</i> |
| Ongoing | | | | | | |
| Göksu Taşeli Watershed Development Project | 18.29 | PBAS | I, SP, KM | 6.71 | NA. | 0.37 |
| Uplands Rural Development Programme | 62.88 | PBAS | I, SP, KM | 41.63 | NA. | 0.66 |
| Euphrates River Watershed Rehabilitation Project | 65 | BRAM | I, GPG, SP, KM | 31.565 | 1.411 (GEF) | 0.51 |
| Planned | | | | | | |
| IFAD13 | 50 (Tbc) | BRAM | I, GPG, SP, KM | (Tbc) | (Tbc) | (Tbc) |
| IFAD14 | 50 (Tbc) | BRAM | I, GPG, SP, KM | (Tbc) | (Tbc) | (Tbc) |
| Total | | | | | | |

Note: I = Policies and institutions for sustainable IFAD graduation, GPG = Regional or global public goods, SP = Strategic piloting of innovative approaches, KM = Knowledge management for scaling up, PBAS = performance-based allocation system, BRAM = Borrowed Resource Access Mechanism, GEF = Global Environment Facility.

B. Resources for other activities

55. The country team will explore opportunities to mobilize resources for activities such as SSTC, knowledge management, innovation and scaling up. These efforts will be carried out in close coordination with the Government of Türkiye and development partners, including commercial banks.

C. Transparency

56. The country programme will adhere to the robust financial management, audit and reporting systems established by the Government of Türkiye and IFAD. It will ensure the effective functioning of procurement processes in line with national public procurement legislation and in compliance with sections 7.05 to 7.10 of IFAD's General Conditions for Agricultural Development Financing as periodically updated. A grievance mechanism proportionate to the nature of activities will be established, and efforts will also be made to promote alignment with the principles of the Open Government Partnership.

D. Country programme management

57. The IFAD country team will manage the programme, with support from project design teams to ensure adequate supervision of the portfolio. Technical, financial, procurement and legal expertise will be provided, along with training for project staff on the Social, Environmental and Climate Assessment Procedures of IFAD.

E. Monitoring and evaluation

58. The RMF will serve as the main tool for monitoring the country programme. Each project will report against the COSOP indicators and targets. Annual reviews of the programme will be conducted to assess progress. The COSOP results will be consolidated at midterm in 2027 and at completion in 2030.

VI. Target group engagement

59. Beneficiary engagement will be supported through communication plans covering opportunities for participation in project activities. The target groups will be consulted during project design to ensure interventions are responsive to their needs, and engaged through monitoring and evaluation processes to ensure that feedback accurately reflects implementation on the ground. Projects will include accessible complaint and grievance redress mechanisms.

VII. Risk management

60. Türkiye faces substantial risks, including a declining trend in the Corruption Perceptions Index from Transparency International. The COSOP will help to mitigate a range of macroeconomic, political, governance, environmental, social and institutional risks (outlined in appendix X) through close monitoring of the situation on the ground. Risk mitigation measures will include strengthening the visibility of IFAD's interventions, ensuring a steady flow of funds, targeting the most vulnerable populations, building institutional capacity, establishing timely and effective financial management systems, and ensuring compliance with procurement guidelines.

Appendix I: COSOP Results Management Framework

| Country strategy alignment Twelfth National Development Plan (2024-2028) | Related SDG and United Nations Sustainable Development Cooperation Framework (UNSDCF) outcomes | Key COSOP results | | | |
|---|--|--|---|----------------------------------|---|
| | | Strategic objectives | Lending and non-lending activities for the COSOP period | Outcome indicators ²¹ | Milestone indicators ²² |
| | | COSOP Goal: foster sustainable rural transformation and redress regional imbalances by strengthening ecosystems and agri-food systems and by increasing incomes, enhancing resilience and reducing the poverty of target rural populations. | Lending/investment activities: 1- Göksu Taşeli Watershed Development Project (GTWDP): EUR 16.30 million under 2013-2015 cycle – PBAS resources 2- Upland Rural Development Project (URDP): EUR 35.15 million from IFAD under 2016-2018 cycle and EUR 19.04 million under 2019-2021 cycle – PBAS resources for: Western Black Sea and Eastern Mediterranean regions 3- Euphrates River Watershed Rehabilitation Project (FIRAT): EUR 60 million from IFAD 2022-2024 cycle -BRAM resources for: Euphrates Watershed provinces – Malatya, Adıyaman, Elazığ, Bingöl, Şanlıurfa and Diyarbakır Non-lending activities: Under the coordination of MoAF and IFAD collaborate on SSTC programmes: USD 250,000 and USD 1 million allocated under 2013-2015 and 2016-2018 PBAS cycles | | Outreach GTWDP: 32,000 HHs or 128,800 indiv. Outreach URDP: 47,400 HHs or 165,900 indiv. Outreach: FIRAT: 40,000 HHs or 140,000 indiv. Number of implementing partners representatives and farmers participated in training, exchange visits or South-South and Triangular Cooperation (SSTC) opportunities |

²¹ All indicators will be gender disaggregated, when applicable

²² Evaluation conducted in end of 2026 and 2030 for new and ongoing Project and Programmes

| | | | | | |
|--|---|--|--|---|---|
| <p>The main objective is to create an agricultural sector that embraces integrally the economic, social and environmental dimensions of production; has a high level of technology use and productivity; has an organized and competitive structure; with planned production regarding supply-demand balance; uses natural resources in an effective and sustainable manner; and ensures adequate and balanced nutrition of the society.</p> | <p>SDG 6, 13 and 15 UNSDCF Outcome 3.1</p> | <p>S.O.1: Strengthen the governance of natural resources & eco-systems for more efficient and sustainable management.</p> | | <p>Outcome 1.1: Improved governance of natural resources and ecosystems through strengthened rural institutions</p> <p>70% Households reporting that they can influence decision-making of local authorities and project-supported service providers</p> <p>Outcome 1.2: GHG reduction, increased bio-diversity, and improved eco-systems rangelands</p> <p>2.4 tons of Greenhouse gas emissions (tCO₂e) per hectare avoided and/or sequestered every year</p> <p>25% reduction in soil erosion in treated areas</p> <p>Outcome 1.3: Increased resilience of ecosystems through adoption of green technology and infrastructure</p> <p>60% of the farmers reporting adoption of environmentally sustainable and climate-resilient technologies and practices</p> <p>2,400 ha. of land brought under climate-resilient practices</p> | <p>Local institution staff trained in NRM</p> <p>Technical guidelines on thematic areas adopted and disseminated</p> <p>3,120 farmers supported to sustainably manage natural resources and climate-related risks</p> <p>28,865 ha of land and ecosystems under improved management</p> <p>6% increase in the vegetative cover in restored areas</p> <p>4,570 farmers accessing technologies that sequester carbon or reduce greenhouse gas emissions</p> <p>10,000 ha of land under water-related infrastructure constructed/rehabilitated</p> |
| | <p>SDG 1, 2, 7, 9 and 13 UNSDCF Outcome 3.1</p> | <p>S.O.2 : Foster inclusive and sustainable agri-food systems</p> | | <p>Outcome 2.1: Improved productivity of agri-food systems and resource use efficiency.</p> <p>35% of farmers reporting an increase in production 20% reduction in post-harvest losses</p> | <p>14,000 farmers in rural producers' organizations supported</p> <p>34,500 farmers reporting reduced water shortage vis-à-vis production need</p> |

| | | | | | |
|--|--|---|---|---|---|
| | | | | <p>Outcome 2.2: Increased climate resilience & adoption of green technology use</p> <p>60% of the farmers reporting adoption of environmentally sustainable and climate-resilient technologies and practices</p> <p>Outcome 2.3: Increased volume & value of produce marketed</p> <p>3,500 Households reporting improved physical access to markets, processing and storage facilities (COI 2.2.6)</p> <p>100 Rural producers' organizations reporting an increase in sales (COI 2.2.5)</p> | <p>8,000 rural producers accessing production inputs and/or technological packages</p> <p>7,000 rural producers accessing digital services</p> <p>Market, processing or storage facilities constructed or rehabilitated (COI 2.1.6)</p> <p>200 Rural Producer groups supported</p> |
| Stimulate the rural economy and enhance the quality of life to retain rural population in rural areas- implementing targeted policies for women, young people, and disadvantaged groups in rural areas | SDG 4, 5, 8 and 10 UNSDCF Outcome 1.2 | S.O.3: Diversify socio-economic opportunities contributing to the socio-economic development & empowerment of women and youth in rural areas. | <p>Youth Training and Entrepreneurship Support Programme under FIRAT starting in 2026. Extend the scope in implementation through URDP.</p> <p>Social Inclusion Strategy and Action Plan prepared for FIRAT project to be implemented starting in 2025</p> <p>Cooperation among stakeholders to have joint projects/activities to empower women and youth in the rural areas.</p> | <p>Outcome 3.1: Increased employment & income from off-farm opportunities</p> <p>4,400 new jobs created for youth and women</p> <p>Outcome 3.2: Increased growth in rural enterprises with increased value addition and employment</p> <p>60% youth/women led enterprises reporting an increase in profits</p> <p>2,555 women reporting reduction in workload and time spent in collecting firewood due to energy saving technologies</p> | <p>4,200 Young and women trained in income-generating activities or business management</p> <p>5 rural POs with women in leadership position</p> <p>8,900 Young persons and women trained in production practices and technologies</p> <p>4,800 youth participated in mentoring and coaching</p> <p>2,000 women participated in GALS training</p> |

Appendix II: Key Files

Key file 1: Rural poverty and agricultural sector issues

| Priority Area | Affected Group | Major Issues | Actions needed |
|---|---|--|---|
| Fragmented or small plots in the agricultural sector. | A majority of smallholder upland farmers. | <ul style="list-style-type: none"> High cost of farm operations and inability to capitalise on economies of scale. Poor access to markets due to small scale of production. Limited access to financial services due to collateral constraints. | <ul style="list-style-type: none"> Increase unit area productivity and profitability. Promote voluntary consolidation. Promote contract farming for high value crops. Support investment in infrastructure that enhances productivity such as greenhouse and organic production, etc. |
| Lack of effective farmer organizations | Smallholder farmers. | <ul style="list-style-type: none"> Poor governance and management capacity and resources to offer members value added services. Limited membership. Lack of working capital and infrastructure that would be of interest to participating members. Weak links of farmer organizations with markets. Limited partnership with the private sector. | <ul style="list-style-type: none"> Provide opportunities to strengthen the governance & management & governance capacity of farmer organizations. Enhance membership of farmer organizations and capacity to generate funds Provide opportunities to enhance their resources by linking them with financial institutions Enhance mutually beneficial partnerships with the private sector. Provide opportunities to build their capacity to serve their members. Link them with providers like TKDK to create synergies. |
| Water Scarcity & inefficient on farm irrigation practices. | Upland farmers. | <ul style="list-style-type: none"> Türkiye is now a country with water stress with a water potential of 1,400 m3 per capita per year. Conventional irrigation techniques with extensive use of surface irrigation methods. Low water use efficiency of around 40% on average leading to significant waste. Climate adaptation deficit Prevalence of open earth canal use which leads to high levels of evapotranspiration. Inability to deal with growing water scarcity and changes in temperature and precipitation levels due to changing climate patterns. | <ul style="list-style-type: none"> Continue promoting climate smart irrigation technology like drip irrigation. Investments in modern irrigation infrastructure. Introduction of efficient farming practices that conserve water and more efficient use of nutrients. Building farmer capacity (both men and women) in climate adaptive irrigation practices. Provide extension support to farmers for on-farm/water management Improve CC and NRM elements in extension service training. Support infrastructure investments that conserve water use on-farm. |
| Poor technology use of smallholders | Smallholder farmers | <ul style="list-style-type: none"> Low profitability & production due to low farm gate prices due to poor crop management Poor quality crop as a result of inefficient agronomic practices and input use. Erosion and soil loss due to idle lands and poor soil conserving practices. | <ul style="list-style-type: none"> Increase training in soil and water management and promote use of efficient farming practices. Enhance access to modern input suppliers for greater uptake. Increase links with private sector to understand market demand and improve quality of produce. |

| Priority Area | Affected Group | Major Issues | Actions needed |
|--|--|---|--|
| | | <ul style="list-style-type: none"> Limited capacity to adapt to climate risks and changes. | <ul style="list-style-type: none"> Increase opportunities to access resources for improved use of modern farming technology. |
| Inability to access technical, financial services and markets | All upland farmers especially youth. | <ul style="list-style-type: none"> Aging farmer population which is not open to new ideas or change. Lack of capital to invest in technologies. Limited skills in entrepreneurship, marketing, Information Technology, etc. Low production volumes Ineffective use of market information. Poor knowledge management by extension staff | <ul style="list-style-type: none"> Provide opportunities for training young men and women in accessing, technical and financial resources. Link farmers with public and private sector opportunities for enhancing access to technical and financial resources. Build opportunities for exchange of information with private market players and extension services. |
| Lack of rangeland rehabilitation | Upland households especially those dealing with livestock, pastoralists, rangeland managers, and policymakers in arid and semiarid area. | <ul style="list-style-type: none"> Poor productivity and loss of biodiversity of rangelands. Increasing population pressure on rangelands. Abandonment of the traditional policies and structure regulating the grazing of rangelands. Increasing degradation of pastures and rangelands. Lack of proper system of governance and effective legislations for rangelands. Lack of labour and financial resources to rehabilitate degraded rangeland. Lack of local institutions for proper governance and monitoring of rangelands. | <ul style="list-style-type: none"> Increase the yield and quality of forage and ensure its sustainability Promote village-level sustainable rangeland management. Enforce & monitor proper management to improve range condition and productivity. Enhance livestock productivity to reduce pressure on rangelands. Adoption of innovative models to rehabilitate pastures such as leasing to village based institutions or Pasture Management Unions, etc. |
| Poor livestock husbandry practices | Pastoralists and livestock owners especially women and youth. | <ul style="list-style-type: none"> Low meat and milk yields Poor milk quality Insufficient forage crop production. Impact on nutrition and dietary diversity. | <ul style="list-style-type: none"> Provide husbandry training for youth and women Introduce livestock-based climate smart cropping patterns Invest in programmes to improve livestock production. Invest in infrastructure to improve livestock productivity and production. |
| High off-farm unemployment | Particularly women and youth | <ul style="list-style-type: none"> Lack of capital to diversify income from off-farm sources. Lack of skills, capacity & information and awareness on income options. Lack of support due to unregistered agricultural land or landlessness | <ul style="list-style-type: none"> Support youth entrepreneurship through tailored training, business and marketing skills. Provide access to finance, equipment and tools for enterprise development. Organise opportunities for apprenticeship, placement and employment. Improve registry in agriculture. |

Key file 2: Target group identification, priority issues and potential response

| Typology | Poverty levels and causes | Coping actions | Priority needs | COSOP response |
|--|--|--|--|--|
| Smallholder farmers producing limited surplus, at risk of poverty and vulnerable to economic, environmental and climatic shocks. | <ul style="list-style-type: none"> Lack of assets and skills to undertake enterprise development or secure well-paying jobs. Poor quality production and productivity due to lack of scale and appropriate services and technologies High land fragmentation High input costs, limited access to finance, and weak bargaining power owing to a fragmented food supply chain Weak links to market Environmental degradation affecting their livelihood system. Experienced losses and damage of key agriculture assets due to natural disasters such as earthquakes and climate risks. | <ul style="list-style-type: none"> Unsustainable cropping patterns and practices Suboptimal productivity Informal employment Rural-urban migration | <ul style="list-style-type: none"> Increased resilience to economic and climatic shock Technical assistance (production, marketing and processing) Access to more resilient and improved technologies and agricultural practises Access to better markets for their produce and aggregation Strengthen cooperatives' technical and institutional capacity Strengthen cooperatives' technical and institutional capacity Access to finance and grant support (including for assets recovery and on farm investment). Opportunities to diversify livelihood options. | <ul style="list-style-type: none"> In line with COSOP Strategic objective 2 (SO2): Use of high-quality inputs to improve their production and productivity Investment in more resilient and adaptive livelihood options Livelihood diversification (agriculture and non-agricultural activities) Promotion of climate-smart agricultural practices Support for renewable energy Support technological advancement to meet food safety and food quality standards Sustainable land management initiatives Support the modernization of irrigation systems and water management |
| Poor smallholder farmers, landless or near landless, highly vulnerable to economic, environmental and climate shocks. | <ul style="list-style-type: none"> Environmental degradation affecting their livelihood and food systems Few assets or assetless Operating at a subsistence level with low quality inputs and lack of technologies Experienced losses and damage of key agriculture and non-agriculture assets due to natural disasters such as earthquakes, etc. | <ul style="list-style-type: none"> Rely on subsistence agriculture and social assistance programmes. | <ul style="list-style-type: none"> Increased resilience to economic and climatic shock Livelihood diversification and income generation Access to better agriculture systems to improve production and productivity Strengthening of collective action and group formation Access to finance to build their capacity for resilience to economic and natural threats. | <p>SO2 with focus on the poorest households and specific services, in line with a poverty targeting approach. Clear criteria will help in improved targeting:</p> <ul style="list-style-type: none"> Enhance ability to cope with natural disasters and climate risks. Enhance incomes to fulfil basic needs with agricultural and non-agricultural jobs Enhance capacity to save and build resilience to threats. |
| Better off farmers commercially oriented. They generally own no less than 4 ha land and agricultural production is oriented to market and commercialisation. | <ul style="list-style-type: none"> Households with assets and the potential to increase production and surplus but lacking capacity to access financial support for larger investments | <ul style="list-style-type: none"> Adoption of the cooperative model Relying on the few intermediaries operating in the market | <ul style="list-style-type: none"> Improve production quality and quantity Strengthen collective actions and capacity of cooperatives and POs to provide better services to farmers Technical assistance (business & production, marketing) | <p>SO2 with focus on agri-food system transformation:</p> <ul style="list-style-type: none"> Enterprise development and expansion Access to finance |

| Typology | Poverty levels and causes | Coping actions | Priority needs | COSOP response |
|--|--|--|---|---|
| | <ul style="list-style-type: none"> Lack of adequate professional organization, storage, and transportation facility | | <ul style="list-style-type: none"> Access to finance for enterprise development /expansion support | <ul style="list-style-type: none"> Access to better market for their products and better commercial opportunities Better linkages with private sector |
| Women ranking among the poorest and most vulnerable as they are often unpaid family labour. They lack access to key productive assets and decision making. | <ul style="list-style-type: none"> No access to profitable economic opportunities and livelihoods Limited access to land titles and agriculture assets Unpaid family labour lacking control over income and decision making Rely on social assistance programmes and support from family members Low level of literacy and limited access to technical assistance Produce for self-consumption and selling small surplus at farm gate with very limited market orientation Underrepresented in agricultural cooperatives and with leader position Micronutrient deficiencies and anaemia | <ul style="list-style-type: none"> Involved in certain types of crop production (nuts, fruit, and tea) Take on the responsibility of active role models for female cooperative members Unpaid family workers in the agricultural sector Engaged in low-paid jobs without social security | <ul style="list-style-type: none"> Access to profitable income generating opportunities and livelihood options; Access to technologies, assets, financial and non-financial services Focus on energy and time saving technologies Access to finance both loans and grants. Strengthen decision making at community and also at household level | COSOP SO3 with focus on tailored services for women and affirmative actions to ensure women: (i) participate in community level planning and decision making processes; (ii) access to income generating activities and training, (iii) access to energy and time saving technologies and (iv) grant financing with specific ratio for matching grants (positive discrimination); (v) Encourage their leadership in cooperatives, rural organizations, and decision-making processes; (vi) access to more balanced and nutritious diets |
| Female-headed households | <ul style="list-style-type: none"> Among poorer HHs with greater burden of dependents, Lower earning capacity, fewer assets. Rely on social assistance programmes and support from family members | <ul style="list-style-type: none"> Cultivate land constrained by labour especially if widowed, elderly Perform tasks based on division of labour between men and women | <ul style="list-style-type: none"> Labor saving technology Engagement in alternative activities that can be performed at home: drying processing, jam production, poultry, and production of aromatic and medicinal plant in the garden. Access to finance both loans and grants. | SO3: Diversify economic opportunities for women and youth in rural areas |
| Youth unemployed and underemployed ranking among the working poor with limited job opportunities/low paid jobs/seasonal workers. They are also migrants in search of opportunities and better living conditions. | <ul style="list-style-type: none"> Lack of assets Lack of skills and skills mismatch with labour market demand High level of disconnection from both the labour market and the education system Limited access to financial services due to collateral constraints Lack financial resources to buy inputs and technologies | <ul style="list-style-type: none"> Migration to urban areas and/or abroad Underemployment and informal jobs | <ul style="list-style-type: none"> Business and micro enterprise development Alternative and viable income generating activities Access to finance both loans and grants. | COSOP SO3 with focus on tailored services for youth including: (i) training and capacity building for job creation as well as business and enterprise development; (ii) access to dedicated grant windows for business development (on farm and off farm); (iii) improve employability through skills development tailored on youth needs and priorities in line with |

| Typology | Poverty levels and causes | Coping actions | Priority needs | COSOP response |
|--|---|--|---|---|
| | <ul style="list-style-type: none"> Prevalence of vitamin D deficiency | | | <p>demand from the job market; (iv) promote the adoption of digital technologies; (v) invest in agribusiness remunerative novel and niche markets; (vi) incentivize local brands and certification acquisition; (vii) support young producers' networks</p> |
| Nomadic pastoralists (Yörük) are highly vulnerable to rangeland degradation, lack of access to services and also social and economic marginalisation | <ul style="list-style-type: none"> Vulnerability due to reduced access to natural resources for animal feeding and reduction of traditional grazing area Limited literacy and lack of access to basic social services Lack of market orientation Erosion of traditional institutions regulating social cohesion and sustainable use of resources Rely on social Assistance and other Government programs | <ul style="list-style-type: none"> Use of pastoralists' local knowledge. Traditional risk management practices | <ul style="list-style-type: none"> Increase resilience and improved rangeland management practices and animal husbandry Increase access to resources (e.g. water) and basic services Improve knowledge on law and regulations on NRM and participation | <p>COSOP SO1 with focus on Nomadic groups engaged in agriculture activities, marketing and NRM:</p> <ul style="list-style-type: none"> Sustainable rangeland management practises Better animal husbandry practices and animal health Increase ability to cope with shocks |

Key File 3: Organizations matrix (strengths, weaknesses, opportunities and threats analysis)

| Organization | Strengths | Weaknesses | Opportunities/Threats | Remarks |
|--|---|---|--|---------|
| Presidency of Strategy and Budget (PSB) | <ul style="list-style-type: none"> • Experience in financing rural development projects through government investment programmes • Long and well-established partnership with IFAD • Strategic approach to the priorities of the country | <ul style="list-style-type: none"> • Delays in sufficient budget allocation to the projects to increase the pace of progress when needed | <p>O: Collaboration for more focused rural development activities</p> <p>O: Intermediary between local and national institutions</p> <p>T: lack of resources to allocate government contribution</p> | |
| Ministry of Treasury and Finance (MoTF) | <ul style="list-style-type: none"> • Leading financial policies • Experience in financing rural development projects through IFIs • Long & well-established partnership with IFAD. | <ul style="list-style-type: none"> • Possible delays in the coordination with PSB in budget issues. | <p>O: allocation of additional resources or to increase government contribution in cooperation with PSB</p> | |
| Ministry of Agriculture and Forestry (MoAF) | <ul style="list-style-type: none"> • Experience in implementing rural development projects. • Well-articulated structure at central and provincial level with well-equipped staff. • Internationally recognized competent research system. | <ul style="list-style-type: none"> • The growing workload of staff in the provinces stretches their capacity. • Lack of strong coordination between the agriculture and forestry departments within the MoAF • Excessive reliance on subsidies and support to transform agriculture • Weak system of collection of agricultural statistics & low reliability of data. • Lack of full-fledged strategy for integrated basin/watershed management. | <p>O: Implementation of IFAD funded projects under DG Agrarian Reform provides opportunities for reform of policy.</p> <p>O: Provision of agricultural support schemes that can complement the IFAD programmes and interventions</p> <p>O: Collaborate with IFAD to strengthen knowledge generation and dissemination.</p> <p>T: Lack of coordination between Ministry headquarters and local government entities concerning priorities.</p> <p>T: Lack of effective policies to promote grass root farmer organizations</p> <p>T: Inability to mainstream M&E into decision making/policy</p> | |
| Directorate General for Forestry (OGM) | <ul style="list-style-type: none"> • Experience in implementing rural development projects • Well-articulated structure at central, regional and provincial levels. • OGM's special budget to conduct its well-planned activities. | <ul style="list-style-type: none"> • Limited capacity in fiduciary matters (procurement and financial management) | <p>O: High quality technical staff capable of implementing projects</p> <p>O: Keen interest in partnering with IFAD to oversee successful implementation of projects</p> <p>O: Ability to absorb additional resources to finance watershed-based projects</p> <p>T: Considering the relevance of agricultural activities, failure to operationalize the needed synergies within the MoAF</p> <p>T: High number of watershed projects implemented within the same time period.</p> | |

| Organization | Strengths | Weaknesses | Opportunities/Threats | Remarks |
|---|--|--|---|---------|
| Special Provincial Administrations (SPAs) | <ul style="list-style-type: none"> Ability to conduct procurement in the provinces (except in the existence of metropolitan municipalities) | <ul style="list-style-type: none"> local staff capacity deficiencies in meeting IFAD procurement rules | <p>O: Use of national procurement procedures in infrastructure investments</p> <p>O: Flexibility in supporting rural investments</p> <p>T: Finding qualified staff in remote areas</p> <p>T: Change in priorities due to natural disasters and the reconstruction & rehabilitation related works.</p> | |
| Ministry of Industry and Technology-DG Development Agencies (Regional Development Administrations and Agencies) | <ul style="list-style-type: none"> Support development of project area including rural development Have individual budget to contribute the project in certain activities | <ul style="list-style-type: none"> Cooperation and financial contributions may take time | <p>O: increase impact of the project</p> <p>O: partnerships with other local entities</p> <p>T: Cooperation and use of budget necessitate endorsement of third parties</p> <p>T: Different areas of priority</p> | |
| Ministry of Environment, Urbanization and Climate Change – DG Combating Desertification (ÇEM) and Erosion, and Directorate of Climate Change | <ul style="list-style-type: none"> Strong capacity for biophysical assessment. Developing a system for M&E of biophysical aspects that can be used nationally.. Environment and climate change are under one institution with strong technical capacity. Culture of cooperation with other institutions. | <ul style="list-style-type: none"> Insufficient number of expert staff Having a different agenda with a lower interest in rural development | <p>O: Cooperation with new IFAD funded projects.</p> <p>O: Experience sharing in biophysical monitoring and climate related issues</p> <p>T: Human capacity to cooperate in IFAD intervention areas may over-stretch capacity.</p> | |
| State Hydraulic Works (DSİ) | <ul style="list-style-type: none"> Strong experience and well-articulated structure in the country. Cooperative approach in previous IFAD projects | <ul style="list-style-type: none"> Changing priorities Lack of financial resources Workload on the institution and its budget | <p>O: Increase impact of the project through supporting irrigation structures</p> <p>T: Use of budget necessitate endorsement of third parties</p> | |
| Universities | <ul style="list-style-type: none"> Presence of strong Agriculture Departments Strong and experienced research background. | <ul style="list-style-type: none"> Lack of experience in rural development projects | <p>O: Collaboration with IFAD financed projects.</p> <p>O: Cost effective and relatively qualified technical studies when outsourced to universities</p> <p>T: Research can adopt a long-term perspective which is not always suitable within the short project time frame.</p> | |
| Private sector | <ul style="list-style-type: none"> Sectoral knowledge Relations with producer groups or Fos. Can create sustainable linkages with markets for smallholders | <ul style="list-style-type: none"> Lack of incentives to work in rural areas due to high transaction cost of dealing with smallholders. Do not always appreciate the perspective of other stakeholders of rural development. | <p>O: Potential of collaboration for transformation of food systems</p> <p>T: Insufficient farmer organisation in the sector to cooperate with the PS</p> <p>T: Weak incentives to sustain the business foreseen in the projects.</p> | |

| Organization | Strengths | Weaknesses | Opportunities/Threats | Remarks |
|-------------------------------------|---|---|--|---------|
| Rural Financial Institutions | <ul style="list-style-type: none"> Extensive rural coverage by Agricultural Bank (TCZB) High liquidity of TCZB Complimentary funding available for IPARD and other programmes | <ul style="list-style-type: none"> Poor financial inclusion of smallholders High interest rates. Inability to put in place arrangements for collateral-constrained smallholders. | <p>O: Large unmet demand for low-cost investment capital</p> <p>O: Grant programmes can bridge financing gaps</p> <p>O: Improving entrepreneurship skills of smallholders to avail of financial and technical opportunities.</p> <p>T: Endemic collateral issue of smallholders</p> <p>T: Poor business planning results in failure of small holdings</p> | |
| NGOs | <ul style="list-style-type: none"> TZOB having obligatory membership for all farmers Governments recognize NGOs as stakeholders NGOs participate in policy forums and can influence change. NRM and CC actively supported by NGOs NRM and CC NGOs' proven willingness to work with women and youth Well-functioning grass root village associations formed for social purposes. | <ul style="list-style-type: none"> Very few rural development NGOs Financially unsustainable Low life expectancy Weak ownership of TZOB by small scale farmers | <p>O: Village associations used for dissemination of information</p> <p>O: Use NGOs for advocacy and beneficiary training in the areas of NRM and CC</p> <p>O: Involving NGOs in program enhance their recognition in NRM and CC</p> <p>O: Wide outreach through TZOB</p> <p>T: Lack of new approaches of NGOs hindering farmers moving toward commercialization</p> | |
| Farmers organizations (FOs) | <ul style="list-style-type: none"> Long-term presence Long-experience and competency in MOAF Active agricultural producers' cooperatives and unions under different thematic categories | <ul style="list-style-type: none"> Too many small cooperatives not able to impact policy Fragmentation at the apex level Complex legal framework Paternalistic role of state hindering voluntarism Lack of training at all levels Lack of functional review Domineering members result in corrupt cooperative management | <p>O: Can strengthen local communities around common commercial interests.</p> <p>O: Potential to provide advisory services</p> <p>O: Potential to partner with public and private sector.</p> <p>T: reservations regarding the image and reputation of cooperatives</p> <p>T: Change in support policies that would make the FO membership redundant.</p> | |

Key file 4: Strategic partnership potential

| Partnering Objective | Partner | Nature of project or justification for partnering | Project/programme coverage | Status | Expected Results from the Partnership |
|------------------------------------|----------------------------|---|---|----------------------|--|
| Experience Sharing | World Bank | Ongoing, implementation between 2021-2028, total cost: USD 165 million Ministry of Agriculture and Forestry and DG Forestry are the project implementing agencies and likely to use lessons learnt from TULIP in the new IFAD funded projects. | Turkey Resilient Landscape Integration Project (TULIP)- Bolaman and Çekerek Rivers Watershed Rehabilitation (Ordu, Yozgat and Tokat) | Under implementation | Potential for collaboration on rural development aspects and knowledge sharing |
| Experience Sharing | European Union (EU) | IPARD Programme for 2021-2027 | EURO 785 million contribution is foreseen to be used for the following measures: <ul style="list-style-type: none"> Investment in physical assets of agricultural holdings Investment in physical assets concerning processing and marketing of agriculture and fishery products, Agro-environment-climate and organic farming measure Implementation of local development strategies (Leader approach) Investments in rural public infrastructure Farm diversification and business development | Under implementation | Small farmers are not eligible for EU funding (because of non-viability of small farms according to EU criteria). EU's support to bring Turkey close to EU standards in agriculture and veterinary services, particularly food safety and sanitary standards would help the small producers' link to the value chains. |
| Cooperation and Experience Sharing | FAO | FAO and Türkiye's cooperation started in 2006 and continues through two Partnership Programmes dedicated to food security and sustainable management of natural resources: The FAO-Türkiye Partnership Programme on Food and Agriculture (FTPP) and the FAO-Türkiye Forestry Programme (FTFP), both of which are supported by trust fund contributions of the Government of Türkiye, which total to USD 30 million. | FTPP covers: <ul style="list-style-type: none"> Work on food security and nutrition, agricultural and rural development, protection and management of natural resources, agricultural policies and food safety. FTFP includes: <ul style="list-style-type: none"> Sustainable land management Forest policy and institutional development Forest management and protection Forest products and services Forest and environment People and forests Assessment and monitoring Drought impact monitoring and land degradation assessment | Under Implementation | To learn lessons from the completed projects and incorporate these in the projects in the pipeline Explore opportunities for collaboration |

| | | | | | |
|------------------------------------|-------------|--|--|----------------------|---|
| Cooperation and Experience Sharing | UNDP | <p><u>Country programme</u> focuses in the following core areas: i) inclusive and sustainable growth, ii) inclusive and democratic governance, iii) climate change and environment, iv) Syria Crisis and Resilience response and v) private sector partnership.</p> <p>To reduce inequalities in rural areas and promote gender-sensitive digitalization, the Villages of Tomorrow Project has been launched in collaboration between the United Nations Development Programme (UNDP) and a private company.</p> <p>In April 2024, the second phase of the project has commenced. While the first phase focused on increasing the use of e-commerce platforms, creating pilot rural settlements and sustainable digital centers with a holistic approach, the second phase plans to establish new model villages, further strengthen existing models and create a national network.</p> <p>UNDP also cooperates as an implementing partner with the MoAF in the IFAD Funded projects, currently in URDP and GTWDP.</p> | <p>In climate change and environment core area, the primary target has been rural population in sensitive biodiversity/hot spot areas.</p> <p>UNDP has been conducting a solar based electricity generation project for the smallholders in the forest villages, targeting same type of beneficiaries with the IFAD funded projects.</p> <p>The Villages of Tomorrow project will be a pioneer action in responding inequalities, challenges, problems, and opportunities of rural settlements by increasing the levels of digitalization. The project will be initiated in three pilot villages in Adana, Diyarbakir and Izmir provinces with an aim to eventually reach a total of ten villages over five years. Digitalization Hubs will be established in collaboration with the local partner in pilot villages. These hubs will be designed as core of the project activities as well as a meeting point of targeted stakeholders and equipped with the necessary technological equipment and furnishing. For each village, three focus products will be selected for their development potential for the first year of the project. At least nine local products will be chosen and capacity development activities including workshops, one-on-one consultancies, awareness raising, smart agriculture demonstrations and trainings on e-commerce, e-export, product development, marketing, branding, packaging, finance, quality, etc. will be provided.</p> | Under implementation | <p>Collaborate for capacity building for i) inclusive and sustainable growth, and ii) climate change and environment</p> <p>Cooperate with UNDP to enrich the scope of outreach for women and youth</p> |
|------------------------------------|-------------|--|--|----------------------|---|

Appendix III: Transition projections

COSOP Analytical Study Türkiye

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Acronyms

| | |
|--------|--|
| COP | Conference of the Parties |
| COSOP | Country Strategic Opportunities Programme |
| CSA | Climate Smart Agriculture |
| EM | Emerging Markets |
| EU | European Union |
| FLRC | First-Loss Risk Cover |
| GDI | Graduation Discussion Income |
| GDP | Gross Domestic Product |
| GHG | Greenhouse Gas |
| GNI | Gross National Income |
| GVC | Global Value Chains |
| HIC | High-Income Country |
| IFAD | International Fund for Agricultural Development |
| IMF | International Monetary Fund |
| NCD | Non-Communicable Disease |
| NPL | Non-Performing Loans |
| NPISHs | Non-Profit Institutions Serving Households |
| ODA | Official Development Assistance |
| OECD | Organization for Economic Cooperation and Development |
| SDG | Sustainable Development Goals |
| TCZB | Agricultural Bank of the Republic of Türkiye (<i>Türkiye Cumhuriyeti Ziraat Bankası</i>) |
| UMIC | Upper-Middle Income Country |
| UNDP | United Nations Development Programme |
| WEF | World Economic Forum |

I. Introduction to the Transition projections for Türkiye

As Türkiye's GNI per capita has been above the graduation discussion income threshold for three consecutive years (above US\$7,800 in 2024), this has triggered a discussion around graduation (see IFAD graduation policy 2021 for reference). Exceeding the threshold does not automatically lead to graduation: instead, it only prompts an analysis beyond income, which considers whether the country has reached a level of institutional development and capital market access that enables it to sustain its own development process without recourse to IFAD funding. To this end, this report provides a detailed analysis of Türkiye's potential pathway towards graduation from IFAD borrowing over the course of the next six years, which is the timeline of the next COSOP period. This timeline coincides with the six years remaining to achieve the Sustainable Development Goals (SDGs).

This assessment proceeds by assessing three criteria, each measured by selected indicators, namely: 1) ability to access external capital for development at reasonable terms, measured through S&P's credit rating; 2) progress in establishing and sustaining key institutions and policies for sustainable and equitable socioeconomic rural development, measured through the IFAD Rural Sector Performance Assessment Index (RSPA); and 3) Progress towards economic and social development, as reflected by a selection of Sustainable Development Goals (SDGs) indicators, which are relevant to IFAD. To this end, this annex utilizes the Development Assistance Committee's (DAC) work on transition finance,²³ since 2018, and adheres primarily to IFAD's Guidelines on the Transition Framework (2018), the Graduation Policy (2021) and the COSOP operational guidelines (2023).

Experience shows that as a country transition from low income to lower-middle income, upper-middle income to high-income, external inflows from ODA and remittances are replaced by external inflows from foreign direct investment (FDI) and tax revenues. The transition process eventually leads to the phasing out of Official Development Assistance (ODA), including concessional financing, and places further reliance on domestic and external sources of financing. To better manage the transition process, it is important to identify tipping points where substitutions occur without the country exiting with financing and capacity gaps, remaining in a development trap or facing increasing pressure upon graduation.

In the sections below, we first present Türkiye's economic outlook to set the stage, to then present a brief discussion of each of the graduation criteria along with proposed values for the respective indicators at the start or approval, midterm, and end of the COSOP implementation period (respectively 2025, 2027 and 2030). Values at the end of COSOP implementation are "completion" targets which indicate plausible projected values after a six-year implementation period. It is important to note that mid-term and completion targets do not imply graduation readiness.

II. Macroeconomic background of Türkiye

As a member of the G20, the OECD and a candidate country for EU accession, Türkiye remains a top 10 net global food exporter. In more recent times, it has also become an important contributor to humanitarian aid, ranking top two globally for the past seven years by hosting the largest number of refugees worldwide.²⁴ It is home to a diverse market economy - driven by services, industry and agriculture²⁵, with the former dominated by finance,²⁶ tourism,²⁷ healthcare, education and

²³ <https://www.oecd.org/dac/transition-finance-toolkit/> The OECD DAC has developed an ABC methodology around assessment, benchmarking and counselling to help with the transition process.

²⁴ Türkiye has been the top two humanitarian aid donor globally for the past seven years according to the Global Humanitarian Assistance report. In 2022, this amounted to 0.65% of GNI, down from 0.86% in 2021 and 0.98% in 2020 or three to five times that of the next donor. <https://devinit.org/resources/global-humanitarian-assistance-report-2023/#downloads>

²⁵ Agriculture is a generic term used here to describe agriculture but also fisheries and forestry.

²⁶ The new International Finance Centre in Istanbul is vowing to become a regional finance hub in the short-term: www.ifm.gov.tr.

²⁷ Fourth highest destination in the world, UNWTO, February 2024. <https://www.unwto.org/tourism-data/global-and-regional-tourism-performance>

telecommunications, while industry is dominated by textiles, construction,²⁸ automotive, consumer electronics and home appliances.

A snapshot of the economy

Türkiye has a strong track record of inclusive growth and economic integration. In the aftermath of the 2001 crisis, the country entered a serious economic reform period. Transition to an inflation targeting regime helped bring the inflation from double to single digits in 2004. With the fast increase in per capita GDP during these years, the country became an upper middle-income country in 2004. In the meantime, the country experienced a significant reduction in the poverty headcount ratio, moving from 42% in 2003 to 11% in 2017.²⁹ During this period, infrastructure investments also helped to bind the economy together through transport infrastructure and corridors with integration into global value chains, regional development, trade facilitation, energy infrastructure, urban development,³⁰ tourism infrastructure and digital infrastructure. Total value added from agriculture increased from US\$ 30.82 billion in 2003 to US\$ 68.88 billion in 2023 - overtaking France, Italy and Spain.³¹ Unemployment has however averaged above 10% between 2015- and 2022. As of 2023 Q1 it has been following a downward trend reaching as low as 8.7% in the 2024 Q3.³² The unemployment rate has historically been higher for women and youth, compounded by low labor force participation rates for women. Agriculture's share in total employment is at 14.6% with 12.9% of men and 18.5% of women being employed in this sector.³³

Continued macroeconomic shocks have exposed internal and external vulnerabilities. In 2018, the economy suffered from shocks related to a current account imbalance, a 38% depreciation in the lira-US\$ exchange rate and credit rating concerns. Over one million jobs were lost, and GNI per capita dropped to US\$ 9 800 in 2019, from a high of US\$ 12 630 in 2014. An initial recovery was stopped short by the pandemic, with GNI per capita falling to as low as US\$ 9 160 in 2020.³⁴

Strong policy response helped cushion the blow from the pandemic. Significant amounts of liquidity by the Central Bank and flexibility by the banking regulator enabled banks to largely avoid defaults and NPLs, including in the agriculture sector. While these monetary policies were effective at avoiding an economic meltdown, the vulnerabilities of the economy were exposed once again after going into lockdown, putting pressure on consumer prices, the current account and the currency. Fiscal policies extended social support to households and tax relief to businesses to avoid a collapse in demand and supply. In 2021, the economy began a recovery in earnest, with a growth rate of 11.4%. In 2022, the economy recorded a GDP of US\$906 billion and was the 19th largest global economy. For 2024, the IMF estimates US\$1.34 thousand billion for the total GDP of the Turkish economy.³⁵

On top of the pandemic, the Ukrainian crisis, migrant crisis and economic crisis, at the start of February 2023, Türkiye was shaken by an unprecedented natural disaster that devastated 11 of the southern provinces with twin earthquakes measuring a magnitude of 7.8 and 7.7, causing over 50 700 deaths and over 107 000 injuries. Over 3.3 million people were displaced, and 313 000 buildings were destroyed. Some of the most affected provinces have the highest poverty rates in Türkiye, being home to 30% of Türkiye's poor and almost half of the Syrian refugee population in Türkiye, which is around

²⁸ Türkiye ranks again second after China for the largest number of contracting construction companies globally in 2022. <https://www.hvac-Türkiye.com/turkiye-ranked-second-in-the-world-in-contracting-with-42-companies#:~:text=In%20the%20%22List%20of%20the,of%20US%20companies%20was%2041.>

²⁹ Poverty headcount ratio at US\$6.85 per day (% of population, using 2017 PPP), *ibid.*

³⁰ The urban renewal (*kentsel donusum* in Turkish) programme under law 6306 was enacted in 2012 with the aim to reconstruct buildings against damages from earthquakes - initially targeting 17 cities and one million buildings - after the Van earthquake in 2011.

³¹ <https://data.worldbank.org/indicator/NV.AGR.TOTL.CD?locations=TR-ES-IT-FR>

³² TurkStat Labor Force Statistics News Bulletin 2024 Q3 <https://data.tuik.gov.tr/Bulten/Index?p=Labour-Force-Statistics-Quarter-III:-July-September,-2024-53519>

³³ TurkStat Labor Force Statistics 2024 Q3, Sectoral Statistics Table 2

³⁴ <https://data.worldbank.org/indicator/DT.DOD.DECT.CD?locations=TR>

³⁵ <https://www.imf.org/external/datamapper/NGDPD@WEO/TUR?zoom=TUR&highlight=TUR>

2.9 million.³⁶ The official estimates for the earthquake costs are 104 billion USD³⁷ while unofficial estimates go up to 150 billion USD over a course of 5 years.³⁸

The country's per capita GNI has been moving within a tight band for the past several years. The GNI per capita for Türkiye has risen dramatically since 2003, rising from US\$3 850, with a slight sideways move in 2008, then tripling to around US\$12 630 in 2014, whereupon it dropped consistently for six years until rising again to US\$11 730 in 2023.

Latent economic recovery will take time to impact the wider economy. Since May 2023, the country has entered a phase of new fiscal discipline and monetary tightening. The policy rate has climbed from 8.5% to 50% during this period³⁹, with interest rates on deposits reaching as high as 61.1%.⁴⁰ These moves have boosted confidence and reduced pressures on the lira, while cooling domestic demand.

New economic policy results in improvement of perceived risk and economic outlook. The change in track to reduce inflation has had a notable influence on the country's credit rating, with major credit agencies upgrading the country's outlook and credit rating. While such ratings are indicative of perceived risk and are subject to change, they lead to improved borrowing conditions. However, 10-year treasury bonds are still trading with yields at 30% as of November 2024 demonstrating the continued high cost of borrowing.⁴¹ The public sector external debt repayment projections also suggest that interest payments are about one-third of repayments, for the next couple of years, signifying the high cost of capital experienced in Türkiye.

The labor market continues to face challenges related to overall unemployment, underutilization of youth, and disparities between men and women in labor force participation. Unemployment is a significant challenge in Türkiye, although there has been a consistent downward movement since the aftermath of the pandemic. As of November 2024, the year-to-date unemployment rate is 8.6%, down from 10.2% recorded in July 2022.⁴² This rate is still high compared to the OECD average of 5%. With 44.2% of Türkiye's population under 30, the country faces challenges in harnessing this demographic advantage, as nearly a quarter of its youth are not in education, employment, or training (NEET). Additionally, female labor force participation is still low although historically high at 36.7%, as of Nov. 2024, significantly lower than the OECD average of 53.8%. In contrast, male labor force participation in Türkiye is relatively high at 72.1%, compared to the OECD average of 68.7%.

According to official medium-term projections Turkish GDP will grow at 3.5% and 4%, respectively in 2024 and 2025.⁴³ IMF projects milder growth rates for the country. According to their estimates Türkiye's GDP will grow at 2.8 percent in 2024 and 2.6 percent in 2025.⁴⁴ They expect tight financial conditions will weigh on consumption hence overall growth of the economy. In 2024 World Economic Outlook (October 2024), the IMF predicts that per capita income will grow from 15 666 USD in 2024 to 20 088 USD in 2029. Using the projected growth rates of GDP per capita for the 2024-2029 period, the baseline estimate is set at 2023 as per IMF October WEF Outlook (11730 USD). The IMF projections suggest an average annual growth rate estimate of 3.4% between 2025 and 2029 (from 16 877 USD to 20 088 USD). Using the annual growth rates of GDP per capita income, we estimate the 2027 and 2030 values of GNI per capita at 13 208 and 14 785 USD respectively.

³⁶ The Syrian conflict is a protracted crisis lasting for the past 12 years.

³⁷ Turkish Presidency Strategy and Budget Office. Türkiye Earthquakes Recovery and Reconstruction Assessment Report, March 2023.

³⁸ TEPAV Policy Note, the impact of and policies for the 2023 Kahramanmaraş earthquake, March 2023.

³⁹ The most recent figure on the policy rate is as of July 2024.

⁴⁰ <https://www.tcmb.gov.tr/wps/wcm/connect/tr/tcmb+tr/main+menu/duyurular/basin/2024/duy2024-33>

⁴¹ <https://evds2.tcmb.gov.tr/index.php?/evds/portlet/C0V7OdyCFcM%3D/tr>

⁴² <https://tradingeconomics.com/Türkiye/government-bond-yield>

⁴³ <https://data.tuik.gov.tr/Bulten/Index?p=Labour-Force-Statistics-November-2024-53523>

⁴⁴ Turkish Presidency Strategy and Budget Office, Medium Term Program 2025-2027 https://www.sbb.gov.tr/wp-content/uploads/2024/09/Orta-Vadeli-Program_2025-2027.pdf

⁴⁵ <https://www.imf.org/en/News/Articles/2024/08/28/pr24311-turkiye-2024-article-iv-mission-press-release>

Table 1: GNI per capita. Source: World Development Indicators

| Graduation Criteria | Indicator | Past COSOP 2016 | Baseline (2023) | Prediction | |
|---------------------|-----------|-----------------|-----------------|--------------|-----------------|
| | | | | Midterm 2027 | Completion 2030 |
| GNI per capita /1 | USD | 11340 | 11730 | 13208 | 14785 |

<https://data.worldbank.org/indicator/NY.GNP.PCAP.CD?locations=TR>, IMF projections retrieved from https://www.imf.org/external/datamapper/NGDPDPC@WEO/WEO_WORLD/TUR and author's calculations.

/1 Projection based on IMF annual growth rates until 2029 (October 2024).

Türkiye's GNI per capita trajectory follows a similar path to other UMIC countries (see Figure A1). The key question is whether Türkiye can become an outlier, like Chile, or whether it will remain within the middle-income band alongside Argentina and Mexico. Türkiye's situation is similar to Mexico's, as it is part of the EU Customs Union, much like Mexico's involvement in NAFTA/USMCA. In contrast, Chile achieved High-Income Country (HIC) status by attracting external private-sector financing on favorable market terms, particularly in key sectors such as energy and finance, thus reducing reliance on ODA. (See figure A2). However, with persistently high interest rates, the cost of borrowing for growth remains a significant challenge for Türkiye.

Sustainable and inclusive economic growth requires more predictability and credibility in the policy landscape to attract and build confidence among investors. Türkiye has demonstrated adaptive capacity and resilience in the face of transient shocks from natural disasters, regional wars, and the pandemic through adjustments in macroeconomic policies and subsequent shifts in consumer behaviour. While shocks are transient, they risk compounding existing vulnerabilities and creating new ones. These vulnerabilities include the depletion of foreign currency reserves to support a declining currency, the ensuing risk of a balance of payments crisis due to heavy reliance on external financing, the impact of reduced purchasing power and the subsequent decline of household consumption - a key driver of economic growth - and shifts in investor sentiment and liquidity conditions as well as higher borrowing costs resulting from a drop in credit ratings. Although some of these transient issues are addressed effectively, more structural problems remain entrenched. These include low skills and low wage jobs, low labour force participation rates among women and youth, and widespread informality (including child labour) – especially in rural areas where welfare coverage is sparse.

III. Criteria One: SDG progress – incidence of poverty, inequality, gender inequality, hunger

SDGs progress relevant to the ones that are crucial for IFAD remains entrenched and difficult to shift. All SDG progress recorded limited performance in the 2023 report for Türkiye. Of the seven SDGs of most relevance to IFAD's mandate,⁴⁵ only SDG1 and SDG13 score above 75%. SDG2 is still experiencing 'significant' challenges and SDG5, SDG8 and SDG10 are experiencing 'major' challenges to achieving the goal by 2030, as progress has either stagnated or is increasing at less than 50% of the required rate to reach the goal. The long-term objective of each goal is to reach 100% within each respective area. However, the data used for one indicator under SDG1 – poverty rate after taxes and transfers - is from 2019, so it predates the pandemic. For SDG13, despite the positive scoring, the key issues are the low baseline and high growth in CO2 emissions, as well as the lack of carbon pricing within the local economy.⁴⁶ Since the first COP meeting in 1995, Türkiye's economic growth has placed it in the top list of countries with the highest growth rate in emissions.⁴⁷ Nevertheless, the revised emissions reduction target will pave some way towards net zero targets of 2053. (Please see figures A4 and A5 in Appendix on SDG scores by country and for Türkiye). The SDG progress suggests the need for a concerted effort to transition to further increases in productivity and safeguarding biodiversity, while reducing the carbon footprint.

⁴⁵ SDGs 1 and 2 of most significance to IFAD, and SDGs 5, 8, 10, 13 and 15 relevant according to the IFAD Strategic Framework 2016-2025.

⁴⁶ <https://www.oecd-ilibrary.org/sites/f42357c6-en/index.html?itemId=/content/component/f42357c6-en>

⁴⁷ <https://www.ft.com/content/1388e9c9-cfc6-4c2c-93ef-e3c02221223d>

Türkiye, like other countries, has encountered significant challenges in advancing SDG progress - due in part to the pandemic, inflation, the cost-of-living crises and recent twin earthquakes. To facilitate the achievement of the SDGs, new transformation pathways are being discussed, for the post-2030 period.⁴⁸ These include: (1) food systems; (2) energy access and affordability; (3) digital connectivity; (4) education; (5) jobs and social protection; and (6) climate change, biodiversity loss and pollution. Many of these pathways are highly relevant to rural Türkiye and have already been highlighted. However, they will likely require a renewed set of tools and strategies tailored to the post-2030 era.

Recent and projected trends towards meeting SDG1 “End Poverty”

Türkiye has significantly reduced poverty since 2007 recording the most remarkable progress between 2009 and 2016. The proportion of its population living below the upper middle-income country poverty line⁴⁹ decreased notably from 20.1 percent in 2007 to 7.6 percent by 2021. Notwithstanding the economic challenges during 2018-2019 downturn and the stagnation following the COVID-19 pandemic, poverty rates were reduced by 2.3 percentage point between 2020 and 2021. In 2022 the upper middle-income poverty rate raised at 7.8 percent. Notably, the Survey of Income and Living Conditions, which is used for calculating poverty rates, did not collect the data in the earthquake affected subregion of Hatay, where the poverty rate in 2021 exceeded the national average by 59 percent. If Hatay were included, the estimate of the national poverty rate could be higher⁵⁰.

Unemployment rates dropped from 12% in 2021 to 10.4 % in 2022. Inflation remained as a concern, whereby the Consumer Price Index (CPI) rose to 85% in 2022 from 36.08 in 2021. The latest data indicates a CPI of 42.1 in 2025, which declined substantively from June 2024 (71.6). Yet, substantial increases in minimum and average wages (73% and 88%, respectively) may have cushioned the impact of price hikes. In 2023, inflation persisted at 54%, but wage growth for both minimum and average incomes continued to outpace it significantly, rising by 104% and 114%, respectively. During this recent period, labor income played a pivotal role, contributing to 95% of the poverty reduction observed between 2020 and 2021. The most substantial income gains were observed at the extremes of the income distribution, with the bottom and top deciles experiencing income growth of 12 percent and 16 percent, respectively, in 2021. This resulted in a simultaneous widening in income disparities along with the decline in poverty levels.⁵¹

Alternative measures of poverty also present a similar picture in the country, where poverty rates have been following a downward trend with a brief break during the 2019-2020 period. The relative poverty rate with respect to 50% of the median household decreased by 1.5 percentage points from its initial value of 15% between 2014 and 2017. From 2018 onwards, the relative poverty started rising until it reached its 2014 value in 2020 and headed in downward direction again until 2024 (13.6%).

At risk of poverty or social exclusion ratio is another important indicator to consider. This measure includes individuals who experience at least one of the following conditions: relative poverty (earning less than 50% of the median household income), severe material and social deprivation, or low work intensity. As such, it is a more comprehensive indicator that provides additional insights into the overall well-being of households and their future risk of falling into poverty. This ratio displayed a similar pattern with a slower pace of decline until 2019, and a steep increase during the pandemic and a faster decline after 2022, with the help of social assistance programs and post pandemic recovery, reaching 29.3% in 2024.⁵²

In this assessment, the main assumption underlying the midterm and completion targets for poverty is that inflation dynamics will have a pivotal impact on poverty rates especially for the next 6 years. Bringing inflation down to single digits is the key challenge facing the country in the medium-term.

⁴⁸ <https://unsdg.un.org/sites/default/files/2023-09/Six%20Transitions%20English.pdf>

⁴⁹ \$6.85 at 2017 at purchasing power parity (PPP) international dollars

⁵⁰ World Bank Group. Poverty and Equity Brief Türkiye, October 2024.

⁵¹ World Bank Group. Poverty and Equity Brief Türkiye, October 2024.

⁵² <https://data.tuik.gov.tr/Bulten/Index?p=Poverty-and-Living-Conditions-Statistics-2024-53714>

Both the monetary and fiscal policy tools are being used aggressively to achieve this goal leaving growth concerns at the periphery. Based on IMF's inflation forecasts and an assumption of inflation reduction by 2030, an elasticity estimate⁵³ between poverty and inflation rates is calculated in Türkiye which yields the poverty estimates for 2027 and 2030 presented in the following table.

Table 2: SDG1 End Poverty indicators and targets

| Graduation Criteria | Indicator | Past COSOP 2016-2024 | Baseline | Mid-term | Completion |
|------------------------------|---|----------------------|-------------|-------------|-------------|
| Progress towards SDGs | | <u>2016</u> | <u>2024</u> | <u>2027</u> | <u>2030</u> |
| SDG 1 End Poverty | Poverty headcount ratio at US\$ 6.85 a day (2017 PPP) ⁵⁴ | 10.3 | 7.8* | 6.60 | 4.99 |
| | At risk of poverty or social exclusion ⁵⁵ | 33.2 | 29.3 | 27.56 | 25.23 |

*Latest figure available belongs to 2022. Mid-term targets will be assessed against 2026 available data.

Regional Distribution of Poverty, Income and Vulnerability

This section examines the disparities in poverty, income and vulnerability across different regions, highlighting the socioeconomic inequalities that persist within the country. By analyzing regional variations, we aim to identify areas that require targeted interventions and policy measures to reduce poverty and promote equitable income distribution.

Figure 1 shows the average disposable income at NUTS2 regional level in the country. The most notable feature is the decrease in income as one moves from the west to the east in the country. There is a 2 to 3-fold difference between the richest and the poorest regions of the country.

Figure 2.1 shows the regional distribution of relative poverty rate measured based on 50% of the median income at NUTS2 level in 2024⁵⁶. In 2024, the overall relative poverty rate in Türkiye stood at 13.6%, reflecting significant regional disparities. The highest poverty rate was observed in TR71 (Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir) at 14.6%, while the lowest rate was in TRC1 (Gaziantep, Adıyaman, Kilis) at 4.7%, indicating stark contrasts across the country. Regions such as TR10 (İstanbul) and TR31 (İzmir) had poverty rates of 10.0% and 10.1%, respectively, slightly below the national average, whereas TRB2 (Van, Muş, Bitlis, Hakkari) recorded a relatively low rate of 7.3%. These variations underline the need for targeted socio-economic policies to address the challenges faced by regions with high poverty rates and to sustain progress in areas with lower rates.

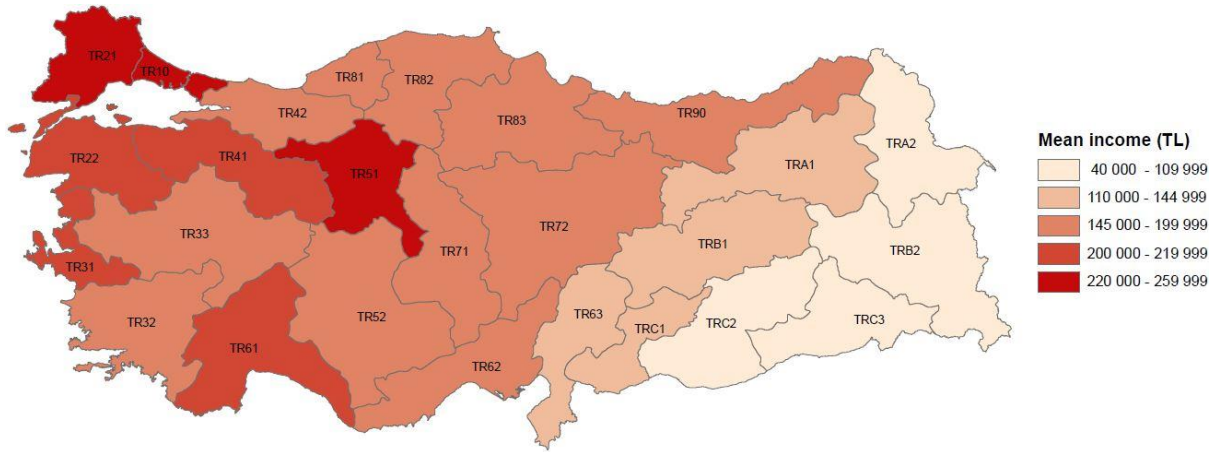
⁵³ Koyuncu, C., & Yalcinkaya, J. (2022). The long-run impact of inflation on human development and poverty in Türkiye. *Balkan and Near Eastern Journal of Social Sciences*, 8(03), 129-135.

⁵⁴ Retrieved from World Bank Group Poverty Data.

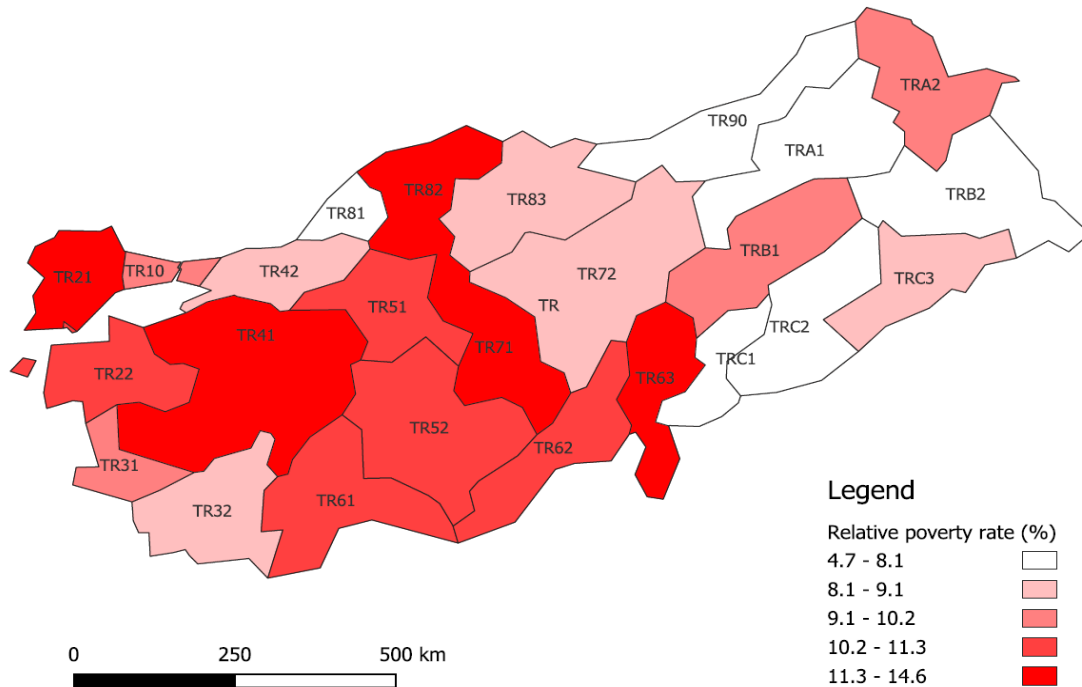
⁵⁵ https://data.worldbank.org/indicator/SI.POV.UMIC?end=2021&name_desc=true&skipRedirection=true&start=2021&view=bar&year=2005

⁵⁶ TurkStat Poverty and Living Conditions Statistics, 2023. <https://data.tuik.gov.tr/Bulten/Index?p=Yoksulluk-ve-Yasam-Kosullari-Istatistikleri-2023-53841>.

⁵⁶ Although we use the most updated Income and Living Conditions Survey (2024), 2024 results refer to the year 2023, the previous calendar year.

Figure 1: Mean annual equivalized household disposable income (TL), SR Level 2, 2024

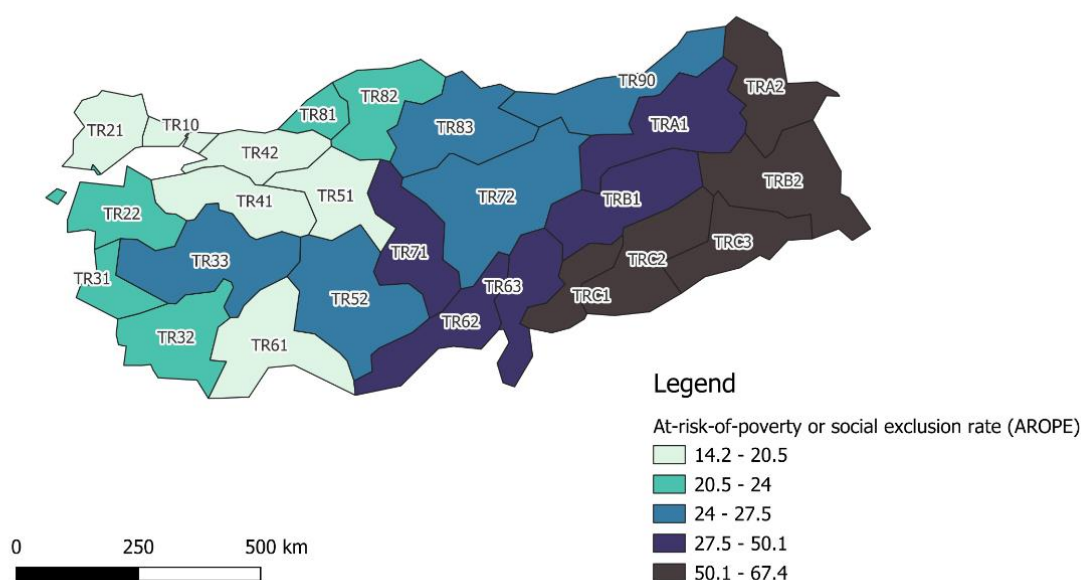
In 2024, the mean annual equivalized household disposable income (Figure 1) in Türkiye was 187,728 TL. Among the SR Level 2 regions, Istanbul (TR10) had the highest average income, reaching 257,891 TL. It was followed by Ankara (TR51) with 248,285 TL and Tekirdağ, Edirne, Kırklareli (TR21) with 225,758 TL. In contrast, the region with the lowest mean annual equivalised household disposable income was Van, Muş, Bitlis, Hakkari (TRB2), where the average income stood at 91,818 TL

Figure 2.1: Relative poverty rate (based on 50% of the median income) Source: TurkStat Poverty and Living Conditions Survey 2024.

Source: TurkStat Poverty and Living Conditions Survey 2024 (Authors' map based on official data)
<https://data.tuik.gov.tr/Bulten/Index?p=Poverty-and-Living-Conditions-Statistics-2024-53714&dil=2>

Poverty in rural parts of Türkiye can be largely characterized by: (i) the geographic dimension as noted above – moving from the center to eastern parts of the country with pockets of poverty, and (ii) elevated mountainous areas, where a high concentration of rural poor live in forest villages that lag behind areas closer to urban centers. A World Bank study in 2017 found that poverty rates were 79.6% in forest villages compared to the average rural poverty rate of 38.7%. According to an OECD study the same year, 80% of villages had no sewage, 10% had no access to water. Since the 1980s, over 60% of forest villages have out-migrated, reducing the total forest village population from 18 million to just over 7 million people in 2014.⁵⁷ Forest villages suffer from a prolonged process of out-migration and low productivity growth, partly due to poor access to infrastructure and human resources.⁵⁸ Investments in these localities could leverage natural capital endowments, reverse out-migration caused by poor economic opportunities, and improve inadequate infrastructure and social services, and markets access. These rural poverty dimensions are now further exacerbated by the recent earthquakes – in the 11 affected provinces - as well as the influx of refugees from Syria and the wider region. Increasing geopolitical tensions in the area are likely to lead to further population shifts and heightened pressures on food supply and demand.

Figure 2.2: At-risk-of-poverty or social exclusion rate (AROPE) by region 2024



Source: TurkStat Poverty and Living Conditions Survey 2024

<https://data.tuik.gov.tr/Bulten/Index?p=Poverty-and-Living-Conditions-Statistics-2024-53714&dil=2>

The At-risk-of-poverty or social exclusion rate (AROPE) (Figure: 2.2) provides a more comprehensive picture of vulnerability to poverty and social exclusion at sub-national level. It underscores the presence of inequalities, revealing stark differences across Western, Middle, and Eastern regions. While the national AROPE rate stands at 29.3%, the variation across regions shows a concerning trend where the Eastern provinces are disproportionately affected, followed by the Middle regions, while the Western part of the country generally exhibits lower levels of vulnerability. The ranking of regions based on combined AROPE and poverty rates highlights that the Eastern provinces remain the most at risk, with some exceeding the national average by a large margin. The Western regions, while

⁵⁷ OECD. 2016. Boosting Regional Competitiveness in Türkiye. Assessing Regional Competitiveness in Türkiye. Paris: OECD.

⁵⁸ World Bank. 2017. Poverty, Forest Dependence and Migration in the Forest Communities of Türkiye. Evidence and policy impact analysis.

economically stronger, still display some internal disparities. The lowest levels of social exclusion are observed in Kocaeli, Sakarya, Düzce, Bolu, Yalova (TR42) at 14.2% and Bursa, Eskişehir, Bilecik (TR41) at 15.1%, suggesting that these provinces have benefited from industrialization, better infrastructure, and economic diversification. However, not all Western provinces share the same economic stability. İstanbul (TR10) at 18.0%, Tekirdağ, Edirne, Kırklareli (TR21) at 18.2%, and Ankara (TR51) at 18.1% still experience moderate levels of social exclusion, though they remain below the national average. Balıkesir, Çanakkale (TR22) at 21.2% and Manisa, Afyon, Kütahya, Uşak (TR33) at 27.4% demonstrate that despite being in the Western region, certain subregions face economic vulnerabilities, likely due to a mix of rural poverty, lower productivity, and limited access to high-income employment. This highlights the need for targeted interventions in rural and peri-urban areas to ensure economic inclusion.

The Middle regions present a mixed picture, with some provinces showing moderate exclusion while others are more severely impacted. Konya, Karaman (TR52) at 26.1%, Samsun, Tokat, Çorum, Amasya (TR83) at 26.6% and Kayseri, Sivas, Yozgat (TR72) at 27.5% are relatively close to the national average but indicate persistent vulnerabilities. However, some provinces in this region are facing extreme levels of risk. Adana, Mersin (TR62) at 38.6%, Hatay, Kahramanmaraş, Osmaniye (TR63) at 50.1%, and Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir (TR71) at 35.8% exhibit some of the highest levels of social exclusion. Hatay, Kahramanmaraş, and Osmaniye, in particular, remain among the worst-affected areas due to earthquake-related disruptions in 2023, which compounded pre-existing economic vulnerabilities. The persistence of these high exclusion rates suggests that economic recovery in these regions requires a more comprehensive approach, focusing on post-earthquake reconstruction, labour market strengthening, and social assistance expansion.

The Eastern regions remain the most socio-economically distressed areas of the country, facing the highest levels of AROPE and poverty. Provinces such as Şanlıurfa, Diyarbakır (TRC2) at 67.4%, Van, Muş, Bitlis, Hakkari (TRB2) at 65.4%, Gaziantep, Adıyaman, Kilis (TRC1) at 52.4%, and Ağrı, Kars, Iğdır, Ardahan (TRA2) at 61.1% experience social exclusion rates more than double the national average. These regions face structural economic constraints, ongoing security concerns, and the pressures of migration and displacement, making them the most challenging to uplift. Many of these provinces have large rural populations with limited access to quality education, healthcare, and formal employment, perpetuating high poverty and exclusion rates. Border regions such as Van, Ağrı, and Şanlıurfa face additional difficulties due to conflict spillovers, economic reliance on informal trade, and limited state investment in infrastructure and services.

SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

In 2023, Türkiye faced severe challenges due to global economic downturn, soaring inflation, spillover effects from the Ukraine conflict, and two devastating earthquakes near the Syrian border. The earthquakes worsened the already rising cost of living, disproportionately impacting vulnerable communities. Türkiye's in poverty reduction, which showed significant progress until 2016, has stalled due to increasing inequality (World Bank, April 2024). The socioeconomic impacts of the 2023 earthquakes exacerbated the cost-of-living crisis.⁵⁹ Food inflation surged dramatically, exceeding 60% monthly between July 2023 and June 2024, peaking at 75% in September 2023.⁶⁰ This inflation disproportionately affected those with limited job prospects and facing escalating poverty levels.

Recent inflation trends (January 2025) indicate a decline in food and non-alcoholic beverages inflation in Türkiye dropping to 41.76% in January, from 43.6% in December, signaling a slight easing in price pressures within this critical sector. This decline contributed to the overall slowdown in consumer

⁵⁹ WFP. 2024. Annual Country Reports – Türkiye. 29 March 2024. <https://www.wfp.org/publications/annual-countryreports-turkiy>

⁶⁰ Trading Economics. 2024. Türkiye food inflation. <https://tradingeconomics.com/Türkiye/foodinflation#:~:text=Cost%20of%20food%20in%20Türkiye,percent%20in%20April%20of%202016>

price growth, aligning with a broader disinflation trend observed across multiple categories. However, despite this decline, food inflation remains elevated, exerting pressure on household budgets. The reduction in price growth was accompanied by a monthly inflation increase of 5%, partly influenced by higher minimum wages, which could have spillover effects on food prices in the coming months. While the latest figures suggest some relief, persistent volatility in global commodity prices and domestic economic policies will continue to shape food inflation trends in Turkey moving forward.

Another major challenge the country has been facing is the refugee crisis. Since the onset of the Syrian conflict a decade ago, Türkiye has hosted the world's largest refugee population, approximately 3.7 million people in 2021.⁶¹ Despite their right to work, refugees encountered significant barriers such as language proficiency, education, skills mismatches, and employers' reluctance to secure work permits. These obstacles often forced refugees into informal employment, jeopardizing their food security and perpetuating poverty. The substantial refugee population strained public resources, services, and social cohesion in Türkiye, further exacerbating poverty among refugees reliant on social assistance for survival.⁶²

According to the Global Food Security Index which uses a quantitative and qualitative benchmarking model constructed from 68 unique indicators to measure the drivers of food security across both developing and developed countries, Türkiye ranks 49th out of 113 countries globally and 8th out of the 15 countries in the MENA region, with an overall food security environment score of 66.3 in 2022. The criteria used in the calculation of the index include food affordability, availability, quality and safety, and sustainability and adaptation. Among all these indicators, change in the average food costs pulls down the country's performance. Türkiye ranks the worst along the affordability dimension (81st) showcasing the binding effects of the food price inflation in the country.⁶³

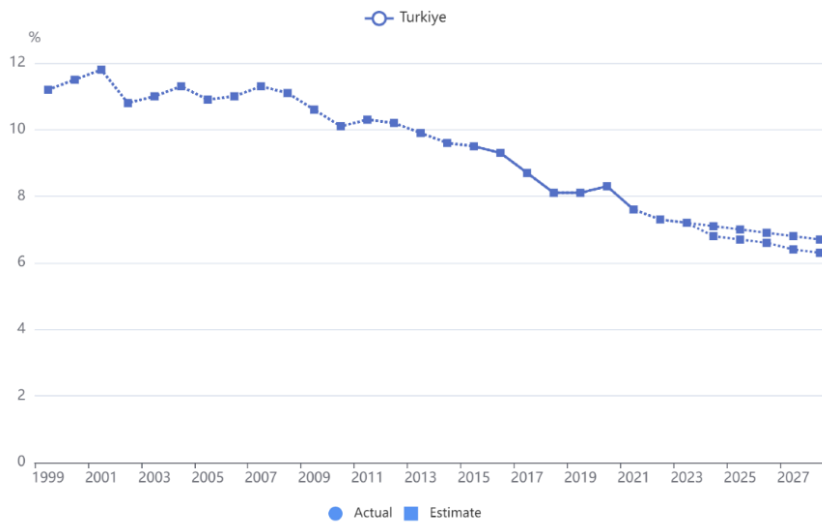
One of the indicators on SDG2 goal is the prevalence of food insecurity (SDG 2.1.2)⁶⁴. Despite the current challenges faced, the prevalence of food insecurity is on a downward trend in Türkiye. After a brief increase between 2019 and 2020, the preliminary model estimate suggests a 7.2% rate for 2023. The projections for 2026-27, are calculated for the baseline (6.6%) and the downside scenarios (6.9%). The latest projection is available for 2028 with 6.3% as the baseline and 6.7% as the downside scenarios (See Figure 4).

⁶¹ This number belongs to 2021 marking a record level since 2011. As of September 2024, this number dropped down to 3.1 million

⁶² WFP. 2024. Annual Country Reports – Türkiye. 29 March 2024. <https://www.wfp.org/publications/annual-countryreports-turkiye>

⁶³ Economist Impact. Global Food Security Index 2022, Türkiye Country Report.

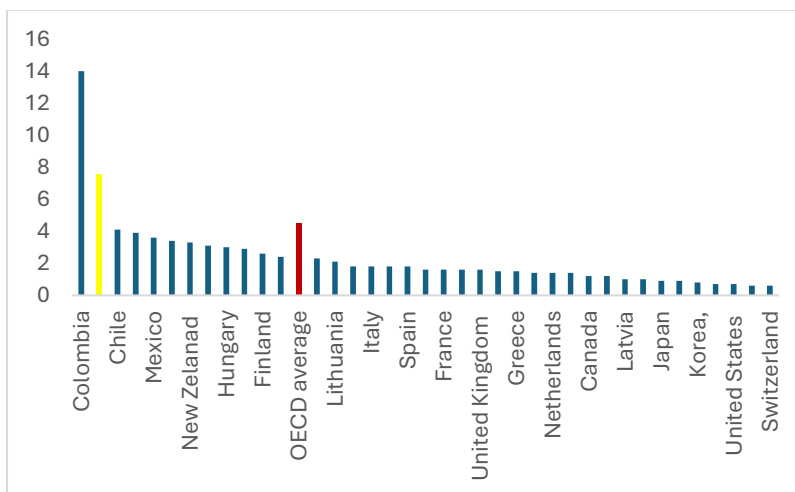
⁶⁴ Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES).

Figure 4: Prevalence of food insecurity.

Source: World Bank, Development Data Group

Source: World Food Security Outlook Database

In 2021, the OECD average for the prevalence of food insecurity was 4.5% and Türkiye ranked the second highest after Colombia.

Figure 5: Prevalence of severe food insecurity OECD countries.

Source: FAO and United Nations and author's calculations. Extracted from <https://data.worldbank.org/indicator/SN.ITK.SVFI.ZS?locations=OE&skipRedirection=true&view=map>

Hunger, undernourishment, stunting, and wasting are below the 10% threshold for concern in Türkiye. The prevalence of undernourishment⁶⁵ has remained stable at a 3% level for the past 20 years, indicating that these issues are not areas of concern regarding SDG2 for the country.⁶⁶

However, malnutrition and poor diets are an increasing issue in Türkiye. From a nutritional and dietary perspective, poor diets and malnutrition are key issues that are centered around a more urban and sedentary lifestyle and the associated illnesses related to non-communicable diseases (NCDs). According to the most recent Turkish Health Survey results, 20% of the population aged 15 and over is obese and obesity rates have been following an upward trend since the early 2000s (see Figure 6).

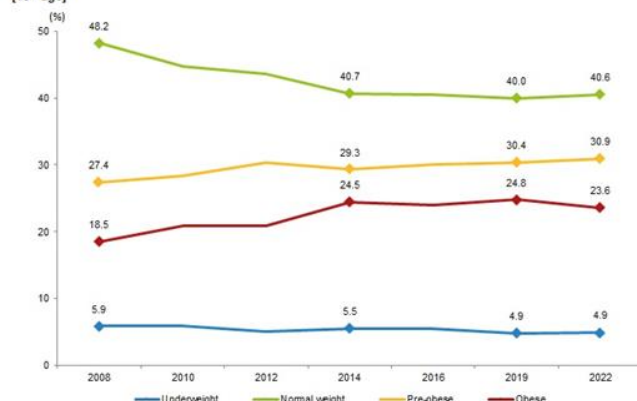
Figure 6: Obesity rates in Türkiye.

⁶⁵ Prevalence of undernourishment corresponds to SDG 2.1.1.

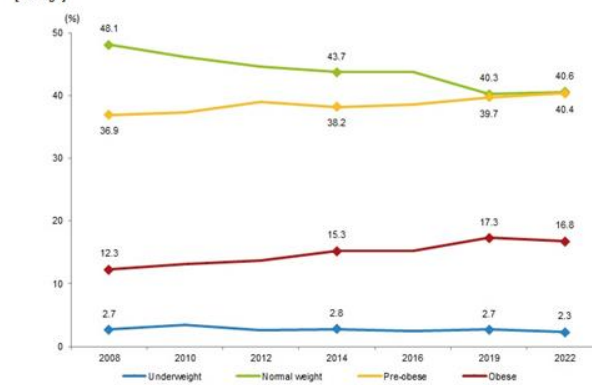
⁶⁶ World Bank Data retrieved from FAO.

<https://data.worldbank.org/indicator/SN.ITK.DEFC.ZS?locations=TR&skipRedirection=true>

The distribution of female body mass index, 2008-2022
[15+ age]



The distribution of male body mass index, 2008-2022
[15+ age]



Source: TurkStat, Türkiye Health Survey 2022

This rate increases to 23.6% among females and stands at 16.8% among males. The evidence points to differentials between men and women in obesity which should be addressed through specific policies addressing socioeconomic factors and dietary habits. Between 2019 and 2022, the obesity rates have declined for both males and females. Using this trend as a reference, we can project that obesity rates will continue to decrease steadily averaging a decline of 0.3 percentage points per year. At this rate of decline, we project the midterm overall obesity rate to be 18.8% and the end-of-COSOP rate to be 17.6%.

Another key concern is the rate of nominal food inflation which was 90% in 2020 - making Türkiye the 5th highest globally and the highest among members of the OECD.⁶⁷ The World Bank (2020) highlights some important dynamics in Türkiye regarding food price developments that distinguish the country from others.⁶⁸ These include food price inflation consistently exceeding CPI, price increases in unprocessed foods driving overall food price inflation, and the significant volatility in food prices. Food prices represent a substantial portion (up to 29% for the low-income group) of the spending of Turkish households. As a result, high food price inflation reduces their purchasing power and leads to significant welfare losses. On the producer side, high food prices often do not translate into higher profits for producers due to input costs rising at faster rates than food price inflation, leaving Turkish agricultural producers with slim profit margins. Between 2012 and 2019, while average international food prices fell by 17 percent, Türkiye's food prices soared by 130 percent. Although food price inflation is declining, it remains high (see Figure 7). As of January 2025, overall CPI inflation stood at 42.12% and food price inflation was below that, at an annual rate of 41.76%.

⁶⁷ <https://thedocs.worldbank.org/en/doc/40ebbf38f5a6b68bfc11e5273e1405d4-0090012022/related/Food-Security-Update-LXIX-September-15-2022.pdf> The price of agricultural inputs such as fertilizer and soil improvers are thought to have risen by 236% in early 2022 – Turksat and Garanti BBVA.

⁶⁸ World Bank (2020.) Drivers of Food Price Inflation in Türkiye

Figure 7: CPI inflation (in blue), food and non-alcoholic beverages price inflation (in black).

Source: CBRT Statistics (Updated as of February 2025) <https://evds2.tcmb.gov.tr/>

Given the high volatility and level of food price inflation, tracking food price anomalies (SDG indicator 2.c.1) is crucial. This index detects abnormal food price increases.⁶⁹ In 2016, the index was reported at -1.12 by FAO, but by 2022, it rose to 1.54 signaling an abnormal change in food prices. With food inflation slowing from 85% to 65% in 2022-2023, and further to 41.76% in 2025, the food price anomaly index is estimated at 1.05 in 2023 - still abnormal food price changes but at a more moderate level than 2022.⁷⁰

Moving forward, disinflationary policies are expected to gradually stabilize food prices. We project the midterm benchmark for the food price anomaly index to reach 0.52 at midterm and the completion target at 0.18. The following table presents Türkiye's key indicators for monitoring across the lifetime of the COSOP.

Table 3: SDG2 Indicators

| Graduation Criteria | Indicator | Past COSOP | Baseline | Mid-term ⁷¹ | Completion |
|------------------------------|---|-------------|-------------|------------------------|-------------|
| Progress towards SDGs | | 2016 | 2023 | 2027 | 2030 |
| SDG 2 End Hunger | 2.c.1 Indicator of Food Price Anomalies (IFPA), by Food CPI | (1.12) | 1.05 | 0.52 | 0.18 |
| | Obesity rates (%) individuals aged 15+ | 19.6 | 20 | 18.8 | 17.6 |

SDG 5: Achieve Gender Equality

Gender equality has progressed over the past two decades in Türkiye, yet significant challenges persist.

The government developed the 12th National Development Plan 2024-2028, which contains goals and measures to empower women, while other policy documents include the National Strategy and Action

⁶⁹ Three levels are defined for the indicator: $(IFPA)_y < 0$: normal price change, $0.5 \leq (IFPA)_y < 1$: moderately high price growth, $(IFPA)_y \geq 1$: abnormally high price growth. (Source TurkStat Sustainable Development Goals <https://sdg.tuik.gov.tr/en/2-c-1/>)

⁷⁰ The latest data available on food price anomaly index in Türkiye belongs to year 2023 provided by FAO. (See <https://de-public-statsuite.fao.org/>)

⁷¹ Mid-term targets will be assessed against availability of data in 2026.

Plan on Women's Empowerment (2024-2028), the National Action Plan on Combating Violence against Women (2021-2025). Despite strong gender policies on protecting and advancing women's rights, to prevent discrimination and ensure equal access to rights available to men, there remains inequalities between men and women. According to the World Economic Forum's Global Gender Gap Index, Türkiye is 127th out of 146 countries, and the lowest scoring in the group of OECD countries.⁷² Only 17% of parliamentarians were women in 2021. This rate increased to 19.9% in 2023 elections. The low representation of women is also seen in local governments.⁷³ In 2019 only 3% of mayors were women and among the 17 ministers in 2021, only one was a woman (5.8%). Female representation at municipal level increased to 5.5% in 2023 but remained constant at ministerial level. Türkiye does not foresee any parliamentary or municipal elections until 2026; therefore these rates will remain the same in until the next election cycle. The 2023 OECD average of 33.8% is also far from parity.⁷⁴

According to the Global Findex Survey 2021, 62% of women had a bank account versus 85% for men. Key challenges also persist in violence against women and girls, low levels of women's participation in decision making and in economic, public and political life. Additionally, there are gaps in implementation of existing laws and policies along with discriminatory stereotypes and restrictive social norms. In every indicator within SDG5, there is considerable lag concerning violence against women, harmful practices, unpaid work, women's participation in the labor force and women's empowerment. (Please see [figure A7 in appendix](#) for 2023 Global Gender Gap Index.)

Regarding the labor force participation, the country displays significantly low levels. Women's attachment to the labor force began deteriorating during the mid-1990s reaching a low of 21.4% in 2006. Since then, female labor force participation has gradually increased, with a brief reverse movement in 2020, reaching 36.7% (s.a.) as of November 2024.⁷⁵ The steady rise in women's labor force participation signals a reversal in the trend which is encouraging in terms of the relative status of women in labor markets. Still Türkiye ranks the lowest among OECD members in female labor force participation.

A more informative indicator about the relative labor market status of women vis-à-vis men is the ratio of female to male labor force participation rate. Unlike the female labor force participation rate, this ratio has been on a steady upward trend excluding year 2020. In 2005 the ratio of female to male was 31.4% which later increased to 45.1 % in 2016 and to 50.3% in 2023. As of November 2024, women participating the labor force has surpassed half of men with a ratio of 50.9%.⁷⁶

Women's weak attachment to the labor force is also reflected in time use statistics. The time use survey conducted in 2014 show that men allocate 53 minutes of their time for household and family care while women spend 4 hours and 35 minutes on the same task. These time allocations become 46 minutes and 3 hours and 30 minutes when both are working. Women often sacrifice their leisure time while carrying most of the burden of household chores.⁷⁷ One important reason for low female labor force participation is the double burden faced by working women who must manage both house chores and market work. Moreover, women usually have to leave the labor market once they have a child due to the low availability of affordable childcare services.

⁷² <https://www.weforum.org/publications/global-gender-gap-report-2024/>

⁷³ <https://data.tuik.gov.tr/Bulten/Index?p=Istatistiklerle-Kadin-2023-53675>

⁷⁴ <https://www.oecd.org/en/data/indicators/women-in-politics.html>

⁷⁵ <https://data.tuik.gov.tr/Bulten/Index?p=Labour-Force-Statistics-November-2024-53523>

⁷⁶ Ibid.

⁷⁷ TurkStat, Turkish Time Use Survey 2014-2015.

Figure 9: Female labour force participation

Source: https://www.theglobaleconomy.com/Türkiye/Female_labor_force_participation/

The 12th Development Plan includes policies to specifically target these issues which signals that the government considers women's status in the labor markets as a priority policy area. Macroeconomic policy framework stated as part of the "Stable growth and strong economy objective" in the Plan refers to regulations improving the flexibility of the labour market, increased childcare services and training opportunities, and employment-oriented policies to improve women's labour market competencies and support their more intensive participation in business life acknowledging the importance of higher participation of women in the labour force with better jobs to increase household incomes and contribute to social welfare.⁷⁸ The Presidency Annual Program 2025 provides details on specific policies designed to achieve these objectives. These policies are designed with a whole of government approach involving various ministries as well as international institutions such as UNDP and NGOs. The policies include but are not limited to the provision of specific training programs to young women, positively discriminating rural female entrepreneurs in all the investment programs of IPARD and rural development support.⁷⁹

Based on the recent policy framework prioritizing the strengthening of women in labor markets, a reasonable conjecture for the midterm and the completion projections for female labor force participation (FLFP) would be to assume that it will keep the momentum achieved in the aftermath of the Covid-19 shock and grow at an average rate of its average increase of 1.8 percentage points per year between 2021 and 2023. This would bring the FLFP rate to almost 38% at mid-term and 41% by 2030.

Similarly, we expect the recent policy agenda to improve the relative status of women in labor markets with respect to men (the ratio of female to male participation rate (%)). Thus, it is reasonable to extrapolate the series with a growth rate of 1.8 percentage points, which is the average annual growth rate of the ratio between 2020 and 2023. This projection implies that the female to male labor force participation ratio will reach 55.4% at midterm and 62.7% at completion of the COSOP in 2030.

Besides the female labor force participation rate, another relevant indicator relates to the representation of women in the agricultural sector. Female employment in agriculture has been following a steady decline since the last 20 years. In 2005 close to half of the female labor was employed in agriculture. Historically, women have had a consistently higher share of employment in agriculture compared to men. However, by 2023, this share had dropped to 18.7% reflecting an average annual decline of a 1.6 percentage points during this period. In comparison, 12.9% men were working in agriculture in 2023, with a smaller average annual decline of 0.7 percentage points. This suggests that women are leaving the agricultural workforce at a faster rate than men. Accompanying this decline has been a significant rise in the share of women employed in the service sector, which now accounts for 63.3% of the female work force as of 2023. This shift reflects a clear transition of

⁷⁸ 12th National Development Plan of the Republic of Türkiye. Available at https://www.sbb.gov.tr/wp-content/uploads/2024/06/Twelfth-Development-Plan_2024-2028.pdf

⁷⁹ Presidency Annual Program 2025. Available at <https://www.sbb.gov.tr/wp-content/uploads/2024/11/2025-Yili-Cumhurbaskanligi-Yillik-Programi-05112024.pdf>

women from the agricultural to services sector in the country. Given the absence of active policies to counter this trend, it is likely to persist. Assuming an annual rate of decline of 0.67%, from 2023 to 2030, it is projected that the share of women employed in agriculture will decrease to approximately 16.69% at mid-term and further to 14% by completion.

Table 4: SDG5 indicators

| Graduation Criteria | Indicators | Past COSOP | Baseline | Mid-term | Completion |
|------------------------------|---|--------------------|--------------------|--------------------|--------------------|
| Progress towards SDGs | | <u>2016</u> | <u>2023</u> | <u>2027</u> | <u>2030</u> |
| SDG5 Achieve Gender Equality | Ratio of female to male participation rate (%) | 44.9 | 49.9 | 55.4 | 62.7 |
| | Percentage of women employed in agriculture (%) | 28.5 | 18.7 | 16.69 | 14 |

SDG 10: Reduced Inequality

Besides gender inequality Türkiye continues to struggle with income inequality. Although poverty rates have shown a positive outlook in recent years, similar progress was not achieved in addressing inequality. Between 2019 and 2024, the income share of the bottom 40%, a key indicator of SDG10 (Reduced Inequalities), exhibited fluctuations in Türkiye, reflecting changes in income distribution dynamics. The share started at 17.15% in 2019, declining to 16.49% in 2020, marking a 3.85% drop, likely driven by the economic disruptions caused by the COVID-19 pandemic. In 2021, the share rebounded by 2.42% to 16.89%, signaling a partial recovery, before falling again by 2.66% in 2022 to 16.44%, suggesting continued inequality. The decline persisted into 2023, albeit at a slower pace (0.61% drop to 16.34%), before stabilizing in 2024, with a 1.65% increase to 16.61%. These trends indicate a volatile income distribution pattern, shaped by economic policies, inflation, and broader macroeconomic conditions.

At the regional level, between 2019 and 2020, most regions saw a decline in the income share of the bottom 40%, reinforcing concerns about rising inequality amid the pandemic's economic fallout. 2021 saw a temporary recovery in many regions, particularly in Western provinces such as Zonguldak, Eskişehir, and Bursa, where the bottom 40% gained a slightly larger share of income. However, 2022 marked another widespread decline, with significant drops observed in İzmir, Kırıkkale, and Ankara, highlighting growing regional disparities. By 2023 and 2024, several regions began to recover, particularly in Aydın, Kayseri, Kastamonu, and Trabzon, where the income share of the bottom 40% increased. Throughout this period, Western regions exhibited more moderate fluctuations, while Middle and Eastern regions experienced higher volatility, with sharper declines followed by strong rebounds. The economic recovery and policy measures of 2023-2024 have contributed to stabilizing the income share of the bottom 40%, yet regional inequalities persist, requiring continued attention (Table 6).

Table 5 provides estimates of the Gini coefficient. The latter decreased slightly from 0.420 in 2023 to 0.413 in 2024. In terms of regional disparities, between 2023 and 2024, income inequality increased in five regions of Türkiye, as indicated by rising Gini coefficients. İstanbul (TR10) saw a slight increase from 0.425 to 0.429, while Tekirdağ, Edirne, Kırklareli (TR21) and Balıkesir, Çanakkale (TR22) experienced more significant rises from 0.373 to 0.387 and 0.377 to 0.401, respectively. Kocaeli, Sakarya, Düzce, Bolu, Yalova (TR42) had a minor increase from 0.325 to 0.327, but the most notable rise occurred in Antalya, Isparta, Burdur (TR61), where the coefficient jumped from 0.369 to 0.422, indicating a substantial growth in income disparity. While the national Gini coefficient slightly declined from 0.420 to 0.413, these regional trends highlight localized challenges in economic equality that require targeted policy interventions.

The other income inequality indicator of relevance is the P80/P20 ratio (Table 5). This ratio is calculated as the ratio of total income received by the richest 20% of the population to that received by the poorest 20%. This ratio increased from 7.4 in 2014 to 8 in 2020 signaling a deterioration in income distribution during this period. It remained constant at 7.9 between 2022 and 2023 to further

decrease to 7.7 in 2024, implying a slight improvement in inequality since 2020. In terms of regional differentials, between 2023 and 2024, several regions in Türkiye experienced an increase in the P80/P20 ratio, indicating a growing disparity between the richest and poorest households. Notable increases occurred in İstanbul (TR10) from 7.5 to 7.7, Tekirdağ, Edirne, Kırklareli (TR21) from 6.1 to 6.8, and Balıkesir, Çanakkale (TR22) from 6.5 to 7.0, with the largest rise observed in Antalya, Isparta, Burdur (TR61) from 6.3 to 7.6. Meanwhile, regions with the lowest P80/P20 ratios in 2024, reflecting relatively lower inequality, include Aydın, Denizli, Muğla (TR32) and Van, Muş, Bitlis, Hakkari (TRB2), both at 5.0, along with Kocaeli, Sakarya, Düzce, Bolu, Yalova (TR42) and Malatya, Elazığ, Bingöl, Tunceli (TRB1) at 4.9.

Table 5: Gini coefficient and P80/P20 ratio by equivalized household disposable income. 2023, 2024

| Türkiye, NUTS2 Region | | | | |
|--|-------------------------|-------------|----------------------|-------------|
| Reg | Gini coefficient | | P80/P20 ratio | |
| | 2023 | 2024 | 2023 | 2024 |
| TR Türkiye | 0.420 | 0.413 | 7.9 | 7.7 |
| TR10 (İstanbul) | 0.425 | 0.429 | 7.5 | 7.7 |
| TR21 (Tekirdağ, Edirne, Kırklareli) | 0.373 | 0.387 | 6.1 | 6.8 |
| TR22 (Balıkesir, Çanakkale) | 0.377 | 0.401 | 6.5 | 7.0 |
| TR31 (İzmir) | 0.414 | 0.394 | 7.7 | 6.8 |
| TR32 (Aydın, Denizli, Muğla) | 0.351 | 0.335 | 5.5 | 5.0 |
| TR33 (Manisa, Afyon, Kütahya, Uşak) | 0.375 | 0.365 | 6.3 | 6.3 |
| TR41 (Bursa, Eskişehir, Bilecik) | 0.353 | 0.351 | 5.8 | 5.8 |
| TR42 (Kocaeli, Sakarya, Düzce, Bolu, Yalova) | 0.325 | 0.327 | 4.9 | 4.9 |
| TR51 (Ankara) | 0.433 | 0.416 | 7.8 | 7.6 |
| TR52 (Konya, Karaman) | 0.418 | 0.380 | 7.3 | 6.2 |
| TR61 (Antalya, Isparta, Burdur) | 0.369 | 0.422 | 6.3 | 7.6 |
| TR62 (Adana, Mersin) | 0.405 | 0.371 | 7.1 | 6.2 |
| TR63 (Hatay, Kahramanmaraş, Osmaniye) | -(1) | 0.393 | -(1) | 7.0 |
| TR71 (Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir) | 0.417 | 0.384 | 7.6 | 7.1 |
| TR72 (Kayseri, Sivas, Yozgat) | 0.392 | 0.373 | 7.2 | 6.3 |
| TR81 (Zonguldak, Karabük, Bartın) | 0.329 | 0.336 | 5 | 5.2 |
| TR82 (Kastamonu, Çankırı, Sinop) | 0.353 | 0.324 | 6.1 | 5.5 |
| TR83 (Samsun, Tokat, Çorum, Amasya) | 0.379 | 0.375 | 6.5 | 6.3 |
| TR90 (Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane) | 0.383 | 0.342 | 6.4 | 5.3 |
| TRA1 (Erzurum, Erzincan, Bayburt) | 0.401 | 0.399 | 6.6 | 6.7 |
| TRA2 (Ağrı, Kars, Iğdır, Ardahan) | 0.408 | 0.404 | 8.1 | 7.2 |
| TRB1 (Malatya, Elazığ, Bingöl, Tunceli) | 0.335 | 0.322 | 5.2 | 4.9 |
| TRB2 (Van, Muş, Bitlis, Hakkari) | 0.331 | 0.326 | 5.1 | 5.0 |
| TRC1 (Gaziantep, Adıyaman, Kilis) | 0.401 | 0.389 | 6.1 | 6.0 |
| TRC2 (Şanlıurfa, Diyarbakır) | 0.347 | 0.354 | 5.3 | 5.4 |
| TRC3 (Mardin, Batman, Şırnak, Siirt) | 0.362 | 0.372 | 5.7 | 5.9 |

(1) The field application could not be conducted due to the earthquake.

Source: TurkStat, Income Distribution Statistics, 2024. Retrieved from <https://data.tuik.gov.tr/Bulten/Index?p=Income-Distribution-Statistics-2024-53712>.
Reference period of income is the previous calendar year.

Table 6: Income share of bottom 40%.

| Region | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Growth Rate 2022- 2023 (%) | Growth Rate 2023- 2024 (%) |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------------------------|-------------------------------------|
| TR Türkiye | 17.06 | 16.85 | 16.78 | 16.97 | 16.71 | 17.15 | 16.49 | 16.89 | 16.44 | 16.34 | 16.61 | -0.10 | 0.27 |
| TR10 (İstanbul) | 18.86 | 17.65 | 17 | 15.97 | 15.71 | 16.66 | 15.83 | 16.17 | 16.32 | 16.85 | 16.88 | 0.53 | 0.02 |
| TR21 (Tekirdağ, Edirne, Kırklareli) | 21.3 | 20.15 | 18.65 | 18.79 | 17.28 | 18.99 | 20.1 | 19.2 | 19.14 | 18.59 | 17.83 | -0.55 | -0.76 |
| TR22 (Balıkesir, Çanakkale) | 19.09 | 17.9 | 19.61 | 19.18 | 18.59 | 18.35 | 16.89 | 18.76 | 18.59 | 18.20 | 17.79 | -0.39 | -0.42 |
| TR31 (İzmir) | 17.55 | 17.68 | 17.99 | 17.62 | 18.67 | 18.71 | 18.72 | 18.18 | 17.64 | 16.71 | 17.83 | -0.93 | 1.12 |
| TR32 (Aydın, Denizli, Muğla) | 20.68 | 20.87 | 20.75 | 21.21 | 20.57 | 20.77 | 18.82 | 19.5 | 19.16 | 19.57 | 20.18 | 0.41 | 0.60 |
| TR33 (Manisa, Afyon, Kütahya, Uşak) | 19.92 | 19.44 | 20.69 | 20.97 | 20.67 | 20.55 | 18.81 | 20.35 | 19.33 | 18.20 | 18.81 | -1.13 | 0.61 |
| TR41 (Bursa, Eskişehir, Bilecik) | 20.09 | 19.59 | 20.12 | 20.11 | 20.22 | 21.75 | 21.49 | 21.93 | 19.51 | 19.37 | 19.30 | -0.14 | -0.07 |
| TR42 (Kocaeli, Sakarya, Düzce, Bolu, Yalova) | 20.84 | 21.02 | 21.56 | 20.95 | 20.65 | 21.64 | 21.94 | 21 | 21.2 | 21.10 | 20.81 | -0.10 | -0.28 |
| TR51 (Ankara) | 17.56 | 17.98 | 17.48 | 18.54 | 18.46 | 19.31 | 18.19 | 19.47 | 17.48 | 16.47 | 16.68 | -1.01 | 0.21 |
| TR52 (Konya, Karaman) | 18.43 | 18.76 | 19.31 | 19.59 | 18.85 | 19.45 | 18.32 | 18.79 | 17.72 | 17.25 | 18.64 | -0.47 | 1.39 |
| TR61 (Antalya, Isparta, Burdur) | 17.65 | 17.75 | 17.72 | 19.03 | 18.84 | 18.76 | 17.58 | 18.88 | 18.93 | 18.42 | 16.96 | -0.51 | -1.45 |
| TR62 (Adana, Mersin) | 16.9 | 17.01 | 16.07 | 17.32 | 17.11 | 17.83 | 17.56 | 17.1 | 16.63 | 17.23 | 18.34 | 0.60 | 1.11 |
| TR63 (Hatay, Kahramanmaraş, Osmaniye) | 17.93 | 17.54 | 18.43 | 18.14 | 18.45 | 18.72 | 19.49 | 18.33 | 18.28 | N/A | 17.37 | | |
| TR71 (Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir) | 20.84 | 21.94 | 20.19 | 20.54 | 19.87 | 19.71 | 18.69 | 18.88 | 18.16 | 16.71 | 17.80 | -1.45 | 1.09 |
| TR72 (Kayseri, Sivas, Yozgat) | 18.33 | 18.81 | 18.75 | 20.44 | 19.92 | 19.94 | 19.98 | 18.65 | 18.08 | 17.79 | 18.73 | -0.29 | 0.95 |
| TR81 (Zonguldak, Karabük, Bartın) | 21.98 | 21.36 | 21.55 | 23.05 | 22.01 | 23.17 | 22.43 | 22.62 | 22.08 | 20.86 | 20.56 | -1.22 | -0.31 |
| TR82 (Kastamonu, Çankırı, Sinop) | 21.02 | 20.79 | 20.19 | 21.15 | 19.24 | 19.08 | 18.64 | 19.24 | 19.25 | 19.10 | 20.16 | -0.15 | 1.06 |
| TR83 (Samsun, Tokat, Çorum, Amasya) | 19.47 | 18.93 | 20.02 | 19.5 | 19.45 | 19.4 | 18.71 | 18.66 | 18.35 | 18.22 | 18.25 | -0.13 | 0.03 |
| TR90 (Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane) | 21.4 | 20.39 | 19.76 | 21.23 | 20.48 | 19.8 | 19.77 | 20.91 | 19.31 | 18.24 | 20.17 | -1.07 | 1.92 |
| TRA1 (Erzurum, Erzincan, Bayburt) | 16.24 | 19.28 | 20.99 | 22.06 | 20.87 | 20.31 | 19.57 | 19.26 | 18.73 | 17.92 | 17.68 | -0.81 | -0.24 |
| TRA2 (Ağrı, Kars, Iğdır, Ardahan) | 18.71 | 16.7 | 18.82 | 19.43 | 19.07 | 18.98 | 17.53 | 16.87 | 16.74 | 16.76 | 17.07 | 0.02 | 0.32 |
| TRB1 (Malatya, Elazığ, Bingöl, Tunceli) | 18.21 | 18.82 | 19.52 | 20.61 | 21.55 | 21.54 | 21.27 | 22.39 | 21.52 | 19.79 | 21.27 | -1.73 | 1.48 |
| TRB2 (Van, Muş, Bitlis, Hakkari) | 18.29 | 19.04 | 16.94 | 19.48 | 19.57 | 19.61 | 18.43 | 19.2 | 18.96 | 20.48 | 21.00 | 1.52 | 0.51 |

| | | | | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| TRC1 (Gaziantep, Adıyaman, Kilis) | 20.82 | 21.15 | 21.15 | 21.52 | 20.65 | 20.57 | 19.91 | 20.04 | 21.08 | 19.00 | 19.26 | -2.08 | 0.27 |
| TRC2 (Şanlıurfa, Diyarbakır) | 17.42 | 16.1 | 18.37 | 19.01 | 18.38 | 17.65 | 18.54 | 18.62 | 20.24 | 20.33 | 19.87 | 0.09 | -0.46 |
| TRC3 (Mardin, Batman, Şırnak, Siirt) | 19.51 | 19.82 | 19.08 | 20.39 | 19.28 | 19.13 | 18.2 | 18.47 | 18.05 | 19.84 | 19.29 | 1.79 | -0.55 |

Source: TurkStat, <https://data.tuik.gov.tr/Bulten/Index?p=Income-Distribution-Statistics-2024-53840> and author's calculations

The fluctuations in income inequality over the past 6 years in the country challenges the production of medium-term projections of income distribution. Additionally, it is well-established in the empirical literature that high inflation rates, especially food inflation incur significant welfare losses on low-income households. Given that the country's battle against high inflation continues with strict monetary and fiscal policies, it is reasonable to conjecture that any improvement will be a function of the effectiveness of these measures.

The Gini coefficient rose by 0.5 percentage points between 2022 and 2023 reaching 0.420 before declining by 0.7 percentage points to 0.413 in 2024 signaling a notable reduction. Given the fluctuations, our projections are based on a time series model. Considering the country's prioritization of inflation control, we expect the GINI to decline further to 0.405 at mid-term and stabilize, returning to its 2016 value by 2030.

Regarding the income shares of bottom 40%, and its relationship with inequality trends, we anticipate a gradual increase in the medium term followed by a slight decline towards the end of the projection period. Notably, this share has remained within a narrow range of 16.34 to 17.06 between 2014-2024 in Türkiye.

Table 8: SDG10 Indicators

| Graduation Criteria | Indicator | Past COSOP | Baseline | Mid-term | Completion |
|---------------------------|-----------------------------------|------------|----------|----------|------------|
| | | 2016 | 2024 | 2027 | 2030 |
| Progress towards SDGs | Gini coefficient | 0.404 | 0.413 | 0.405 | 0.404 |
| SDG 10 Reduced Inequality | Income share of bottom 40% (in %) | 16.78 | 16.61 | 16.97 | 16.78 |

Source: <https://data.tuik.gov.tr/Bulten/Index?p=Gelir-Dagilimi-Istatistikleri-2023-53840&dil=1>

| Graduation Criteria | Indicator | Region | Past COSOP (2016) | Baseline (2024) | Mid-term | Completion |
|-----------------------------|-----------------------------------|-----------------|-------------------|-----------------|----------|------------|
| SDG 10 Reduced Inequalities | Gini coefficient | Türkiye | 0.404 | 0.413 | 0.405 | 0.404 |
| | | Western regions | 0.356 | 0.378 | 0.347 | 0.356 |
| | | Middle regions | 0.361 | 0.371 | 0.359 | 0.363 |
| | | Eastern regions | 0.357 | 0.364 | 0.364 | 0.355 |
| | | | | | | |
| Graduation Criteria | Income share of bottom 40% (in %) | Türkiye | 16.78 | 16.61 | 16.97 | 16.78 |
| | | Western regions | 19.37 | 18.51 | 19.70 | 19.09 |
| | | Middle regions | 18.99 | 18.47 | 18.86 | 18.44 |
| | | Eastern regions | 19.33 | 19.45 | 19.25 | 19.56 |

i Western regions include TR 10,21,22, 31,32,33,41,42,51,61,81;

ii Middle regions include TR 52, 62,63, 71,72, 82,83;

iii Eastern regions include TR 90, A1, A2, B1, B2, C1, C2, C3.

Dividing the country into West, Middle, and East, the Gini coefficients and the income share of the bottom 40% have been calculated based on average values. Interestingly, the Eastern regions, characterized by lower income levels, exhibit lower degrees of inequality compared to Middle regions. Between 2016 and 2023, income distribution deteriorated more significantly in the Middle regions than in both the East and West. Our projections for regional inequality indicators are consistent with the national trends.

An in-depth analysis of income distribution in Türkiye has pinpointed a critical area for policy action: the declining share of labour income, which plays a pivotal role in the country's income inequality. This trend underscores the vital connection between labour markets and overall well-being, highlighting an opportunity for significant improvements. With the majority of households still

dependent on wage earnings, strengthening labour income relative to capital income could drive more equitable growth.

Additionally, the disparities in the growth rates of non-wage incomes, particularly rental and interest incomes which make up about 50% of total household income, suggest another lever for reducing inequality. By targeting these disparities, policies could not only curb the rapid ascent of capital incomes but also promote a more balanced economic expansion. This approach would ensure that the benefits of growth are more uniformly distributed, thereby enhancing economic stability and improving the financial health of a broader segment of the population.⁸⁰

Key take-away points:

- **Threat to pre-pandemic gains:** Pre-pandemic gains in poverty reduction may be jeopardized by the residual effects of the pandemic and the ongoing battle against inflation. This risk is heightened if poverty indicators fail to capture the impact of evolving dynamics and external forces such as AI, digitalization, migration, and climate related events..
- **Rural poverty:** Forest villages in the Mediterranean and Black Sea mountainous areas have a high concentration of rural poor, although rural poverty is widespread across various pockets in Türkiye.
- **Challenges in addressing poverty:** Pockets of poverty across the country present significant challenges to achieving cost-effective outreach at scale.
- **Accelerating SDG progress:** Doubling the pace of SDG progress is essential to meet the targets, particularly for SDGs 5 and 10, by 2030.
- **Mid-point VNR:** An updated Voluntary National Review (VNR) at the mid-point would assist partners in identifying additional entry points for assistance and accelerating the pace of change.
- **Enhanced coordination and reporting:** Improved coordination and annual reporting on SDG progress at the national level are necessary to feed back into programming with international partners and national institutions.
- **Food security and refugee crisis:** While hunger is not a national issue in Türkiye, there is an increasing risk of political unrest and an economic and climate-related refugee crisis in neighbouring areas. This situation could exert additional pressure on the southeast and eastern parts of Türkiye, which already host most of the existing four million migrants and refugees. Additional external assistance is needed to maintain public services, manage inflationary pressures on food, and ensure food security for all.
- **Income and gender inequality:** Given the challenges associated with overcoming income and gender inequality, significant improvements in these areas are needed before 2030.

IV. Criteria Two: Access to external capital for development at reasonable rates

After the successful implementation of the inflation targeting (IT) regime, the country experienced a successful period of price and financial stability until 2018. After this period, due to external shocks including the Covid-19, there were increasing pressures on the currency which resulted in a spiraling inflation and volatile exchange rates. These conditions made access to external finance challenging for the country.

Beginning from the second half of 2023, significant steps towards macroeconomic stability have been taken, leading to a marked reduction in both internal and external vulnerabilities. In terms of inflation, a disinflationary process began in June 2023, with year-on-year CPI inflation dropping from 75.5% in May 2024 to 42.12% in January 2025. To ensure a permanent improvement in the current account balance, comprehensive structural policies have been launched to increase exports and reduce import dependency. As of November 2024, the 12-month rolling current account deficit declined to \$7.4 billion, suggesting a CAD/GDP ratio below 1% for 2024 down from a value of 3.6% in 2023. As an outcome of these measures CDS premium fell to around 270 basis points from 700 basis points in May 2023, exchange rate volatility has decreased. Debt statistics are also in line with the favorable outlook. In 2023 Q3, the debt stock was recorded as 44.2% of the GDP. In 2024 Q3, the total gross amount of external debt stock was realized as USD 525.8 billion accounting for 41.7% of GDP.

⁸⁰ Duman, Anil, and Alper Duman, 'Economic Growth, Income Distribution, and Social Exclusion in Türkiye', in Georg Fischer, and Robert Strauss (eds), *Europe's Income, Wealth, Consumption, and Inequality* (New York, 2021; online edn, Oxford Academic, 18 Mar. 2021).

International institutions continue to provide significant external funding to key socioeconomic areas. Among the official creditors, debt to international organizations, like the World Bank, IFAD and other international finance institutions, constituted an important share of the long-term outstanding external debt, accounting for USD 41 billion of the USD 333 billion long term debt in 2024 Q2. Bonds with a total of USD 136 billion have the largest share in the long-term outstanding debt.⁸¹

Credit risk rating is changing fast, as perceived and real country risk abates. Running an economy with twin deficits, funded by external sources and the spiraling inflation between 2018 and 2023 has contributed to the perceived country risk and credit rating. The return to orthodox monetary policies and credible actions by the CBRT to control inflation since June 2023 rebuilt confidence in the country. The cost of credit default swaps has fallen as Türkiye's five-year credit risk rating decreased from 700 basis points in May 2023 to below 270 as of October 2024.⁸² As of the same period, the country's 5-year and 10-year dollar-denominated Eurobond interest rates stand at 6.5% and 7.2%, respectively, reflecting the cost of external financing and investor risk perceptions. International credit rating agencies such as Fitch and S&P have revised their outlook on Türkiye, with both agencies affirming a BB- rating and revising its outlook to stable,⁸³ and lastly Moody's upgrading the country's credit score to B1 from B3 after 11 years keeping the outlook as positive.⁸⁴

Meanwhile, CBRT gross reserves have increased by USD 70.5 billion since end of May 2023, reaching an all-time high of USD 167.6 billion as of January 24, 2025, with continuing efforts to reverse dollarization.⁸⁵ Historically, a mixed bag of mismatched maturities and large open positions to foreign exchange shocks has led to financial and economic crises in the wider economy. This risk was heightened after foreign reserves were depleted to stop a devaluing TL against major currencies. Recent measures, however, appear to be working to restore confidence and the return of foreign investors. Given the likelihood of a low growth and ongoing inflationary challenges over the next 5-6 years, the estimated credit rating in this assessment (below) remains conservative, suggesting only a minor improvement from positive to stable - yet speculative and not investment grade - at a rating of BB+, under this current analysis.

While there have been notable improvements in the credit risk rating and economic indicators, challenges remain, and continued efforts are needed to sustain progress and address underlying structural issues. For the foreseeable future, the current lending rates by IFAD will remain attractive in comparison to those available to Türkiye through the capital markets, while helping to maintain an agenda focused on the SDGs related to rural poverty.

Credit fueled economic growth - from declining household expenditure to climbing infrastructure spending. For the past two decades, household expenditure – a key driver of economic growth in Türkiye – has declined from 67% of GDP in 2000 to 59% in 2023, while fixed capital and infrastructure investments have climbed from 22% to 32%, respectively.⁸⁶ This increased the combined domestic and external debt level of households, non-financial corporations, and non-profit institutions to a high 185% of GDP in 2022. Many financial corporations also remain highly leveraged, with a debt-to-equity ratio of 1:11.3 (December 2024), when compared with other OECD countries.⁸⁷ Much of this credit fueled growth is reliant on easy access to credit, which has decreased as interest rates have risen globally over the past two years. While these infrastructure investments have not translated into higher incomes for the wider society, new growth models will need to ensure more equitable transfers going forward. The decline in household spending, however, is not too dissimilar to other UMICs, while

⁸¹ Republic of Türkiye Ministry of Treasury and Finance, External Debt Statistics. <https://en.hmb.gov.tr/public-finance>

⁸² <https://tr.investing.com/rates-bonds/Turkiye-cds-5-year-usd>

⁸³ <https://tradingeconomics.com/Turkiye/rating>

⁸⁴ <https://www.moody.com/researchandratings/region/europe/turkiye/0420D5>.

⁸⁵ <https://evds2.tcmb.gov.tr/index.php?evds/dashboard/6346>

⁸⁶ Turkstat database.

⁸⁷ <https://data.oecd.org/corporate/financial-corporations-debt-to-equity-ratio.htm#indicator-chart>

household spending in HICs have remained stable in comparison. (Please see figure A8 in Appendix on Households and NPISHs final consumption expenditure - % of GDP.)

Foreign investors return to the domestic debt market. As the cost of credit default swaps (CDS) decreased after the election and with the appointment of a market friendly team at the helm, corporates and lenders have re-entered the Turkish bond market. Pent up demand and high yields have seen strong demand from abroad, which has mostly been absent since 2018. While domestic debt in local currency carries the promise of high yields to foreign investors, the risk of devaluation and capital flight, if investors decide to abandon local securities, is potentially high. This risk has forced other EMs, such as Sri Lanka and Ghana, in recent years to default after unsustainable debt levels from soaring inflation.⁸⁸ As Türkiye returns to the debt market to issue foreign holding of government debt, the share of non-residents in domestic debt stock is now 11% as of January 24 2025, compared to 25% as recently as 2015.⁸⁹ Foreign holders retain debt with an average maturity of five-years, which then requires debt to be rolled over and replaced with new debt, risking government finances and debt structures in the medium-term. While the return of foreign investors is a welcome sign for the economy, it also underscores the importance of managing risks associated with high levels of foreign participation, currency devaluation, and debt rollover. Sustainable policies and prudent debt management are essential to ensure stability and mitigate potential vulnerabilities in the financial system.

Competitiveness of business and consumer purchasing power: Türkiye's business competitiveness continues to be challenged by high inflation and weakened consumer purchasing power. The recent disinflationary trend is a positive development but remains an ongoing constraint on competitiveness. Price instability increases costs for businesses in Türkiye, often requiring price adjustments mid-contract, resulting in lost business, reduced competitiveness and increased reliance on imports. In turn, consumer purchasing power is weakened and household consumption held back, slowing economic growth. While Türkiye trades increasingly with emerging markets and less with advanced economies, the competitiveness of companies is also impacted, as positive technological spillovers become less likely. Without FDI playing a greater part in financing of Türkiye's investment needs, and replacing 'hot money' (short-term, highly liquid capital), with longer-term financing, sustained growth is challenging.

Farmers continue to face a financing gap, as the exodus out of farming remains under recorded. Türkiye was fortunate that the lockdown in 2020 did not coincide with the harvest, –allowing with uninterrupted planting and harvesting. Debt fueled growth and high interest rates in the aftermath, as well as the Ukrainian crisis quickly saw the TL devalue against major currencies, with increased dollarization. This has severely weakened the purchasing power of many farmers within Türkiye. The rise in input costs for feed, fuel and seeds, has resulted in a form of exodus out of farming, with an accelerated decline in the rural population with an estimated 0.5 million moving out of rural areas since 2010.⁹⁰ Farmers are said to refuse to cultivate land and farm at a loss. When the cost of using fertilizer becomes unaffordable, farmers are unable to cultivate the minimum area of land needed to breakeven. While TCZB works with one million farmers, with 700k of these going through agricultural credit cooperatives, there are around 4 million farms in total. This suggests most farmers face a financing gap of some sort, be it loans or insurance for de-risking. These figures need revalidating, given issues with rural-urban distinctions and the continued climb of agricultural production index. Further studies are required to identify and classify shifting dynamics in rural poverty in order to address them more comprehensively.

⁸⁸ <https://www.wsj.com/economy/global/how-a-plan-to-end-poor-countries-debt-crises-created-a-new-one-102ca56e>

⁸⁹ <https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Statistics/Balance+of+Payments+and+Related+Statistics/Balance+of+Payments+Statisticss/>

Concluding remarks on this section:

- Improved country risk indicators, such as Türkiye's credit default swap (CDS) premiums falling to below 270 basis points in October 2024.
- The economic climate suggests that IFAD lending will remain competitive compared to capital market rates, in Türkiye's capital markets over the next six years, while supporting SDGs related to rural poverty.
- Balanced policies that aim to attract foreign investment, enhance export competitiveness, and effectively manage external debt levels are key to ensure financial stability and foster sustainable economic growth.
- Despite notable improvement in credit risk ratings and economic indicators, inflation remains high as well as interest rates, restricting accessibility to credit-fuelled economic growth and underlying the need to tackle structural issues.
- Total debt service has stabilized, yet careful debt management remains crucial to avoid potential fiscal risks and ensure overall economic sustainability.
- The return of foreign investors signals economic progress, yet it underscores the importance of managing associated risks, including foreign participation levels, currency devaluation and debt rollover.
- Increasing FDI in investment financing and reducing dependence on short-term capital flows, is essential to achieve sustained growth and reducing development financing needs.
- Financing challenges for farmers in a high inflation, high-interest rate environment make it difficult to align lending and repayment cycles, while de-risking for climate-related risks is increasingly needed.
- The climate crisis and associated shocks highlight the need for more climate financing to better manage risks from floods, drought, wildfires, and soil, water and biodiversity loss.
- Addressing the climate crisis requires an updated toolset for a more rapid and scalable response to climatic shocks, alongside long-term investments in area-based development, to ensure that the agricultural sector can continue producing.
- The declining contribution of agriculture to value addition (GDP) underscores the necessity for ongoing policy attention in research, innovation, and investments in higher value-added products in the sector.

The below table provides a conservative scenario of minor shifts in the sovereign credit rating, assuming that economic policy will remain progressive despite growing geopolitical uncertainty in the region. It also anticipates resilience against negative spillover effects, with a commitment to preserving past gains. However, given the nature of capital markets and their emphasis on quarterly reporting, the reliability of six-year credit rating projections may face scrutiny due to the extended timeline involved.

Table 9: Ability to access external capita.

| Criteria | Indicator | Past COSOP (2016-2024) | Baseline | Mid-term (2027) | Completion (2030) |
|------------------------------------|-------------------------------|------------------------|------------|-----------------|-------------------|
| Ability to access external capital | Credit Rating S&P Fitch | BB – BB- | BB- BB- | BB- BB- | BB+ BB+ |

V. Criteria Three: Rural Sector Performance Assessment (RSPA).

To assess Türkiye's progress in establishing and sustaining key institutions and policies for sustainable and equitable socioeconomic rural development during the COSOP implementation, IFAD uses its Rural Sustainable Performance Assessment (RSPA) tool, which periodically measures the quality of pro-poor rural development and rural transformation policies and institutions. The latest version of the RSPA (IFAD13) is used for this assessment, which was made available in 2024. The RSPA methodology is designed to gauge a country's policies' responsiveness to the needs of poor rural people through a questionnaire organized around six thematic clusters and core indicators. The purpose of this section is to assess the evolution of the RSPA over the next six years.

Türkiye's Rural Sector Performance will be assessed based on three RSPA indicators' clusters and an overall index score. Utilizing a standardized methodology, the RSPA tool dissects each query into measurable qualitative and quantitative indicators, which serve as the foundation for computing an aggregate RSPA score. Quantitative metrics gauge policy performance, while qualitative metrics assess

the efficacy of the policy framework. Each question within the RSPA employs a blend of both qualitative and quantitative indicators. RSPA scores, graded on a scale from 1 to 6, can be compared to those of other participating countries. The RSPA baseline rating thus serves as a comprehensive evaluative metric, providing insight into the overall effectiveness of Türkiye's principal institutions and policies concerning sustainable and equitable socioeconomic rural development.

Türkiye, is a top agricultural producer and net food exporter, and maintains a positive Food Production Index of 128.9 (2022 value), despite agriculture's declining share of GDP.⁹¹ Globally, it remains the top producer of several crops and fruits and a key source of land and seaborne protein.⁹² Some 82.6% of agricultural holdings are, however, under 10 hectares, which explains in part the continued high rate of employment by the sector at around 15%. Land fragmentation remains a key obstacle to achieving greater productivity. And yet, while urbanization is expected to increase from 75% to 80% over the next decade, land consolidation is not inevitable. There remains the absence of a land sector reform plan or strategy. Equally, there is scope to strengthen land ownership and land use rights by forest villagers of communal pasture and forest lands. A specific budget for poverty reduction is also absent for cross-collaboration between ministries that supports coordination efforts. In addition to macrolevel support, at the microlevel there is more latitude to support agricultural producer associations and water user associations through national programs and policies that aim to overcome past lived experiences and support leadership at the local level.

Besides these, the agricultural sector and rural populations are facing other challenges as listed below:

1. Support to agriculture is in decline in line with its contribution to value added. Even though the Agriculture Orientation Index in Türkiye remained higher than other regions during the 2000s, the contribution of agriculture to GDP and the agriculture's share in total employment declined, (see Figures 19, 20) More recent official figures suggest that support as a share of GDP has remained close to the five-year average, with support continuing at an estimated 1.5% of GDP - a figure that compares favorably with other countries.⁹³ These figures suggest that the sector's declining contribution to value addition highlights the need for ongoing policy attention in research and innovation for higher value-added products and investment to address challenges and promote sustainable development.

Part of reforms to agriculture in the early 2000s saw the introduction of direct income support and eventually area-based payments, however better targeting of vulnerable groups could improve the effectiveness of these instruments. While social protection can lead to increases in agricultural production and reductions in vulnerabilities, Türkiye has not experienced significant disruptions in output. This suggests the need for repurposing subsidies to cater to pro-poor needs in the face of sudden climate shocks, and towards higher value-added products in the agriculture sector for more equitable growth. By introducing an element of predictability to household incomes, farmers could better adapt to changes in their practices without the fear of risking all. The risk/reward ratio is more balanced with non-conditional cash transfers and is a progressive (as opposed to regressive) form of subsidy.

2. The risk that new drivers of change – like digitalization and the green transition – may leave behind more people in rural areas, needs further understanding. While Türkiye has made huge gains in improving access to the internet, access from rural areas and digitalization are likely to limit how local businesses can integrate within B2B and B2P e-commerce business models as well as GVCs.⁹⁴ UNDP, in collaboration with a nationwide e-commerce platform, recently started a 'villages of tomorrow' (yarının köyleri) concept, where hubs help villagers to connect and sell through e-commerce, with plans to reach one million people. Such initiatives offer promising solutions to promote economic empowerment and inclusion to help close the digital divide and can ensure that rural communities fully benefit from emerging opportunities in the digital age.

⁹¹ The base year of the index is 2014-2016 where the value is normalized to 100. EIU, FAO and World Bank Indicators. [Türkiye at a glance | FAO in Türkiye | Food and Agriculture Organization of the United Nations](https://impact.economist.com/sustainability/project/food-security-index/) and <https://impact.economist.com/sustainability/project/food-security-index/>

⁹² Türkiye is the world's largest producer of hazelnuts, apricots, oregano, figs,

⁹³ <https://www.compareyourcountry.org/support-for-agriculture>

⁹⁴ [Digital 2023: Türkiye — Data Report— Global Digital Insights](#)

3. Agriculture is under increasing pressure from climate change through increased variability of weather patterns and intensity of extreme weather events (e.g. prolonged flood and drought events). Changes in precipitation and evapotranspiration rates are impacting the vegetation cover as the water cycle is interrupted, while underground water sources are under increased pressure from excessive extraction and rising water tables in a warming climate. Plants are increasingly heat stressed, hydrophobic soils, soil loss and soil nutrient loss, runoff water and resulting floods, lower crop yields, increased pests and disease. These are just some of the issues that farmers will need to address by developing advanced adaptation skills to manage the impacts of climate change. Mitigation on the other hand is something that has advanced in Türkiye through renewable energy plants. Similarly, energy efficient stoves distributed by IFAD count in this area too. Expanding drip irrigation networks, without sufficient water metering, and adaptation with drought-resistant seeds, illustrates the need for both mitigation and adaptation to work together. Land consolidation can also reduce soil loss and emissions from machinery use. Strengthening agroclimatic monitoring and information systems can improve adaptation to climate uncertainties and food security – all of which are already being implemented in Türkiye.
4. **Food systems need to maintain competitiveness, while remaining major global food producers on a sustainable basis.** According to figures from the World Bank's Enabling the Business of Agriculture (EBA) Index Türkiye ranks 31st out of 101 countries in the 2019 listing – the same ranking as in 2017. The recent OECD Agricultural Policy Monitoring and Evaluation 2022 analysis also suggests some issues with improving competitiveness of the agriculture sector –possibly due to price instability, acquiring permits and licenses, allocation of subsidies to price support and less focus on innovation.

Some recent policy documents try to address these and other issues, namely the National Pathway for Food Systems, the Green Deal and the National Strategy on Food Loss and Waste and Action Plan. The National Food Systems Pathway is a key document that addresses the multidisciplinary nature of food systems development, with specific targets that foresee reductions in the use of pesticides, antimicrobials and chemical fertilizers, the development of organic production, increased renewable energy use in agriculture and improved management of waste and residues.

The combined impact of agriculture's outsized share of GDP and increasing impact of climate change leaves the Turkish economy more vulnerable in the near term. Increases in temperature and water scarcity are likely to result in increased drought related soil loss, heat stress in plants and livestock, and pest and disease outbreaks, notwithstanding the increasing occurrence of extreme weather events and natural disasters. Without further gains in productivity in agriculture and more efficient water use as climate change takes effect, the risk to food and energy security is likely to increase over the next 6-7 years, as average temperatures in Türkiye are projected to increase 1.2°C by 2030.⁹⁵ Given that agriculture as a sector still accounts for a majority of water usage, at around 64% or over twice that of EU countries,⁹⁶ there remains a considerable amount of room for improvement by increasing climate smart agriculture within the water-energy-food nexus. Nevertheless, Türkiye needs to persist with incremental increases in expanding the boundaries of agricultural production, while considering the planetary boundaries. Squaring increases in production with reductions and abatement of emissions is a key challenge given Türkiye's continued global public good provider dual role as one of the largest net food exporters and refugee host.

Economic and emissions growth have increased over the past two decades. The economic model that resulted in increasing carbon emissions over the past two decades has seen GHG emissions increase from -228 MTCO₂eq in 1990 to 558.3 MTCO₂eq in 2022. The continuing increase in the environmental footprint is difficult to sustain given Türkiye's closely integrated economy with the EU and the requirements to comply with the European Green Deal. Even though targets for 2030 were revised upwards, the European Green Deal target of a 40% reduction remains lower than what is needed to reach the 1.5°C target by 2030, which would require a 55% reduction in emissions compared to 1990. While Europe aims to be a carbon neutral continent by 2050, Türkiye aims to achieve carbon neutrality by 2053.

⁹⁵ <https://www.climatechange.gov.tr/Turkiye/climate-change/>

⁹⁶ <https://www.unwater.org/publications/un-world-water-development-report-2023>

Low-carbon, climate-resilient pathways to development. There is a strong case for doubling-down on climate adaptation and mitigation efforts in agriculture, even though mechanized agriculture is less advanced than in the EU. The challenge remains whether emissions growth can be slowed, while offering inclusive economic growth opportunities to less advantaged groups. Scaled-up inclusive green growth strategies that support adaptation and resilience building through capacity building, training & advisory services as well as climate financing are important. Areas that cover carbon sequestration, renewable energy, energy and water efficiency and increased innovation and research will become increasingly important.

Overall RSPA index score: Türkiye has an overall IFAD13 RSPA score of 4.1 out of 6. With this score, it ranks as the third and on par with China, among the seven IFAD countries that are in the process of graduating (Dominican Republic, Mexico, China, Argentina, Brazil and Montenegro). Other peer countries like Mexico and Dominican Republic have higher scores of 4.2 and 4.3, respectively. Between 2021 and 2024, the country displayed an increase in its RSPA performance along all dimensions which are relevant for this assessment and notably: access to/use of financial services (4.1), national climate change policies (3.2) and representation and influence of rural organizations and rural people (1.3).

We project that the overall RSPA score for Türkiye will reach 4.4 by mid-term and improve further to 4.9 at completion. This assumption is based on an annual increment of 0.13, derived from the historical trend of consistent progress in rural sector performance.

RSPA Cluster 1.1 evaluates the overall policies and framework for rural development and rural poverty alleviation. There are six indicators to evaluate the dedication and success of the government to promote and implement strategies that focus on investing in the rural poor.

1.1.1: Presence of a national development strategy. Rated 5.

The country has a national development strategy, the Twelfth Development Plan, which covers the period 2024-2028.⁹⁷ The current plan lists objectives and principles which include economic growth, to transition Türkiye to a high-income country, promote competitive production and productivity, increase investment and efficiency, higher quality of life for individuals, better healthcare and education, sustainable environment and democratization and good governance. Additionally, the Medium-Term Program (MTP) for 2022-2024⁹⁸, published by the Ministry of Treasury and Finance and the Presidency of Strategy and Budget includes policies and programs aimed at national development with a focus on inclusive growth and poverty alleviation. Türkiye scores 5 out of 5 in this domain.

1.1.2: National development strategy includes a specific focus on rural development: Rated 5.

The Twelfth Development Plan, which is the national development strategy currently in effect, has a specific focus on rural development. Section 3.4.8. of the Plan is devoted to Rural Development.⁹⁹ The Medium-Term Program (MTP) for 2022-2024 outlines key initiatives such as supporting agricultural productivity through modern techniques, improving irrigation infrastructure, and enhancing access to agricultural inputs. The program also prioritizes the development of rural infrastructure, including transportation networks and digital connectivity to improve market access. In addition, Türkiye has a Rural Development Strategy document that covers the period 2021-2023¹⁰⁰. The Rural Development Strategy¹⁰¹ aims to correctly determine the development dynamics of rural areas that lag the national

⁹⁷ Presidency of Strategy and Budget. <https://www.sbb.gov.tr/kalkinma-planlari/>

⁹⁸ Ministry of Treasury and Finance and the Presidency of Strategy and Budget, Republic of Türkiye. 2021. "Medium-Term Program (2022-2024)," pp. 30-35. Available at: https://www.sbb.gov.tr/wp-content/uploads/2021/10/Medium_Term_Programme_2022-2024.pdf

⁹⁹ Ibid.

¹⁰⁰ The Ministry of Agriculture and Forestry. 2020. National Rural Development Strategy 2021-2023: <http://www.uka.org.tr/Content/belgeler/UKKS-3-EN.pdf>

¹⁰¹ <https://www.tarimorman.gov.tr/Konular/Kirsal-Kalkinma/Faaliyetler>

welfare level, and to mobilize the economic and human resource potential in these areas within the framework of the determined strategies.

1.1.3: Rural poverty headcount ratio (estimated at 9.39%). Rated at 5.5.

1.1.4: National development strategy covers development of rural non-farm economy (i.e., develop rural areas outside of agricultural development). Rated at 5.

Türkiye's national development strategy includes specific plans for the development of a rural non-farm economy for the years 2022-2024. The "Medium-Term Program (MTP) for 2022-2024" outlines policies aimed at supporting industry and commercial development in rural areas, as well as helping on-farm livelihoods move up the value chain through processing and packaging initiatives.

Additionally, the Twelfth Development Plan (2024-2028)¹⁰² focuses on developing rural areas beyond agriculture, including strategies for enhancing rural infrastructure, promoting rural tourism, and encouraging small and medium-sized enterprises (SMEs) in rural areas.

1.1.5: Percentage change in agriculture in terms of value added as measured by the World Bank: 6.77%. Rated at 3.3.

1.1.6: Change in agriculture share of the GDP (% of GDP) as measured by the World Bank: 0.39%. Rated at 3.7.

Türkiye performs comparably well in the (1.1) Policies and framework for rural development and rural poverty alleviation dimension - with an overall score of 4.6 (above the overall RSPA score in both 2018, 2021 and 2024). It ranks among the top three, following the Dominican Republic and Brazil.

Looking ahead to the COSOP period, Türkiye is expected to show steady improvement, reaching the top peer country's score of 4.8 by mid-term and further advancing to 5.2 by completion. This projection assumes an annual increment of 0.1.

RSPA Cluster 4.1: Access to and use of rural financial services:

Lending to the agricultural sector is dominated by the Agricultural Bank of the Republic of Türkiye (TCZB acronym in Turkish). Historically, public banks were the only lenders to the agricultural sector, but with the establishment of the Credit Registration Office (KKB acronym in Turkish) and improvements in 'know-your-customer' (KYC), lending to the sector increased in the late 2010s. However, after 2018, the credit fueled growth model skewed loans in the direction of TCZB as subsidies and privileges as a state bank worked to regain market dominance in the rural setting. Subsequently, the share of local private banks in agricultural credit dropped from 36% in October 2006 to 7.3% in December 2024. This dominance persists among existing and repeat customers, where the number of clients remains around the two million officially registered farmers for TCZB. These customers have often overcome the issue of collateralization, making initiatives to overcome collateral through credit guarantees less attractive due to the additional administrative cost of arranging the guarantee.

Total loans to the agricultural sector remain low compared to the share of GDP. Total loans to the agricultural sector are 5.4% of all loans by the banking sector, compared to the 6.5% share of GDP. Most of these loans are for short-term loans involving inputs and non-fixed assets. Despite a credit-fueled boom and concessions regarding repayment periods that have increased the loan portfolio, while limiting the level of risk to the borrower, such measures have ensured NPLs are at a record low. NPLs recorded 0.4% for the agricultural sector, lower than the overall average of 1.78%, in 2024. There are 2.8 million registered entrepreneurs in the agricultural sector, employing 4.7 million people. Despite this, Ziraat Bank (TCZB) provided agricultural loans to only 725k farmers, in 2021, though it provides around 90% of loans to farmers. Many farmers remain underserved by the financial sector for loans and a funding gap persists. Better coordination with other internationally financed projects,

¹⁰² <https://www.sbb.gov.tr/kalkinma-planlari/>

such as the EU funded IPARD, the EBRD for SMEs and the World Bank remains necessary, especially where IPARD aims to diversify rural non-farm incomes and EBRD expands lending to SMEs through formal banks under the FLRC. While only two MFIs are recognized to be operating in Türkiye, the lending rates in a high inflation economy make it difficult to avoid usury claims.

Value-chain financing on the other hand is an underutilized form of financing, despite the successful implementation of contract farming in specific sub-sectors, like poultry in Türkiye. However, it is important to acknowledge that value-chain financing faces challenges from leakage issues, where farmers may engage in side-selling, which erodes trust and contractual obligations. Nevertheless, expanding value-chain financing, alongside warehouse receipts, could provide prefinancing for producers and further introduce some futures options at the local level, to safeguard farmers from sudden bulk sales at harvest. In addition, such financing needs to ensure that the larger part of the profit margin stays with the farmer and not the retailer, which is an ongoing concern in the agricultural sector in Türkiye, where profit margins for farmer, commissioner and retailer have been found to be 7%, 8% and 13%, respectively.

This cluster therefore attempts to capture the extent to which policies and legal frameworks create an enabling environment for the provision of inclusive rural financial services along five indicators:

4.1.1 Whether the country a signatory to Maya Declaration. Rated 1.

The country is not a signatory of the Maya Declaration according to the Alliance for Financial Inclusion. No Turkish institution appears among the countries with a Maya commitment listed in the Alliance for Financial Inclusion 2022 and 2023 Maya Declaration Progress Reports.¹⁰³

4.1.2 Whether country is committed to/presents progress reports. Rated 1.

Türkiye is not mentioned as a signatory of the Maya Declaration, and therefore has not presented progress reports against Maya Declaration commitments according to the most recent documents from the Alliance for Financial Inclusion.

4.1.3 Findex: Borrowed to start, operate, or expand a farm or business, rural (% age 15+): reported at 10% in the World Bank Global Findex Database. Rated 3.1.

4.1.4 Findex: Financial institution account, rural (% age 15+) amounts to 50.4%. Rated 4.4.

4.1.5 Prioritization of financial inclusion by the government. Rated 5.

Türkiye's Medium-Term Programs (MTP) for 2022-2024 and 2024-2026 emphasize the importance of financial inclusion. These programs include updates to the Financial Inclusion, Financial Education, and Financial Consumer Protection Strategy, focusing on integrating financial technology and digital channels to improve financial access across the country. Specifically, the MTPs discuss the role of digital financial infrastructure in enhancing financial literacy and expanding the range of financial products and services. This demonstrates a commitment to creating an enabling environment for inclusive financial services, particularly for underserved populations¹⁰⁴.

The Financial Inclusion Strategy, updated during the 2022-2024 period, highlights the ongoing efforts to enhance financial literacy and ensure broader access to financial services across various sectors.

According to the narrative above, Türkiye's 2024 IFAD13 RSPA score for access to, and use of rural financial services is 2.9, an improvement from 2.5 in 2021 (IFAD12 RSPA). The persistence of a relatively low score is largely attributed to the fact that the country is still not a signatory of the Maya

¹⁰³ Alliance for Financial Inclusion. 2022. "2022 Maya Declaration Progress Report." Available at: <https://www.afi-global.org/publications/2022-maya-declaration-progress-report/>

Alliance for Financial Inclusion. 2023. "2023 Maya Declaration Progress Report." Available at: <https://www.afi-global.org/publications/2023-maya-declaration-progress-report/>

¹⁰⁴ Türkiye's Medium Term Program (2022-2024), pp. 6-9. Available at: https://www.sbb.gov.tr/wp-content/uploads/2021/10/Medium_Term_Programme_2022-2024.pdf

Türkiye's Medium Term Program (2024-2026), pp. 5-7. Available at: <https://www.sbb.gov.tr/wp-content/uploads/2023/09/Medium-Term-Program-2024-2026.pdf>

Declaration, resulting in no formal reporting on progress in the microfinance sector. However, since 2021, there have been governmental strategic documents introduced that aim to enhance the commitment to fostering an enabling environment for inclusive financial services.

The midterm and completion targets will depend significantly on Türkiye's decision to sign the Maya Declaration and the effective implementation of both the Medium-Term Programs (MTPs) and the national financial inclusion strategy. Based on these factors, the completion target has been set at 3.7, with a midterm target projected at 3.2.

RSPA Cluster 3.2: Climate change policies: This cluster attempts to capture the extent to which the government has a strategy for dealing with climate change and whether this strategy has been integrated into sectoral planning processes within public planning. It includes twelve sub-indicators:

3.2.1: Presence of current national climate change strategy. Rated 5

Türkiye has a current and comprehensive national climate change strategy that addresses both mitigation and adaptation across multiple sectors. The Climate Change Mitigation Strategy and Action Plan (2024-2030) is a government-developed strategy specifically focused on addressing climate change. It includes 49 strategies and 260 actions targeting key sectors such as energy, industry, transport, agriculture, waste, and land use. This strategy is part of Türkiye's commitment to achieving net-zero carbon emissions by 2053, as outlined in its ratification of the Paris Agreement. Additionally, the National Climate Change Adaptation Strategy and Action Plan (2024-2030) complements the mitigation strategy by focusing on enhancing resilience to the impacts of variable climate conditions and extreme weather events. It provides detailed plans for sectors including water resources, agriculture, and public health, ensuring a comprehensive national approach to both mitigating and adapting to climate change.¹⁰⁵

3.2.2 National climate change strategy covers adaptation: Rated 5

Türkiye's national climate change strategy explicitly includes adaptation measures. The updated National Climate Change Adaptation Strategy and Action Plan (2024-2030) features detailed strategies, actions, and sector-specific targets for adaptation across multiple priority sectors, including water resources, agriculture, public health, and infrastructure. These comprehensive measures ensure that adaptation is a critical component of Türkiye's climate change strategy, addressing the various risks and vulnerabilities associated with climate change. The Climate Change Mitigation Strategy and Action Plan (2024-2030) also acknowledges the importance of adaptation, emphasizing the need for integrated approaches to enhance climate resilience across all sectors¹⁰⁶.

3.2.3 National climate change strategy covers adaptation for agriculture: Rated 5.

Türkiye's national climate change strategy explicitly includes adaptation measures specifically focused on agriculture. The National Climate Change Adaptation Strategy and Action Plan (2024-2030) includes comprehensive strategies, actions, and sector-specific targets for adaptation in the agriculture sector. This plan outlines measures to increase the resilience of agricultural practices to climate variabilities and extreme weather events, including improving water management, reducing the impact of droughts, and promoting sustainable agricultural practices. These measures address the vulnerabilities of the agriculture sector to climate change and ensure its sustainability. Section 4 of the 2024-2030 Climate Change Adaptation Strategy report is devoted to agriculture.

¹⁰⁵ <https://iklim.gov.tr/en/action-plans-i-121>

¹⁰⁶ "National Climate Change Adaptation Strategy and Action Plan (2024-2030)," Ministry of Environment, Urbanization, and Climate Change, Republic of Türkiye, 2023, pp. 12-13, 15. Available at: https://iklim.gov.tr/db/english/icerikler/files/%C4%B0klm%20De%C4%9Fi%C5%9Fikli%C4%9Fine%20Uyum%20Strateji%20ve%20Eylem%20Plan_%202024-2030.pdf
"Climate Change Mitigation Strategy and Action Plan (2024-2030)," Ministry of Environment, Urbanization, and Climate Change, Republic of Türkiye, 2023, pp. 15-16. Available at: https://iklim.gov.tr/db/english/icerikler/files/CLIMATE%20CHANGE%20MITIGATION%20STRATEGY%20AND%20ACTION%20PLAN%20_EN.pdf

The Climate Change Mitigation Strategy and Action Plan (2024-2030) also acknowledges the importance of sustainable practices in agriculture as part of the broader climate change strategy, emphasizing actions to reduce greenhouse gas emissions from agricultural activities while enhancing adaptation efforts.

3.2.4 National climate change strategy covers adaptation for natural resources (e.g., water, forests, crops). Rated 5.

Türkiye's national climate change strategy includes explicit strategies, actions, and measures specifically focused on adaptation for natural resources, including water, forests, and crops.

The National Climate Change Adaptation Strategy and Action Plan (2024-2030) outlines detailed adaptation strategies for natural resources. It includes actions to enhance the resilience of water resources, promote sustainable forest management, and protect crop yields against the impacts of changing climate patterns and extreme weather events. These measures are aimed at ensuring the sustainability of natural resources in the face of climate change. The Climate Change Mitigation Strategy and Action Plan (2024-2030) also supports the sustainable management of natural resources, particularly in relation to land use, land-use change, and forestry. This plan emphasizes increasing greenhouse gas sequestration through sustainable forestry practices and land management.

3.2.5 Global Climate Risk Index as per German Watch CRI score: 66 on a scale of 0-118.¹⁰⁷ Rated 3.7.

The "Global Climate Risk Index 2021" mentions Türkiye in the context of its vulnerability and exposure to climate risks. Türkiye faces significant challenges due to its geographic location, which makes it prone to extreme weather events exacerbated by climate change. The country has experienced a noticeable rise in the frequency and intensity of extreme weather events like heatwaves, floods, and droughts. Climate impacts are expected to affect water availability, agricultural productivity, and energy generation, which are critical sectors for the Turkish economy. Türkiye's policies and measures addressing these risks are considered insufficient in the Global Climate Risk Index Report, particularly in integrating climate resilience into national strategies.

3.2.6 Agriculture Adaptation as per CCAFS: Level of inclusion of agriculture in INDCs (0-1). Score 0. Rated 1.

3.2.7 Adaptation Finance as per CCAFS. Financial commitment to agricultural adaptation in INDCs (0-1). Score 0. Rated 1.

3.2.8 ND-Gain Index as per the Notre Dame Global Adaptation Initiative: Score is 56.5 on a scale of 0-100. Rated 5.7.

In the ND Gain Index on adaptation, Türkiye has progressively improved its ranking since 1995, although overall progress has slowed somewhat since 2015. In 2021, it ranked 52nd, partly due to declining conditions regarding vulnerability from cereal yields, medical staffing, and changing marine biodiversity. While the situation remains relatively stable with a score of 56.5 and a rank of 51st in 2024, the next six years must be utilized effectively, to prepare for the likely peak and subsequent decline in food security.

3.2.9 Agricultural Inclusion as per CCAFS: Level of inclusion of agriculture in INDCs (0-5). Score is 5. Rated 5.2.

3.2.10 National climate change strategy considers risks to rural poor i.e. disasters, incomes, houses. Rated 5.

3.2.11 Agricultural Emissions (% change). 15.7% as reported by FAO. Rated 1.8.

There is scope for further gains in emissions reductions. Agriculture's share of total emissions was 12.8% (or 71.5 MtCO₂eq) in 2022, up from 13.4% in 2005, with 97% derived from enteric

¹⁰⁷ https://www.germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021_2.pdf

fermentation, manure management, and agricultural soil. Emissions have grown since 2008, due to increases in livestock and large amounts of methane and nitrous oxide emissions. Methane emissions have increased from 64.1 MtCO₂eq in 2016 to 73.9 in 2021 and down to 72.2 in 2022. However, a move towards regenerative agriculture is showing positive results with a reduction in CO₂ emissions from pesticide production. Further investments to reduce emissions are necessary to future-proof the food system in line with environmental targets and the European Green Deal.

Additionally, the German Watch produces also the Climate Change Performance Index (CCPI)¹⁰⁸ where the 2024 report includes Türkiye in its analysis of 63 countries and the EU, which together cover over 90% of global greenhouse gas emissions. Türkiye ranks 56th in the Climate Change Performance Index, with a low rating in all four index categories: GHG Emissions, Renewable Energy, Energy Use, and Climate Policy. Türkiye's renewable energy performance is rated medium. Although there is progress in renewable energy deployment, the pace is insufficient to significantly reduce emissions. In this same report, Türkiye's climate policy performance is rated very low. The report identifies gaps in the implementation of national and international climate commitments. The country receives a low rating in energy use and GHG emissions categories. This reflects challenges in improving energy efficiency and reducing reliance on fossil fuels. The report emphasizes that while there have been efforts, Türkiye must adopt more ambitious and coherent climate policies, particularly in addressing emissions and transitioning to renewable energy, to align with the global 1.5°C target.

3.2.12 Submission of Biennial Update Report(s) to UNFCCC. Rated 5.

Türkiye has demonstrated a consistent commitment to its international climate reporting obligations by submitting multiple Biennial Update Reports (BURs) and National Inventory Reports (NIRs) to the UNFCCC in April 2023¹⁰⁹. Prior to its latest submissions, Türkiye also submitted a National Inventory Report (NIR) in 2021, which included detailed greenhouse gas inventories and outlined the progress of its mitigation actions.

The updated first Nationally Determined Contribution (NDC) of Türkiye, submitted in December 2022, outlines the country's new 2030 target, which is based on the modelled impact of these policies and strategies and is aligned with its net zero target. Additionally, Türkiye submitted its latest NIR in 2023, which includes detailed information on greenhouse gas inventories and mitigation actions.

As far as this cluster is concerned, Türkiye scores a 4 out of 6.0 in the natural resources and environmental policies and practices RSPA cluster rating for the IFAD13 RSPA. While there are some strong scores in some areas, reaching 5.0 and even 5.7, several areas remain below 3.0 in 2021, notably those related to agricultural emissions, financial commitments to agricultural adaptation under the INDCs and the level of inclusion of agriculture in INDCs.

Considering the ongoing challenges and current policies in action, we anticipate that the baseline score for climate change policies (4.0) will rise to 4.2 by midterm and reach approximately 4.6 at completion, assuming an annual increment of 0.10 based on the historical trend.

The progress assumes that an alignment of strategies and targets is crucial to ensure action plans are adequately resourced and implemented in time for 2030. With so many strategies at hand, alignment of targets remains an issue. Türkiye recently revised its Intended Nationally Determined Contribution (INDC) for 2022-2030, indicating an intention to reduce up to 41% GHG emissions by 2030, compared to the Business-As-Usual (BAU) base (reference) year of 2012, instead of the previous 21%. The commitment intends to peak emissions in 2038 and achieve net zero by 2053.

A clearer and actionable pathway is required to define how the rural economy, including the non-farm economy, will contribute to the reduction in emissions by 2030, with attention on the potential impact on poor and vulnerable groups. However, the agricultural sector remains largely focused on the production quantity, rather than value-added, high-value products from off-farm and non-agricultural

¹⁰⁸ <https://ccpi.org/download/climate-change-performance-index-2024/>

¹⁰⁹ <https://unfccc.int/documents/627786>

activities. These are critical for diversified and sustainable growth particularly in light of anticipated changes in crop yields. (Please see A17 in appendix for IFAD CARD tool results on Türkiye.)

In total 2.3 million farmers are registered, while nearly as many remain unregistered.¹¹⁰ Given the significant economic reliance on agriculture in Türkiye and its status as a global producer, the domestic and international impacts of climate change are expected to become increasingly pronounced.¹¹¹ Continued adaptation efforts will require strategic interventions in land consolidation, combating land degradation, addressing water scarcity, protecting biodiversity, and promoting climate-smart agriculture. These measures will be critical for enhancing resilience to climate-related shocks.

In conclusion, key take-aways include:

- Maintaining an open door to pro-poor policies and collaborative approaches between ministries and development partners that support positive outcomes for rural communities - where such policy gaps and opportunities exist in poverty reduction, gender equality, budgeting, climate change and inclusive financing - will be important going forward.
- Low skills set, a lack of business leadership, productive assets and risk adversity in disadvantaged areas limits advances in rural productivity and economic growth.
- Continuing to foster leadership to build resilience and development agency in rural communities, while avoiding elite capture is key. Greater participation by women key to ensuring greater social equity.
- Development financed projects continue to be challenged by the seemingly contrasting objectives of increasing productivity while creating jobs in rural areas.
- The ability of financial inclusion and social justice to co-exist is made more difficult within a high inflation and high-interest rate environment, which risks indebting vulnerable groups without sufficient financial experience and financial literacy training.
- The ability to respond to weather and climate induced shocks is an important aspect of alleviating poverty. The climate crisis will call for more responsive tools and actions to extreme weather events that prevent vulnerable groups from falling into greater deprivation after shock events. Readiness and recovery will be key at such inflection points.
- A pro-poor nature-based, carbon market-linked solution for long-term financial support to public good service providers in forested and disadvantageous areas remains underdeveloped.
- Remote rural area access to finance and labor contrasts with the highly competitive world of increasing precision agriculture, robotics, and the unintended consequences of Artificial Intelligence (AI). The call for universal basic incomes for food security may only increase over the next few years.
- The proven capacity of the agricultural sector to continuously increase production capacity is under threat without further climate smart adaptation, including more resilient varieties.

The ratings table below reflects the narrative above, incorporating more effective pro-poor rural development policies. These include initiatives to enhance rural non-farm incomes, reduce carbon emissions as part of a broader climate change strategy, and improve rural financial services, suggesting a progressively improving institutional and policy environment for rural development.

Table 10: Rural Sector Performance Assessment (RSPA) indicators. Source IFAD and Author's calculations.

| Institutions/Policies for sustainable rural development | RSPA 2018 (IFAD11) | RSPA 2021 (IFAD12) | RSPA 2024 (IFAD13) | Midterm | Completion |
|---|--------------------------|--------------------------|--------------------------|------------|------------|
| Overall RSPA Rating | 3.8 | 3.7 | 4.1 | 4.4 | 4.9 |
| Policies/Frameworks (1.1) | 4.3 | 4.3 | 4.6 | 4.8 | 5.2 |
| Climate change policies (3.2.) | 3.9 | 3.7 | 4 | 4.2 | 4.6 |
| Access/Use rural financial services (4.1) | 4 | 2.5 | 2.9 | 3.2 | 3.7 |

VI. Key Challenges Ahead

Agriculture plays an important role in rural development and remains a source of employment, though its share in overall employment and GDP has declined in recent years. According to TurkStat data, agriculture accounted for 14.6% of total employment in 2023, while contributing 6.2% to GDP. While other sectors, particularly services and industry, have a larger economic footprint, agriculture remains

¹¹⁰ Towards sustainable food systems – National Pathway of Türkiye.

¹¹¹ Please refer to the Food Production Index.

vital for rural livelihoods and food security. (see figure 14, Appendix IV). Yet the pace of decline in employment share by agriculture is slower compared to the early 2000s, suggesting a slow-down in productivity. While output has continued to increase, the boundaries and limits of further growth in output are likely to be tested by the impending impact of climate change and intensification of climate-related events in recent years – including floods, wildfires¹¹², and sea pollution. Mediterranean climates, and particularly the eastern Mediterranean, are forecast to experience higher levels of global warming than more temperate regions. Increased water scarcity and an already high reliance on agriculture will no doubt result in higher impact from climate change, putting food security, rural incomes and employment at risk – with the latter possibly threatened, at some stage, from the unintended consequences of AI. Potential changes in trade policy through the EU's Green Deal are a further cause for concern in the changing policy landscape, given the level of integration by the economy in Türkiye. Human-induced climatic challenges are further compounded by growing geopolitical tensions in the near and immediate region.

Türkiye is aware of the challenges, as captured in the 12th National Development Plan (NDP), the Medium-Term Program (MTP) and the Green Deal Action Plan. Key actions have followed with ratification of the Paris Agreement in 2021 and the revised net zero emissions target of 2053. Future growth calls for development pathways that factor in climate challenges and increasing digitization of the economy. In summary, it is suggested that IFAD should:

1. Support **development pathways** that **integrate** economic development objectives with **climate objectives** aimed at reaching **net zero targets** and a more **climate resilient and competitive food system**.
2. Geographic focus on the February 2023 **twin earthquake zone of 11 provinces**, to ensure a return to economic expediency while ensuring shared prosperity for all, including for refugees with settled status.
3. Maintain focus on **forest villages** in mountainous areas along the **Mediterranean and Black Sea regions**, with renewed emphasis on **nature-based solutions**, including increasing climate adaptation and mitigation measures related to **basin management, land consolidation, CSA, reforestation, green energy, and carbon sequestration**.
4. Renewed focus on **sustainable forestry** that provides nature-based solutions as ‘**proof of concept**’ for lasting transformational change through carbon sequestration into **carbon credits** as long-term income streams for the benefit of local communities, in light of the ratified Paris Agreement, by bringing in social and impact bond investors for **scaling-up blended financing** in project areas of Türkiye.
5. Target assistance aimed at higher adoption of **innovation and value addition activities** for promoting formal rural economic growth and job creation, while aiming to **reduce emissions** along food supply chains.
6. Renew focus on **post-harvest food loss and waste reduction** in collaboration with producer groups and key supply chain actors.
7. Revisit investment plans for **community and digital infrastructure**, especially in forest villages, with a view to greater **market access** and **disaster risk management**.
8. Continue to explore the **interface** between the **digital** and the **real** world and how **precision agriculture** and AI can work in favor of rural and vulnerable communities to remain competitive.
9. Explore how more state-of-the-art **delivery mechanisms** in grant support programs direct to rural farmers can encourage further engagement and investment through increased predictability of income, linked to **productive, income-generating activities**, amidst large-scale informality to help address **root causes of rural poverty**.
10. Among increasing **natural disaster occurrence**, explore rural poor **emergency assistance** integration into **development pathways** that links to income generation and productive alliances to safeguard investments in human capital.
11. Renew focus on climate smart agricultural practices that focus on **closing the yield gap** by adapting and adopting climate smart varieties that are heat tolerant, and drought and disease resistant with the aim of improving **food security**.
12. Provide a wider arsenal of **climate financing tools** to tackle the climate crisis. This should include public, private, international finance and carbon markets.

¹¹² Notably the 2021 forest fire season.

13. Carefully plan and decide on future proof **no-regret investments** of the **green transition** to avoid carbon lock-in in carbon-intensive machinery that increases costs and possibility of redundant assets in the near future.
14. Provide clearer guidelines and organized events among stakeholders for better **problem framing and identification** to avoid institutional default solutions, before committing one-off investment resources to ensure better adoption rates.
15. Continue to work with ministries and development partners to **align strategies and targets** for greater development impact and **aid effectiveness**.
16. Support policies to engage women more in the labor force and increase their rewards on the market.
17. Prioritize areas of intervention in the agricultural sector to minimize waste and increase productivity to maintain stable and low prices and sustainable food prices which will help improve the distribution of welfare among all income levels.

Improving the share of labor income is essential to maintaining a more equal distribution of income in the country. To that end policies that would increase the share of profits that farms get during the farm-to-fork process are critical not only to improve the well-being of rural households but also to achieve a more equal distribution of income.

Appendix: Supporting figures and tables.

Figure A1: GNI per capita of selected countries. Source: World Bank

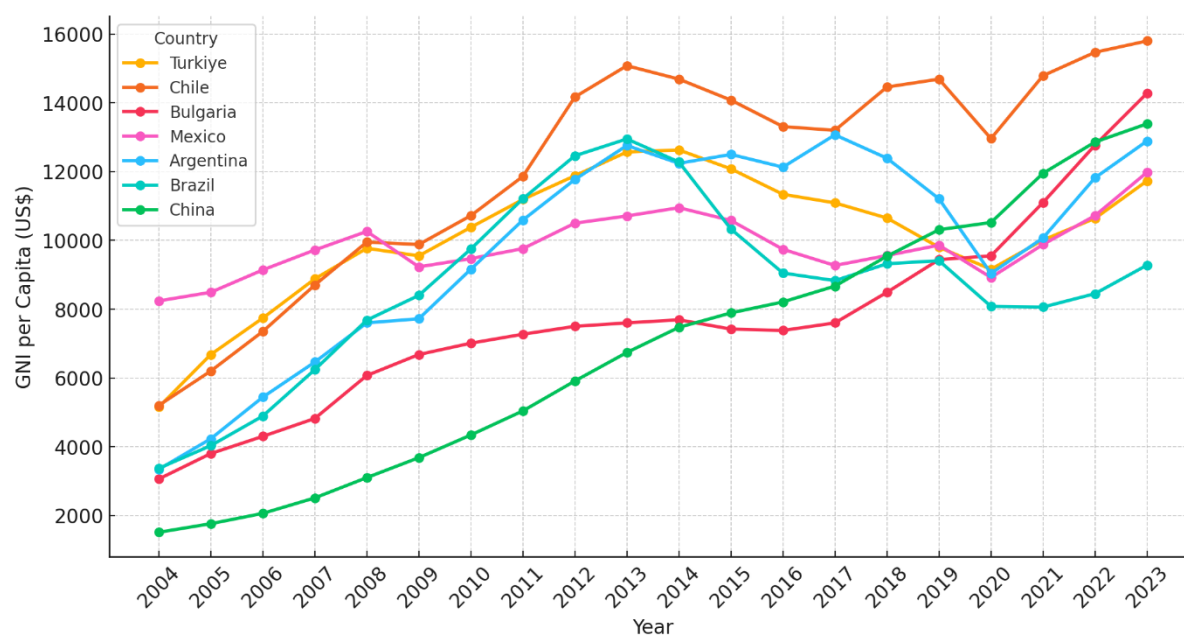


Figure A2: Domestic credit to private sector (% of GDP). Source: World Bank

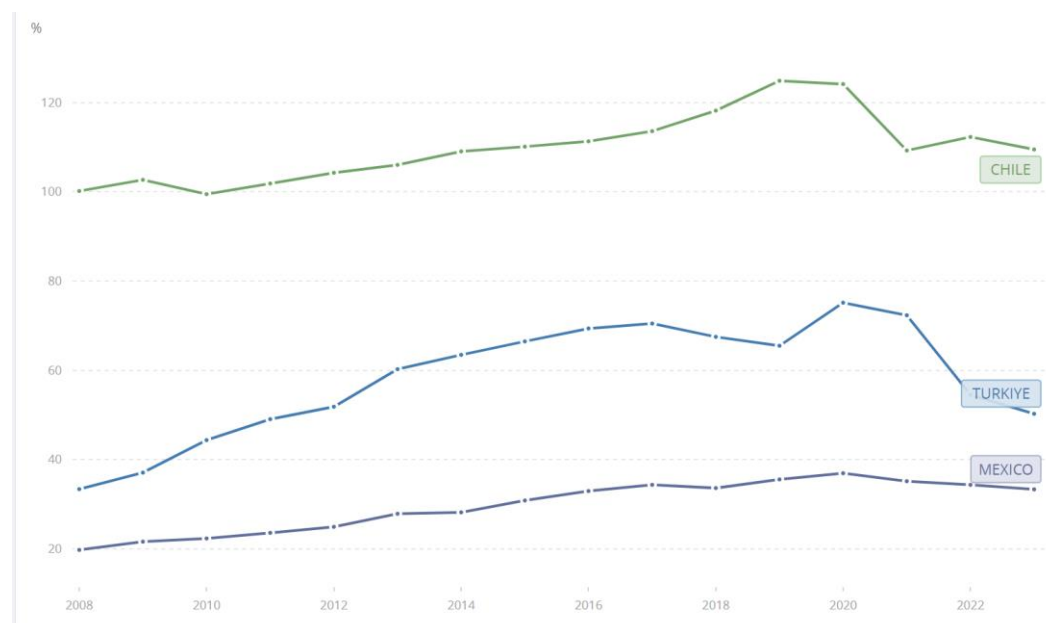


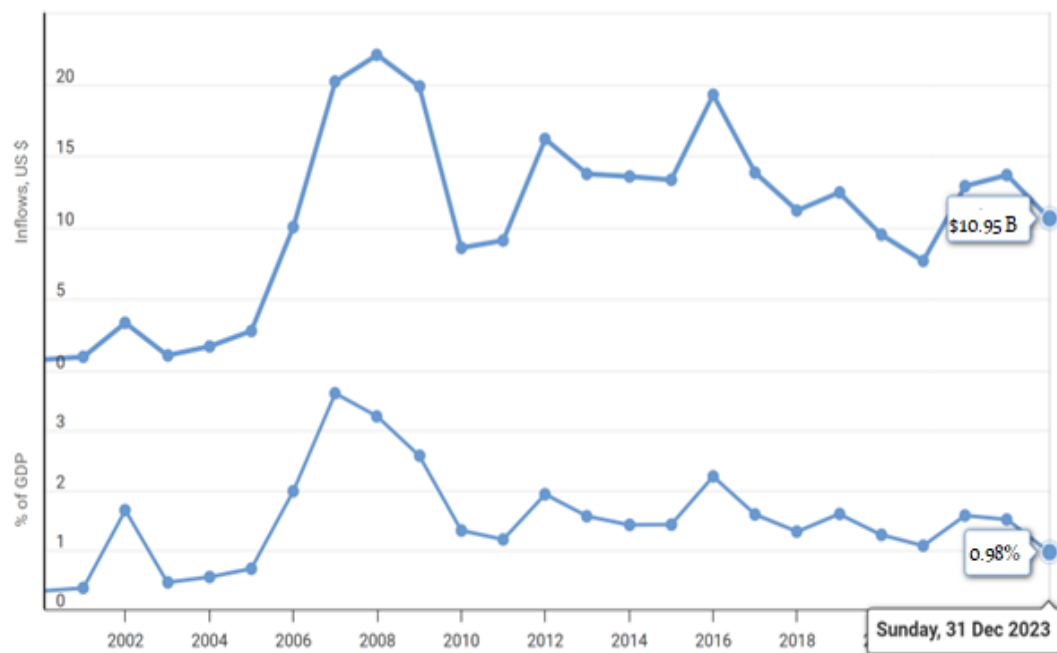
Figure A3: FDI Inflows to Türkiye in billion USD and as percent of GDP Source: <https://data.worldbank.org/>

Figure A4: SDG Score by select countries and groupings, 2023. Source: Sustainable Development Report (SDR) 2023 and FAO Stat

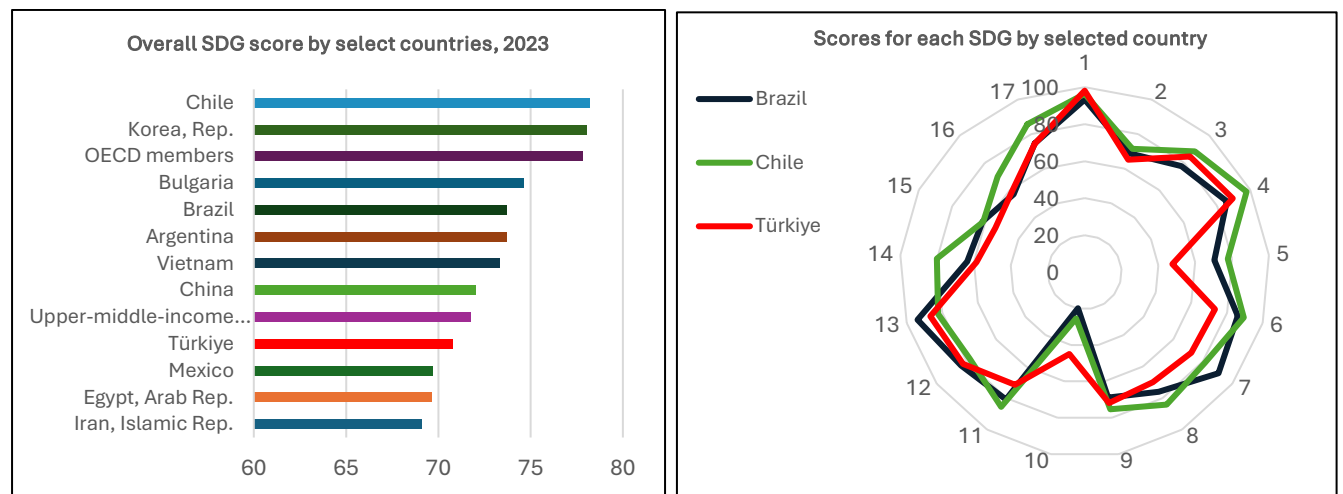


Figure A5: Sustainable Development Report 2024. Available at <https://dashboards.sdindex.org/profiles/Türkiye>, Türkiye

Figure A6: SDG progress since 2000 Source: Sustainable Development Report 2023

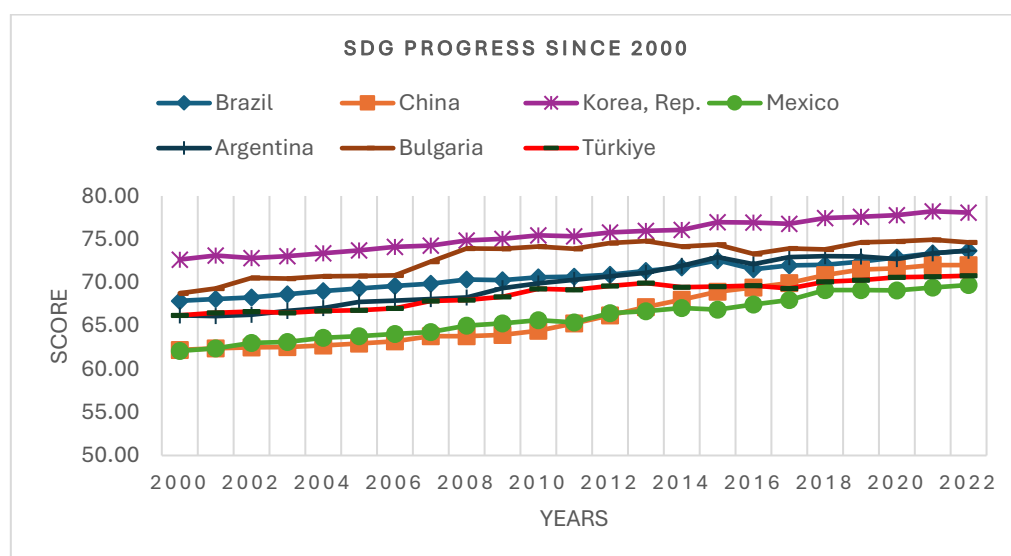
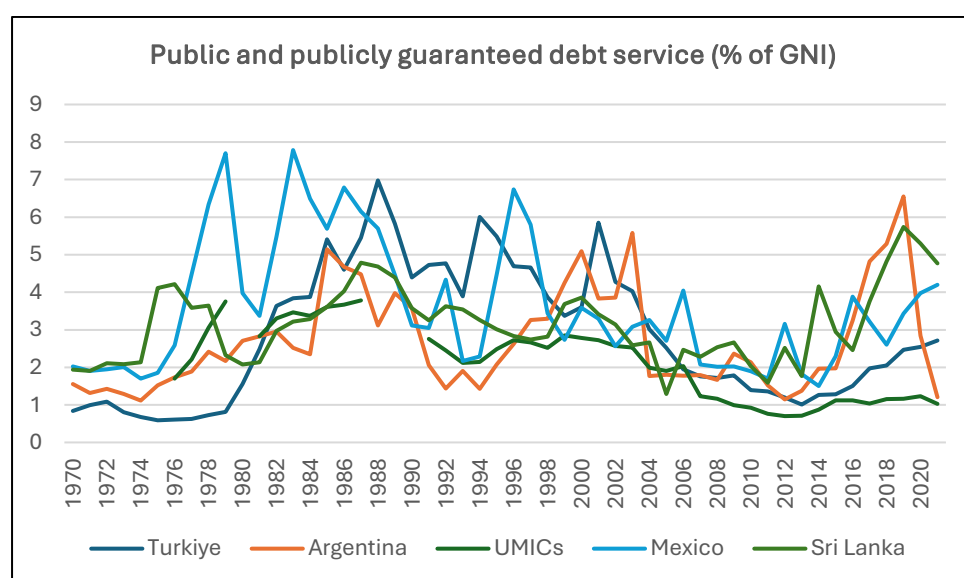
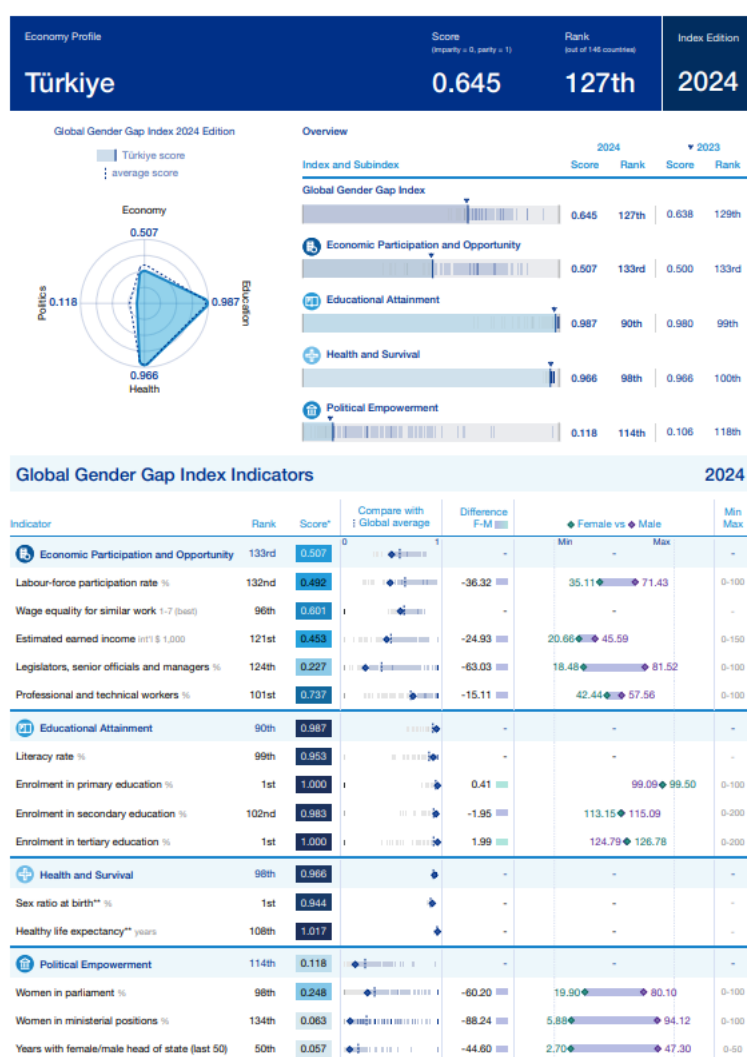
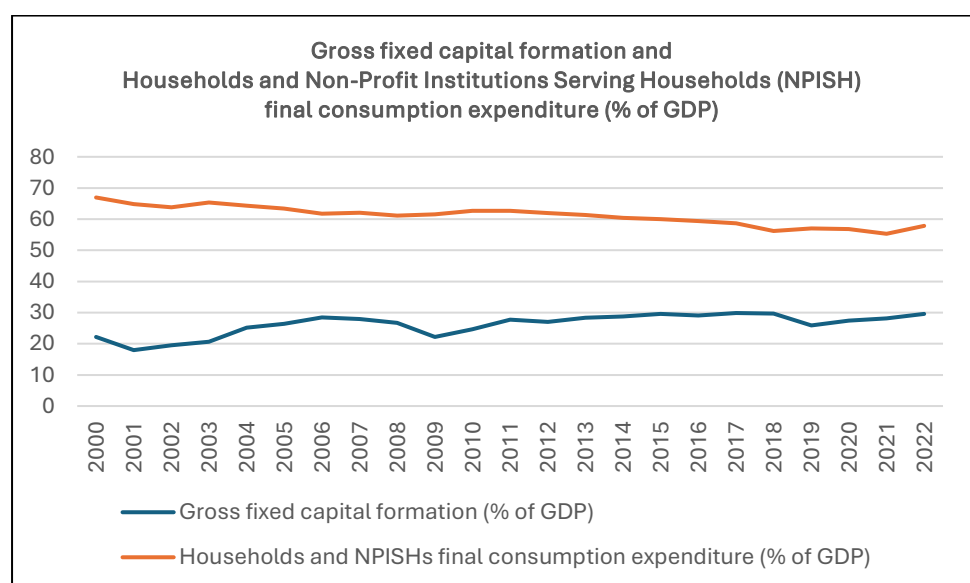
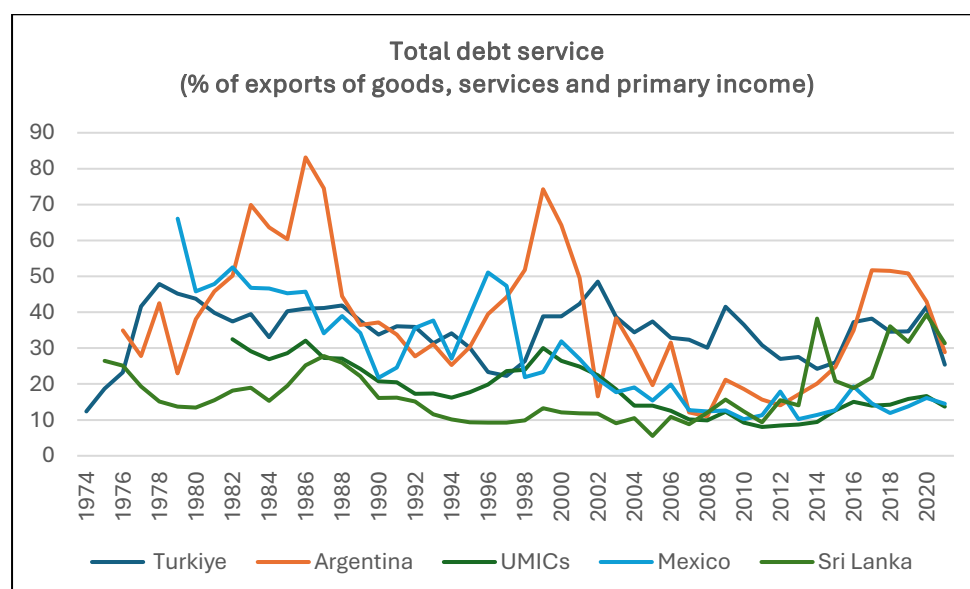
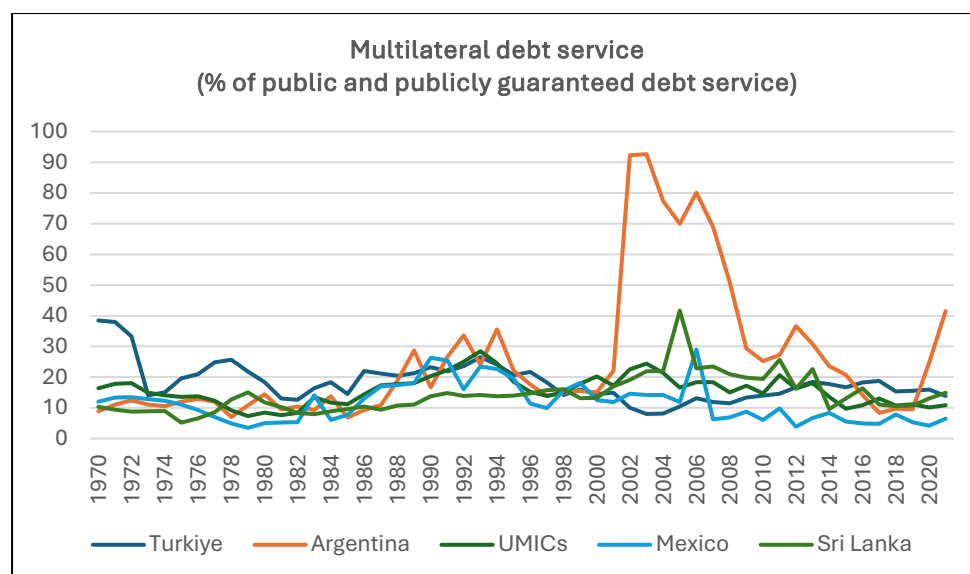


Figure A7: Global Gender Gap Index 2024, WEF





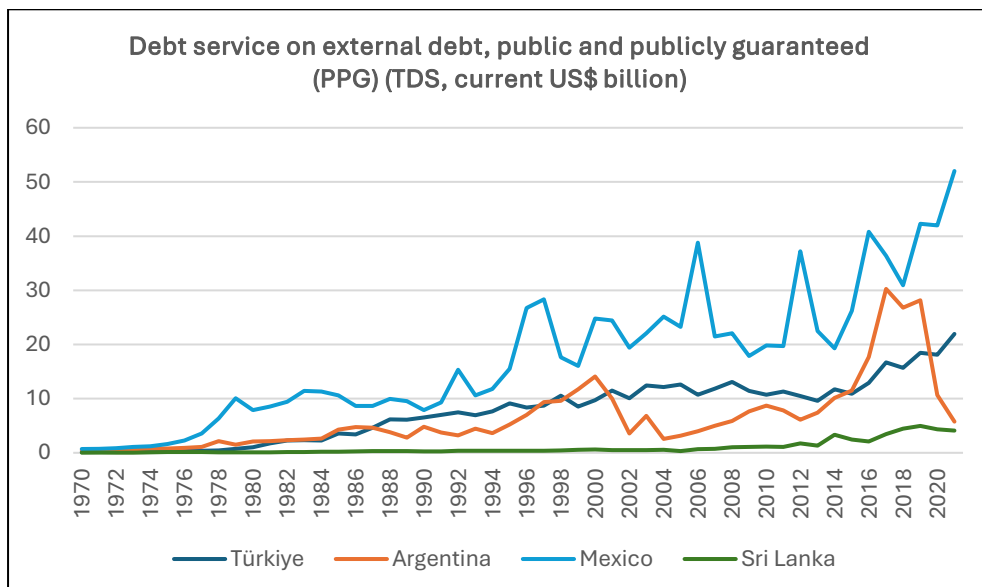
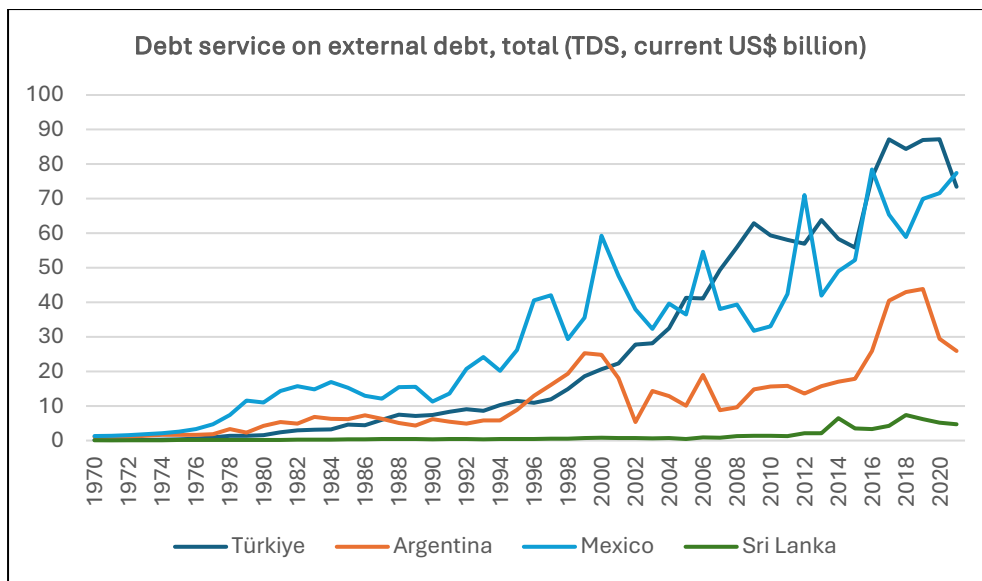


Figure A8: Assorted graphic on debt sustainability Source: World Bank Development Indicators

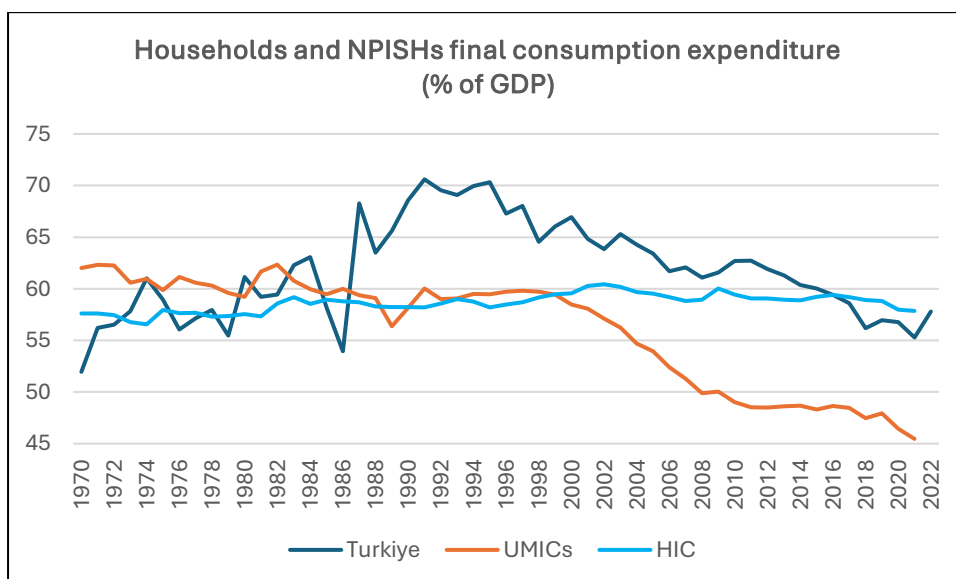
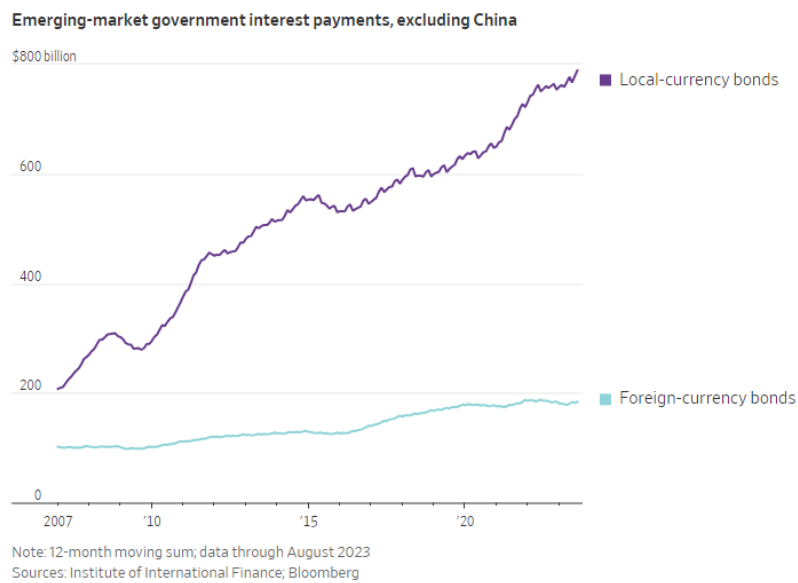


Figure A9: External Debt Repayment Projections Version: Nov-Dec 2024 Source: <https://en.hmb.gov.tr/public-finance>

| | 2024 (November-December) | 2025 | 2026 | 2027 | 2028 | 2029+ | TOTAL |
|-----------------------|--------------------------|---------------|---------------|---------------|---------------|----------------|----------------|
| GROSS TOTAL | 27 792 | 93 662 | 52 033 | 41 097 | 42 320 | 183 261 | 440 164 |
| PUBLIC SECTOR | 9 241 | 46 657 | 27 952 | 23 342 | 20 801 | 103 576 | 231 568 |
| PRINCIPAL | 8 076 | 37 355 | 20 176 | 16 650 | 15 188 | 76 341 | 173 786 |
| INTEREST | 1 165 | 9 302 | 7 776 | 6 692 | 5 613 | 27 234 | 57 782 |
| PRIVATE SECTOR | 18 551 | 47 005 | 24 081 | 17 755 | 21 519 | 79 686 | 208 596 |
| PRINCIPAL | 17 420 | 42 165 | 19 869 | 14 223 | 17 361 | 66 700 | 177 739 |
| INTEREST | 1 131 | 4 840 | 4 211 | 3 532 | 4 158 | 12 986 | 30 857 |

Figure A10: Example of domestic bonds on debt sustainability

Figure A11: Türkiye total support estimate to agriculture, OECD ¹¹³

| Indicator | 2018 | 2019 | 2020 | 2021 | 2022 | 1986 - 2022 |
|---------------------------------------|-------|-------|-------|-------|------|-------------|
| Total Support Estimate, % of GDP | 1.41 | 1.28 | 2.09 | 1.33 | 1.51 | |
| Producer Support Estimate, % of GFR | 15.9 | 15.2 | 23.1 | 15.9 | 13.6 | |
| Nominal Protection Coefficient, Ratio | 1.12 | 1.11 | 1.12 | 1.14 | 1.10 | |
| Agriculture in GDP, % | 5.8 | 6.4 | 6.7 | 5.5 | — | |
| Agricultural employment, % | 18.43 | 18.11 | 17.55 | 17.17 | — | |

¹¹³ <https://www.compareyourcountry.org/support-for-agriculture>

Figure A13: Agricultural land as a share of total land area

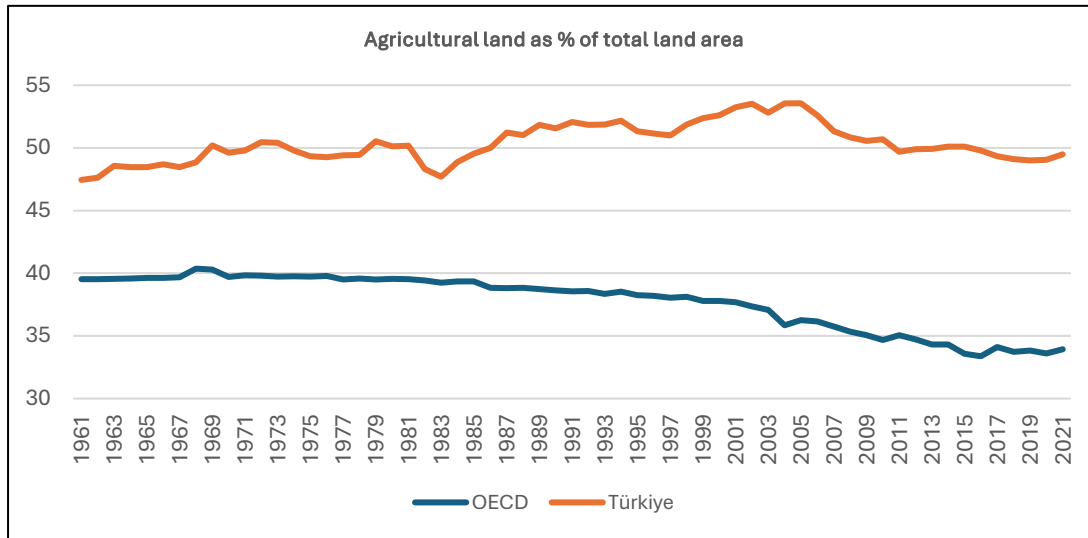


Figure A14: Food Production Index. Source: World Development Indicators. Available at <https://databank.worldbank.org/source/world-development-indicators/Series/AG.PRD.FOOD.XD#>

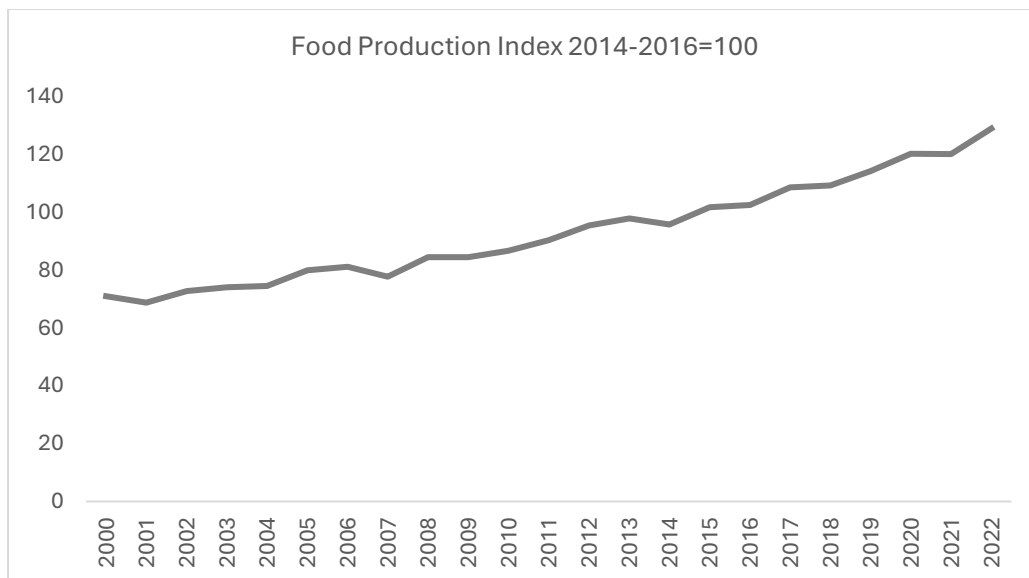


Figure A15: Agriculture, forestry and fishing value added (% of GDP) , Source: World Bank

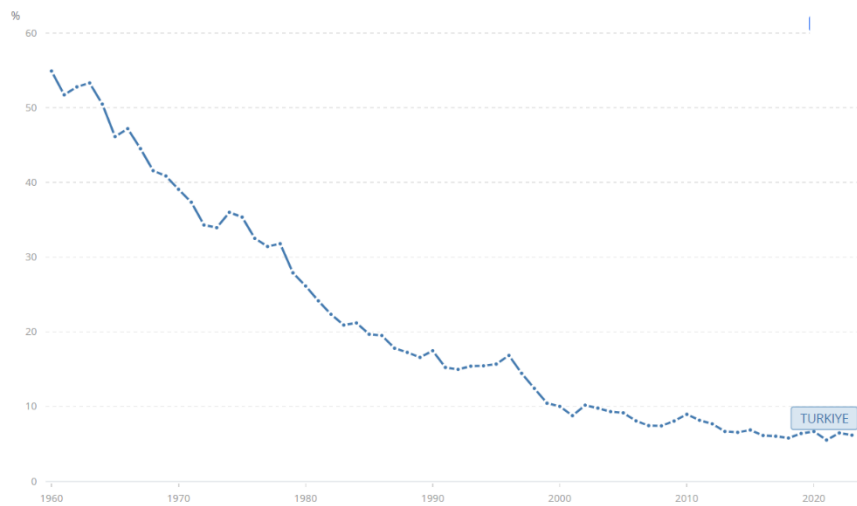


Figure A16: Share of agricultural employment Source: World Bank

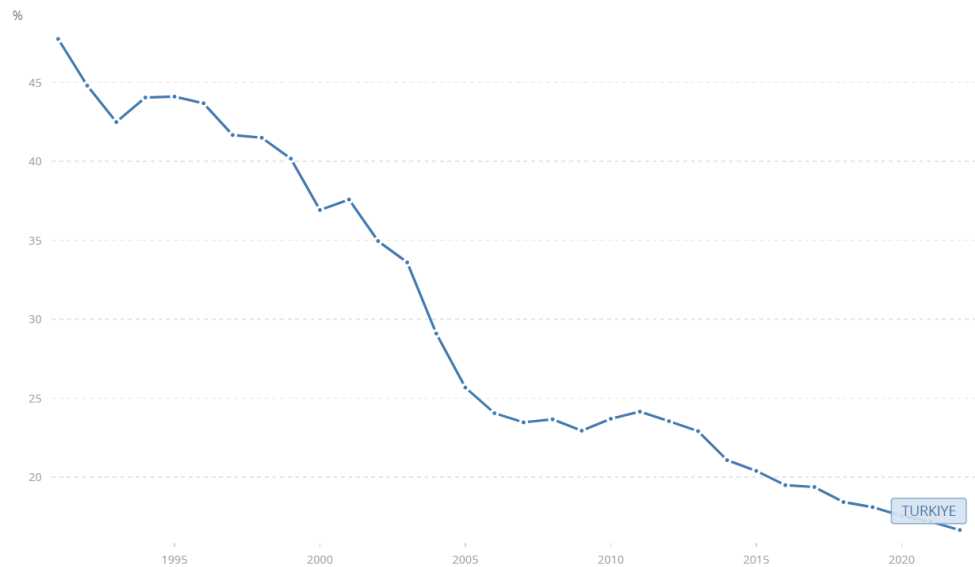


Figure A17: IFAD CARD Tool and projections for crop yield changes in Türkiye for next 20 years - base year 2023.114

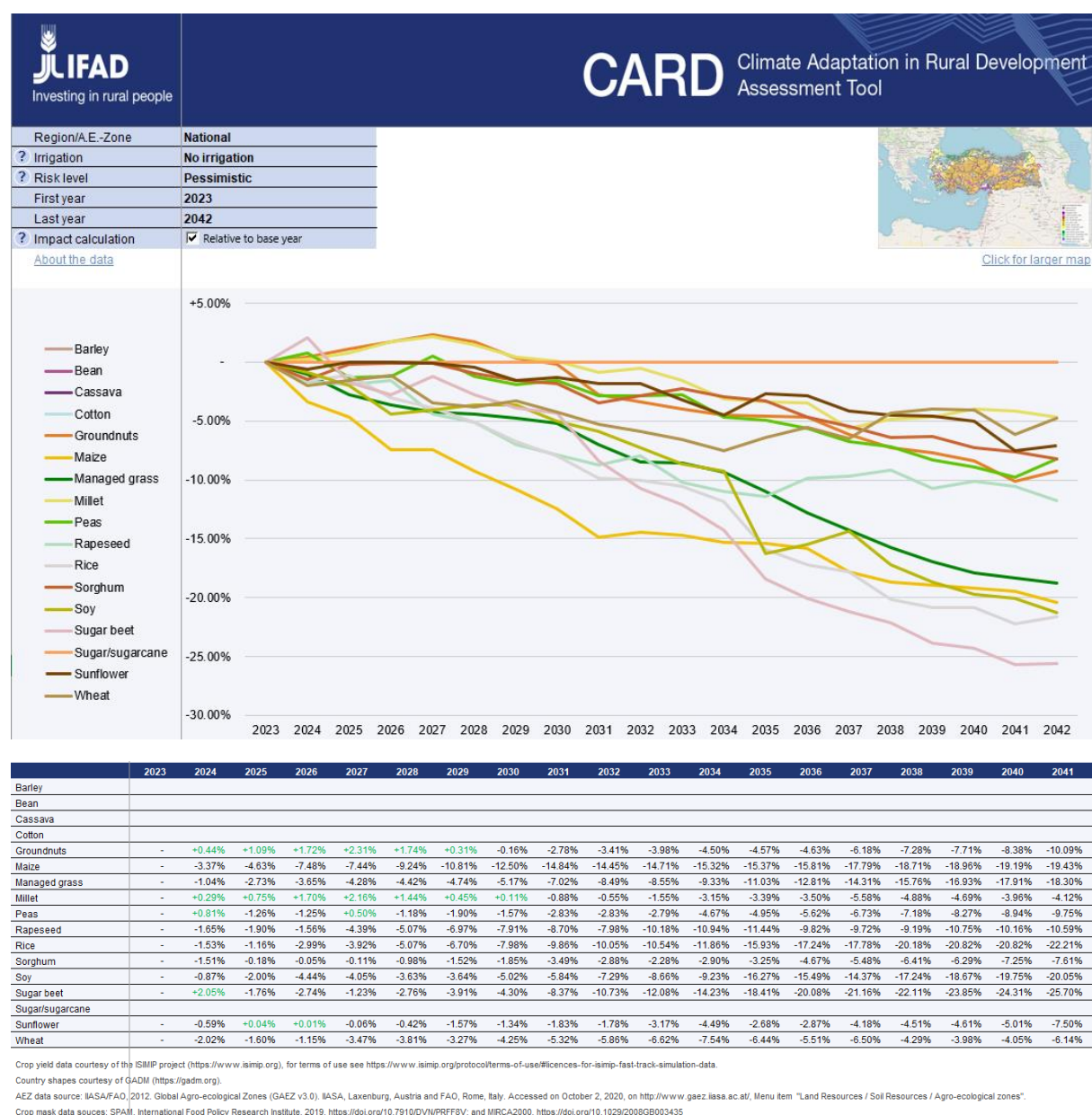
114 <https://www.ifad.org/de/web/knowledge/-/climate-adaptation-in-rural-development-card-assessment-tool>

Table A1: Country Indicators Sources ¹ General government gross debt as percentage of GDP

| Indicator | Data | Year of reference |
|-------------------------------------|------------|-------------------|
| GNI per capita, current US\$ | 11730 | 2023 |
| GDP growth (%) | 3% | 2024 |
| Public debt (% of GDP) ¹ | 25.2% | 2024 |
| Debt service ratio | 6.9% | 2024 |
| External Debt to GDP ratio | 41.3% | 2024 |
| Inflation rate (%) | 42.12 | January 2025 |
| Population size (million) | 85 664 944 | 2024 |
| Population, female (million) | 42 811 834 | 2024 |
| Youth population (15-24) (%) | 14.9% | 2024 |
| Unemployment rate | 9.3% | 2024 |
| Fragility Index | 84.0 | 2024 |
| OCHA Inform Risk Index | 4.9 | 2024 |

Table A2: Summary of COSOP criteria and indicators

Data sources: Credit rating (Standard & Poor's, Fitch); Policies/institutions: IFAD RSPA, FAOSTAT; SDGs: Poverty (WB,); Food Security (UN Stats); Gender (UNDP GDI Database); Inequality (WB, WDI).

*Verification of targets will be based on available data in 2026 and 2029, respectively.

| Graduation Criteria | Indicator | Past COSOP | Baseline | Mid-term | Completion |
|--|--|-------------|-------------|-------------|-------------|
| Progress towards SDGs | | 2016 | 2024 | 2027 | 2030 |
| SDG 1 End Poverty | Poverty headcount ratio at US\$ 6.85 a day (2017 PPP) (2023) (%) | 10.3 | 7.8 | 6.60 | 4.99 |
| | At risk of poverty or social exclusion (%) | 33.2 | 29.3 | 27.56 | 25.23 |
| SDG 2 End Hunger | 2.c.1 Indicator of Food Price Anomalies (IFPA), by Food CPI | -1.12 | 1.05 | 0.52 | 0.18 |
| | Obesity rates (%) individuals aged 15+ | 19.6 | 20 | 18.8 | 17.6 |
| | | | | | |
| | | | | | |
| SDG 5 Achieve Gender Equality | Percentage of women employed in agriculture (%) | 28.50 | 18.70 | 16.69 | 14 |
| | Ratio of female to male labor force participation rate (%) | 45.1 | 49.9 | 55.4 | 62.7 |
| SDG 10 Reduced Inequality | Gini coefficient | 0.404 | 0.413 | 0.405 | 0.404 |
| | Income Share of bottom 40% (%) | 16.78 | 16.61 | 16.97 | 16.78 |
| | | | | | |
| Access to International Capital Markets | Credit rating agency | | | | |
| | S&P Fitch | BB – BB- | BB- BB- | BB- BB- | BB+ BB+ |
| | | | | | |

| Institutions/Policies for sustainable rural development | RSPA | <u>IFAD12</u> | <u>IFAD13</u> | | |
|--|--|---------------|---------------|-------|-------|
| Rural Sector Performance Assessment | Overall RSPA Rating | 3.7 | 4.1 | 4.4 | 4.9 |
| | Policies/Frameworks (1.1) | 4.3 | 4.6 | 4.8 | 5.2 |
| | Climate change policies (3.2.) | 3.7 | 4 | 4.2 | 4.6 |
| | Access/Use rural financial services (4.1) | 2.5 | 2.9 | 3.2 | 3.7 |
| <u>Memo Item</u> | | 2016 | (2023) | | |
| GNI per capita (Atlas method in current USD) | | 11340 | 11730 | 13208 | 14785 |

Appendix IV: SECAP Background Study

Introduction

1. The SECAP Background Study aims to provide a comprehensive analysis of social, environmental, and climate-related factors influencing rural development in Türkiye. This analysis will inform the development of IFAD's Country Strategic Opportunities Programme (COSOP), ensuring that future interventions are environmentally sustainable, socially inclusive, and climate-resilient. The study examines the socio-economic situation, environment and climate context, institutional and legal frameworks, and offers strategic recommendations for addressing sustainable development and climate change considerations within IFAD's interventions in Türkiye. The study employs a mixed-methods approach, combining desk research of existing literature, policy documents, and national statistics with targeted consultations with key stakeholders.

Part 1 - Situational analysis and main challenges

1.1 Socio-economic situation and underlying causes

2. Türkiye has the 11th largest economy in the world with a per capita GDP that has tripled since 2000. The country is experiencing intensive urbanization, and between 1990 and 2021, the share of the population living in rural areas decreased from 41 per cent in 1990 (21,998,667) to 23 per cent in 2020 (19,802,431) (FAOSTAT). According to the new definition adopted by the 11th Development Plan, a new classification has been adopted to reflect the actual urban-rural structure, with the following categories: “densely populated”, “intermediate-density” and “thinly populated” areas¹¹⁵. According to this classification, the thinly populated areas constitute 93.5 per cent of Türkiye’s surface area, and where 17.3 per cent of the total population reside (TÜİK 2023). Against this backdrop, agriculture contribution to the country’s GDP dropped to 8 per cent in 2016 with industry and services that have become more significant economic drivers. However, the agricultural sector continues to represent a significant force in job creation, providing 14.6 per cent of all employment in 2024¹¹⁶ and most forms of rural employment.
3. Agricultural areas are divided into 941 basins. Türkiye also provides for administrative and technical support to agriculture-based specialized organized industrial zones¹¹⁷, which are designed to advance women’s employment, sustainability and zero waste objectives, to increase the competitiveness of the agricultural sector with quality and reliable production and branding, and to ensure agriculture-industry integration. As of 2021, 48 of these zones were supported.
4. The agricultural sector in Türkiye has seen significant growth and development in recent years¹¹⁸:
 - **Crop and Cereal Production:** 41.4 percent of agricultural land is dedicated to crop products and cereals, with a production increase of 7.3 tonnes over two decades. The area for fruit and spice crops rose by 36.4 percent between 2001-2020, and tomato production, specifically, has seen a 4.2 tonne increase.
 - **Organic production:** Since 2005, the number of organic farmers and the scale of organic production have tripled, with organic production area multiplying fourfold.

¹¹⁵ Densely populated areas are defined as localities that have at least 50% of their population living in urban centre grids. Intermediate density areas are localities that do not meet the criteria of densely populated areas and thinly populated areas. Thinly populated areas are localities that have more than 50% of their population living in rural grid cells. (*Urban-Rural Population Statistics*, 2022. Turkish Statistics Institute)

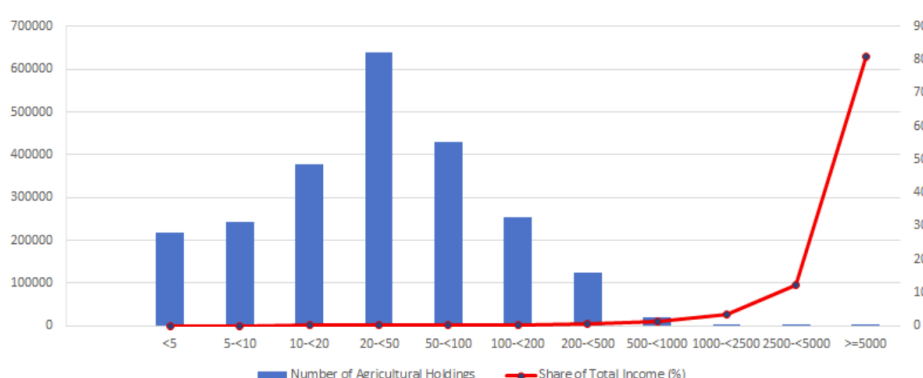
¹¹⁶ TurkStat Labor Force Statistics 2024 Q32, Sectoral Statistics Table 2

¹¹⁷ FAOLEX Database: <https://www.fao.org/faolex/results/details/en/c/LEX-FAOC222336/>

¹¹⁸ *Towards Sustainable Food Systems National Pathway of Turkey*, 2021

- **Agricultural Strengths:** Türkiye leads in the production of hazelnuts, cherries, figs, and apricots, and its food and beverage industry attracts significant foreign investment totalling approximately \$89.5 billion since 2010.
 - **Animal Production:** Major increases have been observed in red meat, milk, poultry meat, and egg production. Türkiye is a leader in sheep and goat breeding in Europe, with over 42 million sheep and 12 million goats, and, ranks second in broiler and egg production.
 - **Beekeeping:** Türkiye's unique geographic and climate conditions make it a perfect ecosystem for beekeeping. The country has high plant diversity of around 12,000 species and is the world's largest producer of pine honey (90 percent of global production). Türkiye ranks 2nd globally in honey production according to FAO statistics. These achievements and strengths showcase the significant potential and growth opportunities within Türkiye's agricultural sector.
5. Türkiye is a net exporter of agro-food products, making up 12.2 percent of its total exports in 2024; key export crops are nuts, dried fruits, and some fresh vegetables; main export destinations include the EU, Iraq, the Russian Federation and the United States¹¹⁹.
 6. Regarding farming holding size, there are 2,306,305 farmers in Türkiye, with 82,6 percent of the agricultural holdings under 10 ha and over 80 percent classified as micro and small-scale. The number of agricultural holdings over 20 ha is only 6,4 per cent. However, as shown in Figure 1 below, farms larger than 500 ha account for over 80 percent of total farm income.

Farm size and share of total income (%)¹²⁰



7. Small scale farmers, particularly those producing fruit, vegetable, and fish, struggle to access markets. The cooperative model, with about 3.5 million members, offers potential market linkage but faces significant challenges on their technical and institutional capacity (Ibid). In addition, wholesale markets also offer important marketing opportunity for small-scale fruit and vegetable producers, who lack adequate professional organization, storage and transportation facility (Ibid).
8. On the production side, farmers face issues such as low productivity, high input costs, limited access to finance, and weak bargaining power owing to a fragmented food supply chain. This leads to lower prices for their products and hinders effectiveness of agricultural cooperatives. The financial and digital liability are also low.
9. Land fragmentation prevents investment in technologies and restricts access to irrigation, negatively affecting crop production and costs. This makes it difficult for farmers to optimize their cropping patterns and practices. Additionally, high feed costs result in suboptimal

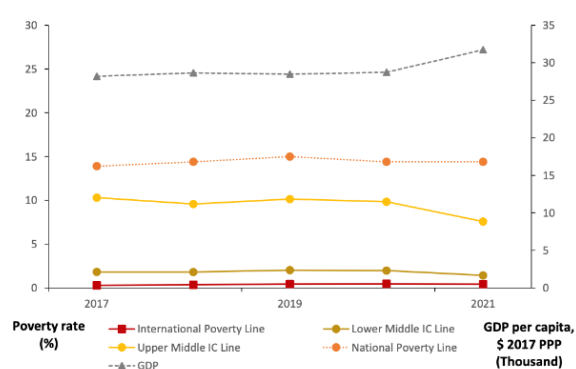
¹¹⁹ *Agricultural Policy Monitoring and Evaluation 2022*. OECD, 2022

¹²⁰ *Supporting Small Farmers Thematic Working Group Workshop Report* prepared by National Rural Network co-financed by EU, The Ministry of Agriculture and Forestry. Ministry of Agriculture and Forestry, 2020.

livestock productivity. Overall, Türkiye's agricultural sector confronts various structural, technological, and economic barriers that constrain its development and productivity. Addressing these interrelated challenges will be crucial for improving the long-term sustainability and competitiveness of the agriculture sector.

10. **Poverty and social exclusion** – Türkiye's Poverty landscape presents a complex picture, characterized by significant regional disparities and ongoing developmental challenges, further exacerbated by recent natural disasters. The poverty rate (at \$6.85 purchasing power parity (2017) decreased by more than half from above 20 percent in 2007 to 7.6 percent in 2021¹²¹. Türkiye is classified as a high human development country, ranking 48th out of 191 countries in the 2021/2022 Human Development Index with a score of 0.838 (UNDP, 2022). However, this national average masks substantial regional variations.

POVERTY HEADCOUNT RATE, 2017-2021



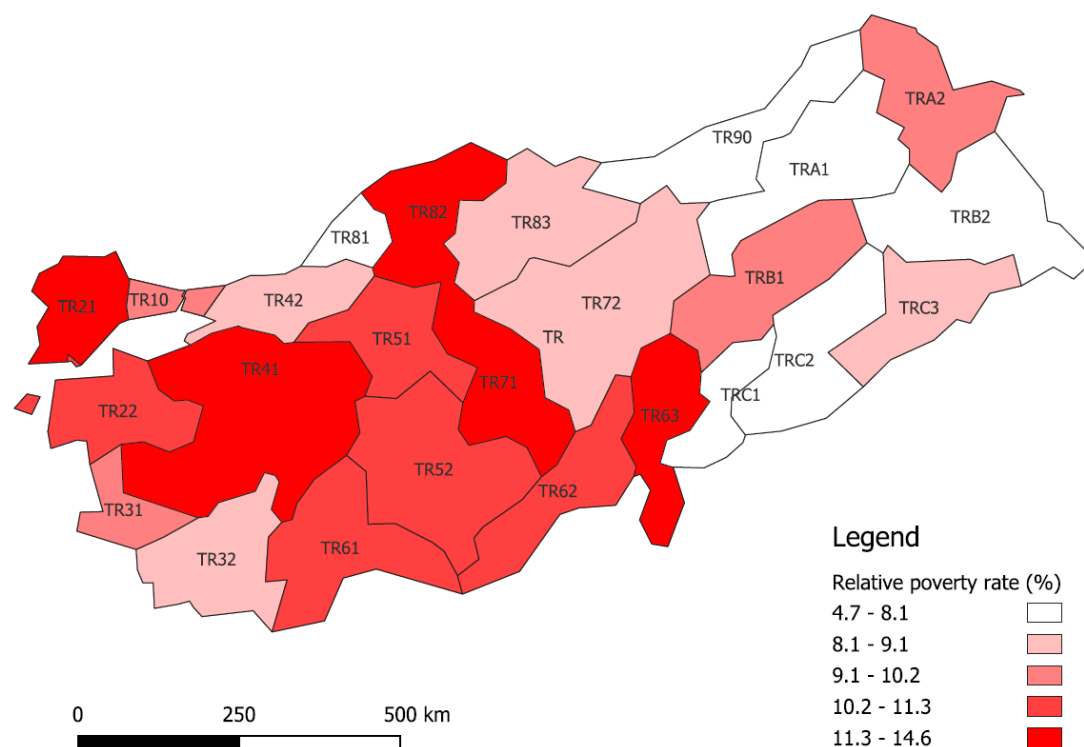
Source: World Bank using SILC-C/ECAPOV/GMD

11. The 2024 Income and Living Conditions Survey by TurkStat highlights significant regional disparities in poverty levels¹²². Particularly noteworthy are the Eastern Anatolia regions, which consistently show higher poverty rates compared to the national average. The TR71 region (figure below), comprising Kırıkkale, Aksaray, Niğde, Nevşehir, and Kırşehir, stands out with the highest poverty rate in the country, 14.6 percent, exceeding the national relative poverty rate of 13.6 percent. Similarly, regions such as TR82 (Kastamonu, Çankırı, Sinop) and TR41 (Bursa, Eskişehir, Bilecik) also reports elevated poverty levels of 12.3 and 12 percent respectively, though lower than TR71. In contrast, eastern regions like TRC1 (Gaziantep, Adıyaman, Kilis) and TRC2 (Şanlıurfa, Diyarbakır) report much lower poverty rates, respectively at 4.7 percent (the lowest in the country) and 6.4 percent. This stark east-west divide in economic well-being emphasizes the need for targeted interventions in Türkiye's eastern regions, particularly in rural areas where poverty is often more pronounced.

Relative poverty rate (based on 50% of the median income)

¹²¹ Country Partnership Framework. World Bank. March 2024.

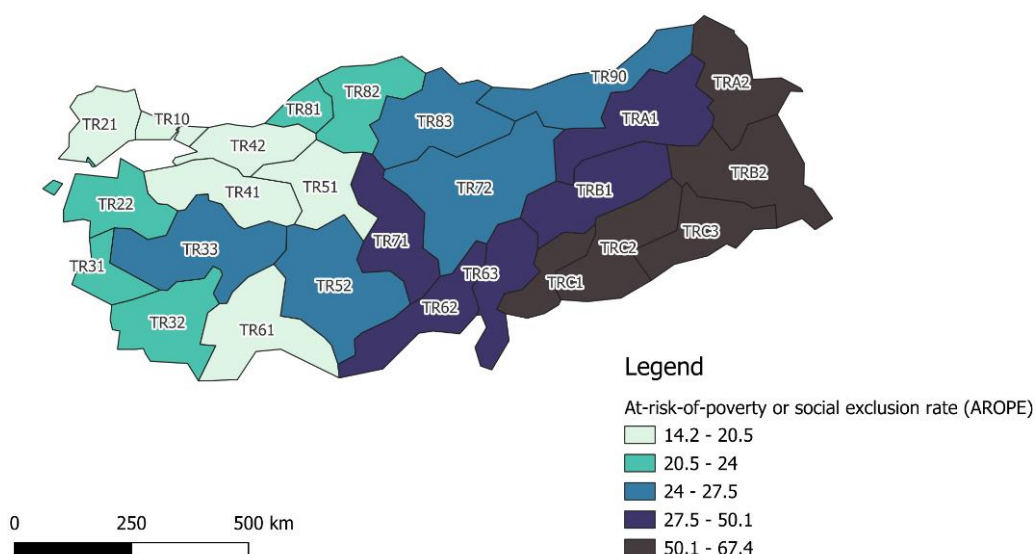
¹²² The study uses the NUTS (Nomenclature of Territorial Units for Statistics) classification, a hierarchical system for dividing up the economic territory of the European Union and neighbouring countries for statistical purposes.



Turkstat 2024- Poverty and Living Conditions Survey

As thoroughly analysed in Appendix III (section III, *Regional Distribution of Poverty, and Income and Vulnerability*), these data should be combined with the at-risk-of-poverty or social exclusion rate (AROPE), which provides a more comprehensive picture of vulnerability to poverty and social exclusion at sub-national level. The ranking of regions based on combined AROPE and poverty rates highlights that the Eastern provinces remain the most at risk, with some exceeding the national average by a large margin.

At-risk-of-poverty or social exclusion rate (AROPE) by region 2024



12. There is a strong spatial overlap between poverty, and natural disasters, and extreme climate events such as wildfires, which are expected to become more frequent as temperatures rise. Moreover, poorer families are most likely to live in buildings vulnerable to collapse or severe damage in an earthquake¹²³.
13. The February 2023 devastating earthquake in south-eastern Türkiye dramatically worsened poverty in the affected regions, pushing an estimated 1.7 million people into poverty and causing economic losses exceeding \$34 billion, or 4% of Türkiye's GDP in 2021 (World Bank, 2023). The hardest-hit provinces, such as Hatay, Kahramanmaraş, and Gaziantep, were already among the country's more economically vulnerable regions. The disaster has led to widespread displacement, loss of livelihoods, and destruction of infrastructure, further deepening existing poverty and exacerbating regional inequalities. Given IFAD's mandate to improve rural livelihoods and food security, its interventions in earthquake-affected areas could support the restoration of damaged agricultural infrastructure, provide assistance to smallholder farmers in resuming production, and help re-establish disrupted value chains. Additionally, IFAD could offer targeted financial services and capacity building to help rural communities recover and enhance their economies and resilience to future shocks. These interventions would align with IFAD's expertise in rural development while addressing the specific post-disaster needs of affected agricultural regions.
14. Income inequality remains a concern, with a Gini coefficient of 0.413 in 2024 (TÜİK, 2024), indicating significant wealth distribution imbalances. Education and healthcare access also varies widely across regions, perpetuating poverty cycles, particularly in the Eastern and South-eastern regions, which lag in various human development indicators, including literacy rates, school enrolment, and access to healthcare services.
15. Looking at the profile of the most vulnerable population, the one person households is the category with the highest percentage increase in at-risk-of-poverty-rate, reaching 9.5 per cent in 2023, 2.0 points higher than the previous year. Considering the educational status, the illiterates are the most affected, representing 27.8 percent of the people at risk of poverty in 2023, while 39.7 percent of threat-risk-of-poverty or social exclusion is aged 0-17.
16. Despite recent economic growth in Türkiye, the creation of high-quality jobs is limited, with declining labour productivity and the jobs transformation remains less inclusive for women, youth, and vulnerable groups, including refugees. Moreover, Türkiye's impressive results on human capital accumulation hide profound inequalities across gender, age, and geography, which are in turn translating into a strong human capital underutilization. High unemployment and informality affect those who are already the most vulnerable. All of which is compounded by severe internal and external shocks (i.e., high inflation, climate change, pandemics, earthquakes), which have also disproportionately impacted poor and vulnerable populations.
17. **Gender** – Gender dynamics in Türkiye present a complex landscape of progress and persistent challenges, especially for rural women who comprise a significant portion of the country's 49.9% female population (Turkish Statistical Institute, 2023). The 2024 World Economic Forum's Global Gender Gap Report, Türkiye ranks 127th out of 146 countries, highlighting significant gender disparities across various domains. Political representation is limited, with women holding just 19.9% of seats in the Turkish Grand National Assembly (Turkish Statistical Institute, 2024), and 3.2% of mayoral positions (UN Women, 2020). Economically, women's labour force participation rate of 36.7% significantly lags behind men's 72.1% in November 2024 (Turkish Statistical Institute, 2024). Türkiye ranks 133rd in economic participation and 114th in political empowerment.

¹²³ Country Partnership Framework for The Republic of Türkiye for the Period 2024-2028. World Bank, 2024

18. Rural women face additional challenges, including limited access to land ownership and resources, while shouldering a disproportionate workload balancing agricultural labour, household chores, and caregiving. Women also experience a remarkable gap in the illiteracy rate, accounting for 5.7 percent in 2022, almost five times higher than for men, which was 0.9 percent (TÜİK, 2024). Cultural and infrastructure factors play a role in preventing young women from continuing their education after primary level, especially in rural areas, such as traditional norms and values about female education, household poverty, a lack of transportation to educational facilities, especially during winter. Because many rural households rely on unpaid family labour, children may discontinue their education when undertaking agricultural work. While specific data on gender-based violence and maternal health in remote areas is not available, these remain important concerns in the broader context of gender equality in Türkiye.
19. Statistics about patterns of male and female crop farming are very limited. Nevertheless, women are more involved in certain types of crop production, such as nuts, fruit, and tea and they dominate the organic farming and greenhouse industry, despite a lack of official sex-disaggregated data. A study by FAO on women farmers in 2013 suggested that women are underrepresented in agricultural cooperatives, owing to barriers like distrust in leadership, lack of female participation, and additional time constraint. Furthermore, the majority of respondents identified gender-based barriers to cooperative membership, mainly related to the lack of role models for female cooperative members¹²⁴.
20. The multifaceted differences between men and women significantly impact rural livelihoods and economic growth, hampering productivity and innovation in the rural economy. Despite existing challenges, grassroots movements, civil society organizations, women's cooperatives, and microfinance initiatives are gradually gaining traction in rural Türkiye to enhance women's economic independence and decision-making power (UNDP, 2021). For IFAD, addressing these disparities between men and women remains crucial for inclusive and sustainable rural development in Türkiye, requiring targeted interventions that recognize the diverse needs and potentials of rural women across different regions and socioeconomic groups.
21. **Youth** – The National Youth and Sports Policy Document in Türkiye defines youth as individuals aged 14-29. According to the legal regulations, any person under 14 years old is regarded as a child and their employment is strictly prohibited. As of 2023, nearly 44.2 percent of the population is under 30, with 22.7 percent between 15-29 years old¹²⁵. This demographic presents both opportunities and challenges for social and economic development. Youth unemployment (15-24 age group) stood at 17.4% in 2023, significantly higher than the overall rate of 9.4% (TÜİK, 2023). The proportion of youth not in employment, education, or training (NEET) has been almost stagnant since 2015, with young women making up nearly three-fourth of this group, which stood at 22.5% in 2023, indicating that a substantial portion is disconnected from both the labour market and education system. In 2019, it was observed that the highest unemployment ratio was in the 20-24 age bracket, while people aged 30-34 and 25-29 experienced the highest employment rate within the youth population¹²⁶. Digital literacy among youth is around 99.5% of internet users aged 16 to 64 owning smartphones, and 76.7% using social media (We Are Social & Kepios, 2023). Youth participation in civic and political life remains a challenge, as evidenced in the 2023 Youth Development Index that ranked Türkiye 57th out of 183 countries, indicating room for improvement in youth empowerment and engagement (Commonwealth Secretariat, 2023). There's a growing trend of youth entrepreneurship. The Global Entrepreneurship Monitor 2022/2023 report shows

¹²⁴ *Profiles of Leading Female Farmers in Turkey*. Akın, et al., 2013, Regional and Business Studies. 5 (1–2)

¹²⁵ TurkStat Population Projections, 2023-2100 <https://data.tuik.gov.tr/Bulten/Index?p=Nufus-Projeksiyonlari-2023-2100-53699>

¹²⁶ *Rural NEETs in Turkey*. European Cooperation in Science & Technology (COST), 2019

that 67.7% of adults see good opportunities to start a business, indicating a favourable environment for young entrepreneurs (GEM, 2023).

22. **Minority and vulnerable groups** – Türkiye's population is diverse, including recognized ethnic and religious minorities (Greeks, Armenians, and Jews), as well as vulnerable groups facing unique challenges. The largest ethnic minority group is the Kurds, estimated to comprise 15-20% of the population (Minority Rights Group International, 2023). Other significant ethnic groups include Arabs, Circassians, and Zazas. Türkiye hosts the world's largest refugee population, with approximately 3.6 million registered Syrian refugees under temporary protection and about 320,000 refugees and asylum seekers of other nationalities (UNHCR, 2023), largely working in agriculture and small businesses under poor labour conditions. While Turkish labour law provides comprehensive protections including minimum wage, working hours, occupational safety, and social security benefits, significant enforcement gaps persist, particularly in the informal agricultural sector where refugees and minorities are concentrated. These gaps include insufficient labor inspection mechanisms, limited access to social protection systems, weak enforcement of anti-discrimination measures, and inadequate workplace safety standards. IFAD projects can address these challenges through multiple interventions: promoting formalization of agricultural employment, implementing comprehensive workplace safety training programs, ensuring fair compensation aligned with or exceeding national minimum wage requirements, and establishing robust monitoring systems for labour conditions. Special attention should be directed toward refugees and ethnic minorities through targeted initiatives including vocational skills development, legal literacy programs on labor rights, improved access to social protection schemes, and creation of decent work opportunities in agricultural value chains. Additionally, IFAD can support policy dialogue to strengthen labour protection frameworks and their enforcement mechanisms.
23. About 6.9% of the population, or 5.9 million individuals, have a disability (TÜİK, 2022). Despite ratifying the UN Convention on the Rights of Persons with Disabilities and implementing domestic legislation to protect their rights, challenges persist, including low labour force participation (22.1%, TÜİK, 2023), educational attainment, and accessibility issues in public spaces and transportation, particularly in rural areas.
24. **Nutrition** – Türkiye faces a complex nutritional landscape characterized by both undernutrition and overnutrition challenges. While severe malnutrition rates are relatively low, micronutrient deficiencies persist, with anaemia affecting 30.9% of women of reproductive age (World Bank, 2021) and vitamin D deficiency prevalent in 93% of children and adolescents (Akman et al., 2022). Simultaneously, obesity has emerged as a significant public health concern, with 20% of the population aged 15 and over classified as obese in 2022, and childhood obesity on the rise (TÜİK, 2022). Government initiatives aim to address these issues, emphasizing the importance of a balanced diet in particular for women and children, including the School Milk Program and the Healthy Nutrition and Active Life Program (2019-2023). These areas represent an important area for synergistic actions of IFAD investment to setting up win-win food chains to supply nutritious and locally produced food to school canteens while supporting small-scale farmers to access markets and enhance active participation in local and nutrition-sensitive food value chains.
25. **Food Security** – Türkiye ranks 49th out of 113 countries in the Global Food Security Index 2022 (Economist Impact, 2022), indicating a moderate level of food security. Türkiye is self-sufficient in many crops and fruit and vegetables but faces significant challenges in relation to harvest and post-harvest food losses, estimated at 18% and 11% respectively (FAO) and to high inflation (54% in 2023), significantly impacting food affordability and access for many households. In fact, food inflation surged dramatically, exceeding 60% monthly between July 2023 and March June 2024, peaking at 75% in September 2023. The government has expanded social assistance programs, with approximately 2.5 million households receiving

food aid in 2022 (Ministry of Family and Social Services, 2023), and developing its National Food Systems Pathway to transform food systems and achieve the SDGs by 2030, focusing on food loss and waste.

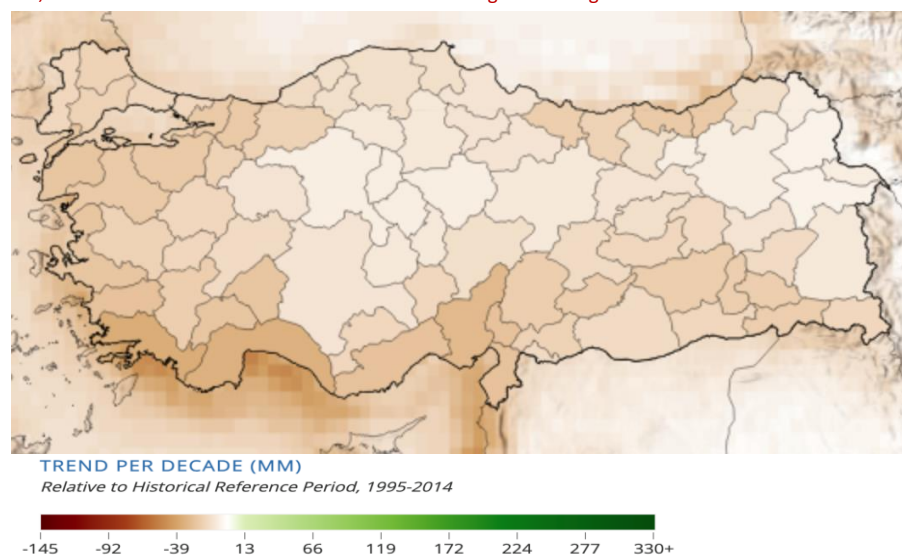
1.2 Environment and climate context, trends and implications

26. Türkiye's natural resources and environment present a complex and dynamic landscape that significantly influences its agricultural sector. The country's diverse geography, spanning 783,562 km², encompasses a rich tapestry of ecosystems and agro-ecological zones. According to the latest data from the Ministry of Agriculture and Forestry (2023), agricultural land comprises 38.5% of the total area, while forests and semi-natural areas cover 54.7%. This diversity supports a wide array of agricultural activities, from the Mediterranean coastal regions ideal for citrus orchards and olive groves to the vast Central Anatolian Plateau's grain fields and the extensive livestock farming in the rugged terrain of Eastern Anatolia.
27. **Soil** - The country's soil resources, while extensive, face significant challenges. The Turkish State Hydraulic Works (2022) reports that 44% of the land is suitable for agriculture, yet erosion affects approximately 59% of agricultural lands. This erosion not only leads to the loss of fertile topsoil but also contributes to the degradation of water bodies through sedimentation. Furthermore, soil organic matter content is alarmingly low, with 70% of agricultural soils having less than 2% organic matter. This deficiency impacts soil structure, water retention capacity, and overall fertility, posing a significant challenge to sustainable agricultural practices.
28. **Water resources** in Türkiye are under increasing pressure. With per capita water availability at 1,346 m³/year, the country falls into the water-stressed category according to international standards. Irrigated agriculture, while crucial for food security, accounts for 77% of water consumption. However, only 65% of economically irrigable land is currently under irrigation, indicating both a challenge and an opportunity for agricultural development. The gap between irrigated and irrigable land presents a potential for expanding agricultural productivity, but it must be balanced with sustainable water management practices to prevent further strain on water resources.
29. **Biodiversity** - Türkiye's rich biodiversity, as documented in the Ministry of Agriculture and Forestry's Biodiversity Report (2023), is a valuable asset for agricultural resilience and innovation. The country hosts approximately 12,000 plant species, of which 33% are endemic. This wealth translates into significant agricultural biodiversity, including 256 crop wild relatives and 95 fruit tree species. These genetic resources are invaluable for crop improvement programs, offering traits for disease resistance, climate adaptation, and yield enhancement. However, according to the same source, this biological wealth faces significant threats, with 20% of plant species considered under threat due to habitat loss, overexploitation, and the mounting pressures of extreme weather events.
30. **Forests** - Türkiye's forest resources face critical challenges, including deforestation, soil erosion, and illegal logging. Forested land in Türkiye has decreased significantly, with annual deforestation rates estimated at approximately 500,000 hectares due to urbanization and agricultural expansion. Soil erosion affects 59% of Türkiye's land, with an average loss of 500 million tons of topsoil per year, leading to reduced agricultural productivity and ecosystem degradation (Republic of Türkiye Ministry of Agriculture and Forestry, 2020). Illegal logging contributes to forest degradation, with an estimated 200,000 cubic meters of wood illegally harvested annually (WWF Turkey, 2019).
31. Environmental challenges pose significant threats to Türkiye's agricultural sector. Land degradation is a major concern, with the Turkish Foundation for Combating Soil Erosion (2023) reporting that 86% of the country's land area is affected by erosion to some degree. Hotspots

likely include mountainous regions, areas with intensive agriculture, and regions with sparse vegetation cover. Desertification threatens 47% of agricultural lands, a trend that is expected to worsen with changing climate patterns. Focus areas include central Anatolia, which has a semi-arid climate, and south-eastern regions bordering Syria and Iraq. Water scarcity and pollution are increasingly problematic, with the Ministry of Environment, Urbanization and Climate Change (2023) projecting that Türkiye may become water-poor by 2030. Current water quality assessments indicate that 79% of water bodies face pollution from agricultural runoff and industrial waste, further compromising water availability for agriculture and other sectors.

32. Climate variability and extreme weather events are exacerbating these environmental challenges and pose a significant threat to Türkiye's agricultural sector. Based on the World Bank Climate Change Knowledge Portal, Türkiye is projected to experience significant temperature increases across different climate scenarios. Under the RCP4.5 scenario (moderate emissions), mean annual temperatures are expected to rise by approximately 1.5-2.5°C by the 2050s compared to the 1986-2005 baseline. In the high-emissions RCP8.5 scenario, this increase could reach 2.5-3.5°C by the same period. By the end of the century (2080-2099), temperatures could rise by 2-3°C under RCP4.5 and 4-5°C under RCP8.5. These projections suggest more severe warming in the eastern and south-eastern regions of Türkiye, with potential impacts on agriculture, water resources, and ecosystems.
33. Türkiye is expected to experience changes in annual precipitation patterns under different climate scenarios. Under the RCP4.5 scenario, annual precipitation is projected to decrease by 5-10% in many parts of the country by the 2050s, with more pronounced reductions in the southern and western regions. The RCP8.5 scenario suggests more severe declines, potentially exceeding 15% in some areas by the end of the century. The Standardized Precipitation-Evapotranspiration Index (SPEI) analysis indicates an increased likelihood of drought conditions, particularly in the Mediterranean and Aegean regions¹²⁷.

Projected Trend per Decade Change of Precipitation (Annual), 1971-2020; Türkiye; SSP5-8.5, Multi-model Ensemble – World Bank Climate Change Knowledge Portal



34. The frequency and intensity of climate-related disasters are also on the rise, posing acute risks to agricultural production and rural livelihoods. Turkes et al. (2023), in their analysis published in Natural Hazards, project an increase in the frequency and intensity of droughts, particularly in Central Anatolia and the Southeast. They estimate that severe droughts could occur every 3-4 years by 2050, compared to every 7-8 years historically. While overall precipitation is

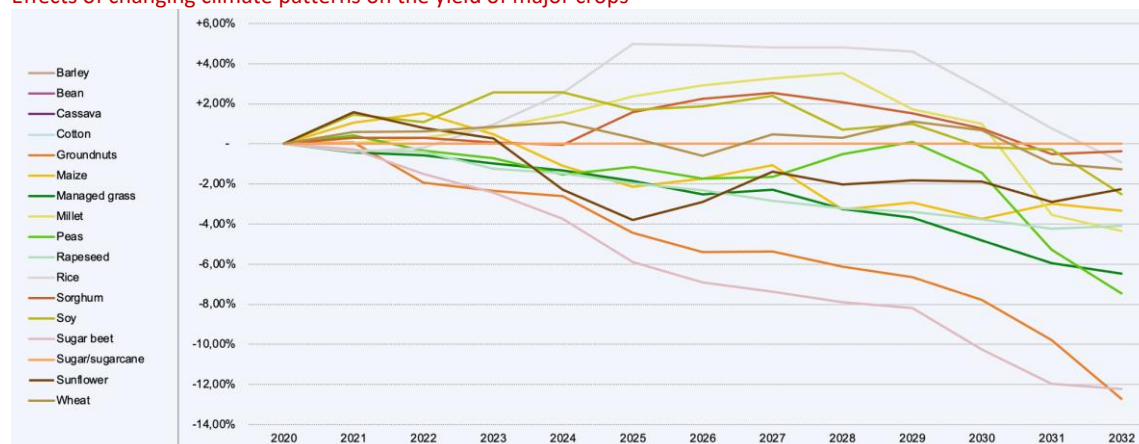
¹²⁷ World Bank Climate Change Knowledge Portal.

expected to decrease, the intensity of rainfall events is likely to increase, leading to more frequent flash floods, with the Black Sea region and north-eastern Anatolia particularly vulnerable.

35. Extreme heat events are becoming more common and intense, with projections suggesting that by 2050, many agricultural regions could experience 10-15 more days per year with temperatures exceeding 35°C. This increase in extreme heat will significantly impact crop yields, livestock productivity, and farm worker health and safety. Paradoxically, some regions may face increased risk of late spring frosts due to the earlier onset of spring, which can devastate fruit crops if trees bloom prematurely.
36. The main drivers of these challenges are multifaceted and interconnected. Unsustainable agricultural practices, including overgrazing, excessive tillage, and improper irrigation techniques, contribute to soil degradation and water pollution. Rapid urbanization and industrialization, while driving economic growth, often come at the cost of agricultural land and natural habitats. Deforestation, driven by both agricultural expansion and urban development, exacerbates soil erosion and biodiversity loss. The overexploitation of water resources, particularly groundwater, threatens long-term water security.
37. Greenhouse gas emissions from various sectors, including agriculture, industry, and transportation, contribute to changing climate patterns, creating a feedback loop of environmental degradation. The Turkish Statistical Institute reports that in 2019 agricultural emissions accounted for 13.4% of the country's total greenhouse gas emissions¹²⁸, underscoring the sector's dual role as both a contributor to and victim of climate change.
38. These environmental and climatic challenges have profound implications for agricultural development and rural poverty in Türkiye. A comprehensive study by Şen et al. (2023), published in the Journal of Agricultural Sciences, projects yield decreases of up to 30% for key rain-fed crops like wheat and barley by 2050 under current climate scenarios. The IFAD CARD Tool provides analysis (figure below) on changes in yields relevant to 14 key crops across the country, and major impacts are observed regarding groundnuts, managed grass, millet, peas and sugar beet.

¹²⁸ <https://cevreselgostergeler.csb.gov.tr/en/total-reenhouse-gas-emissions-by-sectors-i-85967>

Effects of changing climate patterns on the yield of major crops



39. Smallholder farmers, who make up a significant portion of Türkiye's agricultural sector, are particularly vulnerable to these impacts. Karapinar and Özertan (2021), in their study published in *Climate and Development*, highlight that these farmers often lack the financial resources to invest in adaptation measures such as improved irrigation systems or climate-resilient crop varieties. Many rely entirely on rainfall for crop production, making them highly vulnerable to changes in precipitation patterns and increased drought frequency. The authors estimate that without significant adaptation measures in place, climate change could lead to income reductions of 15-25% for smallholder farmers in the most vulnerable regions by 2050.
40. The vulnerability of Türkiye's agricultural sector to climate unpredictability has broader implications for national food security and economic stability. A study by the European Environment Agency (2020) indicates that rising food prices could increase the cost of staple foods by 20-30%, further stressing household budgets and food access. Aydın et al. (2024), in their recent analysis published in *Food Security*, anticipate that rural-to-urban migration is likely to accelerate, with potentially 1.5-2 million people moving from rural areas to cities by 2050 due to declining agricultural viability. The economic impact could extend beyond the agricultural sector, potentially reducing overall GDP by 0.8-1.5% annually by 2050 due to reduced agricultural output and associated economic activities.

Part 2. Institutions and legal framework

2.1 Institutions

41. Key government partners for IFAD's mainstreaming agenda in Türkiye include the Ministry of Agriculture and Forestry, which is central to agricultural policy and rural development. Its various departments focusing on agricultural research, extension services, and climate adaptation are crucial allies. The Ministry of Environment, Urbanization and Climate Change is essential for environmental and climate-related policies and regulations, while the Ministry of Family and Social Services plays a vital role in gender equality and youth empowerment initiatives.
42. The private sector offers significant partnership opportunities. Agricultural cooperatives and unions, such as the Union of Turkish Chambers of Agriculture, can help reach farmers at scale. Agribusiness companies and food processors support value chain development and improve market access for smallholders. The key private sector partners demonstrate varying levels of ESC risk management maturity. While larger agribusinesses have established environmental protocols and social safeguards, smaller cooperatives and unions would benefit from strengthened capacity. A comprehensive approach focusing on technical assistance for ESC policy development, targeted training in environmental impact assessment, and practical guidance in climate-smart agriculture would significantly enhance partners' risk management

capabilities. Strategic investments in dedicated monitoring systems combined with proven tools for social inclusion would ensure robust implementation. This capacity enhancement strategy would create a strong foundation for sustainable partnerships while maximizing development impact through improved risk management. During the design of future IFAD projects in Turkey, a thorough assessment of potential private sector partners' ESC capacities should be undertaken to identify specific gaps and tailor capacity building interventions accordingly.

43. Türkiye boasts strong research institutions that provide valuable support to agriculture. The Scientific and Technological Research Council (TÜBİTAK) leads in agricultural and environmental sciences research and innovation. Universities with robust agricultural faculties, like Ankara University and Ege University, offer research support and facilitate knowledge transfer to rural communities.
44. Regional Development Agencies, established across 26 regions in Türkiye, play a crucial role in local economic development and are key partners for implementing region-specific strategies. The Turkish Cooperation and Coordination Agency (TİKA) is a valuable partner for knowledge sharing and SSTC initiatives.
45. A new National Network for Rural Development was established in 2017 within MOAF. This is an important entry point for the development of common application models for small businesses and farmers, such as the digital agriculture market (DITAP) that generates a volume of 170 million Lira-worth of transactions.
46. Türkiye has a vibrant NGO sector relevant to IFAD's work. The Turkish Foundation for Combating Soil Erosion (TEMA) is a prominent environmental NGO that supports sustainable land management initiatives. Rural development-focused NGOs like the Development Foundation of Türkiye provide implementation support.
47. Farmer organizations are central partners for reaching IFAD's target groups. The Union of Turkish Chambers of Agriculture represents farmers' interests at the national level. Commodity-specific organizations like the Agriculture and Industry Council or the Turkish Animal Husbandry Council are valuable partners for crop-specific interventions.
48. Nutrition-focused partnerships are essential for IFAD's mainstreaming efforts. The Turkish Nutrition and Food Conference brings together key stakeholders in nutrition and could serve as a platform for coordination. The Turkish Society of Public Health Specialists can provide expertise on nutrition-sensitive interventions.
49. For climate and environment, key partners include the Climate Change and Air Management Coordination Board, which coordinates climate policies across different sectors. The Turkish National Committee on Climate Change oversees the implementation of international climate agreements, making it a crucial ally for aligning IFAD's efforts with national and global climate objectives.
50. İŞKUR (Turkish Employment Agency) assumes the duties of creating new job opportunities for the youth for employment and entrepreneurship, improving and documenting the skills of the youth, offering consultancy to the youth for business life. KOSGEB (Small and Medium Enterprises Development Organization) is the most important entrepreneurship organisation and provide grant support young entrepreneurs. However, both organizations are not very active in rural areas, severely affected by human resources deficiencies. There is currently no vision to strengthen employment agencies, opening up a potential area for IFAD's support.
51. In the financial sector, Ziraat Bank, the state-owned agricultural bank, is a key player in rural finance. The Credit Guarantee Fund (KGF) can be a partner in developing innovative financial products for smallholders, helping to improve access to finance in rural areas.

52. Despite Türkiye's robust institutions and considerable financial resources, IFAD's support remains highly relevant for rural development and poverty alleviation in the country. IFAD brings unique expertise in targeting the most vulnerable rural populations, often overlooked by larger development initiatives. Its specialized knowledge in climate-smart agriculture, inclusive rural finance and youth engagement in agriculture is particularly valuable. IFAD's approach of piloting innovative rural development models can inform and enhance national strategies, providing a catalyst for scaling up successful interventions. Moreover, IFAD's global experience allows for the transfer of best practices from other countries, enriching Türkiye's own development toolkit. The organization's focus on participatory approaches and capacity building at the local level complements national efforts, ensuring that development reaches the last mile. Through its continued partnership with IFAD, Türkiye can leverage these strengths to address persistent pockets of rural poverty and emerging challenges in agricultural transformation, making its rural development efforts more targeted, inclusive, and sustainable.

2.2 Policy and regulatory frameworks

53. Türkiye has established a robust policy framework that addresses many of IFAD's mainstreaming priorities. The alignment of national policies with international commitments provides a strong foundation for IFAD to work with Turkish partners in advancing sustainable and inclusive rural development. These include:
54. The 12th National Development Plan (NDP) 2024-28 highlights the interlinkages of strengthening food security with sustainable use of land and water resources, increasing productivity through the use of new technologies, inputs, and reducing the effects of changing climate patterns. It anticipates a likely sharp decline in the demand for low-skilled jobs owing to the green and digital transition, elevating the need for continuous education and skills development for a just transition. More in particular, it envisions “a stable, strong and prosperous Türkiye, that is environment-friendly, resilient to disasters, produces high value added based on advanced technology, shares income equitably”.
55. Türkiye has a National Rural Development Strategy for 2021-23. Among the most relevant priorities for IFAD's work are: developing small enterprises, enhancing agricultural productivity, improving rural life quality, integrating rural economies with national markets, and creating employment for women and youth. A new strategy aligned with the Twelfth National Development Plan (NDP 2024-2028) will support physical assets of agricultural enterprises, processing and marketing facilities, public infrastructure investments and Local Development Strategies (LEADER Approach), which aim to empower local stakeholders in sustainable development. Over 24 million euro has been allocated for the LEADER Approach, currently implemented in 12 provinces, with plans to extend it to 15 more provinces (Balıkesir, Burdur, Bursa, Çankırı, Elazığ, Erzincan, Giresun, Hatay, Isparta, Karaman, Kütahya, Mardin, Muş, Uşak and Yozgat), focusing on capacity building and the creation of Local Development Strategies through Local Action Groups¹²⁹.
56. Türkiye 's National Action Plan on Gender Equality (2021-2025) outlines key priorities for promoting women's rights and gender equality across various sectors, including agriculture and rural development. The plan emphasizes women's economic empowerment, increased participation in decision-making processes, and improved access to education and healthcare. Additionally, the country has ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and has made efforts to align national legislation with its principles.

¹²⁹ <https://ipard.tarimorman.gov.tr/hdetay-en/70>

57. Türkiye's Multisectoral Nutrition Plan of Action (2019-2023) provides a comprehensive framework for addressing nutrition challenges. It emphasizes the importance of nutrition-sensitive agriculture, food security, and the promotion of healthy diets. The plan aligns with global nutrition targets and seeks to reduce malnutrition in all its forms.
58. Türkiye ratified the Paris Agreement in 2021 and subsequently updated its Nationally Determined Contribution (NDC). The new NDC, submitted in October 2021, aims to reduce greenhouse gas emissions by up to 21% below the business-as-usual scenario by 2030. Mitigation efforts also focus on expanding renewable energy, enhancing energy efficiency, and modernizing transportation. Adaptation measures defined in the NDC target vulnerable sectors like agriculture, water resources, and coastal areas, including improved water management, drought-resistant crops, and disaster early warning systems. The NDC emphasizes capacity building and seeks to balance economic growth with environmental sustainability.
59. Türkiye has recently published its 2024-2030 Climate Change Mitigation Strategy and Action Plan, prepared by the Ministry of Environment, Urbanization and Climate Change, and aligned with the NDC and Türkiye's goal of achieving net-zero emissions by 2053. The National Biodiversity Strategy and Action Plan is also being updated to align with the post-2020 global biodiversity framework under the Convention on Biological Diversity. Moreover, commitments under the UN Convention to Combat Desertification are reflected in the ongoing National Strategy and Action Plan to Combat Desertification (2019-2030).
60. In terms of Multilateral Frameworks, Türkiye's is a signatory to several multilateral agreements, including the SDGs, the Sendai Framework for Disaster Risk Reduction, and the UN Framework Convention on Climate Change (UNFCCC), and UN Convention on Biodiversity (CBD), among others. The country continues to align its policies with the SDGs and has recently submitted its third Voluntary National Review (2023) to the UN, detailing progress on SDG implementation.
61. Additionally, the EU Green Deal outlines a path for Türkiye to transition towards a sustainable, environmentally-friendly economy. This involves aligning with EU climate targets, shifting from fossil fuels to renewable energy, adopting circular economy principles, and implementing sustainable agricultural practices. For Türkiye, this means reimagining its energy landscape, industrial processes, and farming methods¹³⁰. In line with Türkiye's Green Deal Action Plan, a series of initiatives aimed at promoting low-carbon production are in progress in the country. These include the establishment of a national emissions trading system (ETS), the formulation of strategic roadmaps for low-carbon growth in relevant industries, alignment with newly developing EU sustainable product standards and the augmentation of research and development incentives. However, the economic costs of transition are substantial, and support will be needed to make it effective. Water scarcity, exacerbated by changing climate patterns (increased temperatures and reduced precipitation), poses another hurdle, particularly for sustainable agriculture. Despite these challenges, the Green Deal offers opportunities for modernization and innovation. Successfully navigating this transition will require coordinated efforts from Türkiye's government, private sector, and international partners such as IFAD.
62. IFAD will continue to play a vital role in Türkiye's rural development landscape, even as the country has developed a comprehensive regulatory and policy framework. IFAD's significance lies in its ability to bridge the gap between policy formulation and on-the-ground impact, particularly in remote rural areas where the reach of national programs may be limited. IFAD's expertise in participatory approaches helps tailor national policies to local contexts, ensuring interventions are responsive to the specific needs of diverse rural communities. As a valuable

¹³⁰ While Europe aims to be a carbon neutral continent by 2050, Türkiye aims to achieve carbon neutrality by 2053.

partner, IFAD pilots innovative approaches within the existing policy framework, providing evidence-based insights for policy refinement. By focusing on these aspects, IFAD adds significant value to Türkiye's rural development agenda, complementing and strengthening the country's existing policy framework.

2.3 Programmes and partnerships

63. Türkiye's development landscape is characterised by a range of ongoing programmes implemented by the government, international partners, private sector, and civil society organisations. Below is a list of selected initiatives that could provide potential synergies for joint programmes and coordination mechanisms with the new IFAD COSOP.

| Project | Implementing Agency & Focus |
|--|--|
| National Smart Agriculture Strategy and Action Plan (2023-2028) | Ministry of Agriculture and Forestry - Focus: Integrating digital technologies and precision farming techniques to enhance agricultural productivity, resource efficiency, and sustainability. Objectives include increasing the adoption of smart farming practices, improving data-driven decision-making in agriculture, and enhancing the competitiveness of Turkish agriculture in global markets. |
| Climate Change Adaptation and Mitigation in Agriculture Project (2023-2030) | World Bank - Focus: Strengthening the resilience of Turkish agriculture to climate change while reducing its carbon footprint. Key objectives include promoting climate-smart agricultural practices, improving water use efficiency in irrigation, and supporting the transition to low-carbon farming techniques. |
| Green Agri-Food Systems Transformation Programme (2024-2029) | FAO - Focus: Supporting Türkiye's transition towards more sustainable and resilient agri-food systems. Objectives include promoting agroecological approaches, enhancing biodiversity in agricultural landscapes, improving food safety and quality, and strengthening local food value chains. |
| Integrated Landscape Management for Improved Livelihoods and Ecosystem Resilience (2024-2029) | UNDP/GEF - Focus: Promoting integrated landscape management approaches to address land degradation, biodiversity loss, and climate change. Objectives include restoring degraded landscapes, enhancing ecosystem services, and improving rural livelihoods through sustainable land use practices. |
| Climate-Resilient Water Management and Agricultural Transformation (2025-2032) | Ministry of Environment, Urbanization and Climate Change/GCF - Focus: Enhancing water security and agricultural productivity in the face of climate change. Key objectives include modernizing irrigation infrastructure, promoting drought-resistant crops and farming practices, and strengthening climate information services for farmers. |
| Regenerative Agriculture Scale-Up Initiative (2024-2030) | Consortium of major Turkish agribusiness companies - Focus: Scaling up regenerative agriculture practices to improve soil health, increase carbon sequestration, and enhance farm profitability. Objectives include training farmers in regenerative techniques, developing market incentives for regenerative products, and measuring the environmental and economic impacts of regenerative farming. |
| Rural Youth Innovation and Entrepreneurship Programme (2025-2030) | Young Guru Academy (YGA) - Focus: Empowering rural youth through innovation and entrepreneurship in agriculture and related sectors. Objectives include providing digital skills training, supporting agri-tech start-ups, and creating a network of young rural innovators across the country. |
| Women's Cooperatives Support Programme | The programme focused on all aspects of e-commerce: creating a website, accepting digital payments, provision of computer and assistance in setting up the infrastructure for e-business, marketing support in online marketplaces, communication on social media. Within a year, 76% of participating cooperatives were engaged in e-commerce, 71% had diversified sales channels, and 47% were targeting exports (funded by Visa, and implemented by UNDP in partnership with the Habitat youth organization). |
| Anadoludakiler program | The programme, implemented by the Ministry of Industry and Technology, aims at ensuring that the most disadvantaged segments of the society participate more actively in economic and social life, increasing employability, social entrepreneurship, and innovation, promoting social responsibility practices. The "Anadoludakiler" digital platform has been created to support local producers and to promote local gastronomic. |

64. IFAD's new COSOP for Türkiye will leverage its country presence to become a catalyst for rural innovation and cross-sector collaboration. IFAD will actively coordinate with government programs, international partners, the private sector, and civil society, building on IFAD's record in knowledge generation to enhance information exchange and foster collaboration. This approach will align with national priorities and ongoing projects, while introducing new perspectives and targeted approaches.

Part 3 - Strategic recommendations

3.1 Lessons learnt

65. The main lessons are summarized as follows:

- **Climate Change and Environment:** The Göksu Taşeli Watershed Development Project demonstrated the effectiveness of soil conservation techniques like terracing in reducing erosion in mountainous areas. It also highlighted the importance of water-efficient irrigation systems in semi-arid regions. The Ardahan-Kars-Artvin Development Project showed success in promoting climate-resilient agricultural practices, particularly the introduction of drought-resistant fodder crops, which helped farmers adapt to changing climatic conditions.
- **Gender Equality and Women's Empowerment:** While projects like the Göksu Taşeli Watershed Development Project included components specifically for women, such as literacy classes and handicraft training, challenges remained in ensuring women's representation in decision-making processes. This underscores the need for more comprehensive approaches to women's empowerment in future projects. Building on the success of previously supported women-led cooperatives, future investment should bolster support to increase and strengthen these cooperatives through financial, technical and managerial training; as emphasized by women leaders of cooperatives consulted during the COSOP design mission, challenges are still linked to access to markets and to attract new women members. This points to the importance of investing in local women leaders to take on more responsibilities as active role models to motivate other women and youth to pursue similar pathways.
- **Youth Inclusion:** The Sivas-Erzincan Development Project included components for young farmers, providing training and start-up support. However, project evaluations noted that more could be done to make agriculture attractive to youth, such as introducing modern technologies and agribusiness opportunities.

During the COSOP design consultations, both young entrepreneurs and technical government officials pointed to the need of an image shift of farming and to the importance to better communicate the opportunities that the agricultural sector presents and advertise it as a business opportunity to attract young talent. At the same time, local stakeholders consulted highlighted challenges linked to the lack of skill development and re-skilling opportunities for those who engage in the agricultural sector. Finally, the stakeholder consultations highlighted the critical importance of investment targeted at improving the quality of life in rural areas for young people, with a focus on connectivity, social facilities and aggregation spaces such as rural community centres and education/learning centres.

- **Nutrition:** The Ardahan-Kars-Artvin Development Project promoted kitchen gardens and small-scale livestock, contributing to improved household nutrition. However, evaluations suggested that future interventions could benefit from a more explicit focus on nutrition education and awareness.
- **Rural Finance:** The establishment of village-based credit and savings groups in the Göksu Taşeli Watershed Development Project proved successful in providing access to finance, particularly for women. The microcredit component of the Murat River Watershed Rehabilitation Project showed promise in supporting off-farm income-generating activities, but its limited reach highlighted the need for more comprehensive rural finance strategies tailored to farmers' productive asset base and resources availability to participate in matching grant schemes.
- **Value Chain Development:** The Sivas-Erzincan Development Project supported the livestock value chain, introducing improved breeding techniques and animal health services. However, challenges in developing robust market linkages emphasized the need for a more comprehensive value chain approach which does not narrowly focus on increasing production in future projects.

- ***Institutional Capacity Building:*** The Ardahan-Kars-Artvin Development Project worked closely with local agricultural directorates to strengthen extension services. While this improved the reach of agricultural advisory services, ensuring the long-term sustainability of these improvements remained a challenge.
- ***Environmental Management:*** The Murat River Watershed Rehabilitation Project demonstrated the effectiveness of a participatory approach to watershed management, involving local communities in reforestation and pasture improvement activities. This approach led to reduced soil erosion and improved natural resource management.
- ***Rural infrastructure:*** Investing in infrastructure, like roads and storage facilities as done in the Muş Rural Development Project (MRDP), enhances market access and reduces post-harvest losses, contributing to economic development.
- The use of ***Participatory approaches*** to ensure inclusion of the most vulnerable groups has contributed to creating strong ownership in targeted villages and strengthening social capital. However, the adoption of systematic and methodological approaches to *Target Group Engagement and Feedback* is notably absent. The geographic, climate, and socio-economic conditions outlined in previous paragraphs make Türkiye highly vulnerable to the impacts of changing climate patterns, natural disasters and risks of social exclusion, which can be mitigated by: (i) removing barriers for women and vulnerable groups to public participation in social and environmental issues; (ii) engaging community institutions in local development planning and natural resources management (iii) developing relevant M&E systems to track participation and associated benefits; and (iv) strengthening grievance redress systems. Turkey has established several formal grievance mechanisms, including the CİMER (Presidential Communication Centre) which provides a centralized platform for citizen complaints and feedback. Additionally, various civil society organizations have developed effective community-based feedback systems, particularly in refugee-hosting areas. Organizations like Support to Life and the Turkish Red Crescent operate dedicated hotlines and community feedback mechanisms that have proven effective in reaching vulnerable populations. These existing systems could be leveraged and strengthened within IFAD projects, while ensuring appropriate linkages with local authorities and implementing partners. A hybrid approach combining formal government channels with community-based mechanisms would ensure comprehensive coverage and accessibility for all target groups, including those who may face barriers in accessing official systems.
- ***Improved targeting:*** Increasing efforts are needed for a more direct targeting of youth and women. Different recommendations have been identified building on past implementation experiences: (i) more thorough analysis of intersectionality, and of context-specific needs, interests, and challenges; (ii) careful assessment of the solely or combined adoption of direct and self-targeting in relation to the nature of the project, its activities, and the socio-economic profiling of the different target groups; for instance, self-targeting showed limitations in reaching poor people with limited productive assets and limited capacity to engage in some value chain activities; (iii) strong outreach and communication by PMU staff and local leaders was found to be important for direct targeting and outreach.

3.2 Strategic orientation

66. The IFAD Country Strategic Opportunities Programme for Türkiye demonstrates a strong alignment with government priorities and national strategies, particularly in relation to IFAD's mainstreaming areas. This alignment ensures that IFAD's interventions contribute effectively to Türkiye's development goals while addressing critical areas of rural development.
67. The COSOP aligns closely with the United Nations Sustainable Development Cooperation Framework (UNSDCF) for Türkiye, particularly in areas related to sustainable and inclusive

growth, climate change mitigation and adaptation, and social inclusion. IFAD's focus on rural livelihoods and agricultural productivity contributes directly to these priority areas, supporting Türkiye's progress towards achieving the Sustainable Development Goals (SDGs).

68. In terms of climate action, the COSOP aligns with Türkiye's Nationally Determined Contributions (NDCs) under the Paris Agreement. The Turkish government has pledged to reduce agricultural greenhouse gas emissions, but faces a complex challenge as both a significant meat producer and consumer. While committed to climate action, Türkiye has not yet developed a strategy to reduce livestock numbers, a major source of emissions. This issue is compounded by rising demand for meat and meat products. Integrating livestock management into climate strategies is therefore crucial. IFAD financing could support innovative solutions that reduce emissions while maintaining or enhancing livestock productivity. These might include improved feed quality, better manure management, improved sheds, enhanced breeding programs for more efficient animals, and the adoption of silvo-pastoral systems. Such approaches could help Türkiye balance its agricultural economic interests with its climate commitments, potentially serving as a model for other meat-producing nations facing similar challenges.
69. IFAD's COSOP is designed to support Türkiye's environmental and climate change strategies through a comprehensive approach. It will promote sustainable natural resource management and climate-resilient agricultural practices, such as drought-tolerant crop varieties and improved water-use efficiency methods. The COSOP aims to support renewable energy adoption in rural areas, aligning with Türkiye's emission reduction goals. Sustainable land and water management initiatives are emphasized, possibly involving terracing, contour farming, and integrated watershed management. The COSOP also contributes to reforestation and biodiversity conservation efforts, which may include agroforestry projects and ecosystem restoration. This integrated approach not only addresses immediate climate and environmental concerns but also advances Türkiye's long-term sustainability goals, aiming to create a more resilient and environmentally sound agricultural sector that supports both rural livelihoods and national environmental objectives.
70. The COSOP also demonstrates strong alignment with Türkiye's national gender strategy. By promoting women's participation in agricultural value chains, supporting their access to finance and productive resources, and encouraging their leadership in rural organizations and decision-making processes, IFAD's interventions will directly contribute to the country's gender equality objectives in this domain. Women's economic empowerment is crucial for achieving inclusive rural development and ensuring that the benefits of economic growth reach all segments of society.
71. In addressing youth concerns, the COSOP will support Türkiye's national youth strategy through interventions that improve employability, livelihood opportunities, and formal employment conditions through vocational training and skills development, support entrepreneurship in agriculture and related sectors, and promote the use of digital technologies. These efforts are vital for stemming rural-urban migration and ensuring the sustainability of the agricultural sector. This will also entail widening the range of partners for the design of new and relevant approaches to attract and retain young people in the rural economy, such as the Ministry of Youth and Sports, İŞKUR (Turkish Employment Agency), and KOSGEB (Small and Medium Enterprises Development Organization).
72. The COSOP will also contribute to national nutrition goals through the promotion of dietary diversity, support for nutrition-sensitive agriculture, and integration of nutrition education in rural development programs. These interventions align with Türkiye's national nutrition strategy and play a crucial role in improving food security and health outcomes in rural areas.

73. The COSOP aligns closely with Türkiye's agricultural strategies, addressing key areas for sector development. It prioritizes enhancing agricultural productivity through the adoption of improved technologies and practices. Additionally, the projects to be developed under the COSOP will focus on strengthening agricultural value chains and market linkages to boost economic outcomes. Interventions could involve the modernization of irrigation systems and improvement of overall water management, with particular emphasis on rainwater harvesting, water storage facilities, risk management preparedness, as well as flood management planning and solutions. This comprehensive approach will aim to modernize Türkiye's agricultural sector, enhancing its competitiveness while addressing critical challenges in productivity, sustainability, and resilience to climate-related risks.
74. Lastly, IFAD's interventions will contribute significantly to Türkiye's rural development strategy by promoting diversification of rural economies and improving rural infrastructure and services. These efforts are crucial for reducing rural-urban disparities and promoting balanced regional development.
75. By aligning closely with these national strategies and priorities, the IFAD's new COSOP will ensure that its interventions are well-integrated into Türkiye's overall development framework. This alignment will enhance the effectiveness and sustainability of IFAD's projects, contributing to long-term rural development, poverty reduction, enhanced resilience and social inclusion in the country.

3.3 Strategic actions and targeting

76. The Türkiye Country Strategic Opportunities Programme aims to reduce poverty and foster rural transformation. To achieve that, it will adopt a holistic approach that addresses key mainstreaming areas: women's and youth economic empowerment, vulnerable communities, nutrition, environment, and climate. The COSOP will aim to catalyse sustainable change and create lasting opportunities for rural communities.
77. To ensure transformation and expand opportunities, the COSOP will prioritize initiatives that empower vulnerable groups and enhance their participation in decision-making processes and profitable income-generation activities through community driven and participatory programs. For rural women, the focus will be on implementing comprehensive programs that combine financial literacy, entrepreneurship skills, and leadership development. These initiatives will go beyond basic training, offering ongoing mentorship, access to capital, and facilitated connections to markets and value chains. Crucially, the COSOP will support mechanisms that increase women's representation and active participation in local governance structures, farmer organizations, and agricultural cooperatives. This approach aims to elevate women's voices in community decision-making and agricultural policy discussions. By fostering a new generation of empowered female agri-entrepreneurs and leaders, the COSOP will catalyze a shift in the condition of men and women throughout rural communities, leading to more inclusive and equitable rural development outcomes. This strategy recognizes that true empowerment encompasses both economic advancement and enhanced agency in shaping future gender equality in rural areas.
78. Throughout the period of this COSOP, IFAD will target youth in Türkiye through interventions that enhance their participation in the agricultural sector and rural economy. These will include the provision of vocational training and skills development in modern farming techniques and agribusiness, supporting youth-led agricultural enterprises, and promoting the adoption of digital technologies in agriculture to make the sector more attractive to young people. IFAD will also facilitate youth engagement in agricultural value chains and support the development of off-farm rural enterprises, creating diverse economic opportunities that encourage youth to remain in rural areas and contribute to their communities' development.

79. Nutrition security is intrinsically linked to poverty reduction and rural transformation. IFAD will mainstream nutrition-sensitive approaches across its agricultural interventions, including diversifying crop production, supporting small-scale livestock and aquaculture, and enhancing nutrition education in rural communities, particularly targeting women and youth as agents of change. By integrating nutrition considerations into value chain development and collaborating with health services, IFAD will create a comprehensive approach that improves dietary diversity, increases awareness of nutritional needs, and enhances the overall health outcomes of rural populations. This will align agricultural development with nutritional goals, potentially leading to significant improvements in food security and nutrition status across rural Türkiye. IFAD will more proactively explore win-win partnerships with other key donors and UN agencies active in this field to synergise investment toward setting up win-win food chain.
80. IFAD's new COSOP will offer Türkiye a strategic partnership to accelerate the implementation of its climate adaptation goals in the agricultural sector. IFAD will leverage existing agricultural research and extension networks to rapidly scale up climate-smart agriculture practices across target agricultural regions. It will focus on enhancing water use efficiency through water harvesting techniques, the widespread adoption of drought-resistant crop varieties¹³¹ and advanced irrigation technologies, directly addressing Türkiye's water scarcity challenges. This will particularly benefit women and youth by providing them with targeted training in climate-resilient farming techniques and creating new roles in climate advisory services. Women and youth-led cooperatives will be prioritized in developing climate-resilient value chains, and will be engaged in implementing climate monitoring and marketing tools, leveraging their technological aptitude to drive innovation in climate adaptation.
81. On the mitigation front, IFAD's program will align closely with Türkiye's NDC targets by combining cutting-edge technologies with traditional practices to transform farms into significant carbon sinks and promoting a transition to low-emission agriculture - including the adoption of renewable energy in farming operations - contributing significantly to Türkiye's carbon sink expansion goals. These efforts could be coupled with a green agri-business development program, specifically targeting women and youth entrepreneurs to develop businesses in renewable energy applications for agriculture, sustainable input production, and eco-friendly post-harvest technologies. By combining emission reduction with economic opportunities, this approach will drive Türkiye's progress towards its climate commitments while fostering inclusive green growth in rural areas.
82. These efforts will be complemented by "Climate-Smart Value Chain" interventions through the new COSOP, focusing on reducing emissions across entire agricultural supply chains. This will include supporting the development of low-emission food processing technologies, sustainable packaging solutions, and optimized transportation systems. A particular focus will be placed on engaging women and youth in these new green value chain opportunities, providing training and support for eco-entrepreneurship in areas such as bio-based packaging production and precision agriculture services. By introducing these innovative approaches, IFAD will help Türkiye not only meet its emission reduction targets but also position itself as a global leader in sustainable agricultural innovation.
83. Alongside climate-specific interventions, the COSOP will invest in broader ENRM strategies to ensure long-term sustainability of agricultural systems and rural landscapes. Key focus areas will include soil management and erosion control through integrated watershed management,

¹³¹ This Ministry of Agriculture introduced the Planning Production Mechanism with the objective of aligning crop production plans to the climate and ecological conditions of the various zones. For example, in water-stressed regions – such as the Anatolian one – the cultivation of high-water-requiring crops may need to be curtailed or not allowed anymore. As of today, this planning tool only includes agriculture and fish but not livestock. During the consultation workshop, this was identified as an area where IFAD could play a supportive role in better refining, enforcing, and implementing such a tool.

biodiversity conservation within agricultural landscapes, sustainable pasture management, and integrated pest management. By integrating those actions, the COSOP can help farmers and rural communities in Türkiye improve the sustainability of their natural resource base and thus ensuring the long-term viability of rural livelihoods and ecosystems.

84. Inclusive finance is another cornerstone of rural transformation. IFAD will work with financial institutions to develop innovative products tailored to the unique needs of smallholder farmers. This could include approaches such as flexible repayment terms aligned with harvest cycles, weather-indexed insurance to mitigate climate risks, and digital banking solutions to improve accessibility.
85. The COSOP's targeting strategy will combine geographic and socioeconomic approaches to reach the most vulnerable rural populations, including smallholder farmers, women, youth, and people with disability. It will employ participatory methods to ensure target groups' needs and priorities are incorporated into project design and implementation. This will include flexible, adaptive mechanisms like decentralized decision-making and community-based monitoring. Crucially, it will facilitate ongoing dialogue and negotiation among government, donors, civil society, and rural people's organizations through regular multi-stakeholder platforms. These forums will enable collaborative planning, knowledge sharing, and alignment of investments with both national priorities and grassroots needs. This inclusive approach aims to build strong partnerships, leverage diverse resources, and foster stakeholder ownership for sustainable, impactful interventions. To mitigate risks of social exclusion, interventions will continue to produce analysis on social inclusion issues to inform policy dialogue and increasing investments that support socially inclusive approaches.

3.4 Monitoring

86. IFAD will employ a multifaceted approach to monitor the implementation of the new Country Strategic Opportunities Programme for Türkiye through:
 - Regular Reporting Mechanisms where project implementers provide updates on progress, challenges, and achievements related to the RB-COSOP goals and objectives;
 - Field Visits and Assessments to directly observe project activities, meet with beneficiaries and stakeholders, and evaluate progress on the ground;
 - Performance Indicators and Targets, allowing for quantitative measurement of progress and impact over time;
 - Mid-Term and Completion Reviews to assess the effectiveness and efficiency of COSOP implementation, identify lessons learned, and make necessary adjustments;
 - Stakeholder Consultations, including government agencies, implementing partners, civil society organizations, and beneficiaries, to gather feedback and ensure alignment with local priorities;
 - Financial and Budgetary Oversight to ensure resources are utilized effectively and in accordance with the COSOP objectives;
 - Knowledge Sharing and Learning opportunities among project stakeholders to exchange best practices, innovative approaches, and lessons learned from COSOP implementation;
 - Risk Management to identify potential risks and challenges to COSOP implementation and develop mitigation measures accordingly;
87. By employing a combination of these monitoring strategies, IFAD can effectively track the progress and impact of the new RB-COSOP, ensuring that development objectives are met and resources are utilized efficiently.

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Appendix V: Agreement at completion point

Republic of Türkiye

Country Strategy and Programme Evaluation

Agreement at Completion Point

A. Introduction

- In 2023 the Independent Office of Evaluation of IFAD (IOE) undertook a country strategy and programme evaluation (CSPE) of IFAD's engagement in the Republic of Türkiye. The CSPE covered the 2016 country strategic opportunities programme (COSOP) and four projects implemented between 2015 and 2022. The main objectives of the CSPE were to assess the results and performance of the IFAD strategy and programme, and generate findings and recommendations to support the future partnership between IFAD and the Government of Türkiye (GoT) for enhanced development effectiveness and sustainable rural development.
- This agreement at completion point (ACP) contains the recommendations made in the CSPE report, which were accepted (in full or in part) by IFAD and the GoT, as well as the proposed follow-up actions agreed on. The ACP is signed by the GoT, represented by the Deputy Minister of Agriculture and Forestry on behalf of IFAD Governor of Türkiye, and IFAD Management, represented by the Associate Vice-President of the Programme Management Department. The signed ACP is an integral part of the CSPE report in which the evaluation recommendations are presented in detail and will be submitted to the IFAD Executive Board as an annex to the new country strategic opportunity programme. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by IFAD's Management.

B. Recommendations and follow-up actions

- **Recommendation 1:** Further prioritise in the next strategy, the resilience of rural livelihoods in the mountain areas of Türkiye in an integrated manner, by deploying innovative approaches that build on the existing country potentials in value-chain segments. To this end, it is crucial to develop a resilience framework, adapted to the intervention contexts that is aligned with an overarching theory of change for the COSOP. The framework should integrate the ecosystem resilience through sustainable management of natural resources and climate change adaptation, as well as economic livelihoods improvement through pro-poor value chain activities and access to markets.

Accepted.

Proposed follow-up actions

- The GoT and IFAD agree on cooperating closely in the preparation of the new COSOP covering the period 2025-2030, with the aim of developing an inclusive and sustainable resilience framework which will benefit poor rural populations living in upland areas of the country, in particular those with the highest incidence of poverty.
- The new COSOP will conform with the key tenets of Türkiye's 12th National Development Plan (NDP, 2024-28) which envisions the country as an environmentally friendly, disaster-resistant, technologically advanced, and prosperous nation, with a focus on fair income distribution, consistent growth, and

- Bearing also in mind that the country's Medium term Plan (MTP, 2024-26) has accorded priority to 'healing the wounds of earthquakes and mitigating disaster risks', in identifying and designing the new Euphrates River Watershed Rehabilitation Project (FIRAT) which is expected to enter into force in early 2025, the GoT and IFAD have considered the impact of the two strong earthquakes that hit the region on 6 February 2023 and resulted in the death toll of more than 50,000 people.
- In the design of future projects such as FIRAT that aim to alleviate, in part, the consequences of natural disasters, the risks and needs of mountainous regions and measures to increase the resilience to drought, forest fires and earthquakes will be considered.
- Due consideration will further be given to both Türkiye's National Pathway for Food Systems Transformation and upstream and downstream linkages in the agricultural sector, empowering farmers' organizations while promoting the use of technological solutions. Efforts will be exercised to involve the private sector for aggregation and marketing, as well as for providing technical assistance, in particular in providing technical advisory services assisting communities to enhance social capital and strengthen grassroots institutions with the aim, among other things, of enforcing norms and values that ensure sustainable management of natural resources such as rangelands.
- The above development approaches will bear in mind the need to address vulnerabilities through climate change adaptation and resilience-building interventions to sustainably manage the ecosystem natural resources while supporting livelihoods, ultimately transforming upland rural areas to stem migration and provide meaningful employment opportunities for women, youth and the rest of the population.
- During the elaboration of the new COSOP, we will continue to apply a consultative approach involving exchanges with local leaders, NGOs and stakeholders representing all segments of the society will be pursued to ensure that their feedback, and the needs of the rural people targeted through the interventions developed under the COSOP, are adequately considered.

Responsibility and timeframe: GoT and IFAD Country Team, January 2025 onwards

Recommendation 2: Leverage the strategic partnership between IFAD and the GoT, beyond portfolio oversight, to foster engagement on policy matters and effective knowledge management for greater scaling up of results. It is necessary that IFAD identifies the right entry points to engage in policy debates (informally and formally) aligned with the country context, and key strategic partners at the central and provincial levels should widen the space for IFAD to do this. Following the identification of entry points, IFAD should strengthen the country programme KM framework for improved performance in generating relevant knowledge and lessons, with the active involvement of government stakeholders. Organising debates / discussions at strategic and operational levels on knowledge generated (related to the policy themes identified) will be critical for the identification of options for scaling up positive results, as well as their incorporation in policy / strategic decisions. It will also be useful to engage with diverse national and international players in the agricultural sector, to share perspectives on key topics of interest for IFAD's country programme. Learning events should be organised by the country team to contribute to improving IFAD's visibility.

Partially accepted.

Proposed follow-up actions

- Discussions will be held between IFAD and relevant stakeholders to change the perception of the Fund not being a prominent policy player compared to other development partners. Yet, challenges are likely to remain on the demand-side as stronger engagement on knowledge management and sharing will hardly suffice to bring about significant shifts in government policy approaches.
- As mentioned above, the GoT and IFAD will work closely on the preparation of the COSOP 2025-2030. The existence of an adequate regulatory/policy environment for the improvement of agricultural producers' livelihoods, especially those who are not registered as farmers and other vulnerable smallholders living in upland regions such as women and youth, will be key to the full attainment of the expected COSOP objectives.
- To this end, IFAD will leverage its strategic partnerships at central and provincial levels and promote the Fund's visibility, with the aim of strengthening the country programme evidence-based knowledge management framework whilst identifying policy engagement entry points to increase the effectiveness of the Fund's activities in the agriculture and rural development sectors.
- Through monitoring and evaluation (M&E), evidence will be documented to ensure that proven good practices and lessons learned from ongoing and future investments are institutionalised in technical guidelines, regulations and eventual policy recommendations for sustainability and scaling up. Through existing monitoring and evaluation methodologies and comparative studies, the impact of policy decisions and implementation results will be assessed with the active involvement of programme participants, with the aim of fostering sustainability of programmes and underlying policies. Furthermore, future projects will ensure that knowledge management processes are incorporated in the designs to facilitate continuity and scaling of relevant methodologies and approaches.
- Of course, besides the generation and dissemination of knowledge products, it will be important for both IFAD and the GoT to focus on the use of any such generated knowledge for decision-making processes in the context of the formulation of recommendations for new, or amendment of existing policy instruments whilst building an enabling institutional environment for evidence-based learning and knowledge-sharing.

Responsibility and timeframe: GoT and IFAD Country Team, January 2025 onwards

Recommendation 3: Improve the inclusiveness of the country programme towards poor/vulnerable rural women, as well as young men and young women. In relation to gender, the programme should consider the following points: (i) Building on the success of supported women-led cooperatives, bolster support to increase and improve the women-led cooperatives, through financial, technical and managerial trainings to empower more women; (ii) In line with contextual challenges, ensuring the collaboration and/or approval of men (relatives) in specific project activities exclusively targeting women, e.g., learning visits; (iii) Acknowledging in the targeting approaches, intersectional needs and interests of women, by accounting for differences, such as: age, marital status, education level, disability etc; (iv) Developing activities that improve perceptions (among men and boys) towards women's roles and their participation in agricultural activities in targeted communities. In relation to young people, the following improvements should be considered: (i) Developing guidance for rural youth targeting and support, specific

to the intervention areas (considering their needs, interests and challenges); (ii) building on good practices of youth support in the Turkish context (e.g., by promoting technologies to ease working effort, digital technologies, economic diversification, etc.); (iii) Adopting approaches that target youth who have returned to rural areas, with good financial incentives to help them work in agricultural production, in line with VCD activities, and to access economic networks and social opportunities.

Accepted.

Proposed follow-up actions

- The GoT and IFAD appreciate IOE's recommendation and acknowledge that women's voice in public space is a key factor for changing social norms and attitudes justifying patriarchal attitudes which are still prevailing in many rural, upland areas of the country.
- To this end, strengthened efforts will be exercised to reach out to women and afford them economic and social empowerment opportunities through the promotion of income generating activities, encouraging at household level the importance of women having a say on spending modalities of the earnings from their work, and the benefit thereof to overall household improvement. Project teams will build awareness, capacity, confidence and determination in generating as many positive benefits as possible for women, as they do for men, including through gender-sensitive trainings tailored for individual women farmers or members of women-led cooperatives, or learning visits.
- Project teams will be invited to rely on highly qualified gender and targeting specialists who will be guided by adequate social inclusion strategies, elaborated to cover the specific needs of nomad female beneficiaries, and people with disabilities, or those with low levels of education, promoting actions in line with IFAD's three gender policy objectives: economic empowerment, more equal voice and equitable workloads.
- Current and future projects will also pay greater attention to addressing factors of discrimination (intersectional aspects) such as ethnicity, age and disabilities pursuant to state-of-the art GEWE assessments.
- IFAD and the GoT further acknowledge that high disparity in relative poverty rates persists in Türkiye. In general, upland mountainous areas, which are more vulnerable to climate change burdens as well, have higher rates of economic poverty and are subject to rural-urban outmigration, a phenomenon which affects primarily the younger population. As during the upcoming COSOP period (2025-2030) IFAD is likely to focus around such remote mountainous regions, increased attention will be paid to overcoming the unfavourable socio-economic conditions thereof, including high youth unemployment, lack of quality public services, as well as a non-supportive environment and a lack of opportunities for personal growth and professional development.
- To this end, women, youth and very poor households will be consulted to ensure that future programme activities take into consideration their specific needs. In particular, from a youth perspective, future IFAD-financed investments in the country will aim, among other things, at addressing youth-specific challenges by providing orientation, mentoring and coaching support to young men and women to: (i) identify the skills required to enter the job market and access relevant training offered by the public sector; and (ii) develop their business ideas and enable them to access start-up capital and technical advisory support. Merit will be given to enabling youth to access financial support from the project ongoing government grant schemes to engage in agriculture as a business. Youth interested in vocational training may be supported to form groups and linked to vocational training centres.

It is expected that such efforts will result in increased access of youth to job and entrepreneurship opportunities in the agriculture and wider rural sector, both on- and off-farm, thus stemming and in the best-case scenarios reversing rural-urban migration. To increase the social capital of rural youth, support will be provided thereto to increase their access to Information and Communication Technology (ICT) and the adoption of on-farm smart irrigation technologies, including digital solutions that will enhance water-use efficiency.

Project funds for women and youth entrepreneurship will support innovative and sustainable business ideas in rural areas to establish new or expand existing businesses, thus increasing the economic independence of women and young entrepreneurs whilst reducing gender inequality and youth unemployment.

Responsibility and timeframe: GoT and IFAD Country Team, January 2025 onwards

Recommendation 4: Strengthen the programmatic approach in the delivery of IFAD's support, and foster the learning culture, to address persistent implementation challenges. First, consolidate results achieved in the targeted interventions areas, by providing continuous support over a significant period, taking into account the critical and specific contextual challenges addressed. Second, foster the learning culture and the continuous improvement as one IFAD supported programme under the MoAF, by reinforcing mechanisms to interact and share experiences that involve stakeholders at central and decentralised levels. Additionally, enhance the programme's M&E systems to go beyond the capture of output data to also measure and report on outcomes and impact, ensuring consistent disaggregation by sex and age, where possible. Finally, address the recurrent implementation challenges in procurement and steering committees, by learning from management methods that already proved to be successful within the country programme.

Accepted.

Proposed follow-up actions

- IFAD and the GoT concur on the need to foster programmatic approaches for increased impact as efforts are jointly exercised to achieve the SDGs. In this regard:
- Considering the ongoing IFAD-financed projects implemented in the country, it will be important to provide continuing support to facilitate beneficiaries' transition from a semi subsistence agriculture to a more commercialised agriculture which treats farming as a business. A judicious combination between off-farm investments (e.g. irrigation infrastructure) and on-farm developments enabling increased agricultural productivity will increase the sustainability prospects of ongoing or future operations in the country.
- Ongoing and future knowledge management activities will place particular emphasis on the sustained anchoring of technical and managerial knowledge among supported upland farmers and entrepreneurs which apart from helping in increasing productivity will also contribute to improved visibility of the GoT and IFAD and enhance post-project sustainability. To this end, efforts will be exercised to elaborate various knowledge management products and platforms taking into account the knowledge and communication needs of all key stakeholders, including programme participants (small farmers, women, youth, MSMEs) and implementing agencies at both central and regional levels. Several tools could be used for these initiatives such as fairs, roundtable discussions, networks, social media platforms, radio programmes or newsletters. Furthermore, the merits of establishing a "Sustainable Innovation and Cooperation Platform" within ongoing IFAD-financed

projects in the country will be jointly assessed by GoT and IFAD to provide an environment where stakeholders such as government institutions, NGOs, private sector representatives, academic institutions and others can share experiences, develop innovative solutions, and explore cooperation opportunities.

M&E systems for future programmes will be developed to cover periodic measurement of project results - activities, outputs, outcomes and impact - in relation to agreed targets to monitor implementation performance, AWPB execution, outreach and effectiveness of the targeting strategy, including disaggregated by gender and age. Emphasis will be given to monitoring outreach and physical progress for each key output, as and when they delivered.

- It is noted that Türkiye has a public procurement law aimed at increasing the functionality of purchasing processes. However, the Procurement Risk Analysis of the FIRAT project revealed a Medium/Moderate Risk Rating at both Inherent and Residual levels. Such rating will constitute the basis for setting the procurement thresholds in The Project Procurement Arrangements (PPA) and reflected in the Procurement Implementation Manual, which will also be informed by successful practices implemented in earlier operations. Based on a positive assessment of the Turkish procurement framework (The Public Procurement Law (PPL) No. 4734 and the Public Procurement Contracts Law (PPCL) No. 4735) and in line with experiences in previous/ongoing IFAD Projects in Türkiye, procurement for the Euphrates River Watershed Rehabilitation Project will be conducted in accordance with the provisions of the Turkish Public Procurement Law to the extent such are consistent with the IFAD Project Procurement Guidelines and IFAD Procurement Handbook.
- Last, but not least, it is noted that while Türkiye has undergone major transformation in the public sector management, implementation challenges remain. Institutional changes or frequent changes in the management of institutions may occur at the central, regional and provincial levels with effects on implementation arrangements and the timeliness for achieving project development objectives. Implementation risk will be reduced by assessing the merits of: (i) establishing a functioning PSC that will ensure proper coordination among project implementing partners and smooth flow of funds, as appropriate; and (ii) mobilising service providers for facilitating grassroots processes and institutions promotion/strengthening and providing technical assistance.

Responsibility and timeframe: GoT and IFAD Country Team, January 2025 onwards

Signed in Ankara on 12.07.2024 Signed in Rome, on 17/07/24

Appendix VI: COSOP preparation process

COSOP preparation process including preparatory studies, stakeholder consultation and events

1. Preparation of three background studies and reports that provided key inputs to the COSOP document:
 - a. Analytical Country Study – economic and social situation and SDG compliance.
 - b. Social and environmental assessment (SECAP) background study;
 - c. Country Nutritional Situation.
2. Participation in reviews and discussions of the Country Strategy and Programme Evaluation (CSPE), which was undertaken during 2023 and 2024. The CSPE report, findings and results were presented and discussed in a seminar held in Ankara in April 2024 attended by government representatives and the UN Resident Coordinator.
3. In-country meetings with various stakeholders during the COSOP Completion review (CCR) mission, to discuss IFAD's comparative advantage and its role in the country in the coming years as a basis for IFAD's strategic positioning in Türkiye.
4. Consultations during the CCR mission in June 2024 and COSOP preparation mission in September 2024 took place with:
 - a. Presidency of Strategy and Budget (PSB)
 - General Directorate of Economic Sectors and Public Investments
 - Department of Agriculture
 - Department of Water and Forestry
 - Department of Working Life, Labor and Social Services
 - b. Ministry of Treasury and Finance (MoTF)
 - General Directorate of Foreign Economic Relations
 - Department of Project Finance
 - c. Ministry of Agriculture and Forestry (MoAF)
 - General Directorate of Agrarian Reform
 - Department of Survey and Projects
 - General Directorate of Forestry
 - Department of Afforestation
 - General Directorate of EU and Foreign Relations
 - d. Ministry of Environment, Urbanization and Climate Change
 - General Directorate of Combating Desertification and Erosion
5. In-country consultations with donors active in rural and agriculture development, in particular:
 - a. World Bank
 - b. UNDP
 - c. FAO
6. Online consultation with beneficiaries of URDP and GTWDP (ongoing IFAD-financed operations) on 10 September 2024 in order to assess the IFAD target group priorities and response to current investments.
7. Meeting of the IFAD delegation with senior technical representatives of the PSB, MoTF and MoAF, in Ankara in 5 September 2024. The IFAD delegation discussed IFAD's Transition Projections in Türkiye as well as lending and non-lending activities bearing in mind the IFAD graduation policy.

8. The COSOP Design Workshop on 9 September 2024 with relevant stakeholders from the government, private sector, NGOs, associations, UN agencies and universities in Ankara (details provided in the tables below).
9. Preparation of a full interactive draft of the COSOP document based on the inputs obtained during the various stages of consultations and assessments described above.
10. Meetings with the Ministry of Agriculture and Forestry (25 October and 13 November, 2024) and the Presidency of Strategy and Budget (1 November 2024) to solicit their feedback on the preliminary draft of the COSOP package shared with them earlier in the year. Additional written comments received from the Ministry of Treasury and Finance on 1 November 2024 were duly addressed.
11. Meetings with representatives of the Embassies of France, Germany, Italy, Netherlands and the United States of America to discuss the key tenets of the COSOP were held in Ankara and online in December 2024 and January 2025.
12. Consultation with representatives of the Ministry of Agriculture and Forestry and of the Presidency of Strategy and Budget were held in Ankara on 18 March 2025 to validate the latest revisions made to the COSOP document following written confirmation from the Ministry of Treasury and Finance received on 10 March 2025 that as they had no additional comments to make in relation thereto, they would not attend the planned consultation.
13. All of the above sessions were held in a friendly and collaborative atmosphere which testifies to the strong partnership between IFAD, the Government of Türkiye and development partners in the country. IFAD is seen as a trustworthy and reliable partner whose mandate is aligned with the expectations of the Government to bridge the regional disparities across the country in line with Türkiye's 12th National Development Plan (NDP, 2024-28). This envisions the country as an environmentally friendly, disaster-resistant, technologically advanced, and prosperous nation, with a focus on fair income distribution, consistent growth, and a strong economy. Within this framework, the agriculture and food sector's goal has been identified as creating an agriculture that is economically, socially, and environmentally sustainable, ensuring a balanced supply and demand, and providing adequate and balanced nutrition for society. Policies and measures include supporting environmentally friendly agricultural practices to combat climate change. Sustainable forest management and supporting alternative irrigation sources are integral to the plan. The Plan also aims at: (i) stimulating the rural economy; (ii) ensuring sustainable natural resource management; (iii) enhancing the quality of life to maintain population levels in rural areas; (iv) achieving sustainable development that aligns with the SDGs; (v) ensuring resilience to the effects of climate change; (vi) transitioning the economy to low carbon; and (vii) fostering social justice with a focus on environmental protection.
14. IFAD's past, present and future operations in the country have focussed on such areas making the Fund one of the partners of choice of the Government of Türkiye in the rural development space.

COSOP Workshop, Ankara, 9 September 2024

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| 09:30 - 10:00 | Registration and welcome coffee |
| 1- Opening Session | |
| 10:00 - 10:20 | Introduction and welcome by Mr Ibrahim Yüzer, Deputy Director General, OGM |
| | Introductory statement by Ms Dina Saleh, NEN Regional Director, IFAD |
| | Introductory statement by Mr Liam F. Chicca, Country Director, IFAD |
| | Opening statement by Mr Ferhat Çolak, Director General of EU and Foreign Relations, Ministry of Agriculture and Forestry (MoAF) |
| 10:20 - 10:25 | Video - MoAF |
| 10:25 - 10:30 | Format of the Day's Discussions by Mr Taylan Kiymaz, Country Programme Coordinator, IFAD |
| 2- Presentation on COSOP | |
| 10:30 - 10:50 | Presentation of the new COSOP (2025 - 2030) by Mr Liam F. Chicca, Country Director, IFAD |
| 10:50 - 11:15 | Questions & Answers |
| 11:15 - 11:30 | Coffee Break |
| 3- Presentation of the Graduation Approach to the COSOP | |
| 11:30 - 11:45 | Presentation by Ms Alessandra Garbero, NEN Regional Economist (IFAD) on the initiation of the Graduation Discussion in Türkiye |
| 11:45 - 12:00 | Questions & Answers |
| 4- Key Themes of the COSOP (2025 – 2030) | |
| 12:00 - 13:00 | Discussion on Key Aspects of the COSOP – Breakout Groups Key Theme 1: Goal, Strategic Objectives and Outcomes (Moderators: Taylan Kiymaz and Maliha Hamid Hussein) Key Theme 2: Social Environmental and Climate Aspects of the COSOP (Moderators: Walid Nadim Nasr and Federica Emma) Key Theme 3: Role of the Private Sector (Moderator: Bettina Prato) Key Theme 4: Opportunities for Policy Advocacy, Global Public Goods & SSTC (Moderators: Liam F. Chicca and Alessandra Garbero) |
| 13:00 - 14:00 | Lunch |
| 14:00 - 15:10 | Summary of Views from the Breakout Groups to the Plenary by Group Presenters Questions & Answers |
| 5- Closing session | |
| 15:15 - 15:30 | Summary and way forward - Closing statement by IFAD |
| | Closing remarks by MoAF |

List of Participants to the COSOP Workshop

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Appendix VII: South-South and Triangular Cooperation strategy

INTRODUCTION

IFAD's Multi-Country Office in Istanbul, which serves as an operational hub for eight countries in the Eastern European and Central Asian region¹³², seeks to expand its engagement in the promotion of South-South and Triangular Cooperation (SSTC), an area in which Türkiye plays a leading role. This study proposes a strategy and workplan and budget for IFAD's SSTC activities in the sub-region for the period 2025 to 2030, taking into account the financial resources that are currently available, or likely to be mobilized during said period.

BACKGROUND ON SSTC

SSTC DEFINITION AND PRINCIPLES

SSTC complements the traditional, unidirectional North-South development cooperation paradigm with a reciprocal South-South cooperation model. Many erstwhile beneficiary countries of development assistance have become "donors", sometimes establishing dedicated development cooperation agencies (such as TİKA in Türkiye). While this is happening primarily in middle-income countries, every single nation of the Global South, including the least developed countries (LDCs), has something unique to offer in terms of knowledge, expertise and experience (IFAD, 2019a).

South-South cooperation (SSC) is a broad framework for collaboration among countries of the Global South¹³³ in the political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, SSC can take place on a bilateral, regional, sub-regional or interregional basis. Developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts. Recent developments in SSC have taken the form of increased volume of South-South trade, South-South flows of foreign direct investment, movements towards regional integration, technology transfers, sharing of solutions and experts, and other forms of exchanges.

SSC is initiated, organized and managed by developing countries themselves; often, governments play a lead role, with active participation from public- and private-sector institutions, non-governmental organizations and individuals. It involves different and evolving forms, including the sharing of knowledge and experience, training, technology transfer, financial and monetary cooperation and in-kind contributions. SSC can include different sectors and be bilateral, multilateral, sub-regional, regional or interregional in nature.

SSC is a manifestation of solidarity among peoples and countries of the South that contributes to their national well-being, their national and collective self-reliance and the attainment of internationally agreed development goals, including the Sustainable Development Goals. The SSC agenda and SSC initiatives must be determined by the countries of the South, guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit (UNOSSC, 2020).

¹³² Namely: Azerbaijan, Bosnia & Herzegovina, Georgia, Kyrgyzstan, Moldova, Tajikistan, Türkiye and Uzbekistan.

¹³³ The term "South" (or "Global South") does not necessarily refer to "Southern hemisphere", but rather to the member states of the "Group of 77" (G-77), which was established in June 1964 by seventy-seven developing countries. Although the number of member states has increased to 134 the name "G-77" was retained for historic reasons. Of the eight countries covered by the IFAD sub-regional hub, only two (Azerbaijan and Tajikistan) are members of the G-77 (G-77, 2020).

The steady rise of the Global South in terms of population size, economic output and political weight has triggered a proportionate increase in the volume of SSTC.

The geographical coverage of SSC partnerships depends to a large extent on the existence of a *common bond* between the cooperating nations. The common bond could be defined by geographic proximity, ideological affinities, a common language, a common faith, a shared history, or jointly-endured threats such as fragility, drought, floods or other extreme weather events. In some cases, the common bond might be complemented or superseded by overriding political or economic considerations. The nature and modalities of South-South cooperation will depend to a certain degree on the nature of the common bond, and this will in turn determine IFAD's potential entry point and contribution.

Moreover, the volume of SSC provided by a given country is not necessarily a function of its economic wealth, demographic size or political might, but in many cases an expression and manifestation of the country's ideology and spirit of solidarity.

The term *South-South and Triangular Cooperation* (SSTC) has two meanings:

- Cooperation between two or more countries from the Global South, supported financially and/or technically by a country from the North or
- Cooperation between two or more countries from the Global South, implemented by, or with the support of, a UN agency.

For the purpose of this paper the second definition has been retained.

SSTC WITHIN IFAD

IFAD comparative advantage in pursuing SSTC stems from the fact that the Fund:

- Operates simultaneously as a UN specialized agency and an IFI; hence, the Fund's SSTC programme can benefit from the complementarity of development financing, technical assistance and policy advice to Member States.
- Supports a well-defined target group composed of poor small and landless farmers, women, youth, indigenous peoples and ethnic minorities, and other disadvantaged groups living in rural areas. The Fund can bring rural producers from around the world together to share solutions, exchange knowledge and experience, and foster partnerships.
- Is the custodian of an untapped wealth of rural development solutions from developing countries. This largely underused treasure of experience can be translated into knowledge in support of a systematic approach to SSTC.
- Adopts a people-centred approach that makes it a trusted partner of choice for governments, vulnerable groups and farmers' organizations alike.

The combination of these elements makes IFAD a unique and unparalleled promotor and provider of SSTC in the field of agriculture and rural development, in particular because the Fund can provide technical expertise and investment capacity at the same time.

IFAD's SSTC strategy is anchored in the Fund's Strategic Framework 2016-2025, which notes that "*South-South and Triangular Cooperation is rapidly growing and becoming increasingly important for promoting knowledge-sharing and investments among developing countries*" (IFAD, 2016a). The Framework further commits the Fund to "*strengthen its comparative advantage and expand its work in this area [SSTC], in terms of both knowledge-based cooperation and investment promotion, seeing it as an integral part of its business model and of its country programming process.*" Within this context, IFAD's SSTC-specific strategy is outlined in the document "IFAD's Approach to South-South Triangular

Cooperation“ which has been approved by the Executive Board in December 2016 (IFAD, 2016d). This document proposes two objectives, namely:

- Share relevant rural development solutions and knowledge, and promote investments among developing countries;
- Establish and support partnerships and other forms of collaboration for improved rural livelihoods.

IFAD’s SSTC programme is coordinated by the SSTC Unit within the Department for Country Operations (DCO).

SSTC IN AGRICULTURE

SSTC is frequently used in agriculture due to the fact that the countries of the Global South often share comparable environmental, agricultural and economic conditions. Many countries of the South are located in tropical and subtropical regions, or in arid and semi-arid areas that feature similar climatic and environmental challenges, grow similar agricultural crops, raise the same domestic animals, and apply similar rural production patterns and technologies. For example, maize, the staple food of Southern Africa (a region located around the Tropic of Capricorn) originates from Mexico, which is situated on the Tropic of Cancer, with similar climatic conditions. Coffee, originally grown in Ethiopia, is now being produced in almost all tropical and subtropical countries around the world. Cassava, a starchy tuberous root, appears to have originated in Brazil and Paraguay, spreading from there throughout tropical areas to become one of the world’s most important food crops. The comparability of environmental factors, climatic conditions and socio-economic circumstances across the Global South provides a good basis for South-South cooperation.

Moreover, the rapid development of indigenous technological solutions by many emerging economies and other developing countries has changed the global development landscape and created unprecedented opportunities for SSTC. Under such circumstances, agricultural cooperation among the Southern countries will become the key development trend of SSTC in agriculture in the years ahead (FAO, 2019). In the coming years the world will demand more and “better” food, both plant-based and animal-based, as well as non-food crops and agricultural products such as stimulants, fibres, industrial raw material, biofuels etc. Three factors will drive the projected increase in demand for agricultural products: demographics; rising incomes (triggering increasing demand for more and better food), and competition. A growing world population, greater daily calorie intake, diets shifting towards animal products and processed food, increasing demand for stimulants, fibres and biofuels, and the unabated process of urbanization will inevitably entail a growing demand for food and other agricultural products. The overall demand for agricultural products is expected to grow at a rate of 1.1 percent per year until 2050 (Alexandratos & Bruinsma, 2012). At the same time, agricultural production and output in the Global South will be increasingly threatened by the changing climate patterns, resource depletion, urbanization, an ageing population, and food losses. To address this predicament, the nations of the Global South must enhance rural productivity, adapt to climate, harness the power of new technologies and support the establishment of farmers' organizations and networks. As explained above, South-South cooperation appears as the most efficient mechanism to achieve this. South-South cooperation is likely to emerge as a key instrument to increase rural production and enhance rural productivity in the countries of the Global South. (IFAD, 2019d).

SSTC AND TÜRKİYE

Türkiye, as many other emerging economies such as Brazil, China, Mexico and South Africa, is both a provider and a recipient of development cooperation. Türkiye became a “donor” in 1985, and established the Turkish Cooperation and Coordination Agency (TIKA) in 1992. Although not being a member of the G77, Türkiye considers herself as being part of the Global South; and since all its development activities are geared towards other countries of the Global South, Türkiye’s entire cooperation portfolio could be considered as South-South cooperation. Beyond the country’s traditional links with the Middle East and North Africa, Türkiye has also improved its ties with other regions such as Sub-Saharan Africa and Latin America. At the same time, Türkiye has begun to present itself as a developmental facilitator of the Least Developed Countries (LDCs) and a supporter voice for their claims within international fora, thus adopting an intermediate position between the high-income economies and the low-income ones (Donelli & Levaggi, 2016, p. 97). Türkiye is a member of the OECD but not of the Development Assistance Committee (DAC), which regroups the “traditional” providers of development aid. Although not being a member, Türkiye holds an observer status in the DAC, reports its aid statistics to the Committee, and adheres to its standards, which is why Turkish cooperation is also accounted for in OECD’s official aid statistics. Türkiye has also voluntarily endorsed DAC’s aid effectiveness declarations¹³⁴. Turkish development cooperation, therefore, seems to be aimed at fulfilling the function of a mediator between Northern and Southern positions and players by placing itself in neither camp (de Renzio & Seifert, 2014).

TIKA finances and implements development cooperation projects, and delivers humanitarian assistance through its field offices located in Africa, Asia, Latin America, Balkans and Europe; TIKA operates in more than 150 countries, including many in which the Agency does not have an office. TIKA is an autonomous organization and its main function is to establish a bridge between development partners’ needs and relevant Turkish ministries and agencies. TIKA is also the main responsible state institution on official development assistance (ODA) reporting and data collection. TIKA partners with a number of international organizations, including the UN, OECD, and the EU institutions. TIKA was initially established to help the transition of Central Asia, the Caucasus and the Balkans. However, as of 2003 it was transformed into a more global aid agency and has expanded its area of operations into sub-Saharan Africa. (Ozkan, 2018).

Türkiye’s official development assistance (ODA) amounted to 7.9 billion US\$ in 2022, including 5.2 billion US\$ in humanitarian aid, compared to a total ODA of just 85 million US-\$ in 2002. Priority sectors for Turkish assistance include social infrastructures, education, health, water and sanitation, economic infrastructures, energy generation and distribution, as well as agriculture, forestry and fisheries (TIKA, 2024). In implementing development projects TIKA cooperates with various technical ministries, which may second experts in addition to those employed by TIKA itself, and with the private sector which is involved in infrastructure projects. Beyond TIKA, other Turkish ministries and agencies are involved in development cooperation. For example, the Ministry of Agriculture and Forestry has concluded a partnership with FAO to support agricultural development (20 million US-\$) and forestry development (10 million US-\$) in countries of the Global South; this programme is not implemented by or with TIKA, but the amounts involved are included in the ODA figures above, since TIKA compiles all ODA-relevant data throughout Türkiye, and reports them to OECD DAC.

Türkiye is a member of the D-8 Organization for Economic Cooperation which was established in Istanbul in 1997¹³⁵ and pursues the objectives of improving developing countries’ positions in the world economy and in international relations, expanding trade, and improving the standard of living.

¹³⁴ The Paris Declaration (2005), the Accra Agenda (2007), and the Busan Partnership (2011) (OECD, 2019).

¹³⁵ The other member states are: Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria and Pakistan.

The organization's areas of cooperation include agriculture and food security; a D-8 agricultural research centre has been opened recently in Islamabad. The D-8 has established five agricultural working groups on (i) on trade standards; (ii) seed security and trade; (iii) marine and fisheries; (iv) animal feed; and (v) fertilizer. The D-8 secretariat cooperates with several UN agencies and would be keen to establish a partnership with IFAD as well. In the long term the organization wants to expand its membership to 20 countries, thereby forming an "developing equivalent" to the G 20.

IFAD TÜRKİYE'S SSTC PORTFOLIO

SSTC ACTIVITIES IN ONGOING OPERATIONS

IFAD is currently co-financing three projects in Türkiye, namely:

- The Euphrates River Watershed Rehabilitation Project (FIRAT), total IFAD financing of US\$ 65 million;
- The Uplands Rural Development Programme (URDP), 2017-23, total IFAD financing of US\$ 82.87 million; and
- The Göksu Taşeli Watershed Development Project (GTWDP), 2015-23, total IFAD financing US\$ 18.29 million.

The URDP design report mentions under SSTC "knowledge sharing and mutual learning", and allocates 900.000 € in grants to consultancies, trainings and workshops. The GTWDP design report contains numerous references to SSTC and TİKA, and an amount of 350.000 € in grant resources had been earmarked for consultancies, trainings and workshops. Part of the SSTC grant funds are still available in the project budgets and are to be disbursed under a full-fledged SSTC work plan.

Among other things, international exchange visits for project and government (at central and provincial level) staff have taken place.

SSTC STRATEGY IN THE CONTEXT OF THE COSOP (2025-2030)

DESIGN PRINCIPLES

IFAD's support to SSTC in Türkiye shall be guided by the following principles:

1. Consistency with *general SSC principles* (respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit);
2. *Alignment with relevant global policy frameworks* and with IFAD-specific SSTC policies;
3. *A focus on the rural poor (IFAD's primary target group) and on the principle of "leaving no-one behind"*;
4. *Concern for gender equality* as stipulated in IFAD's gender equality and women's empowerment policy;
5. *A demand-based approach*, whereby SSTC initiatives are grounded in the thematic priorities and implementation modalities defined by the beneficiary countries themselves;
6. *Results-orientation*: the plan should be formulated in a results-based fashion, and include quantifiable indicators, baselines and targets, also in line with aid effectiveness principles to which Türkiye adheres (OECD, 2020);
7. *Joint ownership*: the SSTC work plan shall be owned jointly by IFAD and by the Turkish Ministry of Agriculture and Forestry;

8. *Mutual accountability*: the work plan should determine the responsibility, authority and accountability of each actor involved in its implementation;
9. *Sustainability*: the work plan should take into account the three dimensions of sustainability: economic, social and environmental;
10. *Flexibility*: as the work plan is expected to cover a period of several years, it is likely that unforeseen events will occur during this time, and it should therefore propose a mechanism for periodic adjustment.

THEMATIC FOCUS AND IMPLEMENTATION MODALITIES

The SSTC operations of the IFAD Multi-Country Office in Türkiye are proposed as follows:

1. Enhancing rural productivity and agricultural competitiveness (as called for in SDG 2 target 3). South-South cooperation can play an important role in this regard, for example by:
 - sharing appropriate technologies and innovative farming methods;
 - developing and trading affordable agricultural machinery that is adapted to the conditions of the Global South;
 - introducing drought and pest-resistant crops;
 - improving the nutritional value of traditional crops through biofortification;
 - establishing joint ventures for agricultural research and development;
 - making fertilizer available to small farmers.
2. Adapting to climate change (SDG 2 target 4 and SDGs 13 and 15)
3. Harnessing new technologies (SDG 17 targets 6, 7 and 8), including through innovations such as:
 - Agricultural robots that can perform tasks ranging from planting and watering, to harvesting and sorting, to weeding and crop maintenance, but also milking robots;
 - Remote-controlled devices (drones for imaging, planting, spraying etc, as well as self-driving cars and tractors, and similar devices);
 - Automatic watering and irrigation systems;
 - Sensors attached to cattle to collect biometric data on the health and wellbeing of the animal;
 - The “Internet of Things” (IoT) which allows robots, drones and sensors to connect, interact and exchange data, thereby enabling the formation of agricultural robot swarms.
4. Organizing farmers (SDG targets 2.c and 16.7), as a prerequisite to the implementation of the thematic priorities 1 to 3. Farmers’ organizations are particularly widespread and powerful in the Global South, but South-South cooperation, including trade, between and among farmers’ organizations from different countries remains limited. Some initiatives, such as the Farmers’ Forum, established by IFAD in 2005, have the potential to build an effective platform for engaging in SSTC.

Türkiye, as provider of SSTC, has longstanding experience and a competitive advantage in all four of these thematic areas.

The work plan will consider the following SSTC modalities:

- *Knowledge exchange* through web sites (such as the rural solutions portal), data bases, publications, study visits, exchange programmes, conferences and seminars, etc.;
- *Partnership development*, including with public entities, private companies, farmers’ organizations, civil society organizations, research institutions, academia, development partners, UN agencies etc.;

- The facilitation and promotion of public and private *investments* in the agricultural and rural development domain, and of bilateral, regional and international *trade* involving two or more countries from the Global South;
- Mutual and joint *resource mobilization* (grants and loans) for joint projects and initiatives.

The table below demonstrates on the basis of examples how these modalities relate to the priority thematic areas outlined in the previous section:

Table 1: Possible SSTC themes and modalities

| IFAD Türkiye's SSTC strategy: Examples of themes and modalities | | | | |
|---|---|---|--|--------------------------------------|
| | Productivity | Climate change | Technology | Farmers' organizations |
| Knowledge | Smart agriculture | Drought-resistant crops | Water-saving irrigation systems | Cooperative policy and legislation |
| Partnerships | Regional rural productivity centres | Cross-border drought control ("green wall") | Joint development of digital solutions | Regional farmers organization's fora |
| Investment and trade | Trade in seeds and fertilizer | Joint renewable energy schemes | Investments in modern technology | FO-2-FO trade and investments |
| Resource mobilization | Funds to promote and facilitate productivity enhancement, climate adaptation, introduction of modern technology, and the strengthening of farmers' organizations. | | | |

DESCRIPTION OF OUTPUTS

The work plan's overarching objective of reducing rural poverty shall be achieved through three objectives which are complementary and mutually reinforcing. Some of the three objectives, if indeed pursued, can produce several outputs, which are classified as "K" (knowledge generation, management and sharing), "P" (partnership building) and "T&I" (investment and trade promotion).

OBJECTIVE 1: AGRICULTURAL COMPETITIVENESS

Output 1.1: At least two joint rural productivity research projects launched (P): SSTC will facilitate research partnerships involving relevant universities and research centres. While it is not possible to anticipate the nature of the research subjects that will be identified by the institutions involved, all research projects should produce practical recommendations and guidelines aimed at enhancing agricultural competitiveness and rural productivity. The selection of projects to be supported will be done jointly by the MOAF and IFAD. The SSTC work plan may provide a subsidy of the cost of the research projects, for a maximum of five projects.

Output 1.2: Improving Agricultural Productivity Under Scarce Water Resources through South-South and Triangular Cooperation Event (K), (P) and (T&I): The world is currently experiencing increasing challenges to agriculture production, with drought and extreme weather conditions impacting food security for some of the world's most vulnerable people. Water scarcity, staggering energy and fertilizer costs are disproportionately harming small-scale farmers, who produce one-third of the world's food. Food systems have been shaken to the core since 2020 owing to the COVID-19 pandemic, ongoing regional conflicts, and unstable food prices. According to the *State of Food Security and Nutrition in the World 2024*¹³⁶ report, the world is off track to achieve Sustainable Development Goal (SDG) targets 2.1 and 2.2 – end hunger, food insecurity and all forms of malnutrition by 2030.

¹³⁶ <https://openknowledge.fao.org/server/api/core/bitstreams/1c940464-8571-474b-b028-4ddcb385ac48/content/state-food-security-and-nutrition-2024/introduction.html#gsc.tab=0>

Mechanisation and technological innovations in agriculture have the potential to contribute to food systems transformation by increasing productivity, efficiencies and decreasing losses along the agricultural value chain. There is also evidence that scaling-up investments in mechanization and agricultural innovations helps small holder farmers produce more diversified and healthy food, access markets and value chains while they adapt to climate. This process can be instrumental in ensuring greater food security and improved nutrition across the rural-urban continuum.

However, water insecurity, remains one of the major hindrances to the success in advancements of agricultural machinery and technological innovations. Many parts of the world are now water insecure, where available water is not able to meet human needs. Currently, 72 per cent of the world's population lives in water-insecure countries, and 8 per cent in critically water-insecure countries, and this will worsen in the coming years. As the single-largest user of global freshwater resources (71%), agriculture could provide the greatest gains to water security, if advancements in agricultural machineries, technologies, and other innovations are more water-efficient and water-sensitive.

Collaboration opportunities such as South-south and triangular cooperation SSTC provides a platform for countries to share their best practices and achievements in agricultural mechanization including those related to water usage. It enables Governments, experts and the private sector to promote adaptable technologies to the unique socio-economic contexts of developing countries while supporting the exchange of expertise and policies needed for their adoption and sustainability. South-South and Triangular Cooperation (SSTC) has become an important platform to promote partnerships across the Global South and enhance the collective understanding of the benefits of such partnerships for more inclusive, cost-effective responses among developing countries through sharing best practices, know-how, technology transfer and peer support.

The Ministry of Agriculture and Forestry of the Republic of Türkiye and IFAD will join forces to facilitate an SSTC event on the margins of the 21st edition of the Konya Agricultural Mechanization and Field Technologies Fair. The SSTC event to be held on 8 April 2025 will bring policy makers, technocrats, the private sector and other stakeholders together to share experiences and outline a way forward in the area of Agricultural Mechanization and Field Technologies under Scarce Water Resources.

OBJECTIVE 2: CLIMATE CHANGE RESPONSE AND RURAL TECHNOLOGY

Rural Development Network organized (K) and (P): Türkiye, the Central Asian region and more broadly several countries in Africa are significantly suffering from the consequences of climate events, provoking a further expansion of deserts and arid areas which already make up 80 percent of the total territory of Central Asia (Centralasiengrupperna, 2020). Climate change, which is of course not confined to national borders, is a particularly important priority for South-South cooperation.

Digital solutions in agriculture (including livestock) are being developed by Türkiye and other countries in Central Asia, the Caucuses region and Eastern Europe. They have the potential to enhance productivity, reduce waste and losses, optimize the use of fertilizers, chemicals and irrigation, and contribute to environmental protection. Smart and optimal irrigation and protection, food control and safety, soil and diversity protection, smart management of farms, and animal production can benefit from digital solutions, and contribute to the triple bottom line of sustainability (environmental, economic, and social) (Hrustek, 2020).

Under the SSTC work plan the national authorities that are responsible for food security, natural resource management and/or environmental issues in Türkiye, Central Asia and Africa may be invited to be part of a rural development network to facilitate cooperation and collaboration among relevant

ministries on technological innovations in the agricultural sector for more sustainable management of scarce water resources.

Alternatively or in addition, SSTC work could support the development of a web-based knowledge exchange platform on digital solutions which, for reasons of cost-effectiveness and greater outreach, could be located within the already operational IFAD rural solutions portal.

OBJECTIVE 3: FARMERS' ORGANISATIONS

Regional farmers' organisations conference held (K). Farmers' organizations exist in all countries of the Global South, often in the form of agricultural marketing and supply cooperatives, or rural savings and credit cooperatives. IFAD could consider supporting the Turkish cooperative movement, one of the strongest in the entire NEN region, in organizing a conference bringing together the representatives of rural cooperatives from Central Asia, Eastern Europe and the African continent to share the latest trends in organizing farmers and to facilitate bilateral and/or multilateral partnerships whilst identifying trade opportunities in the area of agricultural products, agricultural inputs, agricultural services and/or agricultural machinery. Such trade agreements could assume a triangular dimension by involving fair trade agencies or consumer cooperatives from the Global North. SSTC funds could subsidize the cost of establishing initial contacts between farmers' organizations (travel, study tours) towards the conclusion of trade agreements.

The involvement of youth and women cooperatives will be prioritised to the extent possible bearing in mind the third strategic objective of the COSOP (2025-2030) to bring about changes in women's and youth empowerment towards a more equitable society.

AVAILABLE RESOURCES, RESOURCE GAPS AND FUNDING SOURCES

The table below provides the resources for the implementation of a SSTC work plan. In principle, the implementation of the entire work plan will be financed from part of the grant resources – in particular those earmarked for SSTC - in IFAD's ongoing GTWDP and URDP lending operations and the funds will be allocated subject to the endorsement of the Government of Türkiye to conduct relevant activities.

Table 2: Available grant resources for SSTC

| Resources available for Consultancies, Training and Workshops (including SSTC) 2025 – 2027 | | | | | |
|---|-------------------|-----------------|-----------------------|-----------------------------------|-------------------|
| Project | Instrument number | Completion date | Grant Component Total | Amount disbursed up to 31.07.2024 | Available balance |
| GTWDP | 2000001436 | 31 Dec 2025 | € 350 000 | € 247,950 | € 102 050 |
| URDP | 2000002135 | 31 Mar 2027 | € 900 000 | € 200 000 | € 700 000 |

IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The main actors responsible for the implementation of SSTC activities are the General Directorate of Agrarian Reform in consultation with the General Directorate of EU and International Relations at the Turkish Ministry of Agriculture and Forestry, and the IFAD Multi-Country Office in Istanbul. The actual implementation of the various activities may involve a broad range of partners and beneficiaries in Türkiye and in other countries of the Global South, including:

- Agricultural research institutions;
- Private sector companies, as well as the Istanbul International Centre for Private Sector in Development (IICPSD) (UNDP, 2020);
- Sister UN agencies involved in agriculture and/or SSTC, primarily UNDP and FAO;
- Relevant civil society organizations;
- Ministries in charge of agriculture and environmental protection;
- National apex bodies of farmers' organizations;
- TIKa (headquarters and field offices);
- Service providers (for example, for the organization of conferences and workshops).

In view of the limited staff capacity of IFAD Türkiye and of MoAF it will be necessary, in many instances, to recruit national or international consultants. The consultants will be hired by IFAD according to the Fund's rules and regulations.

The work plan will be shared for information with TIKa and with the SSTC Unit in IFAD headquarters and the results and outcomes of the SSTC projects will be shared with the Unit and with TIKa for wider dissemination throughout the Global South.

MONITORING AND EVALUATION

The implementation of the SSTC work plan will be monitored jointly by the relevant General Directorates of MoAF and the Head of the IFAD Multi-Country Office in Istanbul on the basis of half-yearly progress reports to be prepared by the focal points appointed by MoAF and IFAD. The progress reports will take into account the indicators, targets, actors and timelines included in a relevant work

plan document. For reasons of cost-effectiveness no external evaluation is foreseen, unless decided otherwise by IFAD and MoAF.

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Appendix VIII: Financial management issues summary

| COUNTRY | Republic of Türkiye | COSOP PERIOD | 2025-2030 |
|---|---------------------|------------------------|-----------|
| A. COUNTRY FM ANALYSIS | | | |
| Country Disbursement Ratio (rolling-year) | | 40.4 % | |
| Unjustified Obligations: | | N/A | |
| <ul style="list-style-type: none">Outstanding Ineligible ExpenditureOutstanding Advances (Projects in Closed Status) | | | |
| PBAS Available allocation (current cycle) : | | 0 - No PBAS allocation | |
| BRAM access | | Yes | |
| Country income category | | UMIC | |
| Transparency International (TI) | | | |
| The Republic of Türkiye ranks 115 (out of 180 countries) according to 2023 Transparency International's Corruption Perceptions Index (CPI) with a score of 34/100 which converts to substantial risk on IFAD 4-point risk scale. The CPI score and the country ranking have fallen back compared to 2022 and 2021 scores of 36 & 38 and ranking of 101 & 96 respectively. The country rank has deteriorated 14 points compared to 2022. | | | |
| PEFA & WB Country Partnership Framework | | | |
| Latest PEFA assessment for Türkiye was in 2009 which is considered outdated for this assessment. The recent World Bank Country Partnership Framework for Türkiye was conducted for the period 2024 to 2028. In relation to financial management, improvements within the framework focused on advancing the digitalization of the public financial management systems, strengthening the public procurement system within a government procurement reform, improving implementation at the institutional level and focussing on internal control harmonization within the financial control systems. The internal audit function that is mainly implemented by the Internal Audit Coordination Board (IACB) needs further improvements to increase its capacity, ownership, and independency. The framework focused on the importance of enhancing the borrowing ministries' institutional capacity, including the Ministry of Agriculture and Forestry (MoAF). | | | |
| Debt Sustainability & Economic Update | | | |
| As per latest IMF assessment, external debt is sustainable over the medium term but is subject to risks, in specific, from a large Real Effective Exchange Rate depreciation. The external debt ratio was 44.2% of GDP by the end of 2023 compared to 50.4% in 2022. GDPpc (USD per capita) in 2023 is 13,243 compared to 10,659 in 2022. Türkiye GNlpc was US\$11,650 in 2023 which is higher than the Graduation Discussion Income (US\$7,895 WB July 2024/US\$7,805 WB July 2023) however it is still lower than WB high-income economy country GNlpc (US\$14,005 in 2023). | | | |
| Despite the economy performance that has been strong in the recent years, there are some shocks that resulted in vulnerabilities in the economy such as the declining but still high inflation (49.4% in September 2024, 85.51% in October 2022 reaching highest rate in the last 25 years), the depreciation of the Turkish Lira (192% against the dollar between 2021 and 2024) and the decline in the Central Bank reserve buffers especially before the May 2023 elections. | | | |
| Public Financial Management (PFM) Law and Reforms | | | |
| The Turkish parliament adopted the Public Financial Management and Control Law (PFMC) No. 5018 in December 2003 at all levels of government. In 2006, Türkiye has adopted a multi-year budgeting framework which incorporates medium-term fiscal planning over a three-year horizon and which aligns budgeting with strategic priorities and long-term policy goals. In 2012, the government started using an Integrated Public Financial Management System, which is a comprehensive system that centralizes financial management processes such as budgeting, treasury operations, accounting and reporting of all central government institutions. As per the WB CPF, the system is in alignment with many of the key principles of good international practice, however, there is room for improvement especially in its implementation at institutional level. | | | |
| The IMF fiscal transparency evaluation that was published in 2017 highlighted a significant progress in public financial management and noted that Türkiye's fiscal reporting was generally in line with international standards. Main recommendations of the evaluation included fostering transparency through improving the timeliness and accessibility of reports including debt reporting; strengthening the independence and capacity of oversight institutions to enhance accountability; need for more comprehensive data on public sector employment and expenditures; and to enhance stakeholder engagement in the budget process. | | | |

| <p>Diagnostics & Use of Country Systems</p> <p>Funds of IFAD funded projects in Türkiye are channeled through the Central bank. Few international financial institutions use the Treasury Single Account (TSA); World Bank, European Investment Bank and Asian Development Bank. On the other hand, budgets of IFAD projects are integrated in Türkiye's multi-year budgeting framework. In addition, IFAD-funded projects are audited by the Board of Treasury Controllers within the Ministry of Treasury and Finance.</p> <p>The following country system arrangements could be explored/further assessed for possible adoption by projects that will be designed during the COSOP period: i) Establishment of a centralized PMU within the MoAF instead of outsourcing support services; ii) Integration of IFAD-funded projects in the government Integrated Public Financial Management System, especially for accounting records and financial reporting; and iii) Incorporation of IFAD-funded projects in the government internal audit plan in a more regular manner whether through the Internal Audit Coordination Board (IACB) or MOAF internal audit.</p> <p>Lending terms applicable during the COSOP</p> <p>As a UMIC, the Republic of Türkiye has access to BRAM only. The country borrows on ordinary terms and is classified under category 4, which includes maturity period up to 18 years and a grace period up to 3 years.</p> <p>Risk classification of the country – COSOP FM risk</p> <p>Based on the results of the country PFM strategic analysis, the risk classification of the country - COSOP FM risk is considered as Moderate.</p> | | | | | | | | | |
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| <p>B. PORTFOLIO, LESSONS (Strengths and Weaknesses)</p> | | | | | | | | | |
| <p>Existing Portfolio:</p> | | | | | | | | | |
| Project | Project Status | % Disbursed of all financing instruments | Project FM Inherent risk rating | Project FM residual risk rating | Performance Score: Quality of Financial Management | Performance Score: Quality & Timeliness of Audit | Performance Score: Disbursement Rate | Performance Score: Counterpart funds | Completion date |
| GTWDP | Available for Disbursement | 82.34 | Substantial | Moderate | Moderately Satisfactory | Highly satisfactory | Unsatisfactory | Satisfactory | 31/12/2025 |
| URDP | Available for Disbursement | 44.14 | Moderate | Moderate | Moderately Satisfactory | Highly satisfactory | Moderately Unsatisfactory | Satisfactory | 30/03/2027 |
| <p>Recurrent risks on the existing portfolio</p> <p>Current FM residual risk for the on-going projects is Moderate for GTWDP and URDP. Main strengths, challenges and lessons learnt within the portfolio are as listed below:</p> <ul style="list-style-type: none"> - Main Strengths of the portfolio: include proper authorization processes and segregation of duties arrangements that are influenced by the Ministry procedures; timely transfer of government contributions; good quality of audit reports which are prepared and issued by the Treasury Controllers; and compliance with IFAD financial reporting and auditing requirements. - Main challenges of the portfolio: include sudden changes of key staff and government reforms; outsourcing support services for some projects using UN agencies; Treasury annual allocations per projects which are set by the Ministry of Treasury & Finance (MoTF), these allocations could affect project liquidity and implementation pace; delays in the preparation and submission of the annual work plan and budget which is impacted by the Strategy Budget issuance. In addition, local currency devaluation has created some challenges at both suppliers contracting and procurement levels. - Mitigation Strategies at portfolio level: benefit from start-up cost or retroactive financing to set-up the PMU before start of the implementation; capacity building and training for new finance staff; maintain dialogue with the MoTF in relation to projects liquidity needs to avoid strict budget limits on IFAD projects; project budget preparation to take place in the third quarter of the year and to be adjusted as per the final Strategy budget allocation. - Main lessons learnt: recruit or assign dedicated staff to work on the project finances; procure an accounting software in the start-up phase; include government in-kind contribution figures and calculation method in detail in the project cost tables and in the PIM; explore at project design stage how to include IFAD funded projects in the MoAF internal audit plan in a more regular and organized manner. | | | | | | | | | |

Prepared by: Alaa' Abdelkarim

Date: 24/09/2024

Appendix IX: Procurement risk matrix – Part A country level

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| PRM Part A Consolidated findings at country level | | | <p>Turkey has a functional procurement system backed by an organized institutional and legal framework, e-tenders, and procurement laws, audit, and complaints bodies, along with the successful execution of the MURAT project.</p> <p>Key procurement risks encompass discrepancies in procurement practices, particularly for consulting and non-consulting services; the absence of strategic planning and well-defined role assignments both within the organisation and with external partners; an absence of SECAP requirements in the Public Procurement Law; and startup challenges due to newly hired procurement staff who lack experience with similar projects.</p> <p>To address deficiencies in the national procurement system compared to IFAD’s procurement framework, several mitigation measures will be implemented. These include adhering to IFAD policies, utilizing reporting hotlines, and self-certification processes. Projects must comply with the IFAD Handbook and guidelines, follow AWPB and PP preparations using the prescribed IFAD templates, and employ the IFAD End To End System "OPEN". Initial capacity building and ongoing training programs such as BUILDPROC are essential.</p> <p>Enhancing private sector procurement through IFAD initiatives involves: Policy Advocacy and Regulatory Support to simplify procedures and ensure fair competition; Capacity Building for SMEs, local businesses, and farmers; Facilitating Access to Finance in collaboration with financial institutions to provide tailored products and services; Promoting Public-Private Partnerships (PPPs) for infrastructure development and joint ventures; and Leveraging Technology and Innovation to streamline processes with digital tools, e-procurement systems, blockchain, and data analytics for better decision-making.</p> | | | |
| OECD Pillar 1. Legal, regulatory and policy framework | | | | | | |
| 1.1. The public procurement legal framework achieves the agreed principles and complies with applicable obligations | | | | | | |
| Indicator # and Sub-Indicator # | Sub-indicator Description ¹³⁷ | Assessment criteria | Findings regarding possible non-compliance with IFAD PPF Main findings | Inherent risk of non-compliance with Project Objectives and IFAD PPF high-H substantial-S medium-M or low-L | Proposed Mitigation measure/s | Net Risk H, S, M, or L |
| 1.1. (a) | Scope of application and coverage of the legal and regulatory framework | The legal and regulatory body of norms complies with the following conditions: (a) Is adequately recorded and organized hierarchically (laws, decrees, regulations, procedures), and precedence is clearly established. | The public procurement legal framework comprises the Public Procurement Law (PPL) No. 4734 and the Public Procurement Contracts Law (PPCL) No. 4735, both enacted in 2002, and since then amended several times. The PPL, which entered into force on January 1, 2003, sets out the principles and procedures for procurement of goods, works and services. Public Procurement manual is missing. PPL does not contain provisions on works and services concessions such as construction of highways and bridges by the private sector. | M | Elaborate the PIM to mitigate for the absence of national PP manual and resolve the contradictions between national legislation and UNDP on one hand and the revised IFAD | M |

¹³⁷ The Indicators and Sub-Indicators are extracted from OECD-MAPS II of 2017 in order to harmonise with other MDBs and to save time and effort in conducting Part A assessments in case a recent MAPS II assessment has been conducted for the borrower's country system. The criteria to be applied in assessing each Sub-Indicator are those of OECD-MAPS II.

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| | | <p>(b) It covers goods, works, and services, including consulting services for all procurement using public funds.</p> <p>(c) PPPs, including concessions, are regulated.</p> <p>(d) Current laws, regulations and policies are published and easily accessible to the public at no cost.</p> | <p>Public Procurement Authority of Turkey, which was established in 2002 with the enactment of PAA, is a regulatory and supervisory body with its power of secondary legislations over public procurements. Authority is assigned and authorized for the accurate implementation of the principles and procedures specified in PPA. Under the PPA, the main responsibilities of the Authority are regulations, dispute resolutions, international relations, monitoring and the establishing of an e-procurement system.</p> <p>The e-GP system, Electronic Public Procurement Platform (EKAP) has been operating since September 2010 and it is managed by the PPA. It covers all the stages of the procurement cycle. Starting from February 2019. Public procurement in Turkey is conducted via e-procurement system which provides improved transparency in procurement procedures. Any person has access to information on EKAP website without any registration or password. https://ekap.kik.gov.tr/EKAP/Default.aspx?ReturnUrl=%2fekap%2f</p> | | Handbook on the other to eliminate any ambiguity | |
| 1.1.(b) | Procurement methods | <p>The legal framework meets the following conditions:</p> <p>(a) Procurement methods are established unambiguously at an appropriate hierarchical level, along with the associated conditions under which each method may be used.</p> <p>(b) The procurement methods prescribed include competitive and less competitive procurement procedures and provide an appropriate range of options that ensure value for money, fairness, transparency, proportionality and integrity.</p> <p>(c) Fractioning of contracts to limit competition is prohibited.</p> <p>(d) Appropriate standards for competitive procedures are specified.</p> | <p>The PPL Article-18 provides for four procurement methods: (i) open procedure; (ii) restricted procedure; (iii) negotiated procedure; and (iv) direct procurement.</p> <p>Even though the PPA was amended several times in order to comply with the EU acquis and social changes, the main characteristic of the act has been reserved. In this context, PPA defines three main types of procurement which are:</p> <ul style="list-style-type: none"> • Open tender procedure • Restricted tender procedure • Negotiated tendering procedure <p>On the other hand, in exceptional situations defined in the PPL, PEs can procure the required goods, works and services through direct procurement. The direct procurement is basically a purchase at the market price made following market price research.</p> <p>The open tender procedure is the default method of procurement. The PPL includes the conditions for the use of the other methods. Unless there is an acceptable natural connection between the purchase of goods, services and works cannot be consolidated in the same procurement. Procurement of goods, services or works cannot be divided into different procurements with the intention of avoiding threshold values. (PPL Article- 5.) Consulting services: there is no mention of methods such as QCBS, QBS, CQS, FBS, LCS, etc.</p> | S | Upgrade the PIM to cover all inconsistent areas. For consultancies IFADs procurement procedures should be applied. | S |
| 1.1.(c) | Advertising rules and time limits | <p>The legal framework meets the following conditions:</p> <p>(a) The legal framework requires that procurement opportunities are publicly advertised, unless the restriction of procurement opportunities is explicitly</p> | <p>The contracting authorities are advertising the procurement notices in newspapers or publications having national and international circulation, data processing networks or electronic media (internet), depending on the significance and characteristics of the procurement. However, where international announcement of notices is required, the time limits shall be increased by twelve days. Open: international announcement is optional. Although the PPL sets acceptable time limits to submit bids under Article-13, there are several ways to reduce them to unacceptable limits; for example,</p> | M | The project will publish bidding opportunities in the Ministry's website, and in addition to the publication of the International bidding on UNDB through IFAD. | M |

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| | | <p>justified (refer to indicator 1(b)).</p> <p>(b) Publication of opportunities provides sufficient time, consistent with the method, nature and complexity of procurement, for potential bidders to obtain documents and respond to the advertisement. The minimum time frames for submission of bids/proposals are defined for each procurement method, and these time frames are extended when international competition is solicited.</p> <p>(c) Publication of open tenders is mandated in at least a newspaper of wide national circulation or on a unique Internet official site where all public procurement opportunities are posted. This should be easily accessible at no cost and should not involve other barriers (e.g. technological barriers).</p> <p>(d) The content published includes enough information to allow potential bidders to determine whether they are able to submit a bid and are interested in submitting one.</p> | <p>an open procedure may be reduced to 24 days. Optional international announcements require increasing bid submission deadlines by 12 days.</p> <p>PPL Article-24. It is mandatory to include the following information in the notices:</p> <p>a) the name, address, telephone, and fax number of the contracting authority,</p> <p>b) the name, characteristics, type, and quantity of the procurement,</p> <p>c) the place of delivery in procurements of goods and the place where the task is to be performed in procurements of services and works,</p> <p>d) the commencement and completion dates for the subject matter of the procurement,</p> <p>e) the procurement procedure to be applied, rules of participation and the required documents and certificates,</p> <p>f) the criteria to be used in the qualification evaluation,</p> <p>g) indication of whether the tender is limited only to domestic tenderers, and whether there is a price advantage for domestic tenderers,</p> <p>h) the place where the tender documents can be seen, and the price to obtain tender documents,</p> <p>i) the place, date and hour of opening of the tenders,</p> <p>j) the address where the tenders are to be submitted until the hour specified for opening the tenders,</p> <p>k) the type of tender and contract,</p> <p>l) the statement specifying that a tender security should be given in an amount determined by the tenderer, not being less than 3 % of the tender price,</p> <p>m) the validity period of the tenders,</p> <p>n) statement on whether the consortium is allowed to submit tender or not.</p> | | | |
| 1.1.(d) | Rules on participation | <p>The legal framework meets the following conditions:</p> <p>(a) It establishes that participation of interested parties is fair and based on qualification and in accordance with rules on eligibility and exclusions.</p> <p>(b) It ensures that there are no barriers to participation in the public procurement market.</p> <p>(c) It details the eligibility requirements and provides for exclusions for criminal or</p> | <p>Participation is open to all bidders meeting the required qualification criteria.</p> <p>PPL Article-10 The tenderers participating in the procurement proceedings may be required to submit the following information and documents for evaluation of their economic, financial, professional, and technical qualifications</p> <p>PPL Article-11 Any tenderer shall be excluded from the procurement proceedings who;</p> <p>a) is bankrupt or is being wound-up, whose affairs are being administered by the court, who has entered an arrangement with creditors, who has suspended business activities or who is in any analogous situation arising from a similar procedure under his own national laws and regulations;</p> <p>b) is the subject of proceedings for a declaration of bankruptcy, for an order of compulsory winding up, or administration of court due to his</p> | L | In addition, reference shall be made to the World Bank Debarment System. | L |

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| | | <p>corrupt activities, and for administrative debarment under the law, subject to due process or prohibition of commercial relations.</p> <p>(d) It establishes rules for the participation of state-owned enterprises that promote fair competition.</p> <p>(e) It details the procedures that can be used to determine a bidder's eligibility and ability to perform a specific contract.</p> | <p>debts to creditors or of any other similar proceedings under his own national laws and regulations,</p> <p>c) has not fulfilled obligations relating to the payment of finalized social security contributions in accordance with the legal provisions of the country in which he is established or those of Turkey,</p> <p>d) has not fulfilled obligations relating to the payment of finalized taxes in accordance with the legal provisions of the country in which he is established or those of Turkey,</p> <p>e) has been convicted of an offence concerning his professional conduct by a judgement of a competent court within the five years preceding the date of the procurement proceedings,</p> <p>f) is established to be involved in misconducts by appropriate means of proof by the contracting authority that are against the work ethics or professional ethics during a work he carried out for the contracting authority within the five years preceding the date of the tender,</p> <p>g) has been prohibited from professional activity by the chamber where he is registered in accordance with the relevant legislation, as of the date of the tender,</p> <p>h) fails to submit the information and documents specified in this article or it is established that he/she has submitted misleading information and/or false documents,</p> <p>i) has been participated in procurement proceedings in spite of prohibition according to Article 11,</p> <p>j) is established to be involved in prohibited conducts and actions laid down in Article 17.</p> <p>Among the documents required under this article which ones can be submitted as written undertakings shall be determined by the Authority. If the written undertakings containing false statements are submitted, or the tenderer who has been awarded the contract cannot submit the documents supporting the status specified in the written undertaking prior to contract signing, those shall be excluded from the tendering and their tender securities shall be registered as revenue.</p> <p>A procuring entity set qualification details the bidders will be required to meet in order to be eligible to participate in procurement, for each specific procurement.</p> | | | |
| 1.1.(e) | Procurement documentation and specifications | <p>The legal framework meets the following conditions:</p> <p>(a) It establishes the minimum content of the procurement documents and requires that content is relevant and sufficient for suppliers to respond to the requirement.</p> <p>(b) It requires the use of neutral specifications, citing international norms when possible, and provides for the use of functional</p> | <p>The standard tender documents and regulations to be issued for the implementation of this Law shall be prepared by the Public Procurement Authority in view of the opinions of the relevant institutions and authorities until the enforcement date of the Law and published in the Official Gazette.</p> <p>As per the EBRD, 2011, Public Procurement Assessment, Review of laws and practice in the EBRD region, Turkey is among the countries that adopts high degrees of standardization in bidding documents for all procurement methods.</p> <p>PPL Article-12 cover Four main documents: Administrative specifications, technical specifications, draft contract, and standard forms.</p> <p>The specified technical criteria shall aim efficiency and functionality, shall not consist of elements impeding competition and shall ensure equal opportunity for all tenderers. Technical specifications may, where possible, include</p> | L | <p>If national SBD's deviate from IFAD's in substantial areas, adopt a hybrid approach where either the national SBD's are upgraded to meet IFAD's or vice versa. Given the challenge identified (difficulty in using BD's and procedures other than National), a careful</p> | L |

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| | | <p>specifications where appropriate.</p> <p>(c) It requires recognition of standards that are equivalent, when neutral specifications are not available.</p> <p>(d) Potential bidders are allowed to request a clarification of the procurement document, and the procuring entity is required to respond in a timely fashion and communicate the clarification to all potential bidders (in writing)</p> | <p>arrangements to ensure conformity with national and/or international technical standards. Technical characteristics and definitions shall be set forth in these specifications. No specific brand, model, patent, origin, source or product can be specified, and no feature or definition indicating any brand or model, can be included. However, in case where no national and/or international standards exist or where it is not possible to establish technical characteristics; brand or model can be specified provided that "or equivalent" phrase is stated.</p> <p>PPL Article- 29. The tenderers may request explanations in writing relating to aspects in the tender documents, which they may need when preparing their offers, twenty days prior to the deadline for submission of tenders.</p> <p>In case such request is found appropriate by the contracting authority, the required explanations shall be provided in writing, in a way to ensure that all the tenderers who are already provided with the tender documents until that date are informed of such explanations ten days in advance of the deadline for submission of tenders, without disclosing the tenderer making the request.</p> | | <p>adaptation of standard documents and procedures is needed to meet IFAD's; this should be reflected in PIM.</p> | |
| 1.1.(f) | Evaluation and Award Criteria | <p>The legal framework mandates that:</p> <p>(a) The evaluation criteria are objective, relevant to the subject matter of the contract, and precisely specified in advance in the procurement documents, so that the award decision is made solely based on the criteria stipulated in the documents,</p> <p>(b) The use of price and non-price attributes and/or the consideration of life cycle cost is permitted as appropriate to ensure objective and value-for-money decisions.</p> <p>(c) Quality is a major consideration in evaluating proposals for consulting services, and clear procedures and methodologies for assessment of technical capacity are defined.</p> <p>(d) The way evaluation criteria are combined and their relative weight determined should be clearly defined in the procurement documents.</p> | <p>Evaluation criteria's and rules are not specified for each procurement method, however Covered by Article-10 and Article-40: The technical criteria for the goods, services and works to be procured shall be specified in the technical specifications, which constitute an integral part of the tender documents. The specified technical criteria shall aim efficiency and functionality, shall not consist of elements impeding competition and shall ensure equal opportunity for all tenderers.</p> <p>The tender commission shall make a technical evaluation according to the technical evaluation criteria and points specified in the tender documents and in the invitation letter and shall determine the technical points of the tenderers. Tenders, which have got points below the minimum technical point specified in the tender documents, shall be excluded from the evaluation.</p> <p>Criteria used for bid evaluation: the lowest price and economically most advantageous tender.</p> <p>The economically most advantageous tender is determined solely on the basis of price or together with the price by considering the non-price factors such as operation and maintenance costs, cost effectiveness, productivity, quality, and technical merit.</p> <p>In tender proceedings where the economically most advantageous tenders shall be determined by considering the non-price factors in addition to the price, these factors must be expressed in monetary values or relative weights in tender documents.</p> | M | <p>PROJECT evaluation committees should be trained on analyzing contractor current workload and contractor proposed coefficients for price adjustment. Bid documents shall detail the evaluation mechanism of such two aspects.</p> | M |

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| | | (e) During the period of the evaluation, information on the examination, clarification and evaluation of bids/proposals is not disclosed to participants or to others not officially involved in the evaluation process. | | | | |
| 1.1.(g) | Submission, receipt and opening of tenders | <p>The legal framework provides for the following provisions:</p> <p>(a) Opening of tenders in a defined and regulated proceeding, immediately following the closing date for bid submission.</p> <p>(b) Records of proceedings for bid openings are retained and available for review.</p> <p>(c) Security and confidentiality of bids is maintained prior to bid opening and until after the award of contracts.</p> <p>(d) The disclosure of specific sensitive information is prohibited, as regulated in the legal framework.</p> <p>(e) The modality of submitting tenders and receipt by the government is well defined, to avoid unnecessary rejection of tenders.</p> | <p>PPL Article- 36 The tenders shall be submitted to the contracting authority until the time stated for submission of tenders in the tender documents. The number of tenders submitted at the hour of the tender shall be recorded in the minutes by tender commission and announced to those who are present, and then the tender proceedings shall be immediately commenced. The tender commission shall examine the tender envelopes in the order of submission. The envelopes shall be opened in the presence of tenderers and those who are present, in the order of submission.</p> <p>It shall be checked if the documents of the tenderers are complete or incomplete, and whether the tender letter and the preliminary guarantee are in conformity with the relevant procedures.</p> <p>Tenderers with incomplete documents or improper tender letters and tender securities shall be recorded in the minutes. The tenderers and their tender prices and the amount of estimated cost shall be announced. The minutes relating to these proceedings shall be signed by the tender commission. At this stage, no decision shall be made with regard to rejection or acceptance of any of the tenders, the documents consisting of the tender cannot be corrected or completed. The session shall be closed for immediate evaluation of the tenders by the tender commission.</p> <p>PPL Article- 61 Those who are assigned with the implementation of this Law and those who provide consultancy services cannot disclose any of the confidential information or documents relating to all proceedings about the procurement process; jobs and transactions of the tenderers, technical and financial structures of the tenders as well as the estimated costs of the procurements or use this information for the benefit of their own or of third persons.</p> <p>The modality of submitting tenders by the government is not specifically mentioned in PPL. However, it is specified that all tenderers fulfilling the qualification criteria and submitting the preliminary tenders in line with the conditions specified in the tender document shall be allowed to participate in the system.</p> <p>Since 2022 e-procurement introduced the module of tender opening, The submission, receipt and opening of tender all been made via Elektronik Public Procurement Platform (EKAP)</p> | L | | L |
| 1.1.(h) | Right to challenge and appeal | <p>The legal framework provides for the following:</p> <p>(a) Participants in procurement proceedings have the right to challenge</p> | <p>PPL Article- 54 stipulate the Candidates, tenderers, or potential tenderers who claim that they have suffered a loss of right or damage or likely to suffer a loss of right or damage due to unlawful procedures or actions within the process of the tender may file a complaint and appeal in line with the procedures and the principles of this law.</p> | L | | L |

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| | | <p>decisions or actions taken by the procuring entity.</p> <p>(b) Provisions make it possible to respond to a challenge with administrative review by another body, independent of the procuring entity that has the authority to suspend the award decision and grant remedies, and also establish the right for judicial review.</p> <p>(c) Rules establish the matters that are subject to review.</p> <p>(d) Rules establish time frames for the submission of challenges and appeals and for issuance of decisions by the institution in charge of the review and the independent appeals body.</p> <p>(e) Applications for appeal and decisions are published in easily accessible places and within specified time frames, in line with legislation protecting sensitive information.</p> <p>(f) Decisions by the independent appeals body can be subject to higher-level review (judicial review).</p> | <p>The complaint and appeal applications are the mandatory administrative application paths to be exhausted before filing a lawsuit. Complaint applications shall be submitted to the contracting authority and appeal applications shall be submitted to the Authority through signed petitions.</p> <p>PPL Article-55 The complaint shall be made to the contracting authority within the application period which <i>is five days</i> regarding the procurements held according to subparagraphs (b) and (c) of the article 21 <i>and ten days</i> for other cases from the date which the proceeding or action, which is subject matter of the complaint, have been realized or should be realized, and before contract signing. The period for complaint applications concerning the issues covered in the procurement notice shall start from the date on which the notice is first published, while the period for applications regarding the other provisions of prequalification or tender documents which are not reflected in the procurement notice shall start from the purchasing date of the related document.</p> <p>The contracting authority makes the necessary review on the complaint application and takes a reasoned decision within ten days following the complaint application.</p> <p>The candidates, the tenderers or potential tenderers who have submitted a complaint application to the contracting authority or those who have found the decision of the contracting authority inappropriate may file an appeal to the Authority before the signing of the contract under the conditions and within the period stipulated by the fourth paragraph of Article 55.</p> <p>All decisions taken by the Board shall be notified to the parties within five working days following the decision date and is published in the website of the Authority within five days following the notification. No fee may be collected for the access to the decisions.</p> <p>PPL Article-57 The final decisions made by the Public Procurement Authority with regard to the complaints shall be under the jurisdiction of the Turkish courts and such cases shall have priority.</p> | | | |
| 1.1.(i) | Contract management | <p>The legal framework provides for the following:</p> <p>(a) Functions for undertaking contract management are defined and responsibilities are clearly assigned,</p> <p>(b) Conditions for contract amendments are defined, ensure economy and do not arbitrarily limit competition.</p> <p>(c) There are efficient and fair processes to resolve disputes promptly during the performance of the contract.</p> | <p>The Law in Public Procurement Contract 4735 (LPPC): established the principles and procedures that pertain to making and implementing public procurement contracts under Public Procurement Law. The LPPC shall apply to contracts concluded as result of tender processes carried out by public entities and institutions subject to the Law on Public Procurement in accordance with the provisions of the said Law.</p> <p>The LPPC include sufficient contract terms and conditions and requirements for contract management; however, the competencies of contract management which are beyond legal texts require continuous building. In practice, the risks under CM are directly affected by the competencies of PROJECT technical and contract management staff.</p> <p>The LPPC doesn't cover contract types for each procurement method, and there is inconsistency regarding the processes to resolve disputes promptly during the performance of the contract.</p> | M | Develop comprehensive rules, guidance and training material on contract management enforcing contractual performance and full transparency on the use of funds; and complement it with the necessary training on the following: i) functions and responsibilities for managing contracts; ii) | M |

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| | | (d) The final outcome of a dispute resolution process is enforceable. | | | methods to review, issue and publish contract amendments in a timely manner; and iii) dispute resolution procedures that provide for an efficient and fair process to resolve disputes during the performance of the contract. | |
| 1.1.(j) | Electronic procurement (e-Procurement) | The legal framework meets the following conditions: (a) The legal framework allows or mandates e-Procurement solutions covering the public procurement cycle, whether entirely or partially. (b) The legal framework ensures the use of tools and standards that provide unrestricted and full access to the system, taking into consideration privacy, security of data and authentication. (c) The legal framework requires that interested parties be informed which parts of the processes will be managed electronically. | The e-GP system, Electronic Public Procurement Platform (EKAP) has been operating since 1 September 2010. It is managed by the Public Procurement Authority (PPA). e-GP system covers all stages of the procurement cycle. The EKAP has introduced several new features that make procurement more transparent and officials more accountable. The Public Procurement Authority openly announces most public tenders and has a website in both Turkish and English (contract announcements are made in Turkish). Companies established in Turkey, including foreign companies' subsidiaries, can register and attach any required documents at the "Electronic Public Procurement Platform" (EKAP for short in Turkish) included in the EKAP website. | L | | L |
| 1.1.(k) | Norms for safekeeping of records, documents and electronic data | The legal framework provides for the following: (a) A comprehensive list is established of the procurement records and documents related to transactions including contract management. This should be kept at the operational level. It should outline what is available for public inspection including conditions for access. (b) There is a document retention policy that is both | Documents entered in EKAP under a company name need to be official and scanned. Transactions and works relating to the annual accounts, revenues and expenses of the Authority shall be audited by the Court of Accounts. The e- procurement system enables integration of public procurement with the Treasury, Tax Administration, Enterprise Information System, Higher Education Council, Turkish Standards Institute, Turkish Accreditation Agency, etc. Protocols for data sharing have been signed between EKAP and the organizations that provide the necessary documents to bidders for participation in tenders. Use of eSignatures is mandatory for downloading of tender documents and submission of tenders electronically. | M | It is recommended to established security protocols to protect records (physical and/or electronic) The project shall keep a hard and soft copy of all procurement documentation for at least 10 years from the end of contract implementation | M |

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| | | compatible with the statute of limitations in the country for investigating and prosecuting cases of fraud and corruption and compatible with the audit cycles. (c) There are established security protocols to protect records (physical and/or electronic). | | | | |
| 1.1.(l) | Public procurement principles in specialized legislation | The legal and regulatory body of norms complies with the following conditions: (a) Public procurement principles and/or the legal framework apply in any specialized legislation that governs procurement by entities operating in specific sectors, as appropriate. (b) Public procurement principles and/or laws apply to the selection and contracting of public private partnerships (PPP), including concessions as appropriate. (c) Responsibilities for developing policies and supporting the implementation of PPPs, including concessions, are clearly assigned. | Public procurement principles and/or the legal framework apply in most of specialized legislation that governs procurement by entities operating in specific sectors, as appropriate. However, Exceptions are made for few sectors as stipulated in Article-3 prevent full compliance with procurement principles and method notably NBC and ICB. | S | Elaborate the PIM to mitigate inconsistencies between PPL and IFAD Handbook on the Exceptions related to procurement of agriculture or livestock products to eliminate any ambiguity. | S |
| 1.2. Implementing regulations and tools support the legal framework | | | | | | |
| 1.2.(a) | Implementing regulations to define processes and procedures | (a) There are regulations that supplement and detail the provisions of the procurement law, and do not contradict the law. (b) The regulations are clear, comprehensive and consolidated as a set of regulations readily available in a single accessible place. (c) Responsibility for maintenance of the regulations is clearly established, and the | All transactions relating to public procurement is carried out through or registered on EPPP. The User Manual on the E-procurement system is available online. The institutional framework for e-procurement in Turkey includes, the Turkish Public Procurement Authority (PPA), an independent regulatory and supervisory public organization charged with oversight of public procurement in Turkey, contracting entities, suppliers and other government institutions in charge of various e-government applications to supplement the e-procurement system with information used in public procurement procedures such as tax identification numbers for suppliers who are legal persons and addresses of suppliers Public Procurement Authority (PPA), which was established in 2002, is a regulatory and supervisory body in public procurement area. PPA has administrative and financial autonomy. It is independent in fulfillment of its duties. Nobody can issue orders or | L | | L |

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| | | regulations are updated regularly. | instructions for the purpose of influencing the decisions of the Authority. PPA is assigned and authorized for the accurate implementation of the principles, procedures and acts specified in the Public Procurement Law. | | | |
| 1.2.(b) | Model procurement documents for goods, works and services | <p>a) There are model procurement documents provided for use for a wide range of goods, works and services, including consulting services procured by public entities.</p> <p>(b) At a minimum, there is a standard and mandatory set of clauses or templates that reflect the legal framework. These clauses can be used in documents prepared for competitive tendering/bidding.</p> <p>(c) The documents are kept up to date, with responsibility for preparation and updating clearly assigned.</p> | <p>The standard tender documents and regulations are prepared by the Public Procurement Authority in view of the opinions of the relevant institutions and authorities.</p> <p>The tender documents are available for public on the official website of Public Procurement Authority (https://www.ihale.gov.tr/Mevzuat.aspx)</p> <p>The documents include the administrative specifications that also incorporate the instructions to tenderers, the technical specifications cover the project of the work, the draft contract and other required documents and information. Prequalification documents include required qualifications of candidates, prequalification criteria and other necessary information and documents. The administrative specifications contain the following information, depending on the subject matter of the procurement:</p> <p>a) the name, characteristics, type and quantity of the work, and in case of services the work description, b) the name, address, telephone and fax number of the contracting authority, c) the procurement procedure, date and hour of the tender and place of tender submission, d) instructions to tenderers, e) required qualifications for tenderers, the required documents and qualification criteria, f) methods for request for clarification of the tender documents and the realization of such request, g) the validity period of the tenders, h) statement on whether the consortium are allowed to submit tender, whether it is possible to submit tenders for the whole or a portion of the subject matter of the procurement, whether an alternative tender can be proposed in procurement of goods and if so, how those alternative tenders are to be evaluated, i) information on whether the transportation fees, insurance costs, taxes, duties and charges are to be included in the tender price, j) the procedures and principles set forth in this Law and which shall be applied during the receiving, opening and evaluation of the tenders, k) the procedures and principles set forth in this Law, which are required to be applied from beginning with the decision of procurement until signing of the contract, l) an indication of whether the procurement is limited to domestic tenderers only and whether there is a price advantage for domestic tenderers, m) type of tender and contract, n) the amount and terms of tender security and performance bond, o) a statement that the contracting authority is free to cancel the tender proceedings before the tender opening time, p) a statement that the contracting authority is free to reject all the tenders and cancel the procurement proceedings, r) the commencement and completion dates for the subject matter of the tender, the place it will be carried out, the terms of delivery and the penalties to be paid in case of delays, s) the place and terms of payment; whether an advance payment is to be made or not, and if so, the amount and terms of such payment; the method of payment for price difference, if any, for subject matter of the contract, t) circumstances and conditions where time extension is possible, and mutual obligations in case of work increases and work decreases possible within the scope of contract, u) information on which party will be responsible for paying the taxes, duties,</p> | L | | L |

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| | | | charges and other expenses relating to the contract, v) in works contracts, terms relating to insurance of the work and the workplace, construction liability and supervision, y) conditions relating to supervision, inspection and acceptance, z) procedure of dispute settlement. | | | |
| 1.2.(c) | Standard contract conditions | (a) There are standard contract conditions for the most common types of contracts, and their use is mandatory. (b) The content of the standard contract conditions is generally consistent with internationally accepted practice. (c) Standard contract conditions are an integral part of the procurement documents and made available to participants in procurement proceedings | The Public Procurement Contracts Law (PPCL) No. 4735 enacted in 2002. This Law shall apply to contracts concluded as result of tender processes carried out by public entities and institutions subject to the Law on Public Procurement in accordance with the provisions of the said Law. Any contracts to be made by the contracting entities. shall be drawn up in accordance with the provisions of the form contract. | L | | L |
| 1.2.(d) | User guide or manual for procuring entities (insert link to manual if possible) | (a) There is (a) comprehensive procurement manual(s) detailing all procedures for the correct implementation of procurement regulations and laws. (b) Responsibility for maintenance of the manual is clearly established, and the manual is updated regularly. | Public Procurement Law No: 4734; Law on public procurement Contracts No 4735; By laws for different procurement categories dated 2009. However, the Public Procurement manual is missing. | S | Elaborate the PIM to mitigate for the absence of national PP manual | S |
| 1.3. The legal and policy frameworks support the sustainable development of the country and the implementation of international obligations | | | | | | |
| 1.3.(a) | Sustainable Public Procurement (SPP) | (a) The country has a policy/strategy in place to implement SPP in support of broader national policy objectives. (b) The SPP implementation plan is based on an in-depth assessment; systems and tools are in place to operationalize, facilitate and monitor the application of SPP. (c) The legal and regulatory frameworks allow for sustainability (i.e. economic, | The technical capacity criteria permit the pursuit of green and social procurement considerations (in particular green). PPL permits the contracting authorities to ask tenderers for an environmental management certificate, which enables the economic operators to weigh the environmental impact of their activities. On the other hand, PPL does not make any explicit reference to social concerns as qualification criteria. Therefore, the contracting authorities need to investigate the general principles of qualification for their suitability to pursue a specific social target provided that the social target is related to the subject matter of contract. A Green project (ongoing) raising awareness about sustainable procurement, but yet to be incorporated to PPL. | S | Introduce key principles of sustainability in public procurement and implement measures to ensure its applicability in the public procurement legislation. The project should fully comply with SECAP requirements in procurement and staff should be trained on the same. | S |

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| | | environmental and social criteria) to be incorporated at all stages of the procurement cycle. (d) The legal provisions require a well-balanced application of sustainability criteria to ensure value for money. | | | | |
| 1.3.(b) | Obligations deriving from international agreements | Public procurement-related obligations deriving from binding international agreements are: (a) clearly established (b) consistently adopted in laws and regulations and reflected in procurement policies. | As per the EBRD, 2011, Public Procurement Assessment, Review of laws and practice in the EBRD region, Turkey is among the countries that adopts high degrees of standardization in bidding documents for all procurement methods. Turkey is an observer to the WTO Government Procurement Agreement. Turkey signed a customs union with the EU in 1995, but the agreement does not address government procurement. Public Procurement Law has created a modern procurement system in line with international instruments on public procurement (EU Procurement Directives, UNCITRAL Model Law on Procurement, World Bank Procurement Guidelines, etc.). Since 2002 the PPL has been amended several times. Some of the changes to PPL were made in order to align the public procurement legislation to EU public procurement directives. | L | | L |
| 1.4. Consolidated results for pillar 1. | | | Prescriptive and standardized rules, methods, documentation, and systems following National Legislation. Turkey has a well-functioning procurement framework despite absence of methods dedicated to consulting services. The National PPL have some variances from minimum IFAD requirements notably related to procurement expectations. | M | The Project will rely on Public Procurement Law and Regulations to the extent not conflicting with IFAD Rules. Elaborate the PIM to mitigate for the absence of national PP manual and inconsistencies between national and IFADs procedures. For consultancies IFADs procurement procedures should be used. | M |
| Pillar 2. Institutional framework and management capacity | | | | | | |
| 2.1. The public procurement system is mainstreamed and well-integrated with the public financial management system | | | | | | |
| 2.1.1 (a) | Procurement planning and the budget cycle | The legal and regulatory framework, financial procedures and systems provide for the following: | The procurement cycle is tied to the annual budget cycle. The expenses of the Authority shall be made with an annual budget which is put into force upon the decision of the Board. The budget year of the Authority shall be the calendar year. | M | Projects will strictly adhere to AWPB and PP preparation according to IFAD | M |

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| | | <p>(a) Annual or multi-annual procurement plans are prepared, to facilitate the budget planning and formulation process and to contribute to multi-year planning.</p> <p>(b) Budget funds are committed or appropriated in a timely manner and cover the full amount of the contract (or at least the amount necessary to cover the portion of the contract performed within the budget period).</p> <p>(c) A feedback mechanism reporting on budget execution is in place, in particular regarding the completion of major contracts.</p> | <p>The budget is prepared within thirty days prior to the beginning of the budget year.</p> <p>The annual financial report and the budget final account relating to the budget implementation results of the Authority shall be acquitted with a Resolution of Council of Ministers.</p> <p>The e- procurement system enables integration of public procurement with the Treasury, Tax Administration, Enterprise Information System, Higher Education Council, Turkish Standards Institute, Turkish Accreditation Agency, etc. Protocols for data sharing have been signed between EKAP and the organizations that provide the necessary documents to bidders for participation in tenders. Use of eSignatures is mandatory for downloading of tender documents and submission of tenders electronically.</p> <p>All PEs are required to prepare and publish their procurement plans. The cost estimates used for procuring planning are usually based on historical unit prices, market research, etc.</p> <p>Transactions and works relating to the annual accounts, revenues and expenses of the Authority is audited by the Court of Accounts.</p> | | templates and requirements. | |
| 2.1.2.(b) | Financial procedures and the procurement cycle | <p>The legal and regulatory framework, financial procedures and systems should ensure that:</p> <p>(a) No solicitation of tenders/proposals takes place without certification of the availability of funds.</p> <p>(b) The national regulations/procedures for processing of invoices and authorization of payments are followed, publicly available and clear to potential bidders.</p> | <p>Criterion (a) partially met. The plan will cover expenses that may be financed with internal funds. It will be conditioned by both availability of funds and purposefulness of expenses. All other costs will be reflected in a project which is supported by the plan structure and will be a foundation of raising external funds.</p> <p>Criterion (b) is satisfied. For URDP the payment/processing of invoices is done in line with the provisions of the contract. The terms of payment are defined in the clauses of the contract.</p> | M | The project should develop and continuously monitor and update a financial procedure in line with procurement plan. | M |
| 2.2. The country has an institution responsible for the normative/regulatory function | | | | | | |
| 2.2.1.(a) | Status and legal basis of the normative/regulatory function | <p>(a) The legal and regulatory framework specifies the normative/regulatory function and assigns appropriate authorities formal powers to enable the institution to function effectively, or the normative/regulatory functions are clearly assigned to various units within the government.</p> | <p>The Public Procurement Authority (PPA) is the regulatory and supervisory body with its power of secondary legislations over public procurements. The PPA is responsible for regulations, dispute resolution, international relations, monitoring and evaluation, and the management of the e-procurement system. The PPA consists of the Public Procurement Board (PPB), the presidency, and the service units. The PPB is the main decision-making body of the PPA. In addition, the PPB reviews bid complaints and may take corrective action and determine the remedies.</p> <p>"PPL article 53.a, In order to carry out the duties assigned by this Law, Public Procurement Authority with public legal entity, which is administratively and financially autonomous, is established. Public</p> | L | | L |

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| | | | <p>Procurement Authority is assigned and authorized for the accurate implementation of the principles, procedures and acts specified in this Law. The Authority is linked to the Ministry of Finance. The Authority is situated in Ankara.</p> <p>The Authority is independent in fulfilment of its duties. No organ, office, entity or person can give orders or instructions for the purpose of influencing the decisions of the Authority.</p> <p>The Public Procurement Authority shall comprise of the Public Procurement Board, Presidency, and the services units."</p> | | | |
| 2.2.2.(b) | Responsibilities of the normative/regulatory function | <p>The following functions are clearly assigned to one or several agencies without creating gaps or overlaps in responsibility:</p> <p>(a) providing advice to procuring entities</p> <p>(b) drafting procurement policies</p> <p>(c)proposing changes/drafting amendments to the legal and regulatory framework</p> <p>(d) monitoring public procurement</p> <p>(e) providing procurement information</p> <p>(f) managing statistical databases</p> <p>(g) preparing reports on procurement to other parts of government</p> <p>(h) developing and supporting implementation of initiatives for improvements of the public procurement system</p> <p>(i) providing tools and documents, including integrity training programs, to support training and capacity development of the staff responsible for implementing procurement</p> <p>(j) supporting the professionalization of the procurement function (e.g. development of role descriptions, competency profiles and accreditation and</p> | <p>PPA is assigned and authorized for the accurate implementation of the principles, procedures and acts specified in the Public Procurement Law. The main duties of the PPA are; Regulation, Dispute Resolution, Training E-Procurement, Gathering, Information and compiling statistics, International Relations.</p> <p>PPL article 53.b "b) The duties and authorities of the Public Procurement Authority with respect to the procurement procedures carried out in accordance with this Law are as follows:</p> <p>1) to evaluate and conclude any complaints claiming that acts of contracting authority within the period from the commencement of the procurement until the signing of the contract are in violation of this Law and the related legislative provisions,</p> <p>2) to prepare, develop and guide the implementation of all the legislation concerning this law and Public Procurement Contracts Law and the standard procurement documents and contracts,</p> <p>3) to provide training on procurement legislation, to provide national and international coordination,</p> <p>4) to gather information as specified by the Authority relating to the contracts and procurement procedures carried out, to compile and publish statistics relating to quantity, price and other issues,</p> <p>5) to keep records of those who are prohibited from participating in tenders,</p> <p>6) to carry out research and development activities,</p> <p>7) to regulate the principles and procedures regarding tender notices, to publish Public Procurement Bulletin in printed or electronic media,</p> <p>8) in cases where it is established that domestic tenderers are prevented from participating in procurement procedures taking place in foreign countries, to furnish proposal to (Amended phrase: 9/7/2018 – Decree Law – 703/Article 171) the President in order to ensure that the relevant measures are taken regarding the prevention of participation of tenderers of those countries in tenders as well and the necessary arrangements are made,</p> <p>9) to prepare the annual budget, the final account and the annual activity reports of the Authority, to ensure the implementation of the Authority's budget, the collection of the revenues and the incurrence of the expenses."</p> <p>PPA doesn't cover the professionalization of the procurement function, no specific terms in developing of role descriptions, competency profiles and accreditation and certification schemes for the profession.</p> | M | development of role descriptions, competency profiles and accreditation and certification schemes for the profession to be supported by Capacity building in procurement skills and for procurement professionals. IFAD can provide additional procurement accreditation through BuildProc training program, OPEN end to end System training and a short-term consultant to work on procurement processing. | M |

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| | | certification schemes for the profession) (k) designing and managing centralized online platforms and other e-Procurement systems, as appropriate. | | | | |
| 2.2.3.(c) | Organization, funding, staffing and level of independence and authority | (a) The normative/regulatory function (or the institutions entrusted with responsibilities for the regulatory function if there is not a single institution) and the head of the institution have a high-level and authoritative standing in government. (b) Financing is secured by the legal/regulatory framework, to ensure the function's independence and proper staffing. (c) The institution's internal organization, authority and staffing are sufficient and consistent with its responsibilities. | Public Procurement Authority (PPA) an independent regulatory and monitoring body. • public legal entity • administrative and financial autonomy • a linkage to the Ministry of Finance. • independent in fulfillment of its duties. Public Procurement Board (nine members), Executive body; Presidency, 4 deputy president and 13 departments. Four of departments are responsible for complaint review There are 125 Procurement specialist, and 400 administrative staff in different departments. •The chairman of the PPA is also the chairman of the Board. •The Board members are appointed by the Council of Ministers upon the proposal of the Ministry of Finance. • Budget from treasury authority Other incomes from tenders fees-EKAP, PO fees, contract issuance fees 0.05% of contract value. | L | | L |
| 2.2.4.(d) | Avoid Conflicts of Interest | (a) The normative/regulatory institution has a system in place to avoid conflicts of interest | PPL Article 11: cover the persons or authorities cannot participate in any procurement, directly or indirectly or as a sub-contractor, either on their own account or on behalf of others: a) those who have been temporarily or permanently prohibited from participating in public procurements pursuant to provisions of this Law or other laws; and those who have been convicted of the crimes under the scope of Prevention of Terrorism Law No:3713, dated 12.04.1991, or of organized crimes, or of bribing crimes in their own country or in a foreign country. b) those whom the relevant authorities have been decided that they have been involved in fraudulent bankruptcy, c) the contracting officers of the contracting authority carrying out the procurement proceedings, and the persons assigned in boards having the same authority, d) those who are assigned to prepare, execute, complete and approve all procurement proceedings relating to the subject matter of the procurement held by the contracting authority, e) the spouses, relatives up to third degree and marital relatives up to second degree, and foster children and adopters of those specified under paragraph (c) and (d), f) the partners and companies of those specified under paragraph (c), (d) and (e) (except for joint stock companies where they are not a member of the board of directors or do not hold more than 10 % of the capital). | M | All staff will be well-acquainted with the revised IFAD policy on combatting corruption; all committee members will sign and comply with the declaration on impartiality and confidentiality | M |

| 2.3. Procuring entities and their mandates are clearly defined | | | | | | |
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| 2.3.1.(a) | Definition, responsibilities, and formal powers of procuring entities | <p>The legal framework provides for the following:</p> <p>(a) Procuring entities are clearly defined.</p> <p>(b) Responsibilities and competencies of procuring entities are clearly defined.</p> <p>(c) Procuring entities are required to establish a designated, specialized procurement function with the necessary management structure, capacity and capability.</p> <p>(d) Decision-making authority is delegated to the lowest competent levels consistent with the risks associated and the monetary sums involved.</p> <p>(e) Accountability for decisions is precisely defined.</p> | <p>No specific Law identify a specialized procurement function nor to clearly Define the responsibilities and competencies of a procuring entity.</p> <p>For URDP project (on going), the contracting entity is Central Project Management Unit (CPMU) of the Survey and Projects Department (SPD) under the Ministry of Agriculture and Forestry (MoAF) as well as Regional and Provincial Project Management Units (PPMUs)</p> <p>For URDP procurement functions is entrusted to the implementing partner UNDP.</p> <p>Additionally, Special Provincial Administrations (SPAs) in the scope of the relevant provisions of Turkish Law no. 5302 on Special Provincial Administration, within the targeted areas, may support the implementation of the project within the limits specified in the PAL in the capacity of SPAs following the procurement rules as set in the Financing Agreement.</p> <p>For UNDP Under supervision of the Ministry, Provincial Project Coordinators and Provincial Project Management Units (PPMUs).</p> <p>For SPAs The signatory of the contract is the only level of authority (Tender Executive who is a Director of one of the Departments)</p> | S | Responsibilities and competencies of procuring entities shall be clearly defined. Promote empowerment of project staff and decentralization of decision making based on thresholds. | S |
| 2.3.2.(b) | Centralized procurement body | <p>(a) The country has considered the benefits of establishing a centralized procurement function in charge of consolidated procurement, framework agreements or specialized procurement.</p> <p>(b) In case a centralized procurement body exists, the legal and regulatory framework provides for the following:</p> <ul style="list-style-type: none"> • Legal status, funding, responsibilities, and decision-making powers are clearly defined. • Accountability for decisions is precisely defined. • The body and the head of the body have a high-level and authoritative standing in government. <p>(c) The centralized procurement body's internal</p> | <p>No specific law establishes a centralization of procurement function in charge of consolidated procurement, framework agreements or specialized procurement, considering that the contracts are managed by each contracting authority independently.</p> | M | Provided that significant number of packaging and consolidating activities are identified, IFAD projects may adopt centralized procurement entity to reduce redundant work, lower costs associated with training and supporting additional staff, and better control | M |

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| | | organization and staffing are sufficient and consistent with its responsibilities. | | | | |
| 2.4. Public procurement is embedded in an effective information system | | | | | | |
| 2.4.1.(a) | Publication of public procurement information supported by information technology | <p>The country has a system that meets the following requirements:</p> <p>(a) Information on procurement is easily accessible in media of wide circulation and availability. Information is relevant, timely and complete and helpful to interested parties to understand the procurement processes and requirements and to monitor outcomes, results, and performance.</p> <p>(b) There is an integrated information system (centralized online portal) that provides up-to-date information and is easily accessible to all interested parties at no cost.</p> <p>(c) The information system provides for the publication of:</p> <ul style="list-style-type: none"> • procurement plans • information related to specific procurements, at a minimum, advertisements, or notices of procurement opportunities, procurement method, contract awards and contract implementation, including amendments, payments and appeals decisions • linkages to rules and regulations and other information relevant for promoting competition and transparency. <p>(d) In support of the concept of open contracting, more</p> | <p>Companies established in Turkey, including foreign companies' subsidiaries, are able to register and attach any required documents at the "Electronic Public Procurement Platform" (EKAP for short in Turkish) website. https://ekap.kik.gov.tr/</p> <p>Any person has access to information such as contract notices, contract award notices, tender document, dispute resolutions, debarred suppliers on EKAP website without any registration or password.</p> <p>The e-GP system, Electronic Public Procurement Platform (EKAP) has been operating since September 2010 and it is managed by the PPA. It covers all the stages of the procurement cycle.</p> <p>The PPA also publishes procurement statistics semi-annually. These statistical reports are accessible on the website of PPA. (www.kik.gov.tr). The statistics include information about:</p> <ul style="list-style-type: none"> • Categorization of tenders by procurement procedures, contracting authority, regions, types, nationality of contractor, threshold values, financing sources, completion years, etc. • Contract and contract award notices. • Appeal Applications to the Public Procurement Authority, • Decisions of the Public Procurement Board. • Prohibition decisions and blacklist. | M | All IFAD opportunities shall be published in a GPN as per the requirements of the Handbook. Such publication as well as all other notices shall be posted online on a dedicated website. | M |

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| | | <p>comprehensive information is published on the online portal in each phase of the procurement process, including the full set of bidding documents, evaluation reports, full contract documents including technical specification and implementation details (in accordance with legal and regulatory framework).</p> <p>(e) Information is published in an open and structured machine-readable format, using identifiers and classifications (Open data format).</p> <p>(f) Responsibility for the management and operation of the system is clearly defined.</p> | | | | |
| 2.4.2.(b) | Use of e-procurement | <p>(a) e-Procurement is widely used or progressively implemented in the country at all levels of government.</p> <p>(b) Government officials have the capacity to plan, develop and manage e-Procurement systems.</p> <p>(c) Procurement staff is adequately skilled to use e-Procurement systems reliably and efficiently.</p> <p>(d) Suppliers (including micro, small and medium-sized enterprises) participate in a public procurement market increasingly dominated by digital technology.</p> <p>(e) If e-Procurement has not yet been introduced, the government has adopted an e-Procurement roadmap based on an e-Procurement readiness assessment.</p> | <p>The level of transparency of the e-platform is high. Companies established in Turkey, including foreign companies' subsidiaries, are able to register and attach any required documents at the "Electronic Public Procurement Platform" (EKAP for short in Turkish) included in the EKAP website.</p> | M | <p>All IFAD opportunities shall be published in a GPN as per the requirements of the Handbook. Such publication as well as all other notices shall be posted online on a dedicated website.</p> | M |

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| 2.4.3.(c) | Strategies to manage procurement data | <p>(a) A system is in operation for collecting data on the procurement of goods, works and services, including consulting services, supported by e-Procurement or other information technology.</p> <p>(b) The system manages data for the entire procurement process and allows for analysis of trends, levels of participation, efficiency and economy of procurement and compliance with requirements.</p> <p>(c) The reliability of the information is high (verified by audits).</p> <p>(d) Analysis of information is routinely carried out, published, and fed back into the system</p> | <p>PPL Article-7. A record of procurement proceedings shall be kept for all procurements.</p> <p>This record of procurement proceedings shall include the certificate of approval and its attached priced bill of quantities relating to the estimated cost obtained from the contracting officer, the tender documents, the notices, the tenders or the applications and other documents submitted by candidates or tenderers, and all documents relating to the procurement process such as minutes and decisions of the tender commission.</p> <p>Both internal and external controls are conducted in Turkish public procurement system to ensure accountability of procurement officials These controls focus on the acts of contracting entities throughout the procurement process (during the pre-tendering, tendering and post-tendering phases).</p> <p>Separate public bodies play important roles in Turkish Public Procurement System regarding monitoring and oversight.</p> <p>Public Procurement Authority, Court of Accounts, Internal Control System and Inspection Boards are the main actors.</p> | M | <p>The PROJECT will comply with IFAD requirement s concerning data collection, privacy, confidentiality, and archival.</p> <p>The use of OPEN and CMT is mandatory; the project will be required to report in detail on procurement and collect procurement data as necessary.</p> | M |
| 2.5. The public procurement system has a strong capacity to develop and improve | | | | | | |
| 2.5.1.(a) | Training, advice, and assistance | <p>There are systems in place that provide for:</p> <p>(a) substantive permanent training programs of suitable quality and content for the needs of the system.</p> <p>(b) routine evaluation and periodic adjustment of training programs based on feedback and need.</p> <p>(c) advisory service or help desk function to resolve questions by procuring entities, suppliers, and the public.</p> <p>(d) a strategy well-integrated with other measures for developing the capacity of key actors involved in public procurement.</p> | <p>EKAP Academy(online Academy): There are some basic online trainings (most of them one-hour) on http://ekapakademi.kik.gov.tr/interaktif-video-egitimleri/</p> <p>Interactive video trainings are held on the following topics (in Turkish):</p> <ul style="list-style-type: none"> • Electronic Procurement (3 sections: 1-PPL, 2- electronic procurement, 3-EKAP) • Complaint/Grievance Process • Common Provisions • Public Procurement Contracts Law - 4735 • Procurement of Works <p>Some trainings in English are also available on:</p> <ul style="list-style-type: none"> • http://ekapakademi.kik.gov.tr/tamamlanmis-sanal-sinif-egitimleri/ <p>Video-training Webinar for Foreign Tenderers: General Aspects of Trial Procedures in Public Procurement Law Disputes in Turkish Law - Dr. Erdem BAFRA - 05.06.2020.</p> <ul style="list-style-type: none"> • Furthermore, other online trainings are scheduled in the webpage of EKAP: http://ekapakademi.kik.gov.tr/egitim-takvimi/list/?eventDisplay=past <p>Both EKAP and KIK (PPA) websites are only in Turkish.</p> <p>PPA has protocols with universities in place with Certification</p> | M | <p>PROJECT procurement staff will need to sit for BUILDPROC and any other specialized training identified in the PPS.</p> <p>For the purpose of technical capacity building and development, it is also recommended to consider hiring an intern to support procurement officers.</p> <p>This would allow for the creation of the opportunity to new and young professionals in this field, given that procurement specialist is not widely available.</p> | M |

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| 2.5.2.(b) | Recognition of procurement as a profession | <p>The country's public service recognizes procurement as a profession:</p> <p>(a) Procurement is recognized as a specific function, with procurement positions defined at different professional levels, and job descriptions and the requisite qualifications and competencies specified.</p> <p>(b) Appointments and promotion are competitive and based on qualifications and professional certification.</p> <p>(c) Staff performance is evaluated on a regular and consistent basis, and staff development and adequate training is provided.</p> | <p>It is necessary for public authorities to have an adequate number of trained procurement experts to conduct procurement process in accordance with the law and to increase efficiency and effectiveness of the public procurement system.</p> <p>The PPA has the following responsibilities:</p> <ul style="list-style-type: none"> • Delivers training courses to all PEs responsible for procurement as well as staff of contractors, suppliers and consulting firms. • Has partnership protocol with some universities on procurement training and sends its own trainers to training events organized by them (e.g. University of Ankara, Atatürk University). • A certificate is issued to participants of some of the procurement trainings. • Delivers trainings at various locations. <p>A specialized Training Department within PPA coordinates and conducts procurement related training.</p> <p>The Training Department is responsible to:</p> <ul style="list-style-type: none"> • provide training with or without certificate • provide training to assistant public procurement experts working for PEs. • provide on-the-job training to the PPA staff. • work in coordination with the other persons or entities to provide training programs needed. <p>However, public procurement is not professionalized, i.e., it does not provide a career path to public officials involved in managing and conducting procurement.</p> | H | Building on existing drafts, revise and adopt standard job description and qualification requirements for public procurement officials at different levels, and regulate and monitor their application. Plan a capacity building program, particularly in BUILDPROC | H |
| 2.5.3.(c) | Monitoring performance to improve the system | <p>(a) The country has established and consistently applies a performance measurement system that focuses on both quantitative and qualitative aspects.</p> <p>(b) The information is used to support strategic policy making on procurement.</p> <p>(c) Strategic plans, including results frameworks, are in place and used to improve the system.</p> <p>(d) Responsibilities are clearly defined.</p> | <p>Gathering information and keeping records on public procurement is essential for oversight in public procurement. In this regard, e-Procurement is an important tool. All transactions relating to public procurement are carried out through or registered on EPPP.</p> <p>Based on the data provided by the EPPP, Public Procurement Authority issues and publishes Public Procurement Monitoring Report semiannually on its website.</p> <p>The report includes detailed information on public procurement, including total value and number of procurements, classification of public procurement by procurement types, procurement procedures, values, financing sources, contracting authorities, regions, number of tenders submitted, etc.</p> | M | Systematize the collection and use of aggregated data on public procurement performance. Plan supervision missions for the specific monitoring of the project | M |
| 2.6. Consolidated results for pillar 2. | | <p>The country has a solid institutional framework, however public procurement is not professionalized, there is No specific Law identify a specialized procurement function nor to clearly Define the responsibilities and competencies of a procuring entity.</p> | | M | Responsibilities and competencies of procuring entities shall be clearly defined. Promote empowerment of project staff and decentralization of | M |

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| | | | | | decision making based on thresholds. | |
| Pillar 3. Public Procurement Operations and Market Practices | | | | | | |
| 3.1. Public procurement practices achieve stated objectives. | | | | | | |
| 3.1.1.(a) | Planning | (a) Needs analysis and market research guide a proactive identification of optimal procurement strategies. (b) The requirements and desired outcomes of contracts are clearly defined. (c) Sustainability criteria, if any, are used in a balanced manner and in accordance with national priorities, to ensure value for money | All PEs are required to prepare and publish their procurement plans. The cost estimates used for procuring planning are usually based on historical unit prices, market research, etc, however, the strategy and the Outcomes of contracts are not regulated neither in the PPL nor in the PPCL. | S | Projects will strictly adhere to AWPB and PP preparation according to IFAD templates and requirements. | S |
| 3.1.2.(b) | Selection and contracting | (a) Multi-stage procedures are used in complex procurements to ensure that only qualified and eligible participants are included in the competitive process. (b) Clear and integrated procurement documents, standardized where possible and proportionate to the need, are used to encourage broad participation from potential competitors. (c) Procurement methods are chosen, documented, and justified in accordance with the purpose and in compliance with the legal framework. (d) Procedures for bid submission, receipt and opening are clearly described in the procurement documents and complied with. This means, for instance, allowing bidders or their representatives to attend bid openings, | The Public Procurement law stipulates "the economically most advantageous tender shall be awarded with the contract," but also states that "In cases where it is not possible to determine the economically most advantageous tender based on the lowest price only, the economically most advantageous tender shall be determined by considering the factors other than price such as operation and maintenance costs, cost-effectiveness, productivity, quality and technical merit. The EKAP portal shows a dominance of awards based on ICB and National Shopping, However, the PP Law and Regulations elaborate extensive procurement methods for goods and works to determine best value for money based on the criteria stated in the procurement documents and to award the contract. | M | In tender proceedings where the economically most advantageous tenders shall be determined by considering the other factors in addition to the price, these factors must be stated in the tender documents. Relative weights shall be determined in tender documents. | M |

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| | | <p>and allowing civil society to monitor bid submission, receipt and opening, as prescribed.</p> <p>(e) Throughout the bid evaluation and award process, confidentiality is ensured.</p> <p>(f) Appropriate techniques are applied, to determine best value for money based on the criteria stated in the procurement documents and to award the contract.</p> <p>(g) Contract awards are announced as prescribed.</p> <p>(h) Contract clauses include sustainability considerations, where appropriate.</p> <p>(i) Contract clauses provide incentives for exceeding defined performance levels and disincentives for poor performance.</p> <p>(j) The selection and award process is carried out effectively, efficiently and in a transparent way.</p> | | | | |
| 3.1.3.(c) | Contract management in practice | <p>(a) Contracts are implemented in a timely manner.</p> <p>(b) Inspection, quality control, supervision of work and final acceptance of products is carried out.</p> <p>(c) Invoices are examined, time limits for payments comply with good international practices, and payments are processed as stipulated in the contract.</p> <p>(d) Contract amendments are reviewed, issued, and published in a timely manner.</p> <p>(e) Procurement statistics are available and a system is in place to measure and</p> | <p>Criteria (a); (b); (c) and (d) are satisfied. (Based on the review of a sample of contracts concluded)</p> <p>The PPCL provisions an extensive set of articles on contract management; in practice, this varies from one PROJECT and another based on their procurement and technical competence.</p> | L | <p>The PROJECT should ensure recruiting and maintaining competent technical and procurement staff. Roles and responsibilities under contract management should be developed in a RACI matrix that preferably provisions for decentralization in decision making or empowerment of staff. In URDP Project the procurement officers are using IFADs IFAD Contract monitoring tool.</p> | L |

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| | | <p>improve procurement practices.</p> <p>(f) Opportunities for direct involvement of relevant external stakeholders in public procurement are utilized.</p> <p>(g) The records are complete and accurate, and easily accessible in a single file</p> | | | | |
| 3.2. The public procurement market is fully functional | | | | | | |
| 3.2.1.(a) | Dialogue and partnerships between public and private sectors | <p>(a) The government encourages open dialogue with the private sector. Several established and formal mechanisms are available for open dialogue through associations or other means, including a transparent and consultative process when formulating changes to the public procurement system. The dialogue follows the applicable ethics and integrity rules of the government.</p> <p>(b) The government has programs to help build capacity among private companies, including for small businesses and training to help new entries into the public procurement marketplace.</p> | <p>Private sector in Turkey is well organized and functional. It comprises large, medium, and small contractors, suppliers of goods and consulting services.</p> <p>The Government has a good partnership with the private sector.</p> <p>The PPA arranges trainings for the private sector, but such trainings need to be delivered on a regular basis.</p> | M | The project should develop and continuously monitor and update a Procurement Strategy in line with IFAD requirements. | M |
| 3.2.2.(b) | Private sector's organization and access to the public procurement market | <p>(a) The private sector is competitive, well-organized, willing, and able to participate in the competition for public procurement contracts.</p> <p>(b) There are no major systemic constraints inhibiting private sector access to the public procurement market</p> | <p>The private sector has the capacity to bid for goods, works and services contracts.</p> <p>The EKAP has many new features that make procurement more transparent and officials more accountable.</p> <p>These features can be summarized as follows:</p> <ul style="list-style-type: none"> • Economic operators and citizens can download and view tender documents free of charge on the EKAP. This makes it possible to detect potential anti-competitive clauses such as describing a specific brand in technical specifications. • Economic operators and citizens can view tender notices free of charge on the EKAP. This makes it possible to monitor procurement opportunities. The EKAP automatically sends tender notices to registered economic operators in the relevant sector. | M | The project will publish bidding opportunities on own or ministry of agriculture website, and in addition – in order to increase visibility, publish on widely known platforms like job.ge in addition to the publication of the international bidding on UNDB through IFAD. | M |

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| | | | <ul style="list-style-type: none"> • Economic operators and citizens can search for tenders according to a number of criteria, such as sector, deadline, contracting entity, tender location, type of tender and type of procedure. • Economic operators and citizens can see contract award notices on the EKAP and in the free daily Public Procurement Bulletin. This makes it possible to monitor who has been awarded the contract, by whom, and at what price. • Economic operators and citizens can see all publicly available information about a tender under a single page entitled "Tender at a Glance." | | Direct contracting will be limited and sanctioned in exceptional circumstances; the PROJECT should extensively disseminate the GPN and update it annually. | |
| 3.2.3.(c) | Key sectors and sector strategies | (a) Key sectors associated with the public procurement market are identified by the government. (b) Risks associated with certain sectors and opportunities to influence sector markets are assessed by the government, and sector market participants are engaged in support of procurement policy objectives. | Criterion met for URDP project Key Sectors include Agriculture Ministry which have developed strategies to advance those sectors that receive considerable support from various donors relating to advancing some crops, expanding climate resilience, enhancing irrigation, etc. | M | To evaluate the Risks related to specific sectors and opportunities to shape sector markets with the government, and involve sector market players in advancing procurement policy goals. | M |
| 3.3. Consolidated results for pillar 3. | | | The procurement market is functioning well, but with absence of strategic planning and key role allocations internally and externally. | M | Project capacities in strategic planning and strategic market engagement should be strengthened coupled with extensive GPN dissemination and robust staffing practices. Online mandatory publication, adoption of AWPB, PP in the project; continuous training and certification as well as the PIM preparation. | M |
| Pillar 4. Accountability, integrity, and transparency of the public procurement system | | | | | | |
| 4.1. Transparency and civil society engagement strengthen integrity in public procurement | | | | | | |
| 4.1.1.(a) | An enabling environment for public consultation and monitoring | (a) A transparent and consultative process is followed when formulating | There is no any legal framework or transparent and consistent practice for public consultations. The PP Law and Regulations do not provision for private sector/civil society role in procurement management except through bidding and complaints. | S | Appeals/Standstill provisions need to be applied. | S |

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| | | changes to the public procurement system. (b) Programs are in place to build the capacity of relevant stakeholders to understand, monitor and improve public procurement. (c) There is sample evidence that the government takes into account the input, comments and feedback received from civil society | There is no evidence that PPA engages civil society, research centers, academia, etc. in PP modernization. PPA is assigned and authorized for the accurate implementation of the principles, procedures and acts specified in the Public Procurement Law Criterion (b). Not applicable. The mission could not confirm criterion (c). | | | |
| 4.1.2.(b) | Adequate and timely access to information by the public | (a) Requirements in combination with actual practices ensure that all stakeholders have adequate and timely access to information as a precondition for effective participation. | All information relating to public procurement is published on the procurement site and accessible publicly and in a timely manner available in PPA and EKAP websites/platforms. | L | | L |
| 4.1.3.(c) | Direct engagement of civil society | (a) The legal/regulatory and policy framework allows citizens to participate in the following phases of a procurement process, as appropriate: • the planning phase (consultation) • bid/proposal opening (observation) • evaluation and contract award (observation), when appropriate, according to local law • contract management and completion (monitoring). (b) There is Sample evidence for direct participation of citizens in procurement processes through consultation, observation and monitoring. | The EKAP has many new features that make procurement more transparent and officials more accountable. These features can be summarized as follows: • Economic operators and citizens can download and view tender documents free of charge on the EKAP. This makes it possible to detect potential anti-competitive clauses such as describing a specific brand in technical specifications. • Economic operators and citizens can view tender notices free of charge on the EKAP. This makes it possible to monitor procurement opportunities. The EKAP automatically sends tender notices to registered economic operators in the relevant sector. • Economic operators and citizens can search for tenders according to a number of criteria, such as sector, deadline, contracting entity, tender location, type of tender and type of procedure. • Economic operators and citizens can see contract award notices on the EKAP and in the free daily Public Procurement Bulletin. This makes it possible to monitor who has been awarded the contract, by whom, and at what price. • Economic operators and citizens can see all publicly available information about a tender under a single page entitled "Tender at a Glance." The mission could not confirm criterion (b). | L | | L |
| 4.2. The country has effective control and audit systems | | | | | | |
| 4.2.1.(a) | Legal framework, organization, and procedures of the control system | The system in the country provides for: (a) laws and regulations that establish a comprehensive | Turkish Court of Accounts (TCA) is the body responsible for auditing public institutions on behalf of the Turkish Grand National Assembly. Turkish Court of Accounts has functional and institutional independence in carrying out its duties of examination, audit and taking final decision. | M | Existing legal audit and review requirements will still apply. Also, IFAD will exercise its control | M |

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| | | <p>control framework, including internal controls, internal audits, external audits, and oversight by legal bodies</p> <p>(b) internal control/audit mechanisms and functions that ensure appropriate oversight of procurement, including reporting to management on compliance, effectiveness, and efficiency of procurement operations</p> <p>(c) internal control mechanisms that ensure a proper balance between timely and efficient decision-making and adequate risk mitigation</p> <p>(d) independent external audits provided by the country's Supreme Audit Institution (SAI) that ensure appropriate oversight of the procurement function based on periodic risk assessments and controls tailored to risk management</p> <p>(e) review of audit reports provided by the SAI and determination of appropriate actions by the legislature (or other body responsible for public finance governance)</p> <p>(f) clear mechanisms to ensure that there is follow-up on the respective findings.</p> | <p>In addition to its audit function, TCA has judicial function. If any losses to the public purse is detected in the audits, TCA, in its judicial capacity, decides on either the compliance of accounts and transactions with legislation, or indemnification of public loss from those responsible.</p> <p>Internal auditors perform their duties in line with the internationally accepted control and audit standards defined by the Internal Audit Coordination Board which is established under the Ministry of Finance. Internal auditors submit their reports directly to the heads of public administration. Following the evaluation of the head of administration, these reports shall be given to the concerned units and financial services unit for taking necessary action.</p> <p>For URDP external audits was appointed in line with IFAD requirements.</p> | | <p>through prior and post review as well as ISMs. IFAD may engage in direct project audit and will review audit reports produced by project-contracted auditors.</p> | |
| 4.2.2.(b) | Co-ordination of controls and audits of public procurement | <p>(a) There are written procedures that state requirements for internal controls, ideally in an internal control manual.</p> <p>(b) There are written standards and procedures (e.g. a manual) for conducting procurement audits (both on compliance and performance)</p> | <p>Turkish Court of Accounts (TCA) Official Journal No: 27790 Date of Issue 19.12.2010 The purpose of this Law is to regulate the establishment of Turkish Court of Accounts, its functioning, audit and judicial procedures, qualifications and appointments of its staff</p> | L | | L |

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| | | to facilitate coordinated and mutually reinforcing auditing. (c) There are evidence that internal or external audits are carried out at least annually and that other established written standards are complied with. (d) Clear and reliable reporting lines to relevant oversight bodies exist | | | | |
| 4.2.3.(c) | Enforcement and follow-up on findings and recommendations | (a) Recommendations are responded to and implemented within the time frames established in the law. (b) There are systems in place to follow up on the implementation/enforcement of the audit recommendations. | There were no procurement issues in this report for 2021. No information found For audit for 2022. | M | Will be certified one's audit is completed | M |
| 4.2.4.(d) | Qualification and training to conduct procurement audits | (a) There is an established program to train internal and external auditors to ensure that they are qualified to conduct high-quality procurement audits, including performance audits. (a) The selection of auditors requires that they have adequate knowledge of the subject as a condition for carrying out procurement audits; if auditors lack procurement knowledge, they are routinely supported by procurement specialists or consultants. (a) Auditors are selected in a fair and transparent way and are fully independent | The internal control framework comprises the auditors in the Ministry of Finance and in every key PE. These internal auditors regularly audit procurement but their training in the subject is inadequate and there is no manual for audit of public procurement. In addition, the POA is responsible for continuously monitoring PEs compliance with the PPL. | S | Formal training and on-the-job trainings shall be conducted regularly to ensure that auditors and controllers have the qualifications required. The project will benefit from experienced IFAD consultants and auditors to assess the procurement management and mitigate risks. | S |
| 4.3. Procurement appeals mechanisms are effective and efficient | | | | | | |
| 4.3.1.(a) | Process for challenges and appeals | (a) Decisions are rendered on the basis of available evidence submitted by the parties. | The PPA is an autonomous entity. Its handling of complaints is administratively separated from its other activities. In its capacity as the appeals review body, the PPA board (the Public Procurement Board) has the support of specialized staff in the PPA who document cases and prepare decisions. | L | | L |

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| | | <p>(b) The first review of the evidence is carried out by the entity specified in the law.</p> <p>(c) The body or authority (appeals body) in charge of reviewing decisions of the specified first review body issues final, enforceable decisions. *</p> <p>(d) The time frames specified for the submission and review of challenges and for appeals and issuing of decisions do not unduly delay the procurement process or make an appeal unrealistic</p> | <p>Various measures have been introduced to ensure the integrity of the complaints review process.</p> <p>As an example, cases are randomly allocated to support staff, data access is restricted, the use of paperless review procedures allows automatic integrity controls to be used, while creating an audit trail of the process, and the handling of information requests and responses is highly formalized.</p> <p>The time limit for appeal is five (5) days for tenders that are procured (i) under extremely urgent and unforeseeable conditions (i.e. disaster, disease etc.) or (ii) with concern for national defense, security and intelligence matters.</p> <p>Other than these two types of tender, the limit for appeal is ten (10) days for all tenders, starting on the date the unlawful procedure or action of the contracting authority is realized or must have been realized by the applicant.</p> <p>Complaints regarding the procurement notice may be lodged from the date the notice is first published, while the period for applications regarding the other provisions of prequalification or tender documents that are not reflected in the procurement notice starts from the purchasing date of the related document.</p> <p>Complaints regarding the procurement notice, prequalification or tender documents must be submitted three (3) days before the date of the tender or application deadline at the latest provided that the deadline does not exceed the time limits stated above (in the first paragraph).</p> <p>The Objection: Upon completion of the complaint phase, the applicant may challenge the contracting authority's decision within five (5) days before the PPA.</p> <p>Further appeals (initiating an administrative lawsuit and related judicial proceedings) are precluded after the abovementioned limits expire.</p> <p>Complaint or objection applications do not have a suspensive effect.</p> <p>An application for an interim injunction at the Administrative Courts is necessary and has a suspensive effect.</p> <p>However, unless the PPA has given its final decision about the objection, the contract cannot be signed by the contracting authority.</p> | | | |
| 4.3.2.(b) | Appellate body independence and capacity | <p>The appeals body:</p> <p>(a) is not involved in any capacity in procurement transactions or in the process leading to contract award decisions</p> <p>(b) does not charge fees that inhibit access by concerned parties</p> <p>(c) follows procedures for submission and resolution of complaints that are clearly defined and publicly available</p> <p>(d) exercises its legal authority to suspend</p> | <p>The appeals process follows procedures defined by PPL Applications against tenders are clearly stipulated Article 54-55-56 no major inconsistencies with IFAD Appeals terms.</p> | L | | L |

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| | | procurement proceedings and impose remedies (e) issues decisions within the time frame specified in the law/regulations* (f) issues decisions that are binding on all parties (g) is adequately resourced and staffed to fulfil its functions. | | | | |
| 4.3.3.(c) | Decisions of the appeals body | Procedures governing the decision-making process of the appeals body provide that decisions are: (a) based on information relevant to the case. (b) balanced and unbiased in consideration of the relevant information (c) result in remedies, if required, that are necessary to correcting the implementation of the process or procedures. (d) decisions are published on the centralised government online portal within specified timelines and as stipulated in the law. | All decisions taken by the Board shall be notified to the parties within five working days following the decision date and is published in the website of the Authority within five days following the notification. No fee may be collected for the access to the decisions. Contracting authorities must immediately execute the necessary transactions resulting from Board decisions, which would create changes in the legal status. When the standstill is not solved by the procuring entity, The appeals shall be escalated to PPA then to the National court. | L | | L |
| 4.4. The country has ethics and anti-corruption measures in place | | | | | | |
| 4.4.1.(a) | Legal definition of prohibited practices, conflicts of interest, and associated responsibilities, accountabilities, and penalties | The legal/regulatory framework provides for the following: (a) definitions of fraud, corruption, and other prohibited practices in procurement, consistent with obligations deriving from legally binding international anti-corruption agreements. (b) definitions of the individual responsibilities, accountability, and penalties for government employees and private firms or individuals found guilty of fraud, corruption, or other | PPL Article- 17. The following acts or conducts are prohibited in tender proceedings: a) to conduct or attempt to conduct procurement fraud by means of fraudulent and corrupt acts, promises, threats, unlawful influence, undue interest, agreement, malversation, bribery or other actions, b) to cause confusion among tenderers, to prevent participation, to offer agreement to tenderers or to encourage tenderers to accept such offers, to conduct actions which may influence competition or tender decision, c) to forge documents or securities, to use forged documents or securities or to attempt these. d) to submit more than one tender by a tenderer on his own account or on behalf of others, directly or indirectly, as the principal person or as representative of others, apart from where submitting alternative tenders is allowed. e) to participate in procurement proceedings although prohibited pursuant to Article 11. | M | IFAD Policies shall apply in all procurement activities (anti-corruption, anti-harassment, anti-money laundering). Reporting hotlines to feature in all procurement documents. | M |

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| | | prohibited practices in procurement, without prejudice of other provisions in the criminal law. (c) definitions and provisions concerning conflict of interest, including a cooling-off period for former public officials | Provisions stated in Chapter 4 of this Law shall apply to those who have been involved in these prohibited acts or conducts. PPL Article-58 specifies Those who are established to be involved in acts and conducts set forth in Article 17, shall be prohibited from participation in any tender carried out by all public institutions and authorities including the those specified in the 2nd article and the those listed in 3rd article of this Law, <u>for at least one year and up to two years depending on the nature of the said acts and conducts</u> ; PPL Article- 60- In case it is established that the contracting officer, the chairperson and the members of the tender commissions and other related persons assigned at any stage of the procurement proceedings from the beginning until the signing of contract, have committed acts or conducts specified in Article 17; have failed to fulfil their duties in accordance with the legal requirements or failed to act impartially; or have been involved in defaults or negligent acts which inflict loss upon one of the parties, these persons shall be given a disciplinary punishment in accordance with the related legislation. Criminal prosecution shall also apply for these persons depending on the nature of their acts or conducts, and in addition to the punishment rendered by the court, these persons shall compensate for all the loss and damage inflicted upon the parties in accordance with the general provisions. The persons who have been convicted for the acts and conducts contrary to this Law shall not be assigned to duties within the scope of this Law. | | | |
| 4.4.2.(b) | Provisions on prohibited practices in procurement documents | (a) The legal/regulatory framework specifies this mandatory requirement and gives precise instructions on how to incorporate the matter in procurement and contract documents. (b) Procurement and contract documents include provisions on fraud, corruption, and other prohibited practices, as specified in the legal/regulatory framework. | The administrative and specific specifications do not include clauses or provisions prohibiting practices of fraud, corruption, and other prohibited practices. | M | Use of required IFAD policy accepted by borrower. The project should ensure integration in all bidding documents of provisions of "IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations", IFAD's Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse" and "IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy". Specify clearly in the bidding documents the contact details for reporting on corruption | M |

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| | | | | | and abuse (Anticorruption Hotline: Email: anticorruption@ifad.org Phone: +39 0654592888 Fax: +39 0654597888) | |
| 4.4.3.(c) | Effective sanctions and enforcement systems | (a) Procuring entities are required to report allegations of fraud, corruption, and other prohibited practices to law enforcement authorities, and there is a clear procedure in place for doing this. (b) There is evidence that this system is systematically applied and reports are consistently followed up by law enforcement authorities. (c) There is a system for suspension/debarment that ensures due process and is consistently applied. (d) There is evidence that the laws on fraud, corruption and other prohibited practices are being enforced in the country by application of stated penalties. | PPL Article- 58 specifies prohibition from participation in tenders Turkey doesn't have an independent and competent local authority responsible for investigating corruption allegations; corruption allegations and cases are addressed by criminal court. The mission could not confirm criterion (b) and (d). | S | Same as above | S |
| 4.4.4.(d) | Anti-corruption framework and integrity training | (a) The country has in place a comprehensive anti-corruption framework to prevent, detect and penalize corruption in government that involves the appropriate agencies of government with a level of responsibility and capacity to enable its responsibilities to be carried out. (b) As part of the anti-corruption framework, a mechanism is in place and is used for systematically identifying corruption risks and for mitigating these risks in the public procurement cycle. | The legislative framework includes several provisions on Fight Against Corruption as listed below. • Public Procurement Law o Article 5: Basic principles o Article 11: Ineligibility (including conflict of interest) • Article 17: Prohibited acts or conducts o Article 58: Prohibition from participation in tenders • Article 59: Penal liability of tenderers o Article 60: Penal liability of procurement officials • Public Procurement Contracts Law No. 4735 • Criminal Code • Law on Declaration of Assets and Fight Against Bribery and Corruption • Law on Establishment of Public Officials Ethics Board • Regulation on Applications Against Procurement Proceedings • Regulation on Ethical Code for Public Officials and Procedures and Principles on Applications o to conduct or attempt to conduct procurement fraud by means of fraudulent acts, promises, threats, unlawful influence, undue interest, agreement, bribery or other actions, | M | Same as above | M |

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| | | <p>(c) As part of the anti-corruption framework, statistics on corruption-related legal proceedings and convictions are compiled and reports are published annually.</p> <p>(d) Special measures are in place for the detection and prevention of corruption associated with procurement.</p> <p>(e) Special integrity training programs are offered and the procurement workforce regularly participates in this training.</p> | <p>o to prevent participation, to cause confusion among tenderers, to offer or to encourage bid-rigging, to conduct actions which may affect competition or tender decision,</p> <p>o to forge documents or securities, to use forged documents or securities or to attempt those.</p> <p>o to submit more than one tender by a tenderer on his own account or on behalf of others, directly or indirectly, as the principal person or as representative of others, unless submitting alternative tenders is allowed.</p> <p>o to participate in procurement proceedings although ineligible pursuant to Article :11.</p> <p>Key Government bodies that fight corruption in public procurement are:</p> <ul style="list-style-type: none"> • Internal auditors -Inspection boards • The Court of Accounts • Public Officials Ethics Board - Ombudsman • Courts and Prosecutors • Parliament | | | |
| 4.4.5.(e) | Stakeholder support to strengthen integrity in procurement | <p>(a) There are strong and credible civil society organizations that exercise social audit and control.</p> <p>(b) There is an enabling environment for civil society organizations to have a meaningful role as third-party monitors, including clear channels for engagement and feedback that are promoted by the government.</p> <p>(c) There is evidence that civil society contributes to shape and improve integrity of public procurement.</p> <p>(d) Suppliers and business associations actively support integrity and ethical behavior in public procurement, e.g. through internal compliance measures</p> | This indicator has not been evaluated due to a lack of information. | H | Same as Above | H |
| 4.4.6.(f) | Secure mechanisms for reporting prohibited practices or unethical behavior. | <p>(a) There are secure, accessible and confidential channels for reporting cases of fraud, corruption or other prohibited practices or unethical behavior.</p> <p>(b) There are legal provisions to protect whistle-blowers,</p> | <p>While several laws cover whistle-blowing protection, Global Integrity 2010 concludes that there is no culture of whistle blowing and that in practice, cultural factors, social control, as well as insufficient legal protection for whistle-blowers constitute major obstacles (Global Integrity, 2010). For example, by law, the identity of whistleblowers cannot be made public without their consent.</p> <p>However, when the denunciation is valid, the identity can be made public at the request of the prosecuted person (Business Anti-Corruption Portal, 2011).</p> | H | IFAD's contact details for reporting corruption, harassment, fraud, etc. will be included in all bidding documents. The project shall immediately notify IFAD of any such allegations. | H |

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| | | and these are considered effective. (c) There is a functioning system that serves to follow up on disclosures | | | | |
| 4.4.7.(g) | Codes of conduct/codes of ethics and financial disclosure rules | <p>(a) There is a code of conduct or ethics for government officials, with particular provisions for those involved in public financial management, including procurement.</p> <p>(a) The code defines accountability for decision making, and subjects decision makers to specific financial disclosure requirements.</p> <p>(a) The code is of mandatory, and the consequences of any failure to comply are administrative or criminal.</p> <p>(a) Regular training programmes are offered to ensure sustained awareness and implementation of measures.</p> <p>(a) Conflict of interest statements, financial disclosure forms and information on beneficial ownership are systematically filed, accessible and utilised by decision makers to prevent corruption risks throughout the public procurement cycle</p> | In 2005, the Prime Minister adopted an Ethical Code setting ethical guidelines for the public sector and training has been undertaken to raise awareness among public officials about corruption. However, many public officials are not covered by the code, including members of the judiciary, military personnel, members of academia and members of parliament. | H | IFAD's contact details for reporting corruption, harassment, fraud, etc. will be included in all bidding documents. The project shall immediately notify IFAD of any such allegations. | H |
| 4.5. Consolidated results for pillar 4. | | | Overall, institutional setup for enhancing integrity is weak. The administrative regulations do not include clauses or provisions prohibiting practices of fraud, corruption, and other prohibited practices | S | IFAD policies, reporting hotlines, and self-certification shall be complied with IFAD Handbook and guidelines shall be adopted and applied. Audit shall be secured through an independent entity. | S |

Appendix X: Integrated country risk matrix

| Risk type | Integrated country risk matrix (ICRM) | | |
|---|---------------------------------------|---------------|--|
| | Inherent risk | Residual risk | Mitigation measures |
| Country Context | Substantial | Substantial | |
| <p>Political Commitment</p> <p>Representatives of Government authorities, including the Presidency of Strategy and Budget, the Ministry of Treasury and Finance, the Ministry of Agriculture and Forestry have repeatedly emphasized the importance of the partnership between IFAD and the Republic of Türkiye and the strong Government ownership of IFAD investments in the country.</p> <p>The Turkish economy is affected by high rates of inflation, severe depreciation of the local currency vis-à-vis the USD and EURO and by a weakening external demand driven in part by ongoing conflicts in neighbouring countries. Such context poses challenges for the Government to effectively manage budgetary resources and finance ODA-funded programmes.</p> <p>Slow progress in terms of SDG achievement as a result, among other things, of the COVID pandemic, high inflation, cost of living crises and the 2023 twin earthquakes. Forest villagers and other poor rural communities in marginalised, upland areas of the country are at risk of being left behind.</p> | Substantial | Substantial | <p>Projections suggest that Türkiye will secure a reduction in the inflation rate and fiscal balance by 2025, thus easing to a certain extent the pressure on the Government to restrict financing of development activities, including for IFAD projects.</p> <p>Regardless, the country team will push for strengthened visibility of the impact of IFAD interventions in addressing rural poverty, thus better positioning IFAD-funded operations over others. In addition, the country team will work closely with the Central Project Management Unit(s), the Presidency of Strategy and Budget, the Ministry of Treasury and Finance, the Ministry of Agriculture and Forestry to ensure steady flow of funds to IFAD-financed investments, thus overcoming any potential shortfall in the budget made available thereto.</p> <p>The country team will prioritise the targeting of the most vulnerable sections of the population, including women and youth, primarily but not exclusively in the 2023 earthquake-hit areas. By leveraging natural capital endowments, promoting local infrastructure and social services, as well as access to finance and markets, IFAD interventions will contribute to the achievement of the SDGs.</p> |
| <p>Governance</p> <p>Türkiye is the 101 least corrupt nation out of 180 countries as reported by Transparency International's Corruption Perceptions Index.</p> <p>According to the World Bank, recently the country has shown major transformation in the public sector management as a result of reform initiatives. However, implementation challenges remain and there are still areas where improvement is required. Institutional changes or frequent shuffles in the management of institutions may occur at the central, regional and provincial levels with effects on project implementation arrangements and the timeliness of achieving development objectives.</p> | Substantial | Substantial | <p>The country team will exercise best efforts to monitor the integrity of all operations financed by IFAD and engage in dialogue at central and local levels as well as with future project steering committee(s) to ensure proper coordination among project implementing partners and overcome any challenges that should arise.</p> |

| Risk type | Integrated country risk matrix (ICRM) | | |
|--|---------------------------------------|---------------|--|
| | Inherent risk | Residual risk | Mitigation measures |
| <p>Macroeconomic</p> <p>Türkiye achieved impressive economic gains over the past two decades which enabled it to become an upper middle-income country. In the recent past as Türkiye's reforms slowed down, productivity gains slowed, and growth became increasingly dependent on externally funded credit and demand stimulus. In this backdrop, after May 2023, Türkiye adopted a new economic model to address past macroeconomic imbalances, especially high inflation. Since then, Türkiye has been moving to normalizing its macroeconomic indicators. A robust economic expansion of 5.1% was experienced in 2023. However, this growth rate is expected to moderate to slightly above 3% in 2024 according to World Bank.</p> <p>The World Bank previously estimated the direct damage arising from the twin earthquakes which hit Türkiye in February 2023 at \$34.2 billion. The recovery and reconstruction costs are foreseen to be much higher and losses to Türkiye's gross domestic product associated with economic disruptions caused by the quakes are adding to the cost. The government's economic policies could not promote investor confidence, resulting in a weakening Turkish Lira accompanied with high inflation.</p> <p>In addition to these factors, the Ukrainian war, the hostilities in Gaza and Lebanon have increased pressures in the region due to uncertainties in the investment environment and affect the availability of counterpart funds. The combined effect of the economic challenges may negatively impact implementation of ongoing as well as future projects, owing to the risk in cancellations of bidding processes or reluctance of vendors to engage in IFAD projects.</p> | Substantial | Substantial | <p>Assess the impact of the economic situation in the agricultural sector on a regular basis to tailor mitigation measures, for instance by charging project expenses directly to the USD account instead of using a local currency account or reimbursing expenditures incurred by the beneficiaries, suppliers and service providers involved in IFAD-financed projects at the earliest so that any loss in value is minimised.</p> <p>Raise awareness through high level dialogue, advocating in favour of poor smallholders against increasing production costs and input subsidies as and when appropriate.</p> |
| <p>Fragility and security</p> <p>Regional dynamics, especially the impact of the neighbouring Syrian conflict and influx of Afghan refugees have brought about significant challenges to Türkiye. It has even led to a significant demographic shift in the country. At the same time, the geopolitical turmoil in the Middle East region has adversely affected the East and South-east parts of Turkey in the form of adverse impact on the local economies in some provinces, reduced tourism, increased unemployment, and increased security concerns. It may eventually impact trade relations and trade flow within the region.</p> | Substantial | Substantial | <p>Mainstream fragility and security analysis in the preparation of future project documents and all projects' Annual Work Plan and Budgets.</p> <p>The country team will endeavour to promote successful implementation of ongoing and future IFAD-financed projects to increase impact on targeted populations by reducing rural poverty.</p> <p>Success will be captured early on and disseminated widely in a way that will create hope, enhance optimism and demonstrate the value of IFAD's partnership with the Government of Türkiye.</p> |

| Risk type | Integrated country risk matrix (ICRM) | | |
|---|---------------------------------------|---------------|---|
| | Inherent risk | Residual risk | Mitigation measures |
| | | | Partner with UN agencies and other development entities to complement efforts to reduce poverty also in view of the political transition which commenced in Syria in December 2024. |
| Sector strategies and policies | Moderate | Moderate | |
| Policy alignment The COSOP is fully aligned with Türkiye's Vision for 2053, the objectives and policies propagated in the 12th National Development Plan (2024-28), the Medium-Term Programme (2025-27) and sector strategies and plans such as the Strategic Plan of MoAF (2024-28) and the Water Efficiency Strategy and Action Plan (2023-33). National policies may not outline pro-poor approaches in rural upland areas of the country, in particular as regards taxation matters or the making of financial support conditional on farmers' registration at the Ministry of Agriculture and Forestry. The most vulnerable segments of the population may be excluded, thus hampering the full application of the IFAD Targeting Policy. | Substantial | Substantial | <p>The country team will exercise best efforts to ensure that current and future IFAD-financed activities in country remain aligned with Government priorities.</p> <p>The policy engagement space for IFAD in Türkiye is narrow. Yet, the country team will exercise best efforts to support gathering evidence on the success or otherwise of pro-poor approaches and their effectiveness in engaging upland communities in the conservation and development of natural resources, including in catchment areas. These could then be used for updating, among others, the Basin Management Strategy.</p> <p>The country team will further encourage ongoing and future projects to facilitate dialogue between decision-makers and stakeholders, to mainstream pro-poor approaches in the new National Development Plan and related sector policies concerning upland development using steering committee(s), to the extent relevant, as important platforms.</p> <p>IFAD's country team will also engage in providing support to further policy development as well as in setting country priorities for assisting the upland communities, including women and youth, utilising the experiences from ongoing projects funded by IFAD.</p> |
| Policy development and implementation In a context of centralized governance and weak farmers' organizations, the development and implementation of policies may not be consultative enough to account for the views of the most vulnerable rural people and their organizations. | Moderate | Moderate | <p>In line with the IFAD guidance for policy engagement, the country team will promote the participation of smallholders and other value chain stakeholders in the policy process, by creating a space for dialogue (platform) and by strengthening the institutional and organizational capacity of the stakeholders to set their agenda and influence policy processes.</p> <p>Farmers' organisations will be supported through IFAD-funded projects to upgrade their marketing services and production infrastructure.</p> |

| Risk type | Integrated country risk matrix (ICRM) | | |
|---|---------------------------------------|---------------|---|
| | Inherent risk | Residual risk | Mitigation measures |
| Environmental, social and climate context Türkiye is among the countries most vulnerable to the impacts of climate change facing increasing risks from extreme weather events such as heavy rainfall, floods, storms, landslides, heatwaves, and forest fires. Agriculture, a key sector for rural livelihoods, is particularly susceptible. The main consequences of changing climate patterns for Türkiye are expected to include drought, desertification, declining agricultural productivity, loss of biodiversity, ecosystem degradation, and an increase in forest fires, pests, and epidemics. These changes are already beginning to affect crop and livestock productivity, with lower yields of forage crops and cereals, reduced water availability for livestock, and decreasing rangeland productivity. This will significantly impact the livelihoods of vulnerable smallholders who depend on these resources for survival. Additionally, Türkiye's forest resources are expected to suffer from the growing threats posed by extreme climate events. The geographic, climate, and socio-economic conditions outlined in the SECAP make Türkiye vulnerable to the risk of social exclusion. | Moderate | Moderate | <p>Future IFAD projects in Türkiye will focus on mitigating the impacts of climate change by enhancing the resilience of vulnerable smallholder farmers and rural communities. These initiatives will promote climate-smart agricultural practices, such as drought-resistant crops, efficient irrigation systems, and sustainable land management techniques to combat desertification and soil degradation. IFAD will strengthen the governance of natural resources and eco-systems to ensure their efficient, innovative and sustainable management.</p> <p>Strengthening value chains and market access for rural farmers will further help safeguard livelihoods, providing economic resilience in the face of future climate challenges.</p> <p>IFAD will align closely with Türkiye's NDC targets by combining cutting-edge technologies with traditional practices to transform farms into significant carbon sinks and promoting a transition to low-emission agriculture - including the adoption of renewable energy in farming operations - contributing significantly to Türkiye's carbon sink expansion goals.</p> <p>The risk of social exclusion will be mitigated through the following: (i) focus on participatory approaches, during the design and implementation of future projects, (ii) remove barriers to the participation of women and vulnerable groups (iii) strengthen grievance redress systems; (iv) develop relevant M&E systems to track participation and associated benefits.</p> |
| Financial management Transparency International's Corruption Perceptions Index (CPI) rating for Türkiye is 34/100, placing the country at substantial risk. In order to ensure that funds are used for the intended purpose, it is important to maintain robust financial management systems at project level. Failure to have well-established Project Management Units with the requisite capacity, as per IFAD requirements or current/future project specifications, carries risks. | Moderate | Moderate | <p>To the extent possible, the country team will endeavour to promote building the institutional capacity of a finance unit within the Ministry of Agriculture and Forestry to work on internationally funded projects to ensure having a robust financial management system.</p> <p>This would allow knowledge and experience to be preserved for new projects.</p> <p>Adherence to the finance unit structure as per design will be key to ensure timely set up of the Project Management Unit(s) and the financial management system.</p> |

| Risk type | Integrated country risk matrix (ICRM) | | |
|--|--|----------------------|--|
| | Inherent risk | Residual risk | Mitigation measures |
| Organization and staffing Government reforms and structural/staffing changes pose risks at project management level which may negatively impact project implementation. Finance staff may be not highly qualified or lack experience in international funded projects. The establishment of relevant finance unit(s) and the staffing thereof may be delayed. | Substantial | Substantial | The finance structure for new projects should be adequate to meet project size and requirements. New staff to complete IFAD online financial management course and attend customized induction sessions. Recruitment for key positions to be cleared by IFAD and to be in accordance with TORs included in the Project Implementation Manual at project design. Promptly assign or recruit qualified and dedicated finance staff to work on project finances. |
| Budgeting IFAD project budgets are part of the government strategic budget. There is a risk of delayed submission of Annual Work Plan and Budget(s) for IFAD no-objection as these must rely on the Treasury's strategic budget and declaration of project annual limits, determined in the last quarter of the year. | Moderate | Moderate | Projects to draft an initial budget in the third quarter of each year, to be subsequently aligned with the allocated strategic budget. |
| Funds flow/disbursement arrangements As per latest IMF assessment, external debt is sustainable over the medium term but is subject to risks. While there was no direct impact of any economic shocks on projects flow of funds, the risk of this remains. The project allocation guaranteed by Treasury is a main risk that could impact implementation, balances withdrawn from Designated Accounts and liquidity levels. These allocations are set for all internationally funded projects in Türkiye on an annual basis. Risk of delays in submitting withdrawal applications and receiving funds due to changes in approvers/government officials. | Substantial | Substantial | The country team will keep engaging with the Ministry of Treasury and Finance on a regular basis emphasizing the importance of timely disbursements to achieve project development objectives. Any new approvers of relevant financial transactions must be officially communicated to IFAD through the required templates. |
| Country internal controls Risk that project internal control measures are not identified at project design stage. Risk that IFAD projects are not included in the relevant ministry's internal audit plan. Risk of incomplete supporting documentation for project expenditures or inappropriate filing systems due to lack of knowledge of IFAD requirements or to differences in relevant filing requirements. | Moderate | Moderate | PMU(s) to adopt well established internal control measures aligning them with IFAD requirements. Internal control measures aligned with project structure to be identified at design stage and included in the project implementation manual. Project start-up mission(s) to ensure finance staff have a clear understanding of IFAD requirements in relation to supporting documentation and filing systems (based on the input included in the Project Implementation Manual). Invite project implementing ministry to include IFAD-financed projects within their internal audit plan. |
| Accounting and financial reporting IFAD projects do not avail of ministries' accounting software/systems and are subject to delays in the installation and/or procurement of accounting software. | Substantial | Substantial | Accounting software installation deadline and specifications to be agreed with the lead implementing entity and included in the project implementation manual. |

| Integrated country risk matrix (ICRM) | | | |
|--|----------------------|----------------------|--|
| Risk type | Inherent risk | Residual risk | Mitigation measures |
| <p>Accounting software that does not meet project needs may lead to delays in the issuance of reliable financial reports.</p> <p>Projects may not follow acceptable accounting standards due to finance staff lack of knowledge and experience.</p> | | | <p>In order to ensure reliable and timely financial reports: (1) approved budgets should be uploaded in the accounting software; (2) financial report templates should be customized in the accounting software for auto-generation at installation stage; (3) the PMU(s) should ensure accurate classification of expenditure categories as per project design (specifically cost tables); (4) the accounting software must allow for monthly reconciliations for project accounts; and (5) quarterly reconciliations between IFRs and IFAD records should take place.</p> <p>Accounting standards to be clearly disclosed in the audit reports and finance staff should be qualified and have adequate knowledge of the followed accounting standards.</p> |
| <p>External audit</p> <p>Internationally funded projects in Türkiye are audited by the Board of Treasury Controllers within the Ministry of Treasury and Finance. The Board of Treasury Controllers is a national entity and is not a Supreme Audit Institution (SAI).</p> <p>Due to institutional and government procedures, there is a risk that audit reports are not submitted within IFAD deadlines.</p> | Moderate | Moderate | <p>The Treasury Controllers in Türkiye form an independent body that has strong capacity to perform project audit.</p> <p>Audit to be conducted in accordance with the International Standards of Auditing.</p> |
| <p>Procurement issues</p> <p>Turkey has a functional procurement system backed by an organized institutional and legal framework, e-tenders, and procurement laws, audit, and complaints bodies. Key procurement risks encompass discrepancies in procurement practices, particularly for consulting and non-consulting services; the absence of strategic planning and well-defined role assignments both within the organisation and with external partners; an absence of SECAP requirements in the Public Procurement Law; and start-up challenges due to newly hired procurement staff who lack experience with similar projects</p> | Moderate | Moderate | <p>To address deficiencies in the national procurement system compared to IFAD's procurement framework, several mitigation measures will be implemented. These include adhering to IFAD policies, availing of reporting hotlines, and self-certification processes. Projects to comply with the IFAD Handbook and guidelines, follow the Annual Work Plan and Budget and Procurement Plan preparations using the prescribed IFAD templates, and employ the IFAD End To End System "OPEN". Initial capacity building and ongoing training programmes such as BUILDPROC are essential.</p> |
| <p>Pillar I. Legal, regulatory and policy framework</p> <p>Prescriptive and standardized procurement regulations, methods, documentation, and systems following national legislation. Türkiye has a functioning procurement framework despite the absence of methods dedicated to consulting services. The National Public Procurement Law presents some variances from minimum IFAD requirements notably related to procurement expectations.</p> | Moderate | Moderate | <p>IFAD-financed projects to rely on the Public Procurement Law and Regulations to the extent these are consistent with IFAD Rules.</p> <p>The Project Implementation Manual to mitigate for the absence of a national Procurement Plan manual and inconsistencies between national and IFAD procedures.</p> <p>IFAD's procurement procedures are to be used for consultancies.</p> |
| <p>Pillar II. Institutional framework and management capacity</p> | Moderate | Moderate | <p>Responsibilities and competencies of procuring entities to be clearly defined by relevant staff.</p> |

| Risk type | Integrated country risk matrix (ICRM) | | |
|---|--|----------------------|--|
| | Inherent risk | Residual risk | Mitigation measures |
| The country has a solid institutional framework; however, public procurement is not professionalized, there is no specific law regulating the specialized procurement function nor clearly defining the responsibilities of a procuring entity. | | | Promote empowerment of project staff and decentralization of decision-making based on thresholds. |
| Pillar III. Public procurement operations and market practices Notwithstanding the fact that the procurement process and market is well functioning, strategic planning in terms of key role allocations is missing. | Moderate | Moderate | Project capacities in strategic planning and strategic market engagement to be strengthened and coupled with extensive General Procurement Notice dissemination and robust staffing practices. Online mandatory publication, adoption of Annual Work Plan and Budget / Procurement Plan; continuous training and certification besides accurate preparation of the Project Implementation Manual. |
| Pillar IV. Accountability, integrity and transparency of the public procurement system Overall, the institutional set-up for enhancing integrity is weak. Administrative regulations do not include clauses or provisions prohibiting practices of fraud, corruption, and other prohibited practices. | Substantial | Substantial | IFAD policies, reporting hotlines, and self-certification to be complied with. The IFAD Handbook and guidelines to be adopted and applied. Audit to be carried out through an independent entity. |

Appendix XI: COSOP completion review

Republic of Türkiye

COSOP completion review

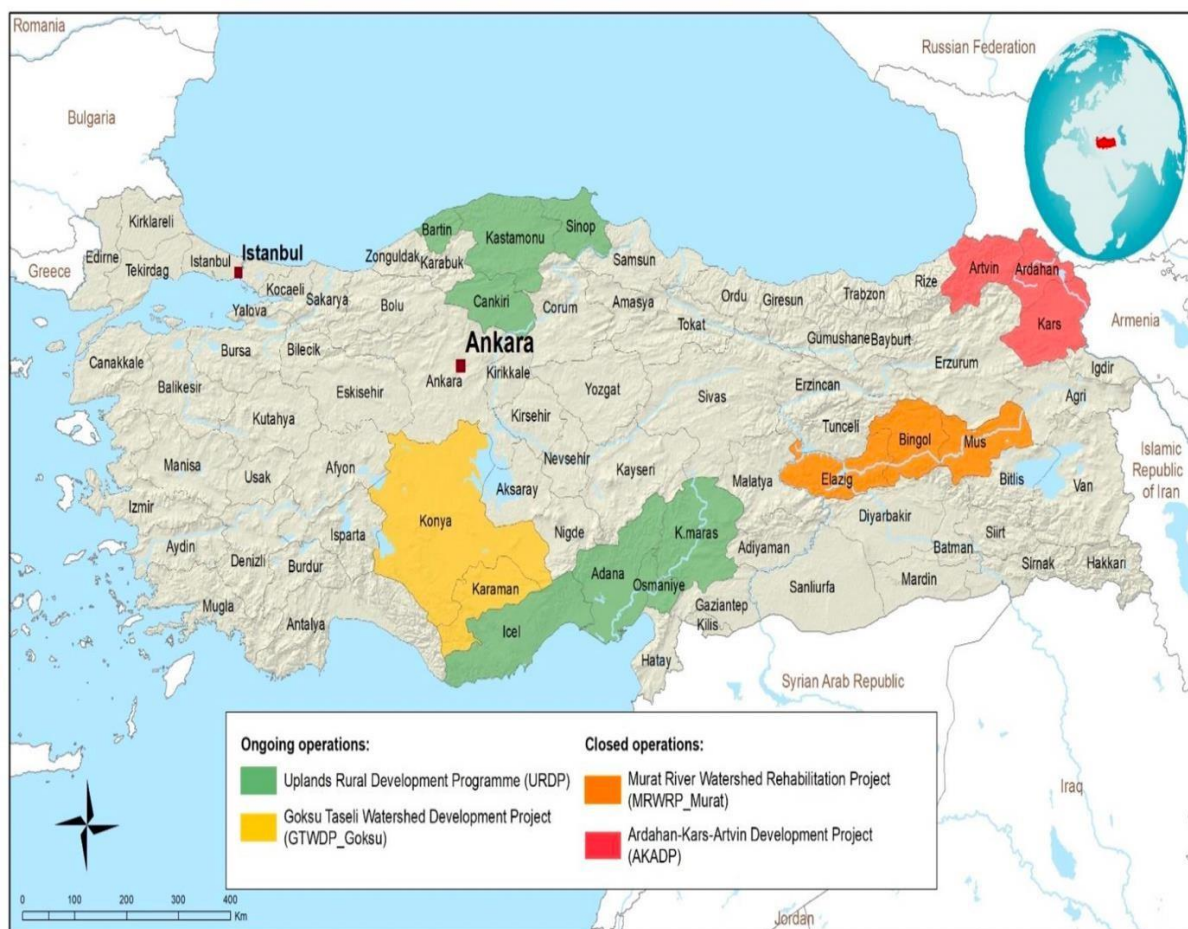
2016- 2024

July 9, 2024

Abbreviations and acronyms

| | |
|----------|---|
| CEM | Combating Desertification and Erosion |
| CPE | Country Programme Evaluation |
| CPMU | Central Project Management Unit |
| DBSDP | Diyarbakır, Batman and Siirt Development Project |
| EDC | Economic Development Cluster |
| FO | farmers' organization |
| GCF | Green Climate Fund |
| GDAR | General Directorate of Agrarian Reform |
| GEF | Global Environment Facility |
| GTWDP | Göksu Taşeli Watershed Development Project |
| ICO | IFAD Country Office |
| IPARD | Instrument for Pre-Accession Assistance for Rural Development |
| KGF | Kredi Garanti Fonu |
| M&E | monitoring and evaluation |
| MC | Micro catchment |
| MCP | Micro catchment Plan |
| MoFAL | Ministry of Food, Agriculture and Livestock |
| MoAF | Ministry of Agriculture and Forestry |
| MoTF | Ministry of Treasury and Finance |
| MFWA | Ministry of Forestry and Water Affairs |
| MGP | matching grants programme |
| MoD | Ministry of Development |
| MRWRP | Murat River Watershed Rehabilitation Project |
| MSP | Multi-stakeholder Platform |
| NRM | natural resource management |
| OGM | General Directorate of Forestry |
| PBAS | Performance-Based Allocation System |
| PPMU | Provincial Project Management Units |
| PPP | public-private partnership |
| RB-COSOP | results-based country strategic opportunities programme |
| SECAP | Social and Environmental Climate Change Assessment Procedures |
| SEDP | Sivas-Erzincan Development Project |
| SIP | strategic investment plan |
| SME | small- and medium-scale enterprises |
| SSTC | South-South and triangular cooperation |
| SPD | Survey and Projects Department |
| TIKA | Turkish Cooperation and Coordination Agency |
| TRY | Turkish Lira |
| UNDP | United Nations Development Programme |
| URDP | Uplands Rural Development Programme |
| | |

Map of IFAD-funded operations in the country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD Map compiled by IFAD | 27-02-2023

Republic of Türkiye

COSOP Completion Review

I. Introduction

1. This Country Strategic Opportunities Programme (COSOP) completion review was undertaken for the Republic of Türkiye in June 2024.¹³⁸ The main objectives of the COSOP completion review (CCR) were to assess the design and implementation of the COSOP against standard evaluation criteria, assess borrower and government performance, draw lessons and share findings and recommendations prior to the formulation of the new country strategy for Türkiye. The CCR follows the standard IFAD methodology for evaluating country programmes and includes both lending and non-lending activities. The CRR was based on a review of key documents including project design and supervision reports, project completion reports, COSOP annual completion reviews and the recently completed 2023 Country Strategy and Programme Evaluation (CSPE) by IFAD's Independent Office of Evaluation (IOE).
2. The CCR mission undertook the review in close consultations with its key counterparts and implementing partners in the country including the Presidency of Strategy and Budget, the Ministry of Treasury and Finance, some of the key Directorates of the Ministry of Agriculture and Forestry such as the Agrarian Reform (GDAR); Forestry (OGM) and the EU and Foreign Relations; Ministry of Environment, Urbanization and Climate Change-General Directorate of Combating Desertification and Erosion (ÇEM), etc. In addition, the mission met with key development agencies such as the United Nations Regional Coordination Office, the World Bank, the Turkish Agriculture and Rural Development Support Institution (ARDSI, TKDK in Turkish), the Food and Agriculture Organization, etc. The mission also met with the staff implementing the IFAD projects in the country to glean lessons from their experience and with the United Nations Development Programme (UNDP) who have been providing support to the GDAR for recruitment, procurement and financial management.
3. The COSOP was originally designed for a period of around five years from the end of 2016 to 2021. Subsequently, the Government requested an extension thereof until 31 December 2024 to align the COSOP more closely with the Government's national development planning cycle. Thus, the COSOP under review covered an eight-year period. The overall goal of the COSOP was to contribute to rural poverty reduction in upland areas of Türkiye through two strategic objectives: (i) to enhance market access for productive, poor smallholder farmers, and (ii) to mainstream sustainable natural resource management (NRM) in upland agricultural production and increase climate resilience. The COSOP's strategic themes were access of productive poor people to markets, climate resilience and agricultural value-chains. The Results Management Framework (RMF) at design (Annex 1) was revised to ensure alignment between the RMF and the revised IFAD format and to reflect the improved understanding of the indicators that would measure the impact of the country programme (Annex 2).
4. The COSOP featured four operations, namely, the Ardahan-Kars-Artvin Development Project (AKADP), the Murat River Watershed Rehabilitation Project (MRWRP), the Göksu-Taşeli Watershed Development Project (GTWDP) and the Uplands Rural Development Programme (URDP). Most of the projects that were implemented during the current strategy period were designed prior to the current country strategy. A fifth project, the Euphrates River Watershed Rehabilitation Project (FIRAT) has recently been designed and is under approval. A list of the approved projects is given in the table below. Currently, there are only two ongoing projects in the country.

¹³⁸ The mission consisted of Mr Liam F. Chicca (IFAD Country Director), Ms Maliha Hamid Hussein (Mission Leader), Mr Taylan Kıymaz (Country Programme Coordinator), and Ms Jezzel Topacio (Programme Liaison Associate).

Table 1: List of Projects in the Current COSOP

| Project | Time Period | Total Project Cost USD (mn) | IFAD USD (mn) |
|--|--------------------|------------------------------------|----------------------|
| Ardahan-Kars-Artvin Development Project (AKADP) | 2010-2017 | 26.41 | 19.2 |
| Murat River Watershed Rehabilitation Project (MRWRP) | 2012-2022 | 61.48 | 36.29 |
| Göksu Taşeli Watershed Development Project (GTWDP) | 2016-2025 | 25.00 | 18.29 |
| Uplands Rural Development Programme (URDP) | 2018-2027 | 96.86 | 62.95 |
| | | 209.75 | 136.73 |

II. Relevance

5. **The COSOP is rated as satisfactory in terms of its relevance to the country needs (5),** the constraints faced by its target group and the strategic direction outlined in IFAD's mandate. In addition, the changing country context has added to the growing relevance of the country programme despite the economic progress and the progress made in poverty reduction. **The 2016 COSOP objectives were generally fairly broad and well aligned with Türkiye's development plans and strategies.** The Eleventh Five Year Development Plan (11th Plan) (2019-2023) focused on achieving improvement in competitiveness and productivity in all areas. The country had prioritized plans to overcome the challenges it faces to become a high-income country. The goal was to become one of the top 10 global economies by 2023. The goals of the COSOP support the country objective of achieving high income status through targeted investments in areas of low development and poverty in the country. Agriculture had been identified as one of the priority sectors for achieving international competitiveness and food security. In the rural development sector, the main objective of the 11th Plan was to increase the production capacity and the employment of the rural labour force, improve the quality of life, combat poverty and increase the level of welfare of the rural communities accompanied with an approach to retain the population in rural areas. These goals were supported by the COSOP's strategic objectives of market access and improved management of natural resources.
6. **The 2016 COSOP was in keeping with IFAD's strategies and priorities regarding poverty reduction, market access, natural resource management, and climate resilience.** The overarching theme of inclusive rural livelihoods' resilience focusing on smallholder farmers living in remote upland areas was relevant at the time of design and continues to be relevant despite rapid economic growth in the country. IFAD investments in the country were of a modest scale and focused on specific themes which were relevant. These included access of smallholder farmers to markets, management of natural resources, building climate resilience and diversification of rural economic opportunities for women. These were very relevant to challenges faced by smallholders in the upland areas of Türkiye. The focus on inclusion of women by specifying targets for them was in keeping with the strategic objectives of IFAD and helped to target disadvantaged women in the mountainous and remote areas.

7. There have been significant changes in the country in the last two decades. Türkiye pursued ambitious reforms and enjoyed high growth rates between 2006 and 2017, which propelled the country to the higher reaches of upper-middle-income status and reduced poverty. The country has undergone a dramatic process of urbanization, yet traditional gender roles in the family have largely stayed intact. It has harmonized many of its laws and regulations with EU standards and significantly expanded access to public services. However, concerns over economic and public sector governance persist. The shift of employment out of agriculture into industry and services has brought increases in productivity and rising incomes. The rising prosperity has been shared and inequalities in access to basic public services have been greatly reduced. Yet, Türkiye, remains a country of unequal opportunities.¹³⁹ Thus the role of an agency like IFAD remains relevant because of its focus on the pockets of poverty that still exist, and its focus on smallholders, women and youth. For Türkiye to preserve and further its progress, it must navigate through significant challenges that encompass economic resilience, poverty and inclusion, and sustainability. The country programme can also add value to the nutrition agenda of the country by building awareness about healthy diets and reduce the burden of disease due to unhealthy eating habits.
8. While the COSOP attempts to integrate climate resilience into its projects, there is limited financing available to deal with climate threats and natural disasters. A key constraint in the country strategy is its lack of a mechanism to assist countries in dealing with unanticipated emergencies. Türkiye has experienced growing exposure to climate-related disaster risks. A serious drought occurred in the central and eastern regions of the country during the 2020/2021 agricultural season, whereas flooding in the Black Sea region in 2021 caused the loss of many lives, and significantly damaged or destroyed public and private infrastructure. Also in 2021, forest fires in the Mediterranean Region burnt around 1,700 square kilometres of forest. In February 2023, earthquakes of 7.8 and 7.6 Richter Scale in south southeast Türkiye damaged or destroyed 1.9 million housing units, displaced 3.3 million people with an estimate of USD 81.5 billion needed for recovery and reconstruction. The Country programme responded to the earthquake relief effort by transferring some of its unspent resources from its ongoing projects to the relief effort. However, there is no systematic and well-structured process to deal with such emergency situations.

III. Effectiveness

9. **The country programme is rated as moderately satisfactory in terms of its effectiveness (4).** While the country programme surpassed its outreach in terms of number of households reached in its completed projects, it was not always possible to assess its progress in terms of the outcome and milestone indicators because these were not always identified in a manner consistent with the Results Management Framework. Nevertheless, an overview of the strategic objectives shows that the projects had limited success in helping smallholders access markets even though there were some excellent pilot initiatives established for linking smallholders with post harvest processing and storage facilities. The projects increased access to market infrastructure but links with private sector remained weak. The projects with OGM assisted in improving natural resource management, watershed management and assisted with soil erosion. However, investments in rangeland rehabilitation were not scaled up due to lack of both institutional arrangements and resources for infrastructure.
10. **Outreach:** The four projects covered 16 provinces¹⁴⁰ which mostly focused in the upland and mountainous areas and in the Eastern Anatolia, Eastern Mediterranean and Eastern and Western Black Sea watersheds. The total outreach of the country programme over the last eight years is estimated to be 135,489 households. The total rural population in the country in 2022 was estimated to be 15 million with an average rural household size of about 4.5. Thus, the total

¹³⁹ Türkiye's Transitions. Integration, Inclusion, Institutions. December 2014. World Bank.

¹⁴⁰ Ardahan, Kars, Artvin (AKADP); Elazığ, Bingöl, Mus (MRWRP); Konya, Karaman (GTWDP) and Adana, Mersin, Osmaniye, Kahramanmaraş, Bartın, Kastamonu, Sinop and Çankırı (URDP).

coverage of the IFAD country programme is 4% of the rural population. This coverage is similar to projects of similar types given the small scale nature of IFAD projects and the financial resources allocated for the country.

11. A comparison of the outreach with the targets fixed at design, showed that the projects varied considerably in meeting their specified targets. The AKADP, reported an outreach that was almost three times the target at design, MRWRP reached 71%, while GTWDP is currently at only 66% but this number is likely to go up since the project has not yet completed and URDP has reached 105% of its target outreach. In terms of the outreach to women, the targets are currently at 137% of their target outreach and for youth the current outreach achieved is 289% of the target. These figures indicate a much higher level of outreach for women and youth. However, the number of households or people reached does not indicate the level of support that was provided and the significance of impact on livelihoods. Thus the figures of outreach alone tell only part of the story. It is estimated that the support provided by IFAD on average was valued at USD 937 per household over the eight-year period. Table 2 below provides the outreach by project, gender and age.

Table 2: Project outreach numbers and achievement rates (%)

| Projects | Number of persons reached | | Number of households reached | |
|--------------|---------------------------|---------|------------------------------|----------|
| | Women | Men | Young | Total |
| AKADP | 45 624 | 45 625 | - | 91 249 |
| % | - | - | - | 274% (*) |
| MWRWP | 23 801 | 37 931 | - | 61 732 |
| % | 91.1% | 62.2% | - | 70.9% |
| | 136.5% | | | |
| GTWDP | 40 680 | 42 639 | 20 849 | 83 |
| % | 319 | 23 140 | 595.7% | 66.5% |
| | 105.9% | 49.1% | | 72.3% |
| URDP | 48 468 | 51 709 | 29 722 | 100 177 |
| % | 170.0% | 77.8% | 312.9% | 105.4% |
| | | 67.4% | | |
| Total | 158 573 | 177 904 | 50 571 | 336 477 |
| % | 136.9% | 68.4% | 289.0% | 98.8% |
| | | 83.4% | | |

12. **Impact on Poverty: The overall strategic goal of this COSOP is to contribute to reduction of rural poverty in the upland areas of Türkiye.** The IFAD financed projects are not expected to have a significant influence on overall poverty rates in the country because of their limited outreach, small scale and limited budgets. The overall poverty rates in the country are influenced by a range of overarching macrolevel factors. The poverty incidence in the country has shown a declining trend over the last two decades,¹⁴¹ and both moderate and extreme poverty have decreased in rural and urban settings. The major driver of poverty reduction was economic growth accompanied by more and better income generation opportunities for the low-income population.¹⁴² However, the poverty rate differs depending upon the poverty threshold used and different agencies report different figures. According to the estimate of the Ministry of Development (later Presidency of

¹⁴¹ <https://www.macrotrends.net/countries/TUR/Türkiye/poverty-rate>

¹⁴² Country Partnership Framework. World Bank Group. July, 2017. Report No. 11096-TR

Strategy and Budget) in Türkiye,¹⁴³ 13.9 per cent of the Turkish population lived below the poverty line in 2018.¹⁴⁴ The World Bank estimated that the poverty headcount ratio at \$5.50 a day was at 9.90% in 2019 and that there had been a consistent decline in poverty rates. The World Bank reported that the poverty rate rose to 12.2% in 2020.¹⁴⁵ The Turkish Statistical Institute's¹⁴⁶ income and living conditions survey, shows how economic inequality and poverty deepened in the country in 2020. In its latest analysis, the World Bank, assess that the poverty rate decreased by more than half from above 20% in 2007 to 7.6% in 2021.¹⁴⁷¹⁰

13. **The Results Management Framework of the COSOP:** This section assesses programme performance and its influence on COSOP outcomes as laid out in the results framework. There was no indication given in the COSOP of the basis on which the outcome and milestone indicators regarding the strategic objectives were derived. The COSOP gave very well specified targets at the outcome and milestone level. During design or supervision, the projects do not assess their performance in relation to the COSOP but only with reference to their own Log-Frames. Despite these challenges, an attempt has been made to compare the performance of the COSOP in relation to the COSOP objectives (Annex 2).
14. **Strategic Objective 1: Enhancement of poor small farmers' access to markets:** The first strategic objective of the COSOP was the enhancement of poor small farmers' access to markets. The outcome indicators identified were 30% increase in volume and value of sales made by producers from improved market access, 12,000 on-farm and off-farm jobs created of which at least, 60% were expected to be for women and youth and 30% increase in participating households' incomes. The CSPE noted that support for processing and marketing of crop and livestock products, as well as for access of poor farmers to markets led to very modest outcomes. Achievements related to markets and processing facilities were relatively modest (7 livestock markets, 4 milk collection centres, and 3 of-farm employment facilities constructed or rehabilitated). AKADP had made investments in milk collection centres but most were not functioning due to problems of working capital to secure the milk supply and operation and management costs of the processing facilities and their inability to build on the strength of the traditional arrangements that dairy producers had with the private milk collectors.
15. **Increase in Production, Productivity and Incomes:** The implicit assumption is that investments would increase production and productivity, and this would lead to increase in sales, employment and incomes. Projects report a positive contribution to improving smallholder income levels through support for economic diversification, and livestock production. An Impact Assessment Survey of the project found that 41% of the AKADP beneficiaries reported an increase in their incomes compared with only 25% from the control group.¹⁴⁸ The Impact Assessment found that between 3% to 31% of the respondent households from the treatment group reported an increase in one or more assets.¹⁴⁹ The third Annual Outcome Survey (AOS) of the MRWRP conducted in June 2019 reported a household income increase of 20%.¹⁵⁰ Which is 10% below what was expected by the COSOP results framework. The CSPE found that greenhouses for mushrooms and vegetables production contributed to income generation. An assessment conducted by RIA for MRWRP found that the total gross income of farmers was largely driven by income from livestock activities, and the beneficiary households' income was higher than for the comparison households. The MRWRP contributed to the increase in productivity and production through training in production technologies, improvement in forage crop production, improvement in livestock facilities, and the

¹⁴³ A family of four living on under TL 8,892 (US\$ 1,699) a month in 2018 was considered to be living under the poverty line.

¹⁴⁴ TurkStat: Income and Living Conditions Survey. 2019.

¹⁴⁵ <https://www.reuters.com/world/middle-east/Turkiyes-poverty-rate-rose-above-12-last-year-world-bank2021-04-27/>

¹⁴⁶ Turkish Statistical Institute, 2021.

¹⁴⁷ World Bank. April 2024.

¹⁴⁸ Preliminary Impact Assessment. Report of AKADP Table 2.3.2. Igor Spivacenco. October 23rd, 2017.

¹⁴⁹ Preliminary Impact Assessment. Report of AKADP Table 2.2.1 Igor Spivacenco. October 23rd, 2017.

¹⁵⁰ IFAD. Aide Memoire. Supervision Mission of the Murat River Watershed Rehabilitation Project. September 2019.

development of small-scale irrigation facilities. The COVID-19 pandemic negatively impacted the achievement of some projects such as GTWDP and URDP.

16. **Institutional Strengthening for Access to Markets:** Some projects assisted in the formation of production groups to assist with marketing activities. GTWDP supported the development of new agricultural production clusters through over 150 matching grant investments, strengthened 15 farmers' cooperatives, and supported greater participation of private actors in contract farming arrangements and retail buying at the farm gate for vegetables produced in greenhouses. In Karaman, the project initiated a partnership between a private-sector textile manufacturer and a group of poor women who received sewing machines from the project. In Konya province, the project supported 15 progressive farmers to conduct on-farm demonstrations for sage production; it also brokered contract farming partnerships between the beneficiaries and an agribusiness involved in sage processing and exporting. The URDP established 22 multi-stakeholders platforms and increased to 40, which were reported to be useful in enabling the participation of cooperatives, chambers of commerce, municipalities and small enterprises in value chain activities. However, the CSPE reported that overall, there was limited evidence on the magnitude of effective access to markets by smallholders.
17. **Strategic Objective 2: Mainstreaming of Sustainable Natural Resource Management (NRM):** The second objective under the current COSOP was mainstreaming of sustainable NRM in all aspects of agricultural production and climate resilience enhanced in uplands. The outcome indicators identified under the objective was 30% increase in number of farmers practicing Good Agricultural Practices (GAP) and climate-smart agricultural practices, 50% reduction in postharvest losses, 25% of farmers making production decisions using weather and climate information. The milestone indicators included the number of farmers shifting to using efficient irrigation infrastructure, farmers practicing green growth approaches on a pilot basis and farmers reporting increased quality and quantity in production as a result of informed decisions. Once again it was not clear how the target numbers were determined. The various projects contributed to the outcomes and the milestones identified in a variety of ways. However, the indicators they used to report the results did not match those identified in the RMF of the COSOP.
18. The projects in the portfolio focused on actions that supported enhanced natural resource management. MRWRP used the landscape approach and contributed to improving the hydrological functioning of the afforested micro-catchments, reduction of soil erosion in targeted areas, assisting people with accessing technologies that sequestered carbon by increase in vegetative cover in targeted micro-catchment areas. GTWDP supported the introduction of renewable sources of energy, water harvesting and water-saving technologies. URDP supported activities – such as irrigation channel modernization, the establishment of irrigation facilities with solar systems, the delivery of portable solar-powered systems for beekeepers – which were useful as climate adaptation and mitigation measures in the intervention areas. The projects also invested in grassroots organisations that took active responsibility for managing rehabilitated degraded rangelands.
19. **Gender:** The 2016 COSOP applied IFAD guidance for gender mainstreaming, including providing an overview of poverty and its gender dimensions, profiling key target groups, and identifying targeting and gender issues, strategies, and outcomes. At the project level, design documents provided analyses of poverty, gender, and targeting issues from secondary sources, profiled the target groups, and assessed project thematic areas from a gender perspective. The CSPE also confirms that all projects identified linkages between target groups and various project components and described the main targeting mechanisms that would be applied to strengthen participation of women.
20. **Participation in local level forums and decision-making:** Projects in the portfolio primarily addressed increasing women's influence in decision-making by promoting their representation in

decision-making bodies such as cooperatives and multi-stakeholder platforms. This was done by establishing quotas during selection, establishing safe spaces, and supporting effective participation through targeted training for women in leadership skills. Projects in the portfolio deployed a range of activities intended to increase participation and leadership among women. Strategies included training (GTWDP), improving access to employment opportunities (GTWDP), promoting women's inclusion in decision-making (MRWRP), and supporting cooperatives with technical assistance (URDP). These activities were found to contribute to greater inclusion of women in decision-making.

21. **Economic Impact on women:** Overall the projects contributed to positive economic results for women beneficiaries. Some projects reported increases in employment (AKADP, MRWRP), productivity (URDP), income (GTWDP), and control of assets (MRWRP). Across the projects, activities like greenhouse production, the development of milk collection centres, and the establishment of women's cooperatives had the largest impact on increasing access to resources, income sources, assets, and services for women. These activities increased women's productive capacities, offered opportunities for new income-generating activities, production of vegetables in greenhouses (AKADP), provision of equipment for food processing distribution (MRWRP), employment generation through nurseries (MRWRP), and value chain development actions (URDP).
22. **Highlighting the position of women:** Projects in the portfolio showed awareness of the root causes of inequality and discrimination between men and women, and prevailing attitudes towards gender roles, norms, and power relations. However, the projects in the portfolio primarily responded by adapting to existing social norms and attitudes, rather than creating opportunities to promote women's social and political influence in communities. This approach included designing project activities considering prevalent social norms in the design of activities. Projects responded to cultural norms by working within norms for appropriate agricultural activities for women by targeting sectors where women's engagement is already accepted such as horticulture and milk production, rather than addressing or attempting to change accepted roles of men and women. In terms of a transformative impact on women, the CSPE concluded that the projects have contributed to some changes in perceptions of women in targeted communities, even if the scale was limited.
23. **Environment and Natural Resources Management and Climate Adaptation.** Evidence suggests that IFAD support for natural resource management yielded positive effects in the targeted highlands. Overall, the country programme paid attention to natural resources management, rehabilitation of degraded lands, and climate adaptation, but results varied widely according to projects. MRWRP made significant contributions in restoring degraded lands and managing natural resources in upland areas. An impact assessment conducted by Bingol University in cooperation with the IFAD Research and Impact Assessment (RIA) Division, reported several positive impacts under the MRWRP, including a reduction of soil loss from erosion and an increase in vegetation cover by 32% through afforestation, erosion control and forest rehabilitation. In the target areas of GTWDP, grazing pressure had led to the degradation of pastures and there was growing scarcity of fodder grass, and reduced soil fertility. As a result some farmers have reduced their cattle and small ruminant herds and this is likely to lead to more sustainable herd size and better management of the range-resources.

IV. Sustainability and Scaling – Up

24. **Sustainability: The sustainability of the investments made under the IFAD financed projects is rated as satisfactory (5).** The sustainability of IFAD investments depends on clear ownership rights of the private assets created, well defined ownership and maintenance arrangements of public infrastructure, sustained benefit stream from the institutional arrangements and capacity building investments. IFAD financed projects are generally sustainable as many of the investments are owned and managed as private assets by individual households or by public administrative structures at the local level. The CSPE findings based on project documentation and field visits indicated that beneficiaries had the resources to cover costs related to maintenance and repairs of the equipment and infrastructure they had purchased from matching grants. Beneficiaries who had invested in other private assets such as greenhouses reported that the income generated was

- sufficient to also enable replacement every five years. The beneficiaries who constructed barns reported that the maintenance costs of these were low and they could maintain them.
25. The Provincial and District Directorates of Agriculture P/DDAs and the Special Provincial Administration (SPAs) are part of the de-centralized structure of government in Türkiye at the Province and district level, with specific mandates for agricultural development and rural infrastructure. The SPAs are a strong technical institution with the responsibility for rural roads, water supply and other special projects. They have the responsibility to maintain the pasture roads and water infrastructure and are provided a budget for the purpose. Some of the P/DDAs are keen to continue their engagement with the farmers and continue to provide the technical support that is required to maintain the greenhouses, orchards and other investments. The Municipal Authorities have the responsibility for managing the livestock markets. They have requisite staff capacity and the financial resources which they generate from a range of assets. Their engagement will continue in the project area as part of their regular mandate. Municipal governments have been assigned responsibility for the operation and maintenance of infrastructure projects including livestock markets (AKADP and URDP), with some costs offset by a small fee collected from sellers for each animal sold. Evidence corroborates the availability of adequate technical skills within those institutions. For example, livestock markets constructed and renovated as part of the AKADP are well-maintained with management plans in place.
 26. The CSPE found that all completed projects developed an exit strategy and plan to sustain infrastructure investments, both at the individual and community levels. With MRWRP, the sustainability plan included the signature of several protocols. In the case of the AKADP, the results following the completion of the project proved to be mixed. While the livestock markets were well-maintained, with a designated management team and resources, upland roads were found to be poorly maintained. The choice of construction material and weather conditions led to significant road deterioration. Similarly, GTWDP field visits conducted for the CSPE found that conditions at the Yörük Market in Karaman, managed by the local municipality, were poor. There was also deterioration of the pasture roads built, due to heavy machinery used for the transportation of wood, and their maintenance by the provincial technical directorate did not meet the required standards due to lack of financial resources. Despite these issues, the major investments made through project financing were overall sustainable.
 27. Some of the cooperatives supported under the various IFAD financed projects have developed strategies for managing and sustaining their operations including financial plans. Some have also put mechanisms in place for access to informal and formal credit to fund their operations, independently of external support. There is a mixed record of some of the collectively managed enterprises. Under AKADP, sustainability challenges were observed with milk collection centres constructed as part of the AKADP due to lack of working capital and lack of a plan for financial sustainability. However, a few of these cooperatives have a long history of self-management and are doing well. For example, the Köy-Koop in Kastamonu maintains its operations through charging a fee-for-services. Milk collection centres charge 3 percent of the milk volume received as a fee. As a result, milk collection centres constructed and rehabilitated under the URDP project under cooperative management were found to have a high likelihood of technical and financial sustainability. The same mechanisms were used by other cooperatives met in Konya and Kastamonu such as the apple cold storage facility which was being managed by the cooperative on a sustainable basis and generating sufficient income from its operations.
 28. Under the GTWDP, activities such as milk hygiene trainings and laboratory analysis were supported by the European Union's Instrument for Pre-Accession Assistance for Rural Development (IPARD). The GoT also supported investments in machinery and the German Cooperative and Raiffeisen Confederation (DGRV) is contributing to supporting the milk industry. The milk collection centres have served as an example for other agencies like the North Anatolian Development Agency (KUZKA) to start activities in other villages in Kastamonu and Sinop. While there is high demand for

the IFAD-supported model of matching grants, there are limited funds to support additional construction due to the diversion of resources for the recovery and rehabilitation in the earthquake affected areas.

29. **Scaling-up: The scaling-up potential of the good practices under IFAD projects is rated as moderately satisfactory (4).** The scaling up strategy in the COSOP relied on Government for scaling up some of the effective approaches applied under the on-going IFAD investment projects to other similar areas. Several positive scaling-up achievements were reported by the CSPE. The shepherd shelters and clustering fences, constructed by AKADP in 62 villages, as pilot initiatives were replicated by the Eastern Anatolia Development Programme. Additionally, it was reported that the provincial agricultural directorates in target areas pursued systematic efforts to promote and scale up some successful innovations. For example, forage crops such as Triticale and Hungarian Vetch, were applied by the Ministry of Agriculture and Forestry in other zones outside the project area. Under the MRWRP, OGM replicated the micro-catchment plan approach in several cases, using its own resources, and strengthened its capacities in mainstreaming livelihood and agricultural aspects into its forestry activities. The OGM has also been undertaking critical work on erosion control in the project area which it is continuing through its own budget for the recurrent maintenance and scaling up of erosion control and afforestation. Moreover, scaling up of the small-scale irrigation programme was started with financing from the General Directorate of State Hydraulic Works (DSI).

V. Results from Non-Lending Interventions

30. **Country level policy engagement (CLPE): The COSOP is rated as moderately unsatisfactory in terms of its policy advocacy role (3).** The COSOP had identified two very specific policy areas namely, (i) reinforcing the pro-poor and gender focus in the financing, implementation and monitoring of government strategies, policies and investment programmes and (ii) promotion of the links between the productive poor and markets in the most disadvantaged areas, such as the uplands, through policy engagement and partnership-building. In the context of the subsidy system in rural areas, IFAD was expected to provide technical assistance for analysing and enhancing the efficiency of agricultural support policies, in coordination with partners including the other Rome-based agencies. IFAD was expected to support greater access by small, collateral-deficient productive poor men, women and youth to the subsidy system, while also communicating the need for pro-poor inclusive targeting. IFAD was expected to facilitate dialogue among private-sector actors to identify policy and operational challenges and potential solutions. Buyers and producers were expected to be linked by creating links with Ziraat Bank or commercial banks, thereby facilitating the emergence of public-private partnerships (PPPs).
31. IFAD policy engagement in Türkiye was expected to consist of several methods of influencing national policies and strategies. The main mechanism was the participation of the IFAD Country Office in the in-country government working groups and collaboration with development partners and their communication of successful approaches that have been tested under IFAD-supported projects for potential scaling up and adoption by the Government. IFAD was expected to promote projects to enhance participation by rural people's organizations in national policy processes, thus providing them with a stronger advocacy role. However, these mechanisms have not offered IFAD a strong entry point into the policy space. An assessment of IFAD's performance on policy advocacy by the Country Programme and Strategy Evaluation (CSPE) in 2023 found limited evidence of concrete policy change due to the results of IFAD-supported projects. Interactions with key government partners revolved around projects' implementing issues. The self-assessment conducted by the ICO concurred with the CSPE finding of limited impact on policy in Türkiye. The current COSOP completion mission confirms IFAD's limited influence on policy mainly because the Government of Türkiye has a very clear policy direction and does not look to its development partners for guidance.

32. **Innovations: In terms of its performance in introducing innovations, the country programme is rated as moderately satisfactory (4).** The COSOP termed the integrated, bottom-up and market-oriented private sector approach to rural poverty reduction and socioeconomic development as a major innovation in Türkiye. In addition, it stressed that the proposed programme would capitalize on valuable innovations in techniques and approaches introduced by IFAD. These included Strategic Investment Plans, matching grants and a package of climate-smart techniques such as integrated pest management, vegetable production under cover, renewable energy, drip irrigation, participatory rangeland management and tailored IT-based weather forecasts for better real-time planting and harvesting. The current review also confirms that the IFAD country programme was successful in introducing farming techniques and crop varieties which were new in the country such as Triticale and Hungarian vetch, shepherd shelters, grape juice electric extractors, dairy cattle milking machines, seed drillers, etc which were new in the project area. The Multistakeholder Platform (MSP) approach which transcends administrative borders was promoted by URDP and enabled the participation of various rural actors in the development process. As part of integrated pest management solutions, solar recharged batteries were used to power electrified fencing systems and pheromone traps and good agricultural practices for increased productivity of vineyards and organic cherry orchards.
33. **ICT4D:** The COSOP had not identified any specific entry points for ICT4D and there were no opportunities identified for partnerships with global or local ICT providers. The CSPE did not comment on the use of ICT4D and how or if it was used in any aspect of rural transformation or in catalysing investments or other aspects of the country programme.
34. **Knowledge management: The efforts of the country programme in developing knowledge products is rated as moderately satisfactory (4).** The 2016 COSOP had identified two specific products under KM: (i) a thematic study on sustainable development and poverty alleviation in mountainous ecosystems and (ii) assistance to GoT to generate knowledge on the impact of matching grants and subsidies. These two studies were not undertaken. However, three other assessments were carried out in 2021 and 2022. These included, (i) a Deep Dive Assessment of Rural Finance Policy Performance in Türkiye (2021) prepared by the Economist Intelligence Unit; (ii) a rapid impact assessment on the agri-food sector and rural areas conducted with FAO (in 2022) and (iii) Empowering rural smallholders in Türkiye through digital marketing and business solutions in Post COVID-19 Period implemented with FAO and UNDP in 2022.
35. At the project level, there were increased efforts to develop communication products, but insufficient documentation on the use and effective utilisation of these products. The CSPE reported an increase in efforts to collect, document and disseminate communication and information materials on best practices generated by IFAD supported projects. Similarly, success stories and thematic studies were shared to display the impact of the project on natural resources. Additionally, the Country Office issues a newsletter periodically that consolidates and communicates knowledge on IFAD's work in Türkiye and in the sub-region. Progress in capturing and disseminating knowledge varied between projects, with greater results observed with the more recent projects. However, the extent to which these knowledge products were converted into lessons learned for informing policy or investment decisions is not clear.
36. Good examples of use of GIS in MURAT to showcase project results and mapping of project activities in GTWDP and URDP can also be showcased as KM products helping decision making and displaying project successes in the formation of clusters.
37. **Strategic partnerships: The COSOP is rated as moderately satisfactory in terms of building partnerships (4).** The country programme has good partnerships with the relevant institutions in the government. While it has tried to build co-financing arrangements and further coordinate its efforts with other development partners, there are limited opportunities. IFAD has closely coordinated its work in the country with its UN partners. UNDP has been closely associated with

the implementation of its projects with the DGAR and has provided technical assistance for procurement and financial management. IFAD has worked closely with the Rome based agencies and identified several areas for close collaboration. IFAD worked with the Food and Agriculture Organization and the World Food Programme (WFP) to produce an analysis of the Turkish wheat sector. IFAD keeps in close coordination with the World Bank and the Islamic Development Bank to synergise their investments as appropriate and find opportunities for closer collaboration.

38. **South-South Triangular Cooperation (SSTC): The COSOP is rated as moderately satisfactory in terms of SSTC (4).** The country programme has tried to establish several different types of SSTC arrangements but has had limited success. Initiatives for Georgia and Somalia were discussed with MoFAL and MoD for (i) providing technical assistance and capacity-building for public institutions and community-based associations that manage irrigation schemes in Georgia; and (ii) assisting the Government of Somalia with the preparation of its economic development plan. To support implementation of SSTC solutions and to establish and strengthen networks of cooperation regarding food security and fragile situations, IFAD had allocated grant resources of US\$1 million for use during the COSOP implementation period. The envisaged grant was used mainly to support SSTC activities through the GTWDP and URDP under the GDAR. There is a plan to organize an event in Konya Agriculture Fair in 2025 March with high level attendance from countries in Africa and Central Asia.
39. A few other SSTC activities were implemented with the regional grant-funded project “South-South and Triangular Cooperation for Agricultural Development and Enhanced Food Security” which targeted eight participating countries (Algeria, Hungary, Kyrgyzstan, Morocco, Sudan, Tunisia, Türkiye and Uzbekistan). The grant enabled participants to learn from Turkish experience in agricultural development. The completion report of the project mentions that partnerships at various levels were established which led to the signing of eight Memoranda of Understanding between different institutions, thirteen joint research and training programmes and the inclusion of South-South cooperation in government documents beyond the thematic scope of the initiative. However, there is limited information and tracking of the outcomes of the initiative.

VI. Coherence

40. **External Coherence: The COSOP is rated as satisfactory (5) in terms of its coherence in Türkiye.** IFAD has capitalised on its comparative advantage in applying development approaches to address rural poverty in geographically remote and marginalized areas. IFAD’s support is complementary to the Government’s efforts to reduce economic inequalities and poverty in the highland areas. IFAD focuses on the specific issues faced by smallholders, women and youth. IFAD’s approach responds in particular to the needs of smallholder farmers. There was a thematic convergence between IFAD’s support and that of other key external rural development partners in Türkiye (the European Union, the Japan International Cooperation Agency and the World Bank). The World Bank aims to realize Türkiye’s long-term potential, accelerate progress towards the country’s efforts to reach high income status and support recovery and reconstruction from recent shocks. A key focus of the World Bank is to help the country mobilize private capital to address key emerging challenges on the growth, poverty and inclusion, and sustainability fronts. The World Bank and the Islamic Development Bank focus on larger infrastructure projects, whereas IFAD investments tend to focus on small schemes. The EU has developed an Instrument for Pre-Accession Assistance in order to support candidate and potential candidate countries during accession. Its support to the country focuses on strengthening country systems to be consistent with EU standards and regulations. IFAD continues to explore options for cofinancing with other international financial institutions, as well as effective partnerships with strong private actors, however, results have been modest.
41. **Internal coherence:** IFAD’s portfolio of investments is based on an identification of the barriers and constraints of smallholders, women and youth in highland areas as well as the specific issues faced by this target group in vulnerable and mountain areas. Thus, the focus of the country strategy on

access to markets and building the capacity for improved natural resource management and building climate resilience was internally coherent to the needs of the target group and the target areas. IFAD projects have focused on increasing production and productivity primarily through investments in water, introduction of new technologies and assets, climate adaptation and building resilience, etc. Along with this focus it has also made investments in trying to improve degraded lands, reduce soil erosion through a focus on watershed development and rehabilitation. The focus of the country strategy was internally consistent in using its loans and grants for the areas of thematic focus which it had selected.

VII. Efficiency

42. **The COSOP is rated as moderately satisfactory in terms of its efficiency (4).** The efficiency of the country programme was assessed by a review of the composite profile of the projects with regards to the time lapse between key project approval and implementation stages, disbursement rate, planned versus actual outreach, planned versus actual management costs, the ability to leverage finance from other sources, and the time to completion, etc. The results show that the country programme has not been very efficient in terms of keeping on track with the approved schedule. Project start-up times are notably shorter than the regional averages in NEN, despite relatively longer lags to disbursement in the ongoing projects. The projects took half the time from approval to entry into force (3.8 months on average) compared to the regional average (8.6 months) over the same period (2010-2021). The time lags from entry into force to first disbursement have increased over time, taking 14 months for the most recent project, URDP. This is longer than the Near East, North Africa, Europe, and Central Asia average of 9 months and was caused by the internal restructuring undertaken in MoAF and the budget limitation policy implemented by the GoT at the time to help contain the economic crisis.
43. Disbursement rates were affected by project implementation arrangements. AKADP, GTWDP and URDP under the GDAR oversight have had low disbursement rates until the fifth year of implementation, contributing to their classification in various years as potential/actual problem projects. On the other hand, MRWRP did not face this situation. The main reasons for slow disbursement in the ongoing projects include restructuring within the MoAF, the GoT's budget limitation policy, as well as lengthy internal audit procedures and COVID-19 restrictions. The disbursements in the GTWDP were also slow due to delayed recruitment of staff, slow procurement, and processing of the revision to the financing agreement. Slow disbursement has been the primary reason for the extension of project completion dates. MRWRP is the exception to the rule with the bulk of its extensions resulting from good implementation progress. Due to solid performance in the first half of the project, the Executive Board approved an additional IFAD loan and an extension. Despite extensions, the two closed projects, AKADP and MRWRP disbursed 85 percent and 91 percent of funds, respectively, rather than the full amount.
44. There is a mixed record in terms of the performance regarding project management. The main bottlenecks to project management efficiency have been in procurement and staffing for projects under GDAR oversight (AKADP, GTWDP and URDP). The GDAR does not have the capacity for undertaking procurement and financial management. UNDP has been assisting in the process and has been a key service provider in recruitment, procurement, and financial management for projects managed by GDAR. Projects have generally submitted key reports on time but procurement and staffing issues have often hindered operations. Audit reports and annual work programmes and budgets were largely sent to IFAD on time. External shocks such as the COVID-19 pandemic, high inflation rates and currency depreciation slowed down implementation in the ongoing projects. The earthquakes in 2023 also entailed a massive endeavour of recovery and rehabilitation which impacted implementation of projects as all available resources were diverted to the emergency effort. However, project management has generally been efficient in terms of costs. Actual project management costs are close to design estimates and lower or on par with IFAD's standard, with the exception of the GTWDP. Recurrent costs are expected to be within 15

percent of total project costs. In AKADP the proportion of management costs was 13 percent, in MRWRP it was 4 percent and for URDP it was 14 percent. In contrast, project management costs of the ongoing GTWDP are currently 24 percent. This was largely due to the structural changes at the MoAF and the need for technical backstopping from UNDP to cover staff vacancies.

Economic efficiency

45. Available findings suggest efficient use of IFAD's resources through relatively quick project start-ups and responsive project management units operating at relatively low cost. Low costs per beneficiary household and positive economic internal rates of return also show the country programme has converted inputs into results cost effectively. However, as mentioned in paragraph 43 and 44 above, three out of four projects experienced significant delays and low rates of disbursement leading to the extension of project durations. While some of these were due to external events, persistent delays in procurement processes and staffing issues in project management led to operational inefficiencies. In terms of outreach, AKADP and MRWRP reached more than the planned number of households over a wider geographic area. However, some of the projects did not utilise all the resources made available to it such as AKADP which had used only about 85% of its funds at project completion. While projects have been good at leveraging domestic resources from Government (AKADP 136%), beneficiaries have provided much less than expected from them (AKADP 33%). However, this can also be attributed to the fact that projects have not always had good systems of properly accounting for beneficiary contribution.
46. Project costs per beneficiary household are lower at completion compared to design estimates. In both the AKADP and MRWRP this can be explained by both lower final total costs and markedly higher numbers of beneficiary households reached compared to what was planned. The on-going GTWDP has also recorded lower costs per beneficiary household to-date, but this is mainly due to relatively low disbursement levels while half the target households have been reached. The economic and financial analysis (EFA) showed that both completed projects namely AKADP and MRWRP were economically viable. The estimated economic internal rate of return of these projects was significantly higher than the discount rates and significantly higher than the estimates at project design. The estimated Net Present Values were positive, demonstrating the benefits of the projects and their economic viability.

VIII. IFAD performance

47. **IFAD's overall performance is rated as moderately satisfactory (4).** The role expected from IFAD is multi-faceted and includes building strong partnerships, understanding country needs in terms of agriculture and rural development, designing and supervising its portfolio of investments and measuring its impact. Although IFAD manages a relatively small portfolio, it has a clear comparative advantage in Türkiye by supporting agricultural development in poor remote and marginalised areas. It has also been responsive in addressing threats to its investments given its limited resources. However, the visibility of IFAD's country programme is low and it has not been able to secure international financing for its country programme from other development partners. IFAD established a Multi Country Office (MCO) in Istanbul in 2019 as part of its decentralization process. However, this has not paid any significant dividends for the country programme. The visibility of IFAD among development partners in the country, most of which are based in Ankara for enhanced engagement with central government offices, has remained low although the country team is in the process of identifying opportunities for highlighting its role in agriculture development.
48. IFAD has played an active role in the design and supervision of its country programme. IFAD has also been responsive to the needs of the country programme and has increased its supervision when required. IFAD has positioned itself well to respond to the threats it faced during the COSOP period. During the COVID-19 pandemic, IFAD continued to support ongoing projects through remote supervision and implementation support missions.

49. During 2021-22, three important products have resulted from KM activities and partnerships as mentioned in para. 34. A video has been produced by IFAD country team to communicate the results and successes of MURAT with the audience. Project results has been provided space in different publications of the IFAD and in joint activities and publications of UN agencies like in the Issue Based Coalition for Sustainable Food Systems or COP-28.
50. The IFAD country team was quick to react to the February 2023 earthquakes and worked with the GoT to reallocate unspent resources to relief efforts.
51. IFAD has a limited role to influence policy in the country as the Government has a clear sense of the direction it wants to pursue and does not need any assistance in this regard. In addition, IFAD has not been very effective in highlighting its knowledge management products that can help in scaling up some of its successful experiences. This is primarily because of the limited capacity or differing priorities for jointly developing knowledge products within the project management units. IFAD has also not been very successful in building strong partnerships in the country with other development partners or in raising co-financing. The Government also prefers to secure funds from a single source for specific projects. Furthermore, the timelines of donor agencies vary and also make it difficult to coordinate. Nevertheless, IFAD has been trying to establish closer partnerships with its UN and other development partners where possible.

IX. Borrower's performance

52. **The performance of the GoT is rated as moderately satisfactory (4).** IFAD's main interlocutor in the country has been the Presidency of Strategy and Budget which has the key role of developing sectoral and thematic policies and strategies and preparation of the central government budget and resource allocation. In addition, IFAD has kept in close coordination with the Ministry of Treasury and Finance which is responsible for the financing agreements, and audit functions. The Government has shown ownership of IFAD-supported investments by fulfilling financial commitments, compliance with loan agreements, adjusting to external shocks that hinder implementation and ensuring fiduciary responsibility. The GoT has demonstrated political and economic commitment to the IFAD supported programme in the country. It has contributed significantly to the development of projects at both central and provincial levels, as well as to their implementation. Government's financial contributions have often exceeded its financial commitments at design.
53. IFAD's main partners in the implementation of projects financed by it have been the Ministry of Agriculture and Forestry (MoAF). Within the Ministry, IFAD has worked closely with the General Directorate of Agrarian Reform (GDAR), the Orman Genel Mudurlugu (OGM) or the General Directorate of Forestry. Project Management was generally beset with issues regarding understaffing, weak capacity for financial management, procurement, monitoring and evaluation and weak oversight mechanisms. The local agencies at the regional and provincial level have played a critical role in helping to implement and maintain IFAD financed investments. Government has generally been responsive in addressing risks that affected implementation such as economic fluctuations, COVID-19, natural disasters such as the earthquakes and adjusted the projects by requesting change in investment decisions, extensions to complete the activities planned and mobilize additional funding.
54. The Project Management and oversight arrangements have not always been adequate. With the exception of the MRWRP, the set-up and staffing of project management units have frequently encountered problems. The PMUs of AKADP, GTWDP and URDP were characterized by coordination gaps in their initial stages and understaffing, high staff turn-over and limited incentives to retain staff. The arrangements for oversight through the steering committees were not always effective. While, the MRWRP's steering committee was supportive, effectively overseeing the project's execution, the AKADP steering committee showed insufficient supervision and minimal initiative in organizing meetings, leading to a limited understanding of project matters and an inability to

provide adequate guidance. The establishment of the steering committee for GTWDP was delayed due to management changes.

55. The GoT has fulfilled its fiduciary responsibilities on projects with some challenges in recruitment of project staff, financial management and procurement. Audit reports, annual work plans, and budgets (AWPBs) were mostly submitted on time in the closed projects. In the on-going projects, there have been some delays in the submission of AWPBs, with improvements recorded in the latest supervision mission reports. Lessons from the MRWRP show that the accounting software needed to be set up and functional from the start-up and the project implementation manual should have included accounting policies and procedures. Procurement in the AKADP and GTWDP was contracted to UNDP by the GoT, which was not always undertaken in a timely manner. In the GTWDP, delays were also observed in procuring services, particularly for the preparation of strategic investment plans. The OGM on the other hand conducted the procurement for the MRWRP directly and provides an illustration of an efficient and effective system working through its regional structure in the project area.

X. Lessons learned and recommendations

56. There are several lessons that can be drawn from the review of the COSOP in Türkiye to guide the design and implementation of the new COSOP. These lessons deal with both strategic and operational aspects of the country programme. At the strategic level the lessons focus on IFAD's thematic focus, geographic targeting and the types of beneficiary groups that should be targeted. The country programme experience in Türkiye over the last eight years (2017-2024) demonstrates the added value of IFAD in the country. While the country attained Upper Middle-Income Status in 2005, it faces regional disparities and pockets of poverty. Thus, *despite its Upper Middle- Income Status, IFAD's task in the country needs to continue especially in upland and mountainous areas and those areas in the southeast which are more vulnerable to changing climate patterns and extreme weather events, have high rates of economic poverty, and low population densities which present special problems of access to livelihoods, services and markets.* The country programme's focus on building the resilience of livelihoods in these areas was appropriate and needs to be continued. IFAD's support will enable the country to reduce regional economic disparities and to focus resources on the smallholders and the micro-enterprises which need to be further supported.
57. *The projects in the portfolio were relevant and effective and have assisted in increasing agricultural production and productivity and have served to strengthen the sustainability and resilience of ecosystems, and improved household food security.* The projects improved farming practices and technologies (e.g., orchards, forage crops, and pasture roads), rehabilitated degraded lands, and enhanced efforts at afforestation. The projects invested in small-scale irrigation, promoted climate resilient and innovative technologies such as greenhouses, solar energy, livestock housing, facilities for processing, and storage, market infrastructure and assisted in the diversification of income sources. Value chain interventions were more relevant for farmers and cooperatives with productive assets that could enable them to benefit from matching grants. An important lesson derived from the country experience is that effective value chain investments are more effective when targeted at households and enterprises with a productive and asset base that can capitalise on the opportunities provided and contribute their share of the investments. These types of investments may not always directly target the poor but can generate multiplier effects for them through employment and income earning opportunities.
58. The geographic targeting of the country programme was appropriate as the project areas selected were remote upland and mountainous areas with higher rates of poverty. For identifying the geographic scope of IFAD interventions for the future, it would be advisable to *undertake an assessment of poverty mapping and vulnerability to ensure areas in the country which have higher rates of poverty and are more prone to climate risks, natural disasters such as earthquakes, forest fires, droughts, etc., are included in the country programme where appropriate.* The beneficiary

targeting approach of the projects was generally appropriate for smallholders and those in lower income segments except for interventions which required matching contributions and a productive asset base. The projects faced challenges in reaching women and the scale of direct outreach to women was small. However, where the projects reached women, they were effective in empowering them economically. While targeting women and youth has gradually improved in the portfolio it needs to be given much greater focus with clear responsibilities and budgets identified and monitored. The strategies for targeting young men and women have to be clearly identified based on the types of interventions that are more likely to appeal to them.

59. In a large country like Türkiye with a host of development challenges, IFAD has together with the Government identified key strategic priorities in the selected target area to address the key challenges faced by its target group which is its comparative advantage. IFAD's programme in Türkiye has focused on an integrated approach that addresses the constraints that the country faces in agriculture development particularly, the problems of the smallholder with reference to access to water, agriculture inputs and skills and assets for increasing agriculture production and access to markets. Thus, IFAD financed projects in the country have focused on watershed development, natural resource management, production, postproduction, value chain development and access to markets. The country programme needs to highlight its overarching vision of transformation through a better-defined and explicit theory of change which shows the common threads and the interconnected approach actually pursued by the projects. Furthermore, for the future, there is need for greater focus in the country programme on integrating climate resilience, climate adaptation and mitigation in its project designs.
60. IFAD has limited space for policy engagement in Türkiye given the strong Government capacity in this regard and a well formulated regulatory and policy environment. While IFAD has engaged with diverse national and international players in the agricultural sector, its influence on policy has been limited. Policy reform requires a demand for policy change with a strong champion for reform and a clearly laid out agenda and the technical capacity to prepare strong analytical policy briefs. IFAD has relied in the past on generating relevant knowledge and lessons to influence policy change. However, projects do not have strong technical capacity for analytical work or dedicated resources for the purpose. Neither is there any strong demand from Government for IFAD to contribute to it. Therefore, IFAD's ambitions to influence policy should be tempered by the fact that Government has a clear policy direction and does not require assistance in this matter and IFAD, in any case, has limited capacity for contributing to policy change.
61. The strategy for institutional strengthening and sustainability will have to be carefully crafted in future programmes. The country experience has demonstrated the critical importance of involving local public sector Provincial and District Directorates of Agriculture, regional directorates of OGM and DSI and the Special Provincial Administration (SPAs) which are part of the de-centralized structure of government in Türkiye at the regional, provincial and district level, with specific mandates for agricultural development and rural infrastructure. Embedding project management units within the GoT's institutional set-up was effective and key for sustainability and can assist in scaling up of results at the provincial level. However, IFAD projects need to further strengthen grassroots organizations by giving them clear responsibility for which they can also generate resources to sustain their operations. IFAD experience has shown that only producers' cooperatives and unions with an asset base and a means for generating income are able to sustain beyond the project support period.
62. In terms of the tracking of the progress of the country programme, the COSOP attempts to present a consolidated set of outcome and milestone targets based on the projects that are expected to be financed during the COSOP period. However, not all the projects are identified during the COSOP formulation and as such the COSOP does not present a complete picture of all that can be achieved during its implementation. Thus, the RMF of the COSOP has to be treated as a dynamic document and reviewed periodically. There is also lack of ownership of the COSOP at the project level and a

need for careful assignment of the actions given in the COSOP to ensure that these are incorporated in the workplan and budgets at the project level given that the COSOP does not have an independent budget or staff and is to be implemented primarily through the projects. Furthermore, the formulation of the COSOP indicators is not always consistent with those given at the project level. A greater attempt should be made to ensure that the RMF at the COSOP level and the project level communicate with each other.

Recommendations

63. Recommendation 1: IFAD should continue its engagement with Türkiye despite its having attained Middle-Income Status given that IFAD has an un-finished agenda in the country. There are regional disparities in the country in terms of income levels, growing risk of climate threats and some key development challenges with regards to water scarcity and food security which need to be addressed. IFAD's engagement in the future will be determined by its comparative advantage in assisting the country with some of these key development challenges. IFAD should engage closely with the key development partners to assess the key issues in the country and how to integrate its investments with those of others to synergise its efforts in addressing some of the elements of the unfinished development agenda. IFAD's focus should be on smallholders, women and youth in remote rural areas who need targeted support given the limited opportunities available for them and the fact that IFAD is one of the few development agencies to focus on them.
64. Recommendation No 2: While IFAD projects have focused on vulnerable areas with higher rates of poverty and climate risks, it would be opportune for IFAD to reconfirm its geographic targeting strategy through a careful analysis of the mapping of poverty and vulnerability to identify its area of operations. A map of climate risks and threats should be added to this analysis to assist in the integration of climate resilience in the country strategy. This analysis should precede the preparation of the next COSOP.
65. Recommendation No 3: A key constraint in the country strategy is its lack of a mechanism to assist countries in dealing with unanticipated emergencies. Türkiye has experienced growing exposure to climate-related disaster risks. IFAD needs to reflect on how its country programme can be best positioned to address any unforeseen disasters and threats such as the COVID-19 pandemic, economic crisis such as the currency fluctuations and earthquakes, forests fires, droughts, etc. While it is not possible to estimate the precise nature of the assistance that might be required and the magnitude of assistance needed, mechanisms need to be established in collaboration with other development partners especially with the UNCT and the World Bank and IsDB, etc regarding the process that needs to be put in place for rapid coordination and assistance when needed.
66. Recommendation No 4: The country programme needs to find more opportunities to engage with the private sector in a manner that ensures that the investments generate a multiplier effect and are undertaken in a manner which are not appropriated by a few private individuals. Some of the projects have demonstrated very effective models of engagement with cooperatives and enterprises with strong links with smallholder producers and the capacity to reduce post-harvest losses, increase incomes and generate employment. Based on its project experience, future IFAD projects should incorporate this experience in the design and elaborate a framework for private sector partnerships. Such a strategy will assist in helping the country programme to include the private sector in a manner which is mutually beneficial and does not infringe on the rights of smallholders.
67. Recommendation 5: Improve the inclusion of the poor and vulnerable rural women, and youth. For encouraging the inclusion of those with limited resources, projects should set conditions that do not bar their entry due to onerous conditions of matching grants, minimum level of resources or asset base, or other conditions, etc. Women's participation can be increased through ensuring that there are specific targets and resources allocated for them which are monitored and met. In addition, there is need to build confidence among women and their household members that the

inclusion of women will lead to benefits for them without disrespecting social norms and yet at the same time changing perceptions to transform women's position in society over the long-term. Projects should encourage the participation of youth by providing opportunities which are of interest to them such as through value added activities along the value chain in transportation, processing, marketing and use of digital technologies and economic diversification. These activities are much more attractive for the youth compared to traditional farm labour.

68. *Recommendation No 6: While Türkiye has largely addressed issues of hunger and malnutrition, it needs to focus on diversifying diets and inculcating healthy and safer eating habits. IFAD can assist by identifying how this message can be integrated through its project level investments.* In 2018, the level of child stunting in the country was reported at 6%, wasting at 1.7% and under nourishment at less than 2.5% and the proportion of overweight children at 8.1%.¹⁵¹ In the 2023 Global Hunger Index (GHI), Türkiye is one of 20 countries with a low GHI score of less than 5. Each country's GHI score is calculated based on a formula that combines four indicators that together capture the multidimensional nature of hunger and includes undernourishment, child stunting, child wasting and child mortality.¹⁵² The country has been implementing the Türkiye Healthy Nutrition and Active Life Program to effectively combat the increasing prevalence of obesity, which also affects children and adolescents, by increasing public awareness and knowledge. This includes encouraging individuals to adopt habits of adequate and balanced diet and regular physical activity. Thus, the goal is to reduce the prevalence of obesity and obesity related diseases. Several programmes are also implemented at the school level to ensure physical, cognitive, and social development of children from pre-school to secondary education. The program aims to raise awareness on food safety, adequate and balanced nutrition and raising awareness on healthy lifestyles and on factors affecting the health and well-being of young people.¹⁵³ In addition, specific vulnerable groups also suffer from micro-nutrient deficiencies such as iron and vitamin A.¹⁵⁴

Country programme ratings matrix

| | |
|---|-----------------|
| 1) Relevance | 5 |
| 2) Effectiveness | 4 |
| 3) Sustainability | 5 |
| 4) Scaling up | 4 |
| 5) Coherence | 5 |
| CLPE | 3 |
| Partnerships | 4 |
| SSTC | 4 |
| Knowledge Management | 4 |
| Innovations | 4 |
| 6) Efficiency | 4 |
| Overall country programme achievements | Rating 4 |

¹⁵¹ Child Malnutrition Estimates. Key findings of the 2020 Joint Child Malnutrition Estimates UNICEF regions.

¹⁵² Global Hunger Index. Türkiye. 2023.

¹⁵³ European Commission. March, 2024

¹⁵⁴ Nutrition Landscape Information System (NLIS). World Health. Organization.

List of Annexes

Annex 1 COSOP results management framework (at design)

| Country strategy alignment (National Rural Development Strategy 2014-2023) | Key Results for RB-COSOP (covers 2 PBAS cycles) | | | Indicative Lending and Non-Lending activities (in partnership mode, with ICO) |
|--|---|--|---|---|
| | Strategic objectives | Outcome indicators ¹⁸ | Milestone indicators ^{19,20} | |
| <p><i>Sustainably reduce regional disparities in income (also applies to uplands) by enhancing on and off farm economic opportunities</i></p> <p><i>Reduce outmigration through actions for “development in own habitat”</i></p> | <p>S.O.1: Poor small farmers' access to markets is enhanced.</p> | <p>30% increase in volume and value of sales made by producers from improved market access</p> <p>12 000 on-farm and off-farm jobs created of which at least, 60% for women and youth</p> <p>30% increase in participating households' incomes</p> | <p>20% Government funds allocated to investments in upland areas</p> <p>At least 100 under micro or small enterprise brands created and owned by women</p> <p>25% increase in private sector investments in the rural upland areas</p> <p>At least 10,000 small producers in targeted areas report improved productivity by 30%</p> | <p>Lending/investment activities: Uplands Rural Development Programme (URDP): US\$ 35.5 million from IFAD under 2016-2018 PBAS cycle and another US\$ 21 million under 2019-2021 cycle for</p> <ol style="list-style-type: none"> 1) Western Black Sea Rural Development Project 2) Eastern Mediterranean Rural Development Project <p>Non-lending activities: Under the coordination of TIKa, MOFAL, MoD²¹ and IFAD collaborate in</p> <p>SSTC programs: US\$ 1 million allocated under 2016-2018 PBAS</p> <ol style="list-style-type: none"> i) in Georgia, TA and capacity building for public institutions and community-based associations on |

18 All indicators will be gender disaggregated, when applicable

19 TBD: Baseline will be established at launching of URDP

20 Evaluation conducted end of 2018 and end 2021

21 After restructuring of ministries, names are changed as MoAF and PSB respectively

| | | | | |
|---|--|--|---|--|
| | | | | <p>management of irrigation schemes with support from on-going projects</p> <p>ii) in Somalia, work with MoD to develop agriculture chapter of the Economic Development Plan.</p> <p>A thematic study carried out on "Sustainable Development and Poverty Alleviation in Mountainous Ecosystems" to guide NEN and countries in the region</p> <p>Multi-sectorial policy dialogue platforms established</p> <p>A thematic study carried out on "Sustainable Development and Poverty Alleviation in Mountainous Ecosystems" to guide NEN and countries in the region</p> |
| <p><i>Promote Climate smart agriculture</i></p> <p><i>Promote sustainable natural resource management and maintain ecosystem services</i></p> | <p>S.O.2: Sustainable NRM is mainstreamed into all aspects of agricultural production and climate resilience enhanced in uplands.</p> | <p>40% increase in number of farmers practicing GAP and climate-smart agricultural practices</p> <p>50% reduction in post-harvest losses</p> <p>25% of farmers making production decisions using weather and climate information</p> | <p>At least 25,000 farmers shift to using efficient irrigation infrastructure</p> <p>About 5,000 farmers practicing green growth approaches on pilot basis</p> <p>At least 15,000 farmers report increased quality and quantity in production as a result of informed decisions</p> | <p>1) Establish a framework for collaboration between implementation partners and research system for CC adaptation</p> <p>Annual national roundtable to share programme results around CC and Adaptation investments and participation in international fora (1 a-year)</p> <p>2)</p> |
| <p><i>Contribute to global efforts to reduce rural poverty</i></p> | <p>Partnership strengthening</p> | <p>Joint SSTC initiatives with Türkiye and in-country partners</p> <p>Increase in Türkiye's contribution to IFAD Resources</p> | <p>At least 2 SSTC initiatives launched</p> <p>10% increase in pledge by Gov. of Türkiye for IFAD-11 by early 2019</p> | <p>1) Synergy developed with UNDP and FAO programs for SSTC and to impact policy by building on IFAD's comparative advantage and competencies in Türkiye</p> <p>2) Annual implementation review workshops with stakeholders and potential partners</p> <p>3) One annual publication to disseminate programme outcomes for heightened awareness of IFAD's comparative advantage</p> |

Annex 2 COSOP results management framework: progress since COSOP results review

| Country strategy alignment | Key COSOP results (2016-2024) | | | | | | |
|---|--|---|--|---|---|---|--|
| | Contribute to reduction of rural poverty in the upland areas of Türkiye | | | | | | |
| | Strategic objectives | COSOP Outcome indicators ¹ | Projects Outcome indicators | | Milestone indicators | | Lending and nonlending activities for the COSOP period |
| What is the country seeking to achieve? | What will be different at the end of the COSOP period? | | How will the changes be measured? | Current progress in outcome in June 2024 (AKADP, GTWDP, MRWRP and URDP) | How will progress be tracked during COSOP implementation? | Current progress in milestone indicators in June 2024 | |
| <p>Sustainably reduce regional disparities in income (also applies to Uplands) by enhancing on and off farm economic opportunities.</p> <p>Reduce outmigration through actions for "development in own habitat"</p> | Contribute to reduction of rural poverty in the upland areas of Türkiye | 30% Increase in participating HH incomes | % increase in targeted HHs incomes | AKADP: 41% MRWRP: 29% GTWDP: 23% | Programme Outreach for ongoing projects (HHs/direct beneficiaries of project services) Target: 357,900 persons | 336,477 people or 93,875 HHs reached | Lending/investment activities: Uplands Rural Development Programme (URDP): US\$35.5 million from IFAD 2016-2018 PBAS cycle and another top-up loan of US\$ 21 million from 2019-2021 cycle. |
| | S.O.1: Poor small farmers' access to markets is enhanced | No. of Jobs created (on Farms and off farms) 60% women/youth | 2.2.1 New jobs created (Women/youth) Target: 12,000 jobs (COSOP) - Only GTWDP | GTWDP: 450 URDP: 526 out of 200 | 2.1.2 persons Trained in income generating activities or business management Target: 10,000 GTWDP | GTWDP: 61% or 6,144 URDP: 3% or 231 out of 8,720 | |
| | | 30% Increase in value of sales made by producers | % increase in farm gate VC products value | GTWDP: 20% of beneficiaries reported increase in price and improved marketing opportunities | 2.1.6 Market, processing, or storage facilities constructed/rehabilitated Target: 8 facilities GTWDP | AKADP -7 livestock facilities -7 processing facilities GTWDP - 3 processing facilities - 1 storage facilities URDP - 5 out of 6 market facilities | Non-lending activities: Under the coordination of TIKa, MOAF and PSB and IFAD collaborate in SSTC programs : EUR 0,9 million allocated to URDP Project |
| | | 50% reduction in post-harvest losses | % reduction in post-harvest losses | not yet measured | | | |

| Country strategy alignment | Key COSOP results (2016-2024) | | | | | | |
|----------------------------|--|---|--|---|--|--|---|
| | Contribute to reduction of rural poverty in the upland areas of Türkiye | | | | | | |
| | Strategic objectives | COSOP Outcome indicators ¹ | Projects Outcome indicators | | Milestone indicators | | Lending and nonlending activities for the COSOP period |
| | S.O.2: Sustainable NRM is mainstreamed into all aspects of agricultural production and climate resilience enhanced in uplands | 25% of farmers making production decision using weather and climate information. | 3.2.2 HH reporting adoption of environmentally sustainable and climate-resilient technologies/ practices | MRWRP: 4% or 737 GTWDP: 0% out of 2,000 | 1.1.2 Farmland under water-related infrastructure constructed/rehabilitated Target: 2,190 ha | MRWRP: 65% or 931 out of 1,395 GTWDP: 55% or 739 out of 1,333 URDP: 41% or 1,650 out of 4,000 | |
| | | 40% increase in number of farmers practicing green growth approaches on pilot basis | 1.2.3 HH reporting reduced water shortage vis-à-vis production | MRWRP: 24% or 7,290 | 3.1.4 Land brought under climate resilient practices Target: 42,584 ha | MRWRP: 124% or 37,219 ha out of 30,000 GTWDP: 41% or 4,808 ha out of 11,750 URDP: 150% or 736 out of 490 | |
| | | | 1.2.4: HH reporting an increase in production Target 59,825 HH members | MRWRP: 21% HH or 4,344 HH members improved their living conditions through increased production GTWDP: 5% or 716 HH with 2,864 members | 1.1.4 Person trained in production practices/ technologies M/F Target: 79,800 training in crop production | AKADP: 58% or 1,584 out of 2,750 MRWRP: 56% or 2,506 out of 4,440 GTWDP: 6% or 3,686 out of 60,000 URDP: 1,865 out of 830 | Establish a framework for collaboration between implementation partners and research system for CC adaptation |
| | | | % reduction of soil erosion ton/ha | MRWRP: 24% | 3.1.2 Person accessing technologies that sequester | MRWRP: 133% or 18,173 out of 13,640 | |

| | | | | | | | |
|--|---|--|--|---|---|-----------------------------------|---|
| | | | | | carbon or reduce greenhouse gas emission | GTWDP: 130% or 9,364 out of 7,200 | |
| | | | % increase in vegetative cover | MRWRP: 31.5% | | | Annual national roundtable to share programme results around CC and Adaptation investments and participation in international fora (1 a year) |
| | | | % HHs having established market linkages within Economic Development Clusters (EDC) | not yet measured | Policy2: Functioning Multi-stakeholders platforms supported | 40 platforms (URDP) | Multi-sectorial policy dialogue platforms established |
| | Partnership strengthening - Market Linkages | | % of HHs living in targeted MC areas having participated in the negotiations of the Micro-Catchment Plans (MCPs) | 90% | No. of MCP plans approved | 36 MCPs (MRWRP) | |
| | - Interinstitutional collaboration in Micro-catchment conservation, investment planning and improved livelihoods - Interinstitutional collaboration in Micro-catchment conservation, investment planning and improved livelihoods | | At least 50% of project beneficiaries are women and 30% youth | 30% share for women only and 11% for youth (as MRWRP did not collect data on youth) | Gender Action Plan prepared for each Project | GAP prepared for GTWDP and URDP | |

| Country strategy alignment | Key COSOP results (2016-2024) | | | | | | |
|--|---|---------------------------------------|---|--|--|---|--|
| | Contribute to reduction of rural poverty in the upland areas of Türkiye | | | | | | |
| | Strategic objectives | COSOP Outcome indicators ¹ | Projects Outcome indicators | | Milestone indicators | | Lending and nonlending activities for the COSOP period |
| | Mainstreaming Gender, Youth, Nutrition at Design and implementation | | At least 1 Project is Gender transformative at completion | MRWRP: rated satisfactory (5) at completion GWDP and URDP: rated moderately satisfactory (4) on gender equality and women's participation | No. of training delivered on leadership and youth sensitive approach | 1 training delivered for GTWDP + Refresher training for URDP/GTWDP to Govt. and Project Staff | |
| Contribute to global efforts to reduce rural poverty | | | | | | <p>Rapid Impact Assessment. In collaboration with FAO and UNDP, impact assessment on the rural sector, to feed a broader UNCT multisector impact assessment, help identify policy recommendations to mitigate the impact of COVID-19 and accelerate recovery. Joint workshop and publication held in 2021.</p> <p>—A follow-up study on Digital Application in Marketing of Agricultural Products for the smallholders followed with a training targeted for the FO members in 2022.</p> | Synergy developed with UNDP and FAO programs for SSTC and to impact policy by building on IFAD's comparative advantage and competencies in Türkiye |
| Country strategy alignment | Key COSOP results (2016-2024) | | | | | | |

| | Contribute to reduction of rural poverty in the upland areas of Türkiye | | | | | | |
|--|---|---|--|---|---|--|--|
| | <i>Strategic objectives</i> | <i>COSOP Outcome indicators¹</i> | <i>Projects Outcome indicators</i> | | <i>Milestone indicators</i> | | <i>Lending and nonlending activities for the COSOP period</i> |
| | Joint SSTC initiatives with Türkiye and incountry partners | | At least 2 SSTC initiatives launched | | SSTC Workplan and Budget for 2021-2023 Topical review of SSTC started to allow the preparation of an operational plan and budget to be supported by grant resources. | Policy intelligence / mapping to guide SSTC policy agenda in the sub region. | -Annual implementation review workshops with stakeholders and potential partners -Invitation of high-level staff of African and C. Asian countries to the Agricultural Technology Fair in Konya in 2022. -The exchange visits between Uzbek Ministry of Forestry and OGM and the visit by Moroccan and Uzbek staff to Türkiye to visit GTWDP and URDP, respectively. |
| | Increase in Türkiye's contribution to IFAD Resources | | 10% increase in pledge by Gov. of Türkiye for IFAD11 by early 2019 | 20% or US\$6 million contribution to IFAD12 | | EIU Country Report on rural finance and country priorities | One annual publication to disseminate programme outcomes for heightened awareness of IFAD's comparative advantage |

Note: The RMF at design (Annex 1) was revised based on recommendations made by the 2019 COSOP results review (CRR) to ensure alignment between the RMF and the revised IFAD standard format. Further changes were introduced by the 2021 CRR as follows: (i) revision of the job creation indicator to consider family labour characteristics with reduced targets for women and youth, (ii) introduction of impact indicator at the goal level to reflect the improvement in livelihoods, (iii) alignment of milestone indicators with IFAD output core indicators particularly those that are common among all the projects, (iv) identification of key indicator for improved rural finance services, (v) reduction of COSOP target for gender participation, and (vi) removal of indicators for which no data were available.

The revised RMF included a broader set of COSOP indicators with more specific targets to be measured through project outcome indicators. With the overall goal to contribute to poverty reduction in upland areas in the country, the COSOP expected that poor small farmer's access to markets is enhanced as follows: (i) 30% increase in participating HH's incomes, (ii) new jobs created (on farm and off farm with at least 60% women/youth), (iii) 30% increase in value of sales made by producers, (iv) increase farm gate value chain products value, and (iv) 50% reduction in post-harvest losses. In addition, the COSOP expected that sustainable natural resource management is mainstreamed in all aspects of agricultural production and enhanced climate resilience in the uplands with (i) 25% of farmers making production using weather and climate information, (ii) HHs reporting adoption of environmentally sustainable and climate- resilient technologies/practices, (ii) 40% increase in the number of farmers practicing green growth approaches in pilot basis, (iii) HH reporting reduced water shortage vis-à-vis production, (iii) HH reporting an increase in production, (iv) reduction in soil erosion, (v) increase in vegetative cover, and (vi) HH having established market linkages within economic development clusters (EDC).

Partnership strengthening was also given attention in the COSOP specifically on market linkages; inter-institutional collaboration in micro-catchment conservation; investment planning and improve livelihoods; and mainstreaming gender, youth, and nutrition at design and implementation. In order to contribute to global efforts to reduce rural poverty, joint SSTC initiatives with Türkiye and in-country partners, and increase in Türkiye's contribution.

Appendix XII: Theory of Change (ToC)

The TOC is premised on the assumption that IFAD's COSOP strategic objectives will aim at transforming rural areas by strengthening governance over natural resources and ecosystems, fostering sustainable agri-food systems, and diversifying socio-economic opportunities for women and youth. Building a COSOP towards graduation requires shifting the focus of projects to (i) generating effective and sustainable rural institutions, (ii) promoting global public goods, and (iii) fostering innovations. These shifts ensure that IFAD's investments not only address immediate rural development needs but also position interventions for scaling up within Türkiye and sharing with other developing countries through SSTC. Despite Türkiye's strong institutions and financial capacity, IFAD's expertise remains crucial in addressing rural poverty particularly in supporting vulnerable rural populations, climate-smart agriculture, inclusion of men and women, and youth engagement. IFAD's piloting of innovative rural development models and focus on capacity building complements Türkiye's national strategies. IFAD also contributes through SSTC, sharing global best practices.

Strategic Objectives and causal pathways from activities to outcomes and impacts:

- 1. Governance of natural resources and ecosystems:** SO1 focuses on enhancing the governance of natural resources and ecosystems to achieve increased efficiency, resilience and sustainability. This SO also aims at generating effective and sustainable rural institutions (including municipal and village level structures, grassroots organizations, muhtars, water users associations, rangeland and pasture users) to govern resources and manage ecosystems more efficiently. However, challenges in these areas include weak institutional and community capacity for effective natural resource management, limited access to sustainable technologies, which constrains productivity and limits biodiversity and insufficient incentives for conservation practices.

Key hypotheses are that 1) involvement of grassroots organizations is a critical condition for sustainability, adaptability, and widespread adoption of technologies and innovations; 2) mechanisms must be established to ensure that knowledge generation and sharing lead to actionable decisions at the policy and implementation levels.

If local communities receive targeted training and capacity building, and **if** green and digital technologies such as digital solutions and improved monitoring of ecosystems and biodiversity are utilized, **then** these enhancements will address capacity and technology gaps. Consequently, the productivity and sustainability of water resources, forests, and rangelands will improve. This increased capacity and adoption of technological advancement will lead **to** improved biodiversity and a reduction in GHGs as well as to increased climate resilience. The enhanced governance and sustainable management practices will foster sustainable ecosystems and natural resource use, directly impacting the environmental health of the region. The *co-benefits* of these activities will support the country's adaptation and mitigation goals and has the potential to transform farms into carbon sinks. Such actions contribute to long-term resilience and sustainability for rural communities and ecosystems, effectively addressing global public goods like biodiversity conservation and climate adaptation and mitigation. Scalable models developed here that can also be shared with other countries through SSTC.

Key mechanisms behind this SO may include the institutionalization of multi-stakeholder platforms for local governance of natural resources; strengthening smallholder participation in decision-making on water and land use; facilitating the integration of tested models of ecosystem-based approaches into national policies and budgeting frameworks.

- 2. Sustainable agri-food systems:** SO2 seeks to develop an inclusive, sustainable and agri-food system resilient to multiple shocks. It addresses persistent infrastructure deficiencies for post-harvest processing, limited market access, and weak connections with private sector

stakeholders. These limitations restrict efficiency, productivity, and the resilience of agri-food systems in the face of climate and market-related shocks. **If** investments are made in post-harvest and processing infrastructure, and **if** partnerships with private sector (such as agribusinesses, food processors, cooperatives and agri-tech start-ups) are strengthened through contract farming among others, and if digital technologies are integrated into marketing, **then** these enhancements will increase the productivity and resource use efficiency within the agri-food systems leading to enhanced volume, value, quality and safety of marketed produce. Investments in quality control packaging and branding of selected high-value value chains will further drive commercialization. The *co-benefits* of these activities are the development of more sustainable, healthier and agri-food systems that can withstand environmental and market-related shocks. By focusing on sustainable practices and food systems, high-quality value chains contributing to the gastronomy sector and regional branding, these initiatives position agri-food systems as contributors to regional and global public goods.

Key mechanisms for translating this into action may include, among others: 1) supporting bottom-up contract farming arrangements through local-level governance frameworks; 2) upscaling tested models of agri-tech and digital extension services into national policy frameworks.

3. Socio-economic opportunities for women and youth: SO3 aims to diversify opportunities that promote socio-economic development and empowerment in rural areas of women and youth who often face limited access to employment and financial services. These limitations restrict their ability to participate in and benefit from economic activities. **If** training in enterprise development skills is provided and access to financial services is facilitated, **then** participants will gain the knowledge and resources needed to engage in off-farm economic activities, leading to increased employment opportunities and higher incomes. This, in turn, will drive growth and expansion of small enterprises, particularly in agro-industries that incorporate ecosystem services.

Co-benefits of having greater economic independence, leadership roles, and community influence, are broader socio-economic development in rural areas. Investments in women and youth economic empowerment aim to create models of social inclusion and rural enterprise growth that can be scaled and shared across developing countries through SSTC as a global public good.

Key hypotheses here are that knowledge-sharing must translate into practical decision-making at community and institutional levels and that bottom-up approaches should ensure that women and youth co-design business models suited to their needs. Mechanisms behind these pathways include having incubators and mentorship programmes for small rural enterprises and expanding digital finance models to integrate rural youth and women into markets.

Barriers and risks: General risks include weak institutional and community capacities for governance, environmental degradation such as overgrazing and deforestation, and poorly developed market infrastructures. Specific risks include limited knowledge about sustainable and resilient practices, fragmented land holdings, declining crop yields and gender-specific cultural barriers, which require targeted solutions to ensure the successful implementation of the COSOP SOs.

Assumptions: The TOC is predicated on a set of critical assumptions such as overall political and economic stability in the country, absence of major natural disasters, and no significant increase in

resource pressure due to an influx of people under temporary protection. These assumptions underline the foundational stability required for the proposed changes to take effect.

Interlinkages: Each SO addresses distinct challenges reinforcing and supporting the others. For instance, strengthening rural institutions under SO1 ensures that improvements in natural resource management provide a stable foundation for SO2's agri-food system transformations. Similarly, innovations in agri-food systems create employment opportunities under SO3, especially for women and youth, thereby advancing socio-economic development. These interdependencies ensure that progress in one area induces positive outcomes in others, creating a resilient framework that can adapt to external pressures, such as climate shocks.

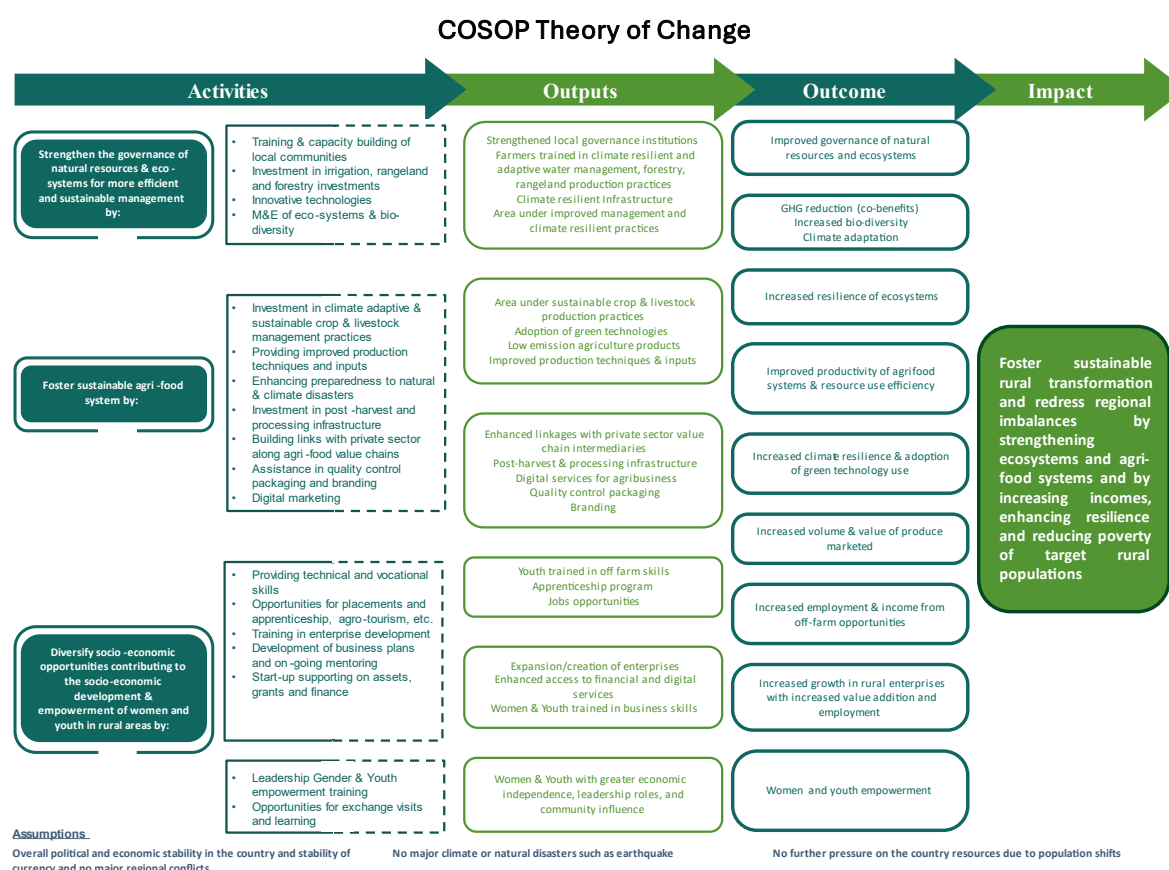


Figure 1: diagrammatic theory of change to highlight the direction of change and assumptions behind the strategy

Appendix XIII: Project Identification Form

| Items | Clicks |
|---|--|
| Country | Republic of Türkiye |
| Full Project Name | Additional Financing Uplands Rural Development Programme (URDP) |
| Project ID number in GRIPS | 2000001409 |
| Estimated Project Costs | In or around US\$50 million, but details will be confirmed based on identification by the Government of the expanded programme area, and full BRAM envelope made available to Türkiye during the course of IFAD13. |
| Estimated Co-financing | TBD |
| Financing type (E, F, C and Z) ¹⁵⁵ | E <input checked="" type="checkbox"/> F <input type="checkbox"/> C <input type="checkbox"/> Z <input type="checkbox"/> |
| PBAS allocation confirmed? | Türkiye is eligible for BRAM only |
| Context and indicative project description | <p><i>Indicative guiding question- The proposed programme will be based on the assumption that there is a need to transform rural areas by strengthening governance over natural resources, fostering resilient agricultural systems, and diversifying socio-economic opportunities especially for women and youth in marginalised areas of the country where pockets of poverty remain entrenched.</i></p> <p><i>Short description of past experience and lessons from IFAD engagement in the country: The projects in the portfolio have been relevant and have assisted in increasing incomes, agricultural production and productivity and have served to strengthen the sustainability of ecosystems, and improved household food security.</i></p> <p><i>Has the country a long history of engagement with IFAD? Since 1982 IFAD has financed 12 projects in the country for a total cost of almost US\$ 800 million, of which US\$316 million of direct IFAD financing.</i></p> <p><i>Has the country a high absorption capacity? Yes, relatively high</i></p> <p><i>Are there any chronic problem projects in the country portfolio? Has the country ever been suspended? The answer to both questions is “no”.</i></p> <p><i>Is the project going to be implemented in a fragile situation/area? State project area if known: While the programme area to be covered under the URDP additional financing is not fully known yet, it is believed that the underdeveloped districts of the provinces of Afyonkarahisar, Karabük, Kutahya and Kayseri based on the Government’s Socio-Economic Development Indicators published from time to time by the Ministry of Industry and Technology will be targeted. The targeting strategy will also bear in mind vulnerability of the local populations to poverty. Fragility in Türkiye is primarily related to natural disasters (earthquakes and climate vagaries).</i></p> <p><i>Development problem the project will address and how: URDP aims at enhancing the prosperity and resilience of poor smallholder farmers in the uplands of Türkiye through: i) the promotion of sustainable economic opportunities and ii) the integration of farms and agribusinesses into more profitable economic clusters. As at 12 March 2025, the Government of Türkiye has not officially communicated any new elements the future additional financing of the programme should cover (geographic area or development objectives). Nonetheless, it is likely that the new investment will aim at fostering sustainable rural transformation in the target area to be selected by the Government, and that it will contribute to the reduction of rural poverty, redressing regional imbalances for broader and fully inclusive growth.</i></p> |

¹⁵⁵ E = IFAD-initiated and exclusively financed (no co-financing); F = IFAD-initiated and co-financed; C = Co-financier-initiated; Z = no IFAD financing but IFAD supervised.

| | |
|--|---|
| | <i>Is the project going to apply a new/innovative approach? To the extent possible, the private sector will have a more prominent role among programme stakeholders insofar as the province of Kayseri is concerned, whilst adoption of innovative solutions to rural development issues, production and marketing will be considered.</i> |
| Fragile situation? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Emergency operation? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Project objective | <i>The overall goal of the programme is to enhance the prosperity and resilience of upland smallholder farmers. This is to be accomplished by strengthening economic opportunities for poor rural people, based on competitive farms and agribusinesses connected to and integrated into more profitable economic clusters, making sustainable use of Türkiye's natural resources. The core strategy is to build on and accentuate the valued characteristics of rural production, ensuring that sustainable land- and water-use practices are promoted, while also increasing the climate-adaptive capacity of smallholders.</i> |
| Systematic start-up delays? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Recurrent major project management issues? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Phase II project? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Impact assessment methodology | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Complex approach? | Designed w Financial Gap <input checked="" type="checkbox"/> ; Regional operations <input type="checkbox"/> 4Ps approach <input type="checkbox"/> ; Programmatic Approach <input type="checkbox"/> No <input type="checkbox"/> |
| Reimbursable Technical Assistance? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Financial instruments | Fast Implementation Start Up (FIPS) - Pre-financing Facility (PFF) <input type="checkbox"/> Reimbursable Technical Assistance (RTA) <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Results -based lending | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| Contributions to SDGs (select all relevant) | ADD THE LIST OF ALL SDGs (more than one can be selected) |
| Contributions to IFAD strategic Objectives | [drop down] SO1 <input checked="" type="checkbox"/> SO2 <input checked="" type="checkbox"/> SO3 <input type="checkbox"/> |
| Mainstreaming topics | Gender <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Youth <input checked="" type="checkbox"/> Nutrition <input type="checkbox"/> Persons with disabilities <input type="checkbox"/> Indigenous Peoples <input type="checkbox"/> |
| Target Groups | Farmers Organizations <input checked="" type="checkbox"/> Women <input checked="" type="checkbox"/> Youth <input checked="" type="checkbox"/> IPs <input type="checkbox"/> IDPs <input type="checkbox"/> PWDs <input type="checkbox"/> |
| Project approach: thematic areas <i>Select not more than 3 from the list</i> | Access to agricultural technologies <input type="checkbox"/> |
| | Effective production services <input type="checkbox"/> |
| | With Livestock <input type="checkbox"/> |
| | With Aquaculture / Fisheries <input type="checkbox"/> |
| | Inclusive rural financial services <input type="checkbox"/> |
| | Nutrition <input type="checkbox"/> |
| | Access to Natural Resource |
| | Land <input type="checkbox"/> |
| | Water <input type="checkbox"/> |
| | Energy <input type="checkbox"/> |
| | Biodiversity <input type="checkbox"/> |
| | Technical and vocational skills development <input type="checkbox"/> |
| | Support to rural producers organizations <input checked="" type="checkbox"/> |
| | Rural Enterprise Development & Non-farm employment opportunities <input type="checkbox"/> |
| | Integration of poor rural people within value chains <input checked="" type="checkbox"/> |
| | Rural Infrastructure <input type="checkbox"/> |
| | Climate change adaptation <input checked="" type="checkbox"/> |
| | Climate change mitigation <input type="checkbox"/> |
| Project CD/CPM | LIAM FRANCIS CHICCA |