



New Action Plan for Southeastern Turkey

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Currently, GAP is a regional development project that covers nine southeastern provinces extending over the wide plains in the basins of the lower Euphrates and Tigris rivers. Political and economical instability in Turkey in the 1980s diverted attention from the GAP Project and led to consecutive failures in meeting official targets for its progress within the initial time framework. Within the last five years, Turkey has undergone a significant social and economic transformation whereby fiscal discipline, effective inflation control and an average of greater than 7% growth have been achieved ahead of many expectations. Turkish government launched its long-awaited plan for the GAP Project, now scheduled for completion by 2012 at an expected cost of around 27 billion YTL (\$20 billion). The government described its action plan to boost social and economic development in the country's southeast as "a turning point for Turkey." The GAP Project was designed not only as a rural development plan but also as an economic initiative intended to have positive social and political consequences for Turkey's Kurdish issue. However, although it is certain that the Kurdish issue has an important socioeconomic dimension; it would be a mistake to reduce the issue to the economic backwardness of the region alone.

The Turkish Government recently announced a new road map for the social and economic development of Turkey's southeastern and eastern provinces by investing in the future of the Southeastern Anatolia Project (GAP). The GAP Project was first launched in 1977 as one of the largest dam and socio-economic development projects in the world. The official target at the outset was to create an integrated, sustainable multi-sector regional development plan in the southeastern and eastern provinces. The project's main objectives were to improve living.

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standards and income levels so as to eliminate regional development disparities, and to contribute to such national goals as social stability and economic growth by enhancing productivity and employment opportunities in the rural sector. Over the 31 years since its inception, however, GAP has encountered many ecological and social problems that remain unresolved, and the project itself has nearly reached a standstill. The period of GAP's uncertain progress also coincides with the rise of the Kurdish issue in southeastern Turkey. The Turkish state was not able to adequately address the Kurdish issue for many years; Prime Minister Erdoğan's initial attempt to broach it came in Diyarbakır in August 2005. At that time, he publicly manifested his government's approach towards the issue, acknowledged that mistakes had been made in the past by the Turkish state and recognized the existence of a "Kurdish problem." Erdoğan claimed that the solution lies in democracy, the rule of law, and economic prosperity. Although the government's move created a lot of excitement among Kurds, no one expected radical changes from the state.¹ Soon after Erdoğan's speech, the hopes that he had raised for solving the Kurdish problem encountered same destiny as the stalled GAP project. Although in 2005, public opinion tended to believe that the government had the ambition and commitment to envision and implement a solution plan for the Kurdish issue, no one expected a perfect solution scenario to unfold during the volatile political atmosphere that ensued amid the rising terrorism of 2007 and 2008. That is why new GAP action plan is being received with such enthusiasm; it has the potential not only to provide economic development and prosperity, but also to help the government to make manifest its long-awaited solution pack for the Kurdish problem.

Currently, GAP is a regional development project that covers nine southeastern provinces extending over the wide plains in the basins of the lower Euphrates and Tigris rivers. This area includes the administrative provinces of Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa and Şırnak and is bordered by Syria to the south and Iraq to the southeast. The surface area of the region is 75,358 square km., constituting 9.7% of the total surface area of the country. Turkey has 8.5 million hectares of irrigable land and about 20% of it is located in southeastern Anatolia.

Political and economical instability in Turkey in the 1980s diverted attention from the GAP Project and led to consecutive failures in meeting official targets for its progress within the initial time framework. The late 1990s in particular are considered a lost decade for the Turkish economy. During this time, the government's inability to allocate financial resources for the project caused further delays in the implementation of its many phases. Coalition governments and political insecurity marked by populist economic measures contributed to a loss of confidence in political initiatives and a loss of hope for the future of the project.

¹ Kirisci, K. "The Kurdish Question and Turkey: Future Challenges and Prospects for a Solution", *ISPI*, Issue 24, December 2007.

However, the latest announcement of a massive investment plan for the GAP Project has raised expectations and hopes once more, both within the region and beyond. Successful completion of this multidimensional project depends upon political will and stability, and the availability of the resources that the government is willing to allocate.

Within the last five years, Turkey has undergone a significant social and economic transformation whereby fiscal discipline, effective inflation control and an average of greater than 7% growth have been achieved ahead of many expectations. Private investment and consumption both increased significantly on the back of large capital inflows, declining interest rates and a rapid growth in credit. The Turkish economy was tested by global turmoil in 2006 and the subprime crisis in late 2007. Yet despite shortcomings such as a current account deficit, high interest rates and valued Turkish currency, Turkey was able to cope with the global and domestic events of 2006 and 2007 largely because its economy was relatively stronger in comparison to previous decades.

Over the past two years, a number of major developments took place in Turkey on the political front, including early general elections on 22 July 2007 in which the Justice and Development Party (AK Party) emerged with a clear majority, attracting 47% percent of the total votes. The election of a president followed the next year, but Turkey's political stability received a blow when the High Court of Appeals (Yargıtay) submitted an application to the Turkish Constitutional Court for the closure of the ruling AK Party and the Court agreed to hear the case. Although the post-election period coincided with global financial volatility and a surge in food and energy prices, Turkey had been able to manage. Amidst the turmoil caused by the closure case, however, the Turkish economy has found itself in deep uncertainty. It is under these circumstances that the Turkish government has chosen to launch its long-awaited plan for the GAP Project, now scheduled for completion by 2012 at an expected cost of around 27 billion YTL (\$20 billion). The government described its action plan to boost social and economic development in the country's southeast as "a turning point for Turkey."

Several difficult questions arise in such a political and economic context: Is the re-launch of the GAP Project really a turning point? What will the new GAP action plan bring to the southeast of Turkey? Can the project transform the socioeconomic outlook of the region? Are Turkey's regional disparities likely to be eased by the plan? What role could the GAP play in resolving the Kurdish question?

From a Stalled Project to the New GAP Plan

In its initial incarnation in the 1970s, the GAP Project was envisioned as an integrated socioeconomic development plan consisting of projects for irrigation and hydraulic energy production on the Euphrates and Tigris. It was transformed



in the 1980s into a multi-sector social and economic development program. The project currently encompasses such sectors as irrigation, hydraulic energy, agriculture, rural and urban infrastructure, forestry, education and health. The Gap Project capitalizes on water and soil resources in southeastern Turkey where the Euphrates and Tigris rivers represent 28% of Turkey's water supply by rivers, and where 20% of the entire country's irrigable agricultural areas are found. The GAP region is the richest region of Turkey in terms of its hydroelectric potential and its oil and asphalt reserves. It is home to 22% of Turkey's total hydroelectric potential, with plans for 22 dams and 19 hydroelectric plants. Once completed, 1.82 million hectares of land will be irrigated. In addition to hydropower and oil potentials, southeastern Turkey is also the richest region in Turkey in terms of solar energy applications. The total installed capacity of the planned power plants is 7476 MW, and the project's annual energy production is projected to reach 27 billion kWh.

The initial *total* cost of the project is estimated at 32 billion dollars. Under the Master Plan,² the funds needed for envisaged public investments in the region reach 39 billion YTL in 2007 prices. By the end of 2006, total spending amounted to 23 billion YTL, thus giving the rate of cash realization as 59.3%. Looking at the trend of GAP investment allocation in the period of 1990-2007, we observe that on average 7.1% of Turkey's public funds are allocated to GAP investments each year. The share of GAP investments in the country's total investments started to rise after 2002, reaching 5.8% in 2003, 6.8% in 2004, 7.0% in 2005, 7.2% in 2006, and 7.1% in 2007. Although spending for the GAP project surged in recent years 15% of the irrigation projects and 77% of the energy projects of GAP had already been completed. The new plan revises GAP's financial sources and target goals; GAP is now projected to complete 100% of its investments by 2012.

The GAP project is expected to ease the region's unemployment problem and will provide water to 1.8 million hectares (4.4 million acres) of farmland and 27 million kilowatt-hours of electricity annually. According to the new road map, GAP will increase the region's per capita income by 209% and provide employment for 3.8 million. The project will thus help Turkey to balance existing disparities between provinces. The government will invest 14.55 billion YTL (\$11.6 billion) from its budget between 2008 and 2012, improving the region's infrastructure and irrigation systems, and boosting employment. Another 12.2 billion YTL will be spent from off-budget sources. The largest allocation, up to 20 billion dollars, will be spent on the infrastructural works. The government will also spend 1 billion dollars for economic development and 4.08 billion dollars for social development. The additional financing required for economic development is .9 billion dollars, with 2.16 billion allocated to social development, and 12.3 billion for development of infrastructure. According to the new plan, the project will be financed by

² Following statistics and GAP information quoted from "Southeastern Development Project Regional Development Administration."

privatization revenues, the unemployment insurance fund, and public and private sector joint projects. Some 16 billion YTL (\$12 billion) of the total cost is expected to be financed by the central budget.

The new plan also calls for new extensions of the GAP Project such as the construction of attraction centers, incentive policies, support for small and medium sized enterprises, techno-parks, cultural tourism, natural resources, renewable energy and agriculture. The first attraction center will be launched in Diyarbakır and followed by centers in Urfa and Antep. Incentive policies will be available for all GAP cities. Technology parks will supply attraction centers as well as research and development investment opportunities for public and private sectors. Tourism investment will reveal the rich potential of Mesopotamia for attraction. And renewable energy investments aim to capitalize on the tremendous solar potential of the southeast.

Regional Disparities

Turkey suffers from large regional development disparities that run largely along its east-west axis. Human development levels in the region of southeastern Anatolia lag behind the national average. The region faces development challenges in terms of income level, educational opportunities and socio-economic opportunities. The new Action Plan for the GAP Project is based on four dimensions: economic development, social development, development of infrastructure and development of institutional capacity. Out of these four dimensions, social development is the most problematic domain, entailing both sustained human development and social improvements. This brings us to the question of regional development and regional disparities in Turkey. The area of southeastern Turkey designated as the GAP region is home to the 20 most underdeveloped provinces in Turkey.³ Efforts to counteract structural underdevelopment in these regions have hitherto failed. The new Action Plan brings both hope and anxiety to the region due to its previous disappointing experiences. “Developed” regions (those with an average per capita income higher than 75% of the national average) include the Marmara, the Aegean, the Mediterranean and central Anatolia, while the remaining three regions, eastern Anatolia, southeastern Anatolia and the Black Sea, are classified as “lagging or underdeveloped.”⁴

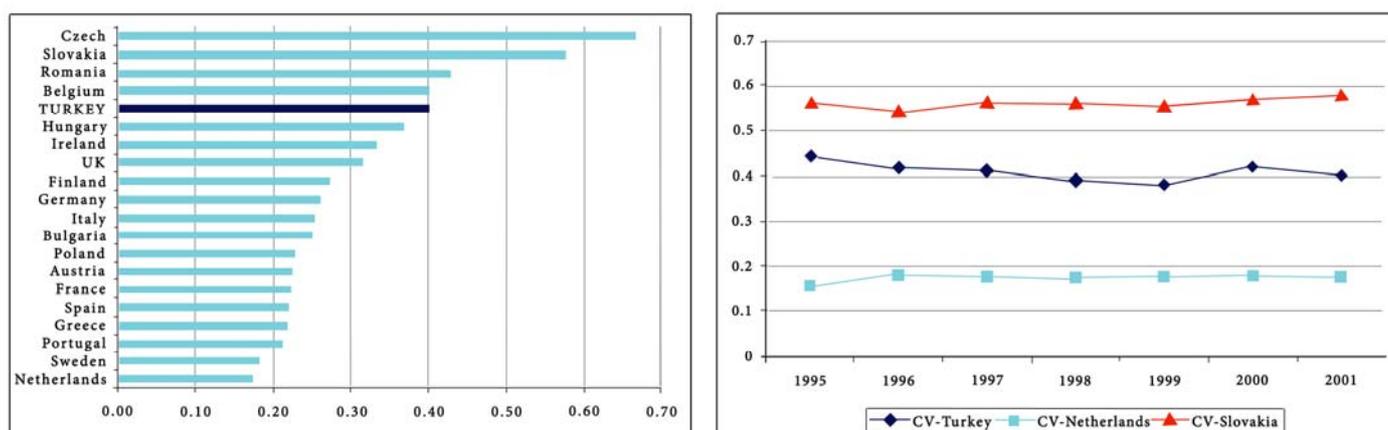
³ See SEDI in appendix.

⁴ World Bank, Challenges for Regional Development Policy, Ch 6. p 29.



Table 1

Variability of Regional GDP Per Capita in Turkey and Selected EU Countries



Source: Eurostat and Turksat

Compared with the rest of Turkey, the GAP region has had higher fertility rates and lower literacy rates, as well as lower school enrolment rates – especially among girls – and lower access to education, health care and sanitation. A comparative analysis has shown that southeastern Anatolia is the most disadvantaged region of Turkey in terms of per capita income, per household minimum food expenditures and per capita cost of basic needs.⁵ The Gini index offers an accurate picture of regional disparities, looking not only at the regions with the highest and the lowest rates of unemployment but also at the differences among all regions. The index ranges between 0 and 1: the higher its value, the larger the regional disparities; regional disparities tend to be underestimated when the size of regions is large.⁶ In 2004, the Gini index of regional disparities in Turkey’s unemployment rate was 0.22 above the OECD average. In the same year, Turkey’s percentage of total labor force living in regions with an unemployment rate above the national average was 60% while the OECD average was 48%.

The GAP Project and the Kurdish Issue

The GAP Project was designed not only as a rural development plan but also as an economic initiative intended to have positive social and political consequences for Turkey’s Kurdish issue. However, although it is certain that the Kurdish issue has an important socioeconomic dimension; it would be a mistake to reduce the issue to the economic backwardness of the region alone. Underdevelopment and regional poverty are not unique to the southeastern region of Turkey. Central Anatolia and the east Black Sea regions are also suffering from economic inequality and poverty. Although problems surrounding economic development

⁵ Olcay Ünver, “Southeastern Turkey: Sustainable Development and Foreign Investment”, *OECD-China Conference on FDI in China’s Regional Development*, p.1, 2001.

⁶ OECD Factbook 2008.



and welfare distribution in the region are important factors, the Kurdish issue is much more closely related to Turkey's political modernization. That is why an economic approach can only be one of the instruments in a rational approach to resolving the conflict. A sustainable solution to this problem depends on two pillars: 1) The willingness of the modern Turkish state to accommodate different ethnic identities on an equal footing based on democratic citizenship, and 2) social and economic development plans.

The new GAP Action Plan comes after years of long debate on the Kurdish issue. In the past, the official approach to the issue insisted on identity politics, a narrow view that has brought Turkey nothing but social and political crisis. Denial and accusation, identity construction and destruction, economic deprivation and populist policies have been the main features of these crises. The history of the Kurdish question after the 1950s is one of deadlock. Turkish governments were unable to construct a positive approach; opposition groups were not mature enough to provide a reliable and realistic roadmap toward solution of the conflict. After 2002, Turkey was able to democratize many features of its constitutional system by extending freedom of speech, changing laws and improving the condition of human rights. This new period also coincided with economic growth. Social and economic investment in southeastern Turkey took place through development projects such as KOYDES (a village development project based on transportation and water distribution) and BELDES (a small municipality development project). Development projects supported by social, health and educational aid programs were implemented for the poor, especially for women. These short-term projects transformed both the political atmosphere and the Kurdish question; the structural and qualitative change is apparent in the July 22, 2007 general election results. The AK Party has a clear mandate, signaled by the majority vote, 54% average, in eastern Turkey. Sociologically, the message of election results signifies that identity politics has reached a dead end.

The July 22 general election results showed that there are only two parties competing in the GAP region, the ruling party and the pro-Kurdish Democratic Society Party (DTP). The DTP mainly exists due to the Kurdish question; it has protested the new Action Plan without mapping out any kind of solid criticisms. Because of Turkey's relative political and economic stability since 2002, support for the DTP (19.5% average in eastern and southeastern Turkey) had largely dissolved in the region, as documented by the 2007 electoral victory of the AK Party. The DTP, drawing on identity politics, insists that the Kurdish question can only be solved through recognition of cultural rights and political representation. While failing to provide an unambiguous road map of its own, the DTP has been hesitant about all projects intended to ease the Kurdish issue, probably because it risks losing its political meaning as the normalization process proceeds. In many cases, the Democratic Society Party is seen as a proxy movement of the PKK. And as long as the DTP continues to pursue a vague political discourse, the Kurdish issue will remain solely an identity problem, a status which only empowers

militant and military approaches. The GAP Action Plan is not, in itself, a compact solution package for the Kurdish issue; rather it is a dimension of such a solution, one which can help the southeastern provinces improve their socioeconomic standards.

In conclusion, regional disparities still pose an important problem for the Turkish economy. Basic socioeconomic dichotomies not only lead to the stigmatization of the southeastern region of Turkey but also mask persistent regional and spatial challenges within the country. Regional disparities also highlight the increasingly acute need for regulatory measures to promote a more territorially coherent economic and social development package. The GAP Project has significant potential to address this problem by socially and economically bridging Turkey's eastern and western regions. However, in order to gain regional cohesion, several actions must be taken. The GAP Project must focus on regional dynamics over time, based on the idea that a proper understanding of a region's current characteristics and growth potential requires knowledge of its path of development. Within the GAP Plan, an integrative perspective on development must be extended, whereby the economic dimension is only one aspect in the wider context of improving standards of living and sustainable development. This implies an acknowledgement that there are other processes, e.g. in the security, demographic, social, educational, political and environmental domains, that are of relevance for regional development and territorial cohesion.⁷

The difficulty in understanding the Kurdish issue lies in treating it either as a primarily ethnic or security problem, and in an underdeveloped response to its cause and nature. The GAP Project can alleviate the problem if it is implemented as part of sound political solution framework. The southeastern part of Turkey, the cradle of civilization popularly known as the "Fertile Crescent," has enough richness to prove that underdevelopment is not a fate for the region. Amid surging food and energy prices, the new GAP Action Plan will help the region reach its long-awaited normalization while providing the Turkish economy with a strong foundation based on agriculture and energy sectors.

⁷ Regional disparities and Cohesion: What strategies for the future, European Parliament Report, Policy Department Structural and Cohesion Policies, 2007.

