

# AGRICULTURAL EMPLOYMENT SUPPORT FOR REFUGEES AND TURKISH CITIZENS THROUGH ENHANCED MARKET LINKAGES

## Theory of change

### A. Context and problem description

**Turkey is both a major transit and a destination country for migrants and refugees across the globe.**<sup>1</sup> As a result of the crisis in its southern border with Syria, Turkey has been hosting an increasing number of refugees and foreigners seeking international protection. As of 2021, in addition to hosting more than 3.7 million Syrians<sup>2</sup>, who are under temporary protection, there were an estimated 330,000 asylum seekers and refugees from other nationalities.

**The country's refugee response has been progressive and provides a model to other countries hosting refugees, however, the magnitude of the refugee and migrant influx continues to pose substantial development consequences.** These challenges are not only faced by the displaced populations but also by the communities into which they settle, contributing to the expansion and overcrowding of settlements, increased demands for urban services, additional pressure on infrastructure, conflicts over land, and increased competition for employment, housing, and social services. These stresses stretch the limited capacity of local governments and other service providers. Apart from the large cities such as Ankara, Istanbul and Izmir, many of the cities hosting a high concentration of Syrians are already located in the more vulnerable or disadvantaged provinces in Turkey, which exacerbates the development challenges.

**The Government of Turkey spent an estimated EUR 31 billion to meet the needs of refugees and hosting communities from the beginning of the Syrian crisis to 2017.**<sup>3</sup> This includes the provision of free healthcare and education services, as well as allowing legal access to the labor market. The international community has also provided over EUR 5 billion from 2016 to 2021, of which 95 percent is from the European Union (EU).<sup>4</sup> This includes the first tranche of the EU Facility for Refugees in Turkey (FRiT), which is a EUR 3 billion fund launched in 2016, designed to support the GoT hosting refugees, EUR 600 million EU support outside of the FRiT, and over EUR 400 million in bilateral support from EU countries. Other donors, UN agencies, international, national and local civil society organizations, as well as International Financial Institutions (IFIs), have also been playing an important role in Turkey's refugee response, implementing a diverse range of programs and projects, accounting for over EUR 200 million. Starting in 2016, the first tranche of this support focused primarily on providing humanitarian aid in the form of Emergency Social Safety Net (ESSN) Program to around 1.5 million refugees as well as interventions in

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<sup>1</sup> DGMM. 2021. This document uses the term refugee regardless of country of origin, although Syrians are under temporary protection status, and non-Syrians under international protection law.

[http://www.goc.gov.tr/icerik6/temporary-protection\\_915\\_1024\\_4748\\_icerik](http://www.goc.gov.tr/icerik6/temporary-protection_915_1024_4748_icerik)

<sup>2</sup> The terms "Syrians" and "refugees" are used in terms of sociological context and widespread daily use, and independent of the legal context in Turkey and Turkish Law. Turkey is a party to the 1951 Refugee Convention and 1967 Protocol. Turkey retains a geographic limitation to its ratification of the 1951 UN Convention on the Status of Refugees, which means that only those fleeing as a consequence of "events occurring in Europe" can be given refugee status. Syrian nationals, as well as stateless persons and refugees from Syria, who came to Turkey due to events in Syria after 28 April 2011 are provided with temporary protection.

<sup>3</sup> European Commission (2018): Technical Assistance to the EU Facility for Refugees in Turkey – Updated EU Needs Assessment. October 2018. Refer to: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/updated\\_needs\\_assessment.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/updated_needs_assessment.pdf)

<sup>4</sup> Ibid.

health, education and labor markets in partnership with World Bank and other international development institutions.<sup>5</sup> These efforts have also been geared towards facilitating refugee access to existing public.

**Moving beyond humanitarian assistance to integrating refugees into the formal labor market has emerged as an important policy priority, but a significant share of refugees remain in the informal sector.** The GoT aims to enable Syrians under Temporary Protection (SuTPs) to become economically active, improve their living and working conditions, graduate from social assistance, and contribute to the Turkish economy. To this end, since 2016, the GoT has allowed SuTPs to obtain work permits and thus to work formally. Despite this policy commitment, available evidence suggests that most refugees work in the informal sector, particularly those in rural areas and the agricultural sector. For example, the Turkish Red Crescent (TRC) Livelihoods Survey (2018) found that around 86 percent of the refugee population works in informal jobs and the European Union (EU) estimates that up to 950,000 SuTPs currently work in the informal sector.<sup>6</sup>

**A combination of demand and supply factors contribute to the problems that refugees face in accessing formal employment.** On the supply side, low levels of education and skills and informational and language barriers pose challenges in access to the formal labor market. Available evidence suggests that the education and skills levels of refugees are low, for example, with around 15 percent having at most a high school degree among Syrian ESSN beneficiaries, and the majority of these degrees are from Syria.<sup>7</sup> Additionally, among ESSN beneficiaries, 14 percent have no formal education and 39 percent have only attended primary school.<sup>8</sup> The eligibility criteria for the ESSN also disincentivize refugees from pursuing and accepting formal employment, as they would risk losing their social assistance support. On the demand side, employers may find it relatively more difficult to verify the skill levels, and therefore expected productivity, of refugees.<sup>9</sup> This is especially true in the case of SuTPs who could not bring their degrees or certifications with them to Turkey. As a result, employers may not be willing to pay as high as the official minimum wage and the premiums and taxes associated with formally registering refugee workers.

**The inflow of refugees may have impacted the access of Turkish citizens to jobs in the informal sector, resulting in growing social tension among refugees and host communities.** Previous assessments indicate that the inflow of refugees has led to the displacement of Turkish citizens from the informal labor market.<sup>10</sup> In certain sectors, Turkish workers displaced from informal jobs have moved to formal jobs, but these tend to be host community workers with higher education levels. These disruptions have disproportionately affected certain segments of the population including women and low-skilled men. Such displacement of Turkish citizens from the labor markets presents a threat to social cohesion, with

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<sup>5</sup> World Bank projects under the first tranche of FRIT are: Development of Businesses and Entrepreneurship for Syrians under Temporary Protection and Turkish Citizens Project (P168731), Employment Support Project for Syrians Under Temporary Protection and Turkish Citizens (P161670), Strengthening Economic Opportunities for Syrians Under Temporary Protection and Turkish Citizens in Selected Localities (P165687), Education Infrastructure for Resilience - EU Facility for SuTP (P162004).

<sup>6</sup> TRC Livelihood Survey 2018; International Crisis Group. 2018. *Turkey's Syrian Refugees: Defusing Metropolitan Tensions*. Europe Report No. 248.

<sup>7</sup> TRC Livelihood Survey 2018.

<sup>8</sup> Turkish Red Crescent. 2018. Livelihoods Analysis. unpublished.

<sup>9</sup> Without a certification of skills, employers may also be more likely to statistically discriminate against refugees. Taste-based discrimination can also be another factor inducing employers to pay less wages to an otherwise similarly skilled refugee (see Becker 1971).

<sup>10</sup> Del Carpio, X., and M. Wagner. 2015. "The Impact of Syrian Refugees on the Turkish Labor Market." World Bank Policy Research Working Paper No. 7402.

increasing resentment toward Syrian refugees among the local population.<sup>11</sup> Existing surveys as well as consultations with local governments and agencies point to the risk of tensions between refugees and host communities as refugees work informally and at lower wages. It is therefore critical to develop a strategy to support the integration of refugees into the Turkish economy while at the same time improve the labor market prospects of Turkish citizens in the informal sector.

**Given the relatively low skill levels among refugee workers, the agricultural sector has the potential to absorb a significant share of the refugee population.** While the share of agriculture in GDP in Turkey has been declining, falling from 12 percent in 1998 to 7 percent in 2020 agriculture still represents about 20 percent of the employment (5.5 million people) with an annual production of approximately US\$16 billion. Working in the sector does not require higher levels of education or skills, and the skill levels of current workers in agriculture is low: over 70 percent having completed at most 5 years of schooling as compared to 29 percent on average in the other sectors, and only 11 percent with a high school degree or above as compared to 52 percent on average in the other sectors.<sup>12</sup> While refugees may be less competitive for jobs in manufacturing or services given their relatively low skills composition, agriculture is well suited to provide them with employment opportunities. This potential is further reinforced by the existing exemption of work permit requirements for refugees working in agriculture.<sup>13</sup>

**Long-standing structural, institutional, and policy constraints limit the ability of the agricultural sector to generate additional on-farm employment and provide favorable working conditions.** Estimates suggest informality rates in the sector of over 80 percent<sup>14</sup> even before the influx of refugees. The seasonal nature of work in the sector and the use of intermediaries (labor brokers) to hire workers on a day-to-day basis, combined with the costs of registration and formal contracts, provide little incentive for employers to fully formalize themselves and the workers they employ. Further long-standing structural, institutional, and policy constraints such as low productivity, limited domestic market integration, and distinct dualistic pattern in farm structures act as a binding constraint on growth and employment generation. These factors result in unfavorable working conditions, including wages often below the national minimum and inadequate worker protection, including some use of child labor. More recently, there is some suggestion that farmers are finding it increasingly difficult to attract Turkish workers who are willing to work in the sector<sup>15</sup>; and, farmers report that, among those people who are willing to work, they lack the relevant skills for the task, which leads to crop losses.<sup>16</sup>

**While the agricultural sector provides support mechanisms for farmers, these interventions aim to reduce the costs of production and do not incentivize skills development or formal employment of agricultural workers.** The GoT provides area-based agricultural support payments, deficiency payments, livestock support payments, agricultural insurance support services, and project-based rural development

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<sup>11</sup> Erdogan, M. 2014. *Syrians in Turkey: Social Acceptance and Integration Research*. Migration and Politics Research Centre, Hacettepe University.

<sup>12</sup> Source: Turkish Statistical Institute Household Labor Force Survey, 2018. Household Labor Force Survey collects information from a representative sample of registered household residents living in Turkey, but the coverage of refugee population is thought to be extremely low as many of them are not registered residents in households and lack Turkish language skills to respond to the questionnaire.

<sup>13</sup> Those in refugee status do not need to obtain work permits to work as agricultural seasonal workers.

<sup>14</sup> Source: Turkish Statistical Institute Household Labor Force Survey.

<sup>15</sup> These reports are reflected in the sectoral distribution of workers by age groups, which suggests that Turkish youth have been shifting out of agriculture: less than 10% of Turkish youth is employed in the agricultural sector as opposed to 50% for the older age groups.

<sup>16</sup> Limited data is available for the agriculture sector in Turkey due to very high informality, and findings rely heavily on the interviews with farmers in the field that were carried-out as part of project preparation.

support. The National Agricultural Policy of November 2016 states that the main objective of these policies is to ensure food security in Turkey. In other words, policies focus on reducing the costs of farmers while neither aiming to improve the productivity nor to improve the working conditions of agricultural workers. Indeed, analysis shows that these subsidies create distortions that work against productivity improvements and competition and tend to be regressive.<sup>17</sup> In addition, agricultural employers are largely exempt from labor market regulations and seasonal agricultural employment is out of the scope of formal employment requirements, implying that in their current form the Government's employment subsidies<sup>18</sup> do not apply to the agricultural sector.

**While in principle the influx of refugees should benefit Turkish farmers by lowering wages, some evidence suggests that farmers are concerned about the lack of technical and soft skills among the refugee workforce.** The arrival of refugees has benefited some Turkish farmers on account of access to a new pool of labor, lower wages, and a boost in production.<sup>19</sup> However, as the majority of the refugee population is unskilled, this has not contributed to addressing the significant shortages of skilled and semi-skilled labor reported in agriculture.<sup>20</sup> Interviews carried out in the field indeed indicate that farmers are concerned with the quality of the work of refugees, lack of language skills and unfamiliarity with agricultural work, and their commitment to regular work.<sup>21</sup> Refugees rely almost completely on intermediaries for communication and matching with agricultural employers due to language barriers, work for even lower wages and sometimes live under unfavorable conditions, such that a portion of the refugee families working in agriculture live in tents provided to them by the landowners without access to heat or running water.<sup>22</sup> Many employers state their willingness to provide training for refugees but cite a lack linkages to relevant training institutions.<sup>23</sup> Putting in place interventions to bridge the skills gap would enable Turkish farmers to benefit from the availability of a large, low-cost labor pool.

**The Agricultural Employment Support Project aims to support the integration of low-skilled refugees and host community workers into the labor force in the agriculture sector.** Given the existing high informality, high presence of low skilled refugees, and low incentives to move towards formalization in the agricultural sector in Turkey, the proposed project takes a holistic approach. To achieve its objective, the project proposes combining demand and supply side interventions in line with evidence on international best practice, instead of implementing isolated measures to encourage farmers to create formal employment or support workers to access possible jobs options. On the supply side, for higher-skilled workers and those with more regular employment, a near future step on the pathway toward

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<sup>17</sup> World Bank. 2018. Leveraging Farmer Organizations to Improve the Efficiency of Agricultural Value Chains in Turkey. Summary of Findings and Recommendations. Draft. Washington D.C.; World Bank.

<sup>18</sup> In 2019, the GoT implemented over a dozen subsidies to cover part (but not all) of the registration costs for formal employment. Generally, these subsidies are used as a means to reduce the high formalization costs for employers, as social security premiums alone cost more than 36 percent of the gross wage, with additional costs for income and stamp taxes. Wage subsidies that cover part of the net wage are limited and apply primarily to cover the increase in employers' costs with the particularly high increase in the minimum wage in recent years.

<sup>19</sup> A study in 2016 by the NGO Development Workshop titled "Seasonal Agricultural Production Report on the Current Situation in Turkey, Foreign Migrant Workers" states that Syrian refugees settling in the region positively affected agricultural production, and reduced labor wages leading to increased production in Mersin and Adana.

<sup>20</sup> Studies find labor shortages in agriculture, particularly in the areas of livestock care and maintenance, orchard/plantation management and harvesting (citrus and olive), meat processing, greenhouse operation and maintenance (cut flowers and vegetables), and post-harvest processing and packaging. FAO (Food and Agriculture Organization of the UN). 2018. *Turkey: Syrian Refugee and Resilience Plan 2018–19*. FAO, page 5.

<sup>21</sup> Interviews with farmer members of ACC carried-out during project preparation.

<sup>22</sup> Development Workshop. 2016. "Fertile Lands, Bitter Lives: The Situation Analysis Report on Syrian Seasonal Agricultural Workers in the Adana Plain".

<sup>23</sup> FAO. 2018. *Turkey: Syrian Refugee and Resilience Plan 2018–19*. FAO, pages 5–6.

formalization is enrollment in Turkey's social insurance scheme within the Social Security Institute (SSI). For refugees, particularly those who are unskilled, this pathway might be longer, as practice suggests that they may initially fill the demand for unskilled casual labor. Enhancing their soft and technical skills, providing relevant training, and improving their knowledge of their rights under Turkish law is anticipated to result in better employment conditions and to position them toward securing registration and working status through a work permit or waiver, thus moving them toward formalization.

## **B. LESSONS LEARNED FROM PRIOR PROJECTS**

**Integrating multiple labor interventions can be more effective as they provide more flexible options to respond to different needs of the beneficiaries.** Active labor market programs (ALMPs) in the form of wage subsidies can be potentially beneficial in cases where there are information asymmetries in hiring inexperienced individuals or externalities in hiring a particular subgroup of the population, such as refugees. By reducing the cost of hiring for the employer, wage subsidies can significantly improve the probability of employment for these individuals. However, available evidence suggests that a wage subsidy intervention by itself may improve employment outcomes throughout the duration of the subsidy only, and that integrated programs, in partnership with employers that target skills development and demand-side factors in addition to these constraints, can provide much larger and more sustained outcomes in employment and wages.<sup>24</sup> In response to this evidence, the project design integrates demand-side and supply-side interventions targeted to vulnerable populations, both refugees and Turkish citizens, in the agricultural sector in Turkey. Importantly, as the implementing agency, ACC's strong ties with agricultural employers will lead to high ownership of the intervention by employers.

**While wage subsidies can be effective tools to improve the employability of vulnerable populations, consideration should be given to how to avoid deadweight losses.** Lessons learned in other countries identify four potential effects that would lead to a program being ineffective or detrimental to employment:<sup>25</sup> (a) employer may substitute a worker eligible for the subsidy with another who is ineligible; (b) employers may use the wage subsidy to hire a worker that they would have hired even without the subsidy; (c) by improving the employability of the workers with their initial human capital, the subsidy may disincentivize workers to invest further in their human capital; and (d) depending on the scale of implementation, the subsidy may increase the competitiveness of the employers who have eligible workers and drive out firms with no eligible workers from business, leading to no impact on employment and detrimental effects on the market overall. The proposed design of the project responds to these potential effects. First, as the project will operate in an environment where most of the workers are informal, it is unlikely to generate substitution between eligible and ineligible workers, and the probability of agricultural workers, especially refugees, in their current skills levels to be formally hired without financial support to farmers is extremely low. Second, the context of agricultural labor in Turkey implies that the proposed project focuses on vulnerable populations with extremely low skill levels. Nonetheless, the design acknowledges the possibility of individuals who can be fit for jobs in other sectors. To this end, pre-employment profiling activity will allow beneficiaries with suitable skills to be directed to the Turkish Employment Agency to benefit from training and employment programs for nonagricultural sectors, including, but not limited to, other operations in the country's labor market.<sup>26</sup> Individuals who are not

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<sup>24</sup> Kluge J. 2014. "Active Labour Market Policies with a Focus on Youth". ETF Working paper; Kluge et al. 2019. "Do Youth Employment Programs Improve Labor Market Outcomes? A Quantitative Review". *World Development*. 114:237-253.

<sup>25</sup> Almeida et al. 2014; Bordos et al. 2015.

<sup>26</sup> For example, 'Employment Support Project for Syrians Under Temporary Protection and Turkish Citizens' (P161670) in implementation and 'Turkey: Support for Transition to Labor Market for People under Temporary and International Protection and Turkish Citizens Project' (P171471) in the pipeline.

suitable for any employment program will be informed about social assistance programs available to them. Finally, wage subsidy aims to subsidize the cost of registering workers in formal employment in a sector with high informality. In other words, the subsidy will operate to keep participating employers in business despite the increase in their production costs due to registration. The scale of the implementation is also unlikely to generate adverse effects in the sector as a whole.

**Skills training programs can yield better employment outcomes when informed by labor market demand data.** The evidence on the effects of skills training on employment and earning is mixed. Recent evidence points to the importance of incorporating information on skills demanded by employers into training programs in order to improve their effectiveness. For example, in Brazil<sup>27</sup> a skills training program which incorporated inputs from local employers had double the impact on employment and earnings relative to a traditional program with no inputs from employers. Building on international evidence, the proposed project aims to provide skill training to workers in line with the demands of employers, which will be determined through a Needs Assessment and updated regularly.

### **C. THEORY OF CHANGE**

**The project design draws on international best practice by integrating supply- and demand-sided interventions targeted to vulnerable populations in rural areas, both refugees and natives, in the agriculture sector in Turkey.** Integrated interventions that combine supply- and demand-sided approaches fare better in improving employability. In the current context, both demand and supply factors affect the employment capacity for vulnerable populations in the rural areas in Turkey (Table 1). On the supply side, agricultural workers lack job-relevant skills including language, technical and behavioral. They also lack information about the possibility of and benefits from formal employment, particularly for the refugee population. Finally, workers can have trouble signaling their skills and identifying the most relevant jobs for them. The project seeks to tackle these constraints through trainings, information sharing, certification and profiling and job matching services. On the demand side, slow job growth and discrimination against vulnerable populations, especially refugees, can result in lack of labor demand for these populations. The project will tackle these constraints through technical assistance to boost productivity, and wage subsidies and micro and small investment grants aimed at boosting both on-farm and off-farm employment.

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<sup>27</sup> O'Connell et al, 2019

**Table 1: Identified constraints and interventions in the project**

Source of constraint	Constraint		Intervention in the project to tackle the constraint
Supply-side	Job-relevant skills constraints	Insufficient basic skills	Language training
		Technical skills mismatch	Technical training
		Behavioral skills mismatch	On-the-job training Soft/life skills training
	Job search and matching constraints	Lack of knowledge about the potential of formal employment	Information about the value and procedures of formal employment
		Problems in signaling skills	Skills certification
		Problems in matching to appropriate jobs	Profiling and job matching
Demand-side	Lack of labor demand	Slow job growth	Technical assistance Wage subsidies Micro and small investment grants
		Employer preferences or discrimination	Wage subsidies

Source: Adapted from Cunningham, Sanchez-Puerta and Wuermill (2010), cited in Datta et al. (2018)

**Notably, the design of the wage subsidy intervention as part of the project is constructed to incentivize agricultural employers to formalize those workers already close to formalization, and therefore to facilitate the sustainability of the impact.** The project will cover all costs for registration (including SSI contributions, income tax and stamp tax) plus subsidize the net wage. The subsidy rate over the net wage is calculated such that the subsidy would provide some monetary incentive for the agricultural employer to formalize the existing worker without facing an increase in production cost. Assuming a 70 TL daily wage<sup>28</sup> and 20 days of work per month, a 30% subsidy over net wage (in addition to covering all registration costs) would allow the agricultural employer to break even. The 50% subsidy rate in the first year of the project guarantees no increase in costs, and is deliberately kept significantly higher than the break-even point to incentivize the first round of farmers to participate in the project in a market with over 80 percent informality when (a) there are no leading examples of other participating farmers to assess the potential benefit for themselves, (b) agricultural employers cannot exactly know the potential additional costs associated with becoming formal employers, (c) the worker pool is not yet trained, and thus offer no additional benefits to the employers, and relatedly, and (d) employers cannot initially assess the productivity of formally hired workers, especially in the case of refugees. In addition, an intervention covering *half of the net wage* could be significantly easier to communicate to farmers compared to more complex ratios. As the worker pool is trained and there are successful agricultural employers benefiting from the project, the subsidy levels will be gradually reduced in the second and the following years. These design parameters have been confirmed by an analysis of the effect of the wage subsidy in production costs using crop budgets as well as through the field consultations with chambers of agriculture and as

<sup>28</sup> The daily wage for agriculture is set by the local Agricultural Chamber of Commerce, with reference to the national minimum wage. 70 TL per day was the minimum level paid for daily agricultural work in 2019.

well as agricultural employers in the provinces considered for this project. In case the monitored indicators and results of initial studies necessitate, these design parameters may also be subject to changes.<sup>29</sup>

**Table 3: Identified constraints and interventions in the project**

Source of constraint	Constraint		Intervention in the project to tackle the constraint
Supply-side	Job-relevant skills constraints	Insufficient basic skills	Language training
		Technical skills mismatch	Technical training
		Behavioral skills mismatch	On-the-job training Soft/life skills training
	Job search and matching constraints	Lack of knowledge about the potential of formal employment	Information about the value and procedures of formal employment
		Problems in signaling skills	Skills certification
		Problems in matching to appropriate jobs	Profiling and job matching
Demand-side	Lack of labor demand	Slow job growth	Technical assistance Wage subsidies Micro and small investment grants
		Employer preferences or discrimination	Wage subsidies

Source: Adapted from Cunningham, Sanchez-Puerta and Wuermill (2010), cited in Datta et al. (2018)

**However, the proposed project departs from standard labor interventions implemented in other contexts in several respects.** The vast majority of existing ALMPs target urban labor markets, where formal wage employment is the norm, and interventions in rural settings have tended to be confined to livelihood interventions that promote self-employment. In contrast, the proposed project focuses on rural wage employment in the agricultural sector. A prominent feature of the agricultural sector in Turkey is the very high levels of informality which, when combined with wages way below the national minimum wage, leads to very high costs of formalization. The proposed project also seeks to target a very low-skilled and low-employability population among which many are illiterate. Half of beneficiaries would be refugee workers with often a weak command of the Turkish language, and in some cases lacking work permits which is a necessary condition for formal employment.

**The Agricultural Employment Support project helps the Turkish Government address three major challenges that undermine labor outcomes among host communities and refugee populations in rural areas:** (a) the large proportion of rural workers without adequate skills and experience in jobs in agricultural areas, including refugees lacking Turkish language and knowledge of Turkish culture and institutions; (b) the lack of incentives for formalization of employers and workers in rural areas; and (c) the lack of updated and accurate information about the demand for and supply of labor skills in rural areas. To address these challenges and achieve the PDO, the proposed project aims to improve the supply of labor in rural areas with high presence of refugees by increasing the employability of marginalized

<sup>29</sup> Two factors in particular may affect this decision. First, estimates of wage thresholds for agricultural employers to formalize refugee workers is not known in advance. Second, the exact perceived additional cost of being included in the formal sector for agricultural employers is not known. These parameters will be observable during the project implementation stage.



workers. This will be achieved through a more effective outreach, accurate profiling and referral, and effective and comprehensive training of workers. These activities respond not only to the low skills and low employability of these workers but also to some of their other vulnerabilities, by building in referrals to other types of support, such as psychosocial support. These interventions will result in a larger number of skilled workers with a greater readiness to work in rural areas in Turkey. At the same time, the project will provide employment support subsidies to create incentives for employers and workers to register in SSI and move toward formalization. Both interventions are anticipated to lead to higher productivity, which may be an incentive to expand production and increase the number of employers and workers registered in SSI or hired under through an OJT program.

**The project also supports the design of two activities to improve the effectiveness of supply-side and demand-side interventions in rural areas.** First, the project will strengthen ACC's information system to enable it to provide, in real time, information to employers and workers on available skills and job vacancies to better match labor demand and supply. Second, the project will provide a set of incentives to enable ACC to better absorb the expected increase in farm production through contract farming. This will, in turn, increase the demand for the high value-added products produced through contract farming arrangements and increase off-farm employment opportunities.

The final outcomes of these set of activities and outputs are the basis of the PDO improving the conditions to create formal employment opportunities in rural areas of selected host communities. Figure 1 visualizes the results chain and theory of change on which the proposed project is based.

Figure 1. Results Chain

