

Report No: ACS13637

# Republic of Turkey

## Social Compact in Electricity Privatization in Southeastern Turkey

Building dialogue and consensus between the citizens and the  
electricity company towards improved cost recovery and service

June 2015

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# A SOCIAL COMPACT PILOT IN SOUTHEASTERN TURKEY



Building dialogue and  
consensus between the citizens  
and the electricity company  
towards improved cost  
recovery and service

Zeynep Darendeliler & Cansu Aydin

Global Practice on Social, Urban, Rural & Resilience

The World Bank

June 2015

## Acknowledgements

The Social Compact Pilot was made possible by the continued interest of the Dicle Electricity Distribution Company in working with civil society and local stakeholders to tackle issues of non-payment, trying innovative participatory approaches, and collaborating with the World Bank during this process. The project was implemented by IDEMA, an entrepreneurship initiative working on innovative social development projects, under the guidance of Zeynep Darendeliler (TTL). Guler Altinsoy, Ali Ercan Ozgur and Dilara Gok at IDEMA worked tirelessly in designing and implementing this project, and adapting plans with creativity as circumstances required. This Social Compact Case Study note was written by Zeynep Darendeliler and Cansu Aydin.

The team would like to thank all of those who have contributed to the thinking that led to this activity and all those provided formal and informal input. We are especially grateful to Sarah Keener, Nicolas Perrin, Sudeshna Banerjee, Sameer Shukla and Chris Trimble for reviewing and providing guidance on the pilot from the design stage to the finalization stage, and Ani Balabanyan, Michelle Rebosio, Sophia Georgieva, Daniel Ortega, Maria del Camino Hurtado and Ezgi Canpolat for their input and contributions.

This pilot would not have been possible without the support and guidance of Kari Nyman, Elisabeth Huybens and Martin Raiser, and funding from the Eastern Europe and Central Asia Knowledge and Innovation Fund, and the Energy Sector Management Assistance Program (ESMAP).

Most importantly, we would like to thank the citizens of Mardin and Sanliurfa who participated in the social compact activities to start building this dialogue.

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## Abstract

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About 70 percent of electricity users in Southeastern Turkey are not used to paying for electricity, partially due to the protracted situation of conflict and lack of trust between citizens and the government in the region. Historic tension throughout the 1990s caused an inability for the government to invest in electricity infrastructure and has resulted in low service quality. A large portion of consumers did not pay for electricity use at all, since full electrification of these regions did not take place until the 1980s. This has also resulted in wasteful and non-sustainable patterns of electricity use behavior. The social compact pilot implemented in two provinces in this region, Mardin and Sanliurfa, set up stakeholder committees representing urban and rural communities to forge and sustain a dialogue between the consumers and the electricity company on increased electricity payment and improved service quality. The stakeholder committees came up with a joint Stakeholder Committee Strategic Plan to address payment, service quality and communication issues. Moving forward, the electricity company will institutionalize the Stakeholder Committee meetings, and start implementing portions of the Strategic Plan, starting with an energy efficiency educational campaign and improving its grievance redress mechanism. This is the beginning of a process to increase popular trust in and dialogue with formal institutions in a region marked by a protracted conflict and a deep distrust in the state and formal institutions.

## Executive Summary

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About 70 percent of electricity consumers in Southeastern Turkey are not used to paying for electricity. The reasons for such high loss and non-payment rates in the region are multifold – political and historical, economical, behavioral and technical. Politically and historically, the region has suffered from decades of armed conflict since the 1970s. Historic tension throughout the 1990s caused an inability for the government to invest in electricity infrastructure and has resulted in low service quality. This long period resulted in lack of monitoring and meter reading, especially in rural areas. The threat of conflict kept electricity company personnel away from a large number of settlements, including in major cities. This resulted in the assumption of widespread illegal use of electricity, and the government not investing in utility infrastructure. The electricity service is unreliable, with frequent power cuts and voltage fluctuations. While Turkey has grown economically and reduced poverty inclusively in the past decade, Southeastern and Eastern provinces are lagging in terms of monetary and non-monetary indicators. Average incomes are four times lower than the highest income regions in the country. The Dicle electricity distribution region lies in its entirety in the least developed part of the country. Behaviorally, due to the perception that electricity is free over many years, wasteful and non-sustainable patterns of electricity use have emerged. The private distribution company estimates that the current total consumption of electricity for the region can be decreased by 40% if wasteful use of electricity is prevented.

Against this backdrop, the Social Compact in Electricity Privatization in Southeastern Turkey was implemented as a pilot project in two provinces in Southeastern Turkey, Mardin and Sanliurfa, from 2013 to 2015. The social compact pilot set up stakeholder committees representing urban and rural communities to forge and sustain a dialogue between the consumers and the electricity company on increased electricity payment and improved service quality. The stakeholder committees came up with a joint Stakeholder Committee Strategic Plan to address payment, service quality and communication issues. Moving forward, the electricity company will institutionalize the Stakeholder Committee meetings, and start implementing portions of the Strategic Plan, starting with an energy efficiency educational campaign and improving its grievance redress mechanism. This should be seen as only the beginning of a process to increase popular trust in formal institutions in a region marked by a protracted conflict and a deep distrust in the state and formal institutions.

The development challenge and the proposed approach, the contextual conditions, the stages of implementation and factors impacting outcomes are discussed in more detail in this case study. The team has found out that the following factors were critical in determining outcomes in this development intervention:

### Citizen engagement and accountability.

During the Stakeholder Committee Meetings, there were many moments when the dialogue seemed fragile with participants heatedly restating pre-formed and ossified positions, depending on their backgrounds. Good mediation and facilitation enabled the dialogue

to move from an adversarial conversation to one where different sides sought to understand the concerns of one another. Participants commented that these were the first times they were listening to the messages of one another. The Stakeholder Committee Plan is not a solution to the region's host of electricity concerns, but reaching consensus on action areas and action items that require responsiveness and commitment from all sides was a large feat for all involved.

**Buy-in.** From the outset, the buy-in of the electricity company was of critical importance. At the end, the electricity company has taken up the torch to continue the stakeholder committee meetings, at least in the foreseeable future, and start implementing Strategic Plan with the energy efficiency agenda, but there were ebbs and flows in the interest to implement the pilots. A number of factors influenced this, such as the regularity of communication, or buy-in at different levels of hierarchy inside the company.

**Communication.** Communication and information flow between the World Bank, the implementing firm and the electricity company impacted design and implementation of the activities. Agreeing up front and explicitly on the project contact person and a set method of communication, including mode, frequency and format of communication, should help teams maintain their relationships better and calibrate everyone's expectations from the start of the project.

**Political and social context.** Multiple elections, the thaw in broader talks between the government and the Kurds on reconciliation, the civil war in Syria, the advent of ISIS, the broader messages of the electricity company, ongoing electricity shortages all impacted the process and outcomes. During implementation a lot of

parameters change in such a fragile and dynamic political and social context. Teams may be able to anticipate some of these, but adaptive management and flexibility in changing the design of activities is necessary to be able to continue to operate.

**Implementing partner.** The implementing firm matters greatly in all projects, but even to a greater extent in projects taking place in environments with lower trust and higher fragility. The implementing firm's local network with local civil society organizations and community leaders was an invaluable asset in creating buy-in on the side of communities. One definite sustainable gain accomplished through the project is the familiarization of the electricity company with various civil society actors and networks in the region.

**Looking ahead – factors for sustainability and replicability.** At this juncture, the electricity company has adopted and intend to continue efforts under this social compact in the pilot communities. Whether this will be sustainable or replicable in other communities in the region largely depends on the perceived value added by the company. Given its current cost recovery rates, the company will not be able to invest in infrastructure comprehensive and improve service quality very noticeably in the short term. This means that, while continuing the dialogue, in the short term, the company needs to deliver in other ways to communicate its good will to citizens, and for citizens to respond positively by increasing payment rates. In short, the sustainability of the approach depends on the company performing and communicating on these action plan items, and the citizens' behavioral change towards payment. The ability of the social compact to engender trust and grow as a process will be heavily influenced by the ability of each party to hold up their end of the accountability bargain beyond the dialogue.



# 1. Introduction: The Delivery Challenge and the Social Compact Approach

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*Social Compact in Electricity Privatization in Southeastern Turkey* was a pilot social development project implemented in two provinces in Southeastern Turkey, Mardin and Sanliurfa, from 2013 to 2015. A majority of electricity users in Southeastern Turkey and these provinces were not used to paying for electricity. The reasons for such high loss and non-payment rates in the Southeastern region are multifold – political and historical, behavioral and technical. Politically and historically, the region has suffered from three decades of armed conflict. This contributed to a situation where

the Kurdish population living in the southeastern region has not paid for utilities. For its part, the government has not invested in utility infrastructure both in urban areas for daily use and in rural areas for irrigation. The electricity service is unreliable, with frequent power cuts and voltage fluctuations. The prevailing perception among the population is that it is entitled to free electricity. Behaviorally, due to the perception that electricity is free over many years, wasteful and non-sustainable patterns of electricity use have emerged.

## **Box 1. Perspectives of Consumers and Service Providers**

Low-income man, rural: *“Intermittent supply is widespread in villages. Several times a week the supply is interrupted for 3-4 hours. During periods of heavy wind, the interruptions are more frequent. During winter months there are more problems. This happens because the infrastructure is old. Some of the transformer polls fall down. Therefore the supply is intermittent but people are expected to pay regularly for an irregular supply.”*

A representative of the Association of Electrical Engineers: *“It will take a concerted effort to change the habit of using illegal energy. The distribution companies should get support from local authorities, municipalities, public sector institutions, schools, and religious leaders. Regardless of political party affiliations, municipalities should play a major role. Even our specialized experts are shocked with the variety of methods people come up with to have unpaid electricity.”*

A social compact serves to build a relationship between the service providers and the service users by aligning incentives. From the consumer perspective, the levels of service are low, and the utility company is not responsive to needs and improving infrastructure. From the service provider perspective, payment rates are low, as

a result, resources to invest in the infrastructure are low, and there is vandalism of meters and aggression towards service provider staff. There are numerous advantages of social compact approach in electricity sector. By clearly assigning responsibility and accountability for

service quality and price, it engenders economic efficiency.

The conditions in Southeastern Turkey outlined above and the recent privatization of the electricity distribution system presented an opportune time to change the payment and service delivery dynamics in the region. Both the service provider and the consumers could benefit from changes, but the lack of communication and the current use for electricity behavior needed to evolve. Realizing this, the distribution company launched a widespread communications campaign. The communications campaign used the more traditional dissemination methods of bulletin boards, radio spots, television advertisements and schools, through partnership with the Ministry of Education, as well as muhtars (village leaders), religious leaders and trade associations. The communication campaign aimed provide information and awareness at a macro level.

The social compact approach fit under the umbrella of the communication campaign, but aimed to take the communication one step further, make it a two-way channel, and create more understanding of the other sides' concerns in each of the sides. In addition to one-way provision of information, the social compact strived to build dialogue between the service provider and the communities it was implemented in. Through micro channels, the social compact tried to contribute to articulating the needs and concerns of communities, the rights and responsibilities of the service provider and to build an accountable relationship between the two sides. More specifically, the project aimed to forge and sustain a dialogue between the electricity company and the communities, beyond the life of the project.

More specifically, the social compact pilot aimed to:

1. Create a relationship between the users and the service provider in the pilot areas to create mutual trust and understanding of each other's rights and duties by increasing accountability.
2. Work with the private company to build relationships with the communities through the user associations in the pilot areas, and to educate consumers to understand their responsibility to pay by also improving the reliability and quality of the electricity services.
3. Include creation of mechanisms to hold service provider responsive and accountable to consumers.
4. Generate knowledge on implementation for the possibility of social compacts to be used during utility reform in other countries, especially in fragile contexts of low trust and accountability.

Throughout the process, the stakeholder committees came up with a joint Stakeholder Committee Strategic Plan that to address payment, service quality and communication issues. Moving forward, the electricity company will institutionalize the Stakeholder Committee meetings, and start implementing portions of the Strategic Plan, starting with an energy efficiency educational campaign and improving its grievance redress mechanism. This should be seen as only the beginning of a process to increase popular trust in formal institutions in a region marked by a protracted conflict and a deep distrust in the state and formal institutions. The dialogue will hopefully continue.

This case study discusses the contextual factors, the design elements and the implementation details that affected the outcomes of the social compact pilot. It aims to provide insight to other development practitioners who will implement similar social accountability approaches in similar settings.

## 2. Contextual Conditions

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In Turkey, the government has put in place a series of reforms to improve the country's energy security and efficiency. The electricity distribution privatization program, launched in 2008, came to an end in March 2013. There were five main reasons for the privatization as announced by the Privatization Administration: To increase the efficiency and decrease the costs, to provide security to the supply side of the electricity market and increase the quality of the supply, to decrease the loss of electricity, to renew the system and invest in its enlargement, and lastly to reflect the advantages that come along with the competition to the customers. As the program goes into effect by the end of 2013, there will be quarterly adjustments of electricity prices to cover the increases in costs incurred by the energy companies in improving infrastructure and services. Increasing electricity tariffs and improving collection rates are prerequisites to the financial viability of the electricity sector. The privatization of distribution was adopted as the best available means to achieve a sustainable long-term solution to satisfactory bill collection and the efficiency of distribution networks.

The last leg of the privatization program was completed in 2013 and the transfer to the private sector went into effect in July 2013. The companies then started work to look for ways at improving the collection rates to sustain financial viability. This last leg included the Southeastern "Dicle" region, which is the region with the highest loss and non-payment rates, at around 70% compared to the national average of 11%. The Dicle network covers over 1 million subscribers in the predominantly Kurdish Southeastern region, living in the provinces of

Diyarbakır, Sanliurfa, Mardin, Batman, Siirt and Sirnak. The government set targets for the private company to reduce loss and non-payment rates to 59% by the end of 2014 and 49% by the end of 2015, with the government subsidizing the company up to that rate of non-payment. These targets turned to be too optimistic however. At the end of 2014, when the electricity company was unable to meet the target of 59% and risked bankruptcy, the targets were revised to give the company additional time to reach the targets and continue to subsidize the company during this time. The privatization agreement stipulates that the company will decrease non-payment rates significantly beyond the subsidy targets, since the company is also expected to foot the bill for the capital investments required to upgrade existing networks. The company was aware of the poor quality of infrastructure and low payment rates at the time of privatization and bid accordingly. Currently however the company notes that they have been too optimistic regarding increasing payment rates. While cognizant of the government's non-payment reduction targets at the time of privatization, the company now views these as too ambitious to be sustained.

The reasons for such high loss and non-payment rates in the Southeastern region are multifold – political and historical, economical, behavioral and technical. Politically and historically, the region has suffered from decades of armed conflict since the 1970s. As the conflict escalated from the mid-1980s to 1999, government security forces were granted exceptional powers under a state of emergency declared in thirteen provinces. Martial law was imposed and civil, cultural and political rights for the largely Kurdish

population of the region were curtailed. Internal displacement was widespread as a result of fighting and the evacuation of villages during counter-insurgency operations. Some 4,000 towns and villages in rural areas were depopulated, with 2 – 3 million internally displaced.<sup>1</sup> The state of emergency status only ended in the early 2000s. The long period of martial law resulted in lack of monitoring and meter reading, especially in rural areas. The threat of conflict kept electricity company personnel away from a large number of settlements, including in major cities. This resulted in the assumption of widespread illegal use of electricity, and the government not investing in utility infrastructure. The electricity service is unreliable, with frequent power cuts and voltage fluctuations.

Economically, while Turkey has grown economically and reduced poverty inclusively in the past decade, Southeastern and Eastern provinces are lagging in terms of monetary and non-monetary indicators. Average incomes are four times lower than the highest income regions in the country. Average annual income for Istanbul is 35,045 TL compared to 17,346 TL in Southeastern Anatolia<sup>2</sup>, and the ratio of poor is 5.2% of the population for Istanbul and 27.5% for the Southeast.<sup>3</sup> According to an aggregate index across demographics, education, health, employment, competitive and fiscal capacity, access to services and quality of life, these regions exhibit comparative deprivation as well. The dark circle in Figure 1 below marks the Dicle electricity distribution region. It lies in its entirety in the least developed category.

**Figure 1. Socio-Economic Development Index of Turkish Regions & Location of the Dicle Region**



Darker colors indicate a lower aggregate score for monetary and non-monetary development indicators; therefore, a lower incidence of development.<sup>4</sup>

<sup>1</sup>Kemal Kirişçi, *Turkey, in Internally Displaced People: A Global Survey* (Janie Hampton ed., 1998). For displacement figures see Grand National Assembly of Turkey, Report of the Committee of the National Assembly to Inquire the Problems of the Citizens, Who Migrated as a Result of Evacuations in Eastern and Southeastern Anatolia, and To Determine Solutions, Commission Report No. 10/25 (9 Feb. 1997).

<sup>2</sup> Ministry of Development. 2013. *Tenth Development Plan of Turkey: 2014-2018*. Ministry of Development, Ankara, Turkey, p 142.

<sup>3</sup> Risk of poverty calculated using a threshold of 60% of median equalized income, SILC 2012.

<sup>4</sup> Ministry of Development. 2013. *National Strategy for Regional Development: 2014-2023. Draft*. Ministry of Development, Ankara, Turkey, p 131.

Behaviorally, due to the perception that electricity is free over many years, wasteful and non-sustainable patterns of electricity use have emerged. The private distribution company estimates that the current total consumption of electricity for the region can be decreased by 40% if wasteful use of electricity is prevented. A survey conducted in 2011 on electricity usage habits in Diyarbakir shows that majority of people use electricity for heating of dwellings in the winter. In rural areas, electricity is used for water pumps for irrigation and there is wide use of over-irrigation, wasting both water and electricity. The number of unlicensed irrigation

wells and connected illicit electricity infrastructure are high. According to the electricity distribution company, 95 percent of farmers in the Dicle region use electricity for which they do not pay. 49 percent of the population works in agriculture, making it the main source of income in the region. The scope of the irrigation context is described in more detail in Box 2. For local merchants and shops in urban centers, there is anecdotal evidence of over-use of electricity as well. The distribution company is of the opinion that such behavior causes substantial over-use of electricity and waste of economic resources.

## **Box 2. Electricity Use in Irrigation Water Pumps**

Concerns regarding electricity use in irrigation are widespread in the Southeast of Turkey. The electricity distribution company states that about 95% of farmers do not pay for electricity, with an estimated 4 billion Kwh of electricity / year consumed at 45,000 wells. Rural respondents in the assessment stated that electricity for irrigation costs about 30 to 40% of their gross income from agriculture and makes farming almost prohibitive if they need to pay for the electricity. A farmer in Sanliurfa said:

*“I drilled my own well to irrigate 300 decares of cotton fields. After paying for seed, fertilizer, pesticide, and transportation, I received 60,000 TL for 120 tons of cotton. My electricity bill was 32,000 TL. Once I paid the laborers, I had nothing left.”*

The problem seems almost intractable with many inter-connected issues: There are crop subsidies for cotton farming in the region and a significant amount of the light industry depends in cotton as input. Cotton is a water intensive crop. Across the region, farmers note that they have had to dig deeper and deeper wells at 200, 300, 400 meters to access the ground water over the years. This creates environmental degradation and increases the electricity costs for the farmers.

Ability to pay is an issue, but there are additional factors cited by respondents on why farmers should not pay for electricity for irrigation. 1) Part of the region benefits from the largest irrigation scheme in Turkey, Guneydogi Anadolu Projesi (GAP), under which the government invested in drip irrigation infrastructure on farmers' lands with water coming from the largest hydro reservoirs in Turkey. These farmers pay for the water by a fixed rate system based on irrigated land area and type of crop. They can produce the same crops at much lower prices, compared to the cost of farming with electricity bills. 2) The illegal users of electricity for irrigation have “invested” a significant amount to set up the electricity system on their plot. A farmer from Bitlis explained:

*“I built my entire system. I bought the transformer, all the wires to link to the main system. I paid for the labor to install them. However now they also charge us for electricity.”*

In response to the demands from farmers, the electricity distribution company in the Southeastern region has proposed a fixed rate pricing system for electricity in mid-2014, similar to the water pricing. Farmers can choose from plans to pay a fixed price based on the capacity of the transformer or the irrigated land area or the number of irrigation wells. By the end of 2014 however, the rate of farmers signing up were less than 5%. This is largely due to a distrust among the farmers in the region; they hesitate to officially register their transformers or wells to benefit from the campaign, because they fear that the company may increase prices the next year.

Additionally, there were moderate risks to the project identified at the design stage and some of these indeed impact the implementation. The project implementation period coincided with a period containing three election cycles in Turkey – local elections, presidential elections and upcoming parliamentary elections. Electricity, as with many other issues, is a politically and socially charged topic in the Southeast. Due to the regions' significant hydropower reserves, there is a prevalent discourse among respondents in these regions that the benefits derived from the region's resources should be shared in the region in the form of free or discounted electricity. This discourse stems also from a sense of injustice that the regions' resources are used to support the needs of the industrial and economic growth in the Western parts of the country, and that the government always under-invests in the Southeast. The electricity company and local opinion leaders hesitated to hold public discussions on these issues at certain times for fear of the discussion turning to unrelated political or social grievances, or turning physical. There were a few reported instances of political pressure for high quality and uninterrupted electricity service provision before elections as well, irrespective of

whether consumers or local authorities had paid their bills. Secondly, the region borders Syria and Iraq. Security in the region declined over the implementation period, at times quite acutely, due to the conflict in Syria and the advent of ISIS in Syria and Iraq. Additionally, some electricity infrastructure failures and electricity outages during this time, created significant tension, the height of which resulted in vandalism and arson of the electricity company offices and a 3-day road block by farmers, only to be resolved after the intervention of the current Prime Minister. These caused delays in implementation, the security need to hold some stakeholder meetings outside the region, in Ankara, and adjustments in activities.

All of these contextual factors are summed up in Figure 2 below, through using the analytical framework for social accountability discussed in the World Bank's *Opening the Black Box: Contextual Drivers of Social Accountability Effectiveness - Social Accountability Flagship Report Overview*.



**Figure 2. Contextual Factors behind the Pilot – An Analytical Framework Lens**

Five Constitutive Elements of Social Accountability	
Citizen Action	<b>Awareness</b> and <b>salience</b> among citizens of electricity privatization are very high; this directly affects their lives and at times livelihoods. Citizens feel an <b>intrinsic motivation</b> for issues to be resolved because they believe it is inherently unfair for them to receive such low quality electricity service vis a vis the price. Citizens overall do not believe in the <b>efficacy</b> of their actions; other than outright protesting, the citizens do not believe that individual or collective actions will make a difference. <b>Capacity for collective action</b> is lacking leadership and strategy. <b>Costs of inaction</b> are high.
Service Provider Action	The service provider is painfully <b>aware</b> of the issues. <b>Ability to resolve the issue</b> is somewhat limited due to broader political context, electricity pricing set by regulator and the quality of existing electricity infrastructure, but the company is able to take action on dialogue with citizens, meeting some demands through different payment campaigns and making investments in the electricity infrastructure in the medium term. <b>Official attitude towards engaging with civil society demands</b> is very positive; the company makes public statements about the need to engage, even though the actors they naturally engage with are limited. <b>Incentive and costs related to inaction</b> are extremely high because at the current collection rates, the company risks bankruptcy in the near future.
Information	The company is striving to improve <b>accessibility</b> to information for citizens through communication and public relations campaigns, but accessibility is still somewhat limited due to the following reasons: The ad campaigns focus on timely payment and wasteful use, while the citizens want to access more information on bill composition, metering, rules and regulations, timing and duration of electricity cuts or payment options. Communication is one way; citizens voice difficulty in reaching the company for answers. Due to limited accessibility, <b>consistency</b> of information among citizens is weak; rumors and misconceptions abound. <b>Trust</b> in information is very low due to overall political and social context.
Citizen-Service Provider Interface	A good and accessible <b>existing interface</b> is not present. The only interface is the grievance redress mechanism of the company, which citizens find inadequate and hard to <b>access</b> . Effective <b>interlocutors</b> to mediate between the citizens and the service provider do not exist in a meaningful manner; civil society and local leaders are quite strongly anti-electricity company.
Civic Mobilization	<b>Mobilizers or media</b> exist to make the issues public, but they do not have a strategy and often problematize the issues rather than seeking or producing solutions. Mobilizers such a local civil society have <b>credibility</b> with citizens, but they do not have strong <b>leadership</b> to mobilize a strategized campaign.
Macro Contextual Factors for Social Accountability Effectiveness	
Political Society	State actors often react to citizen engagement defensively, with certain <b>resistance</b> . Appointed officials are less responsive to citizen demands; elected officials are more responsive but this at times leads to populist public rejection of the electricity company and its policies. <b>Oversight</b> over service provider relations with citizens is
State-Society Relations	The <b>social contract</b> is strained with palpable <b>lack of trust</b> . Since past decisions affecting citizens have been made top-down by central leaders, citizens mostly believe that the problems related to electricity should also be (and could only be) solved by authorities high in the hierarchy.
Civil Society	There is some space for <b>citizen voice</b> and some <b>capacity</b> in civil society, which widely perceived by the communities as <b>legitimate</b> . Most civil society is highly politicized due to the region’s history of <b>socio-economic inequality and exclusion</b> ; they do not have the <b>commitment</b> to work together with the electricity company (which can create loss of legitimacy).

Source: For a detailed discussion of this analytical framework for the effectiveness of social accountability interventions, see World Bank. 2014. *Opening the Black Box: Contextual Drivers of Social Accountability Effectiveness - Social Accountability Flagship Report Overview*. The World Bank, Washington, D.C.

### 3. Tracing the Implementation Process: Key Stages and Factors Affecting Outcomes

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At the design stage, the World Bank team and the electricity company discussed and articulated the broad development challenge to be addressed, the contextual factors that shape the challenge and will affect the intervention,

the approach to be used for the pilot intervention and the objective to be achieved. The cycle of activities identified at the design stage to implement the social compact can be seen in Figure 3 below.

**Figure 3. Stages of the Implementation Process**



A firm with experience in community mobilization and mediation, and familiarity with Southeastern Turkey to implement these activities. Initial discussions had focused on selecting a civil society organization based in the Southeastern region of Turkey as the implementing partner, given the distrust of the local population to a long history of helicoptered-in development programs. Later mapping showed that most civil society organizations working on these issues in the region were heavily invested in advocacy for one

side and cause however. Since the objective of the activities was building dialogue and mediating between the electricity company and citizens, the team chose not to work directly with such an organization. Instead, these stakeholders were invited to discussions to facilitate community participation in the stakeholder committees. The firm selected at the end was based in Istanbul, but had strong networks with civil society actors in the region as a result of past project management experience.



## Identification of Pilot Communities

The Dicle region is a large geography of 6 provinces (Diyarbakır, Mardin, Siirt, Sanliurfa, Batman and Sırnak) covering 1 million electricity users. Choosing a number of communities to pilot the approach was necessary given the scope and budget of the activity. Initially, Diyarbakır was discussed as a possibility, owing to its status as the political and cultural center of the region. However, the electricity company noted that they had a better understanding of loss and non-payment in the urban center of Diyarbakır and a strategy for relationships with residents that would succeed in decreasing non-payment. In contrast, the company stated that the need for piloting such a consensus-building approach was far greater in both urban and rural communities in Mardin and Sanliurfa. In some rural communities connected to Mardin, such as Kiziltepe, the non-payment rates, at 95% were higher even than the regional average. Since this was likely a result of some degree of joint community resistance to payment, the electricity company suggested that these should be the target communities to pilot building a relationship between the company and the citizens.

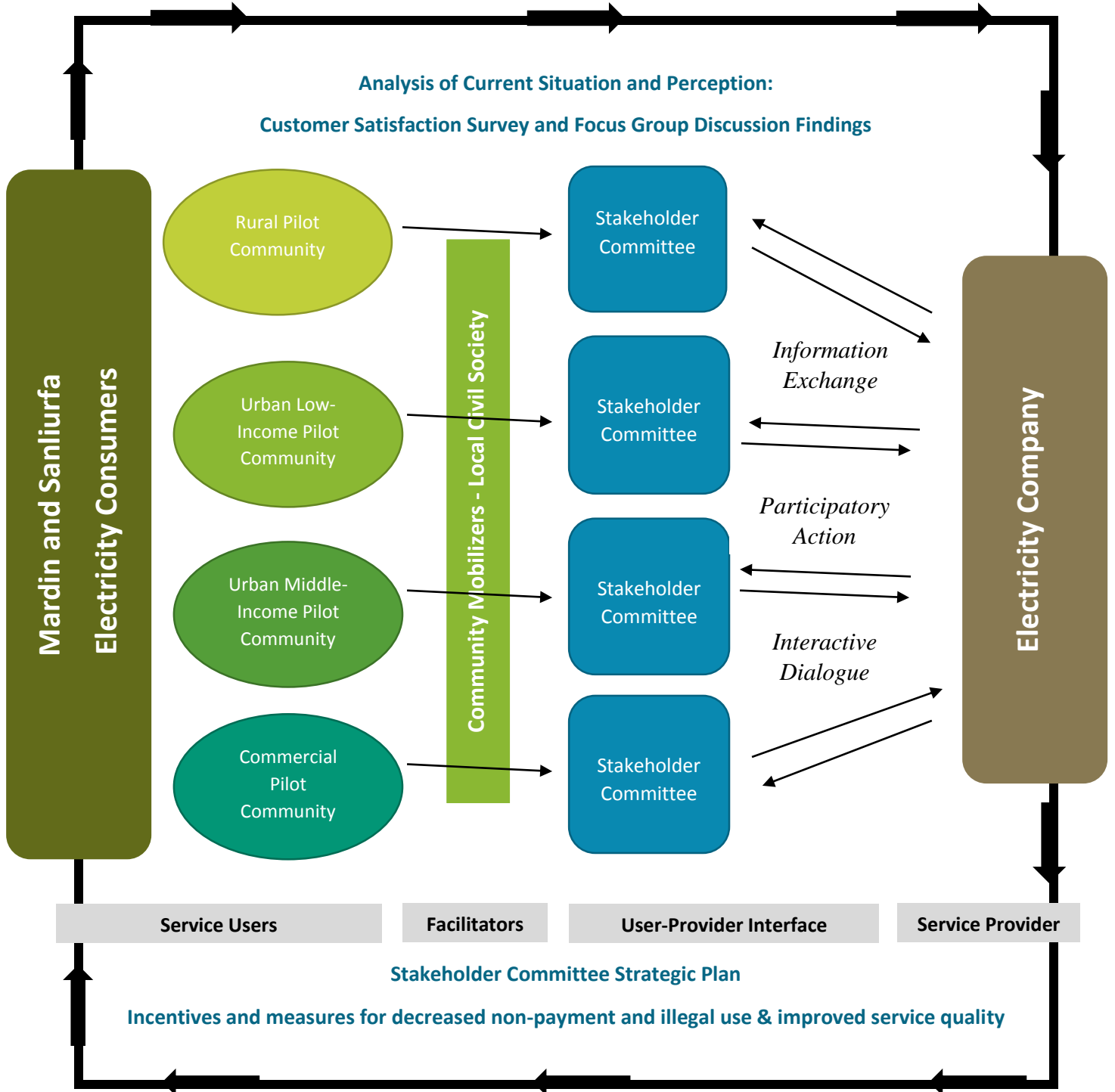
For many social accountability interventions, available guidance suggests that “early wins” are important in creating buy-in from both the service provider and the service users in the approach’s ability to provide a solution to service delivery problems. Retrospectively, the identification of pilot communities with this degree of challenge may not have been the best choice for convincing the electricity company and the local stakeholders of the effectiveness of the social compact approach. In this case, more

weight was given to being responsive to the immediate and most urgent needs of the electricity company.

In addition, Sanliurfa and Mardin are the two provinces in the region with the highest electricity usage for irrigation, and the electricity company noted that they found it especially difficult to reach rural communities through their regular macro advertisement campaigns. Targeted outreach to rural communities would be possible under the social compact. The irrigation issue however is an almost intractable development challenge at the intersection of many sectors involving agricultural subsidies, irrigation infrastructure, environmental degradation and local industry. In this sense, choosing rural communities with irrigation issues as pilots was too ambitious for the scope of the project. Further down the line, this selection created a raised sense of expectation for solutions from both the electricity company and the local stakeholders, while the scope of the challenge was much larger than electricity usage and could not be adequately tackled with the social compact intervention.

At the end, four pilot communities were chosen in each of these provinces, including rural, low-income urban, middle-income urban and commercial. The names of urban neighborhoods and rural villages in Mardin and Sanliurfa that were chosen for implementation can be seen in Annex 1. Figure 4 schematically describes how the social compact was designed and organized, and how a representative and participatory dialogue was envisaged place between the pilot community members and the electricity company.

Figure 4. Identification of Pilot Communities in Mardin and Sanliurfa & Design for Stakeholder Interaction



## Consumer Audit and Satisfaction Survey & Focus Group Discussions

The objective of conducting the survey and focus group discussions was to validate assumptions about contextual factors together with the stakeholders in the pilot communities, and try to understand whether there are stark differences (between existing assumptions and reality, or between pilot communities) that would necessitate adjustments in the approach. The questions aimed to understand consumers' perception on electricity privatization, their willingness to pay and possible trade-offs between willingness to pay and improved service. Additional information collected included demographical details language spoken in the household, as a proxy for ethnicity.

In total, 450 households and 90 companies were surveyed. Break out numbers for this field research according to pilot community can be found in Annex 1. Special attention was paid to gender and language in selection of surveyors, since it is often difficult for male surveyors to question female respondents, and the sample of respondents included Arabic, Kurdish and Turkish speakers.

The Focus Group Discussions were conducted after analysis of the surveys, and used to access more information about user behaviors and expectations regarding their habits and consumption, their rights and responsibilities concerning the electricity services, as well as their approach to the social compact. Ten focus group discussions were conducted with 105 respondents.

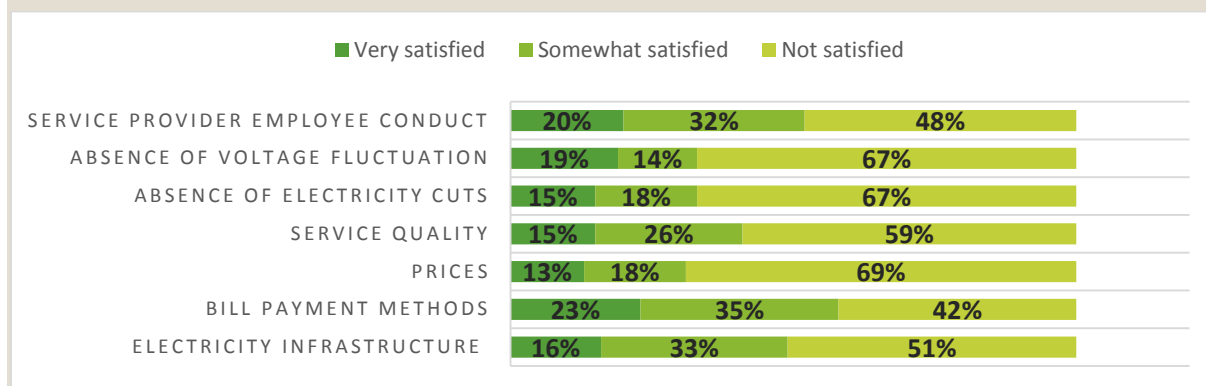
The findings from the field work confirmed the working assumptions of the social compact, and revealed an even more marked difference

between urban and rural areas than expected. Satisfaction with different aspects of service provision, such as electricity quality, billing and electricity company personnel, in urban areas ranged from 33% to 58%. In rural areas, satisfaction was low for all areas of service provision, ranging from 5% to 22%. Reasons cited by respondents for non-payment also varied between urban and rural respondents. Ability to pay was a prominent concern for almost all of rural residents, and other factors on service quality or accessibility were also cited. Among urban respondents, while ability to pay was cited by more than half of the residents as a reason for non-payment, about a quarter of residents also cited behavioral reasons for non-payment, such as other customers not paying or electricity being a basic service that they should not be required to pay for.

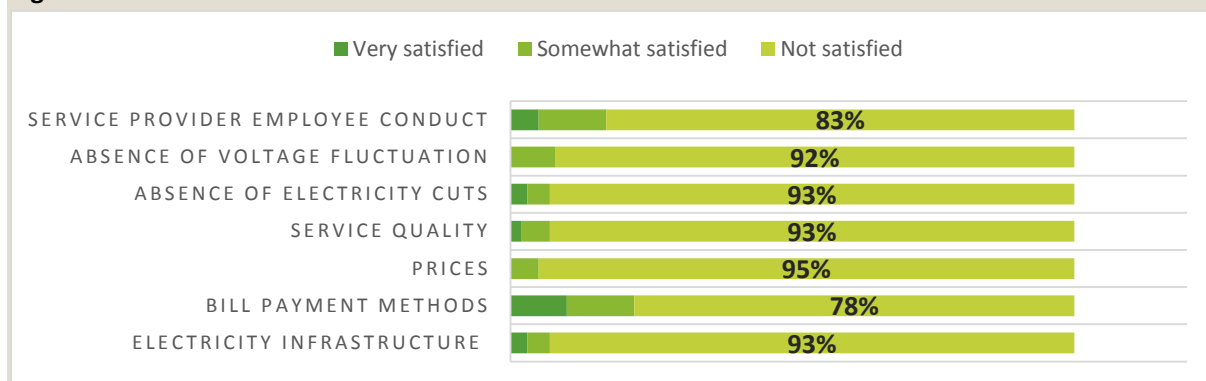
The conflict in the region, as discussed above, originally stems from an ethnic division between the Kurdish citizens of Turkey and the Government of Turkey, with grievances including the use of the Kurdish language in public areas and public offices. In terms of responses in the survey regarding reasons for non-payment or response in the group discussions regarding trust towards the electricity company, there were no marked differences between the Turkish, Arabic and Kurdish speaking pilot communities however. All respondents shared a sense of having lived through conflict and a resentment against what they perceived as neglect and lack of infrastructure investment in the region resulting from lack of security and resulting in lower development indices for the region compared to other parts of Turkey.

### Box 3. Selected Findings from Quantitative Research in Pilot Communities

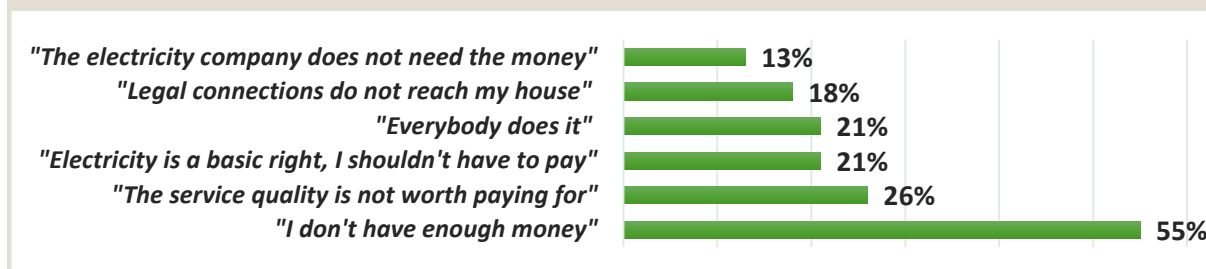
**Figure 5. Satisfaction with Service Provision – Urban**



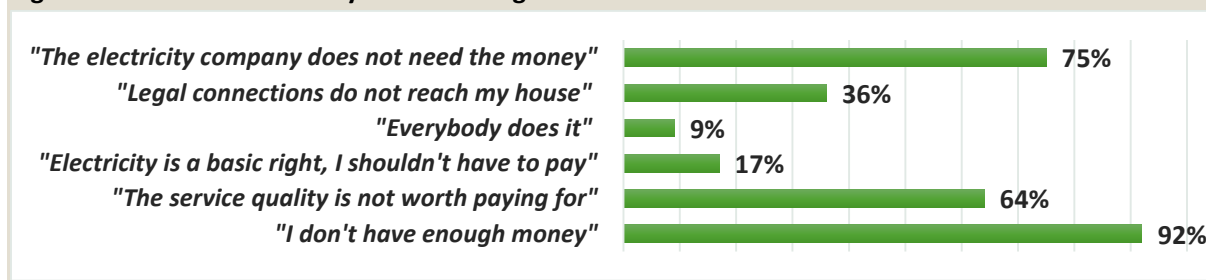
**Figure 6. Satisfaction with Service Provision – Rural**



**Figure 7. Reasons for Non-Payment and Illegal Connections – Urban**



**Figure 8. Reasons for Non-Payment and Illegal Connections – Rural**



Discussions in focus groups provided the broader story for these findings. There was repeated emphasis that the timing of bill collection affects the ability of poor households to pay. Households whose livelihoods do not depend on monthly salaries, but instead on daily wages or other sporadic sources of income, reported more difficulty in paying their electricity bills regularly and on time. Job informality is high in the region, therefore the urban poor often do not have salaried incomes. This created a higher risk for late payment fees and disconnections, and incentives for establishing illegal connections. Rural households, who similarly do not have a steady stream of income along the year, noted that they were sometimes unable to settle their bills prior to the harvest season, even though they may be able to afford the bills after the harvest. There were high seasonal fluctuations in their bills as well. In December, January and February, urban respondents stated that their bills are higher due to some use of electrical stoves as supplementary heating. In the summer, bills peaked for rural households that use electricity for irrigation. These findings suggested that the electricity company should run campaigns and payment plans with flexible payment options. This was found to be a good solution not just to increase payment rates, but also present a quick measure of good will to strengthen relationships with the communities.

In response to these findings and broader feedback from other stakeholders in the region, the electricity distribution company proposed some flexible fixed pricing systems for electricity, one fixed lower rate for irrigation pricing, one fixed rate for household pricing, and an

installment plan payment option for past debt accumulated, during the timeframe of the social compact. By the end of 2014 however, the rate of consumer signing up to these campaigns or payment plans were in the single digit percentages. Discussions down the line during stakeholder committee meetings provided the feedback that this is largely due to a distrust towards the company, coupled with the belief that the company may not last long in the region. If farmers register their currently unregistered wells for fixed rate pricing of if households have meters installed for fixed rate pricing up to a certain level of consumption, they fear that that the company may increase prices the next year, with their consumption now monitored more accurately or simply monitored.

During this field research stage, it also became apparent that the electricity company should train its personnel more extensively on customer relations and interaction, and establish a more effective grievance redress and customer relations management mechanism accessible to the public. Consumers' direct interaction and relationship with the electricity distribution company affects their perceptions and acceptance of electricity privatization reform as a whole. Yet, respondents overwhelmingly thought that the electricity company did not respond to their grievances in a timely or effective manner. Consumers can reach most companies by phone, in person or online. A majority of respondents found it hard to reach the electricity company by phone, mostly due to wait times or busy lines, and hard to resolve issues conclusively once they talked to a representative.

*"Grievances are not heard by the private companies. They have telephone lines but these are busy. When the system is shut off we cannot reach anyone to come for repairs. Once we all got so desperate that we reached the house of the deputy director of the company; they came at 11 pm to start the repairs."*

During this initial analysis and validation of contextual conditions, *community mobilizers* were identified to organize the selection and participation of community members in the stakeholder committees. Elected village or neighborhood leaders, such as muhtars, or city councils were used to identify men, women and youth to be selected as community mobilizers. Furthermore, other local level actors such as religious leaders, civil society organizations, Multi-Purpose Community Centers (ÇATOMs), and other local and regional organizations, were informed of and invited to contribute to the process of selection of participants to the stakeholder committees.

Lastly, it is worth noting that when surveyed on how or by whom the electricity issues can be resolved, most respondents identified those in very high leadership positions, like the mayor,

the governor, or the president of the electricity distribution company. Turkish society as a whole, and the region in particular are rather hierarchical. Given this, it is not surprising that the respondents believed that solutions can only be reached through a top-down approach. The team at this stage discussed how the bottom-up social compact approach can be squared with this background. While inviting mayors or governors to a launch of the social compact activities, or to the stakeholder committee meetings was a possibility, the downside would be that, due to the hierarchy, when mayors or governors are present, such discussions often remain abstract, formal and political, with the remaining stakeholders not speaking and brainstorming freely on needs, priorities and solutions.

#### **Box 4. Efforts to Align Macro Communication Campaign Messages with Social Compact Messages**

At the design stage, it was envisioned to align the messages sent by the electricity company to its customers in its already existing macro communication campaign with messages that would resonate with the findings of the contextual analysis and the underlying reciprocal responsibility and benefit hypothesis of the social compact. These efforts did not bear fruit however. The reason for this was multi-fold:

- 1) The communications campaign was designed based on new payment plans or campaigns, and developed as these came along. There was no multi-year strategy that reinforced and built on certain messages.
- 2) The main message was on the need for payment, with emphasis that electricity was now run by a private company that would need to make ends meet and could not tolerate non-payment at a loss like the previous state-owned company. This did not change the discourse from a zero-sum game to a view that the consumers would also benefit with visible improvement in service quality. In addition, given the broader political discourse in the region regarding companies in the West of Turkey benefitting from the natural resources in the region, such as large hydropower generation, field research findings would not have counselled emphasizing the private nature of the company.
- 3) Lastly, while the public relations campaign used local opinion leaders, such as imams to deliver messages such as “theft is a sin,” these were usually one off meetings or message deliveries, as opposed to continuous dialogue with civil society stakeholders who could have contributed to outreach to communities. In short, while using the broader communications strategy as a consensus building tool was envisioned at the design stage, there was not enough buy-in from the electricity company during implementation.

## Creation of Stakeholder Committees

Community leaders and community members were selected to act as intermediaries between the communities and the electricity company, and serve in the stakeholder committees. The stakeholder committees included different segments of the local population, with particular attention to the civic context in the region. For instance for the rural communities, the stakeholder committees were made of muhtars, residents, representatives from District Directorate for Agriculture, Chamber of Agriculture, Irrigation Union and the electricity company.

One of the challenges in thinking through how to organize stakeholder committees from the pilot communities is balancing already existing participatory mechanisms and leaders with the need to include those who are not usually included in such systems. Already existing mechanisms of participation and accountability at the local levels, such as the elected muhtars, present an opportunity to easily reach out to the community and legitimately represent the community in meetings. On the flip side, given the hierarchical organization of society in the region, elected leaders tend to be those whose voice can already be heard. The previous field research was used as an opportunity to assess the stakeholder relationships in the communities.

After separate initial meetings with the eight stakeholder committees, the next planned step was to institutionalize the meetings by establishing set places and times for the committees to meet and for the committees to have discussions on needs and priorities that were specific to their groups as representative of

rural communities, of low-income urban communities etc.

In the second half of 2014 however, there was a worsening of security in the region due to the conflict in Syria and the advent of ISIS in Syria and Iraq. The in-flow of refugees was combined with pre-existing sectarian and ethnic tensions in the region. Additionally, some electricity infrastructure failures and electricity outages during this time, created significant tension, the height of which resulted in vandalism and arson of the electricity company offices. At this stage the electricity company did not want to hold further stakeholder discussions in the region, for fear that this will only contribute to raising tension rather than building a dialogue. A public meeting they held for another reason in another community resulted in large numbers of uninvited citizens showing up in protest, making it impossible to proceed with the meeting. The firm implementing the social compact also felt that holding further meetings in the region at that time would risk security concerns and only exacerbate tension. Waiting these tensions out and delaying the meetings was discussed. This was not deemed to be a good solution both in the interest of time and in the interest of not curtailing a series of meetings that had already begun. Interrupting the dialogue at this time when the context became more difficult would send wrong signals of abandonment of the dialogue to local stakeholders.

In response, a smaller representation from the existing stakeholder committees was chosen to hold joint stakeholder committee meetings in Ankara, the capital of Turkey. This switch in location was not optimal, as it took the discussion away from the communities to the

capital, which in the region is perceived as a venue of top down decision-making that does not take into account the views of the region. During meetings held in Ankara however, it became apparent that having these away from the volatile fragility of the local context was an asset to the discussions, as was the World Bank hosting the conversation as a mediator. Participants in the stakeholder committees openly stated that coming to a separate location

for discussion with invitation from an entity other than the electricity company was an important element for their ability to participate at that time, since them accepting an invitation directly from the electricity company and going to a meeting at a local venue would have been perceived as a sign of betrayal by their communities.

## Consensus Building & Stakeholder Committee Strategic Plan

Consensus building for the formulation of a joint Stakeholder Committee Strategic Plan was the most crucial part of the social compact pilot in order to develop a dialogue between stakeholders on rights and responsibilities of both sides, rather than the underlying mutually opposing stance with a view of the situation as a zero sum game.

The stakeholder committee meetings were comprised of three stages focused on awareness raising and factual clarifications, mediation and conflict resolution, and developing a common plan. Findings from the customer satisfaction survey and the focus group discussions were shared with all stakeholders for discussion and validation. Additionally, the electricity company presented the technical aspects of electricity infrastructure and current situation on non-payment and loss of electricity in general in Dicle region, with emphasis on the constraints the company has in improving service delivery given the current non-payment and cost recovery levels.

There was a broad set of factual misconceptions voiced by consumers: Most of Turkey's electricity is generated by hydropower in the region (while only 20% of electricity generation

in Turkey is from hydropower across the country). The electricity outages and voltage fluctuations are punitive measures by the electricity company for non-payment. Representatives also thought that they were made to pay higher prices for electricity in the region, whereas there is a national tariff in place in Turkey. Correcting factual misconceptions was a visibly effective move towards a common ground understanding of issues.

In the second stage of meetings, participants participated in interactive exercises on conflict resolution and problem solving. The aim was to familiarize the participants with the main concepts, methods and stages of reconciliation, and shift the understanding of who the responsible parties are in problem solving – from “you” to “all of us.” In this section, none of the discussions focused on electricity issues, but on issues where all sides share in assumptions or grievances. Having this exercise proved very useful in building rapport.

In the last stage of meetings, participants were invited to join a workshop to exchange ideas regarding the problems around electricity use and service provision and jointly propose solutions to the identified challenges. These



sessions were designed to give the participants an opportunity to discuss the problems in detail and collaborate in identifying solutions in a moderated setting. Following the discussions, group moderators discussed the different groups' reports and summarized findings.

Based on these discussions, a comprehensive Stakeholder Committee Strategic Plan was drafted, opened up for committee comments

and discussion and finalized by consensus. A simplified version of the Strategic Plan can be found in Annex 2. Agreement was reached that the electricity company, together with relevant stakeholders, would start implementing portions of the plan in collaboration with the Stakeholder Committees. A plan was also discussed to meet periodically to review progress on different items of the Plan.

#### **Box 5. Main Action Areas under the Stakeholder Committee Strategic Plan**

- Changing the perception of non-payment and illegal use as socially undesirable behavior
- Increasing mutual trust between local communities and the electricity company
- Supporting renewable and alternative sources of energy, and increase energy efficiency
- Reducing electricity outages and voltage fluctuations, including provision of notice by the electricity company to consumers
- Registering and formalizing electricity users, including having an up to date database for communication and outreach
- Improving qualifications of electricity company personnel and effectiveness of grievance redress mechanisms
- Increased transparency and accountability in pricing and billing, and introducing flexible methods of electricity payment

Furthermore, through discussions, it became apparent that sustained long-term effort would be necessary to address non-payment behavior. Waste of energy and efficient energy use were identified as more plausible initial collaboration areas, with immediate intervention measures that can be taken on efficient electricity

consumption and waste prevention in the short term at low cost. Stakeholders agreed that initial campaigns and trainings should be targeted to women, who have most control over household electricity consumption, and towards farmers, who use electricity in pumped irrigation.

#### **Starting Implementation of the Stakeholder Committee Strategic Plan: Consumer Outreach and Sensitization on Energy Efficiency**

Consumer outreach and sensitization on energy efficiency was one of the agreed areas for action under the Stakeholder Committee Strategic Plan. Accordingly, a steering committee to design such a project was formed, consisting of

the electricity company, the implementing firm, the Southeastern Anatolia Program (GAP) Regional Development Administration and the Corporate Social Responsibility Association in Turkey. The GAP Regional Development

Administration is a civil society actor that has strong presence in the region and conducts development projects with local stakeholders. Their inclusion in the steering committee and the later management of the project is an important step for local community buy-in. The GAP Administration understands local stakeholder needs and attitudes better due to many years of working in the region, and is better positioned to communicate to local stakeholders the messages of the electricity company compared to conventional advertisement or public relations channels.

The resulting project aims to address the following issues raised by the Stakeholder Committee Plan:

1. Change the perception of illicit electricity use as societally unacceptable behaviour that has substantial social, environmental and economic costs.
2. Improve communication and mutual trust between the local communities and the electricity company.
3. Ensuring effective and efficient electricity consumption and waste prevention through behavioural changes.

Managed jointly by the electricity company and the GAP Administration, first training and awareness raising materials will be developed, specifically targeted to women audiences for household electricity consumption, children and youth audiences again for household consumption and farmer audiences for irrigation. These will be available in Turkish, Arabic and Kurdish, and will be sensitive to local views on faith, ethics, the economy and the environment. With these materials, a “training of trainers” will be conducted to establish a

cohort of 20 trainers from the pilot communities, with a comprehensive knowledge on energy efficiency, so that they are able to conduct awareness raising activities and trainings at the local level. 200 training sessions will be organized in the pilot communities in Mardin and Sanliurfa for women, children and farmers, to be delivered by the cohort of trainers. The target audience for the initial trainings is 1000 women, 500 children and 500 farmers on efficient use of energy. The electricity company is taking on this project, further actions to be implemented under the Stakeholder Committee Plan and further periodic meetings of the stakeholder committees with its own financial and human resources.

The energy efficiency awareness raising and training campaign is low hanging fruit compared to some of the other areas of action in the Stakeholder Committee Plan. Yet, small wins and demonstrable action are important in building a relationship. As the next step, the electricity company is committed to training its personnel for improved perception of consumers and devoting more resources to making its grievance redress mechanism system more effective.

In terms of service quality, significant amount of investments need to be made to improve the underlying infrastructure of the region. At the outset of the social compact, the Bank team had expected that some quick and localized improvements to service quality could be possible to have a demonstrative effect in pilot communities, and in exchange for community commitment to improve payment rates. In discussions down the line, it became apparent that this was not technically feasible during this time period and for such specific localities.

## 4. Lessons from the Case Study

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### Citizen engagement and accountability.

The social compact pilot was not intended to solve the non-payment and service quality challenges in Southeastern Turkey overnight. It was meant to try an innovative approach in pilot communities to see if stakeholder committees could build a dialogue from an antagonistic and broken relationship, and if this dialogue could be used to take positive actions towards addressing these challenges. During the Stakeholder Committee Meetings, there were many moments when the dialogue seemed fragile with participants heatedly restating pre-formed and ossified positions, depending on their backgrounds. Good mediation and facilitation enabled the dialogue to move from an adversarial conversation to one where different sides sought to understand the concerns of one another. Participants commented that these were the first times they were listening to the messages of one another. The Stakeholder Committee Plan is not a magic bullet, but reaching consensus on action areas and action items that require responsiveness and commitment from all sides was a large feat for all involved.

**Buy-in.** From the outset, the buy-in of the electricity company was of critical importance. At the end, the electricity company has taken up the torch to continue the stakeholder committee meetings, at least in the foreseeable future, and start implementing Stakeholder Committee Plan with the energy efficiency agenda, but there were ebbs and flows in the interest to implement the social impact pilots. There were a number of factors that influenced this:

1) Implementation arrangements were discussed during the design stage, including the human and financial resources that would be needed from the electricity company, the steps they would need to take, and the contact persons that would be responsible. During implementation however, there were moments when the company felt more contribution and buy-in was needed from their side that they initially bargained for, suggesting that initial communication and discussions could have been clearer. Development practitioners should pay great attention to reaching a very clear understanding of roles and responsibilities for all stakeholders.

2) Hierarchy matters. A higher level engagement between the World Bank and the management of the electricity company up front and in public could have made project implementation easier. A public commitment would provide incentive to work more proactively. A higher level signal in the electricity company may have prevented the necessity to convince persons on the ground one at a time.

**Communication.** Communication and information flow between the World Bank, the implementing firm and the electricity company impacted design and implementation of the activities. At the design stage, listening to the needs of the electricity company in the selection of pilot communities created a good relationship between the implementing stakeholders. During implementation, the electricity company switched a number of times the contact person responsible for the project however, and this did negatively impact the continuity of the

relationship and communication. Some of these changes resulted from the internal hierarchical dynamics inside the company. Based on this experience, the team would strongly recommend an initial assessment of internal dynamics of the implementing partners with which any such intervention will be undertaken. A lot of institutions have their own internal complexities. Understanding these up front is not an easy or straightforward task, but should be on a team's radar. Additionally, agreeing up front and explicitly on the project contact person and a set method of communication, including mode, frequency and format of communication, should help teams maintain their relationships better and calibrate everyone's expectations from the start of the project.

**Political and social context.** Bear in mind that the larger context has many implications in project implementation, especially in one so interconnected to regional political and social issues. The elections, the thaw in talks between the government and the Kurds on reconciliation, the civil war in Syria, the advent of ISIS, the broader messages of the electricity company, ongoing electricity shortages all impacted the process and outcomes. The targets for the reduction of non-payment that the company needed to work with exerted strong pressure on the company; there was increased frustration near the end of 2014, when the company realized they would not be able to reach these targets and risk significant financial loss, and even bankruptcy, in 2015 when government subsidies would be reduced. During this time, company attention was diverted to further publicizing non-payment of consumers in the Southeast in an effort to lobby the government to extend target deadlines. This strategy worked and the government extended the provision of subsidies, yet this constituted a break in

communication strategy and efforts for the company. In short, during implementation a lot of parameters change in such a fragile and dynamic political and social context. Teams may be able to anticipate some of these, but adaptive management and flexibility in changing the design of activities is necessary to be able to continue to operate.

**Implementing partner.** The implementing firm matters greatly in all projects, but even to a greater extent in projects taking place in environments with lower trust and higher fragility. The implementing firm in this case had proven experience working in the Southeast of Turkey on community mobilization projects. Through these projects, they had an established network with local civil society organizations and community leaders. This network was extremely useful during project implementation in ensuring participation in stakeholder committees and creating buy-in on the side of communities. Similarly, experience in the region was also an asset while conducting the field research, since the firm designed survey and focus group discussion questions and fielded the research with local surveyors familiar with the cultural, political and social sensitivities in the region, and fluent in the languages of the communities.

**Partnership with local actors.** One definite sustainable gain accomplished through the project is the familiarization of the electricity company with various civil society actors and networks in the region. The company and their public relations firm viewed the landscape more as a private company and consumer dynamic rather than a development issue with political and historical underpinnings. Working with local civil society will help the company in outreach and in avoiding to present an image of

themselves as the Western company that flies in. This will make any and all efforts they have in the region more sustainable vis a vis the communities.

**Looking ahead – factors for sustainability and replicability.** At this juncture, the electricity company has adopted and intend to continue efforts under this social compact in the pilot communities. Whether this will be sustainable or replicable in other communities in the region largely depends on the perceived value added by the company. Given its current cost recovery rates, the company will not be able to invest in infrastructure comprehensive and improve service quality very noticeably in the short term. This means that, while continuing the dialogue, in the short term, the company needs to deliver in other ways to communicate its good will to citizens, and for citizens to respond positively by increasing payment rates.

The energy efficiency campaign, the different payment options, better communication of electricity shortages and improved grievance redress mechanisms can provide these short term wins for the electricity company. In short, the sustainability of the approach depends on the company performing and communicating on these action plan items, and the citizens' behavioral change towards payment. Even after initial moves by all parties, another factor for sustainability will be the monitoring of the implementation of the action plan and commitment to gradually address all of the issues laid out.

The biggest lesson for replicating the approach elsewhere in Turkey or ECA is to strive for quick reciprocal wins for each side, because ultimately the success of the effort is dependent on whether the service provider and the consumers see value added in their work and lives.

**The ability of the social compact approach to engender trust and grow as a process will be heavily influenced by the ability of each party to hold up their end of the accountability bargain beyond the dialogue.**

## Annexes

### Annex I. Consumer Satisfaction Survey & Focus Group Discussion Design in Pilot Communities

Pilot Communities	Field Research Type	Locations & Number of Participants			
		Mardin		Sanliurfa	
Urban Low Income	FGD	Saracoglu 10 male	Ulucami 12 female	Eyyubiye 10 male	Hacibayram 10 female
	Household Survey	Saracoglu 41hh Gokce 12hh	Ulucami 40hh Dikmen 11hh	Eyyubiye 40hh Ayvanat 12hh	Hacibayram 40hh Golbasi 12hh
<b>Total</b>	<b>FGD: 22 participants, Survey: 208 households</b>				
Urban Middle Income	FGD	-	-	-	-
	Household Survey	Latifiye 42hh	Ensar 41hh	Bamyasuyu 46hh	Yesildirek 39hh
<b>Total</b>	<b>Survey: 168 households</b>				
Rural Low Income	FGD	Dikmen 8 male	Gokce 11 female	Minare 8 male Elgun 7 male	Balkat 12 female
	Household Survey	Dikmen 31hh	Gokce 30hh	Elgun 30hh	Yucelen 30hh
<b>Total</b>	<b>FGD: 46 participants, Survey: 121 households</b>				
Commercial	FGD	10 male		7 male	
	Survey	51 firms		52 firms	
<b>Total</b>	<b>FGD: 17 participants, Survey: 103 firms</b>				

**Annex II. Stakeholder Committee Strategic Framework for Increased Electricity Payment and Improved Service Quality in the Dicle Region**  
**Problems and Solutions Identified by Consensus in Stakeholder Committee Meetings**

Problem Area	Proposed Solution/Strategy	Intervention Measures	Possible Stakeholders	Time	Cost
<b>ILLEGAL ELECTRICITY USE</b>	<b>1.Promote social awareness that illegal use of electricity is a crucial problem with substantial social, environmental and economic impacts.</b>	1.1. Awareness raising activities, information campaigns	Opinion leaders, imams, political party leaders, civil society, muhtars, electricity company, Chamber of Agriculture, Irrigation Association, Chambers of Commerce, private sector	Medium term	Low
	<b>2.Promote increased trust between local communities and the central government.</b>	2.1. Conference on the economic development of the region with focus on growth and employment	Universities, regional development agencies, Ministry of Development, Ministry of Labor, private sector, Chamber of Commerce, Chamber of Agriculture	Medium term	Medium
<b>QUALITY OF ELECTRICITY SERVICE</b>	<b>3.Increase production and use of alternative energy (solar, wind, geothermal etc.)</b>	3.1.Lobbying for improvement of current regulations on alternative energy (such as strengthening the promotion of alternative energy production and ensuring that providers invest in the region)	Energy Market Regulatory Authority (EMRA), General Directorate of Renewable Energy, GAP Development Administration, private sector, NGOs, electricity company	Medium term	Low
		3.2.Awareness and information campaigns promoting alternative energy sources	Municipalities, provincial administrations, regional development agency, GAP Development Administration, civil society, city councils, private sector, electricity company	Short term	Medium
		3.3. Research and piloting of energy production from solid waste.	Development agencies, municipalities, provincial administrations, GAP Development Administration, civil society, city councils, trade chambers, private sector.	Medium term	Medium
	<b>4.Reduce electricity outages and voltage fluctuations in urban and rural areas.</b>	4.1.Reduce duration and interval of electricity outages for urban households and for rural households (so that agricultural production is not lost due to inability to irrigate)	Electricity company	Short to medium term	Medium
		4.2.Improve electricity distribution infrastructure	Electricity company, public institutions	Short to long term	High
		4.3.Separate power lines distributing electricity to households and to irrigation (peak during irrigation season decreases quality of households electricity)	Electricity company, public institutions	Medium to long term	High
		4.4.Decrease excessive / wasteful and illegal use of electricity	Electricity company, communities, industry	Medium term	Medium
	<b>5.Ensure safety in electricity installation and infrastructure</b>	5.1.Increase safety of power lines, panel doors etc.	Electricity company	Medium term	Medium

Problem Area	Proposed Solution/Strategy	Intervention Measures	Possible Stakeholders	Time	Cost
QUALITY OF ELECTRICITY SERVICE	6.Ensure timely and accessible announcement of electricity outages	6.1.Improve data about end-users and disseminate information via text message as well as radio, TV etc	Electricity company, users	Short term	Low
		6.2.Improve registry of electicity users	Electricity company, users	Medium term	Low
	7.Improve qualification and competence of electricity service personnel (field staff and customer services)	7.1.Establish quality standard for personnel; develop measures to decrease inaccurate meter readings; develop corporate capqcity for customer relations; inform users about investments made in the region	Electricity company	Medium term	Medium
	8.Decrease communication problems between electricity company and users	8.1.Identify, sort and respnd to grievances in a timely and effective manner	Electricity company	Short term	Medium
		8.2.Effectively monitor consumer applications and electricity company responses regarding consumer rights protections	Electricity company, EMRA	Short term	Medium
		8.3.Organize regular consultation meetings between electricity company and users	Electricity company, users	Short term	Low
ELECTRICITY PRICES	9.Institute irrigation pricing based on hectare and crop, or number of wells	9.1.Flexilbe payment options to allow for farmers to pay electricity bills	Electricity company, EMRA	Short to medium term	Medium
	10.Provide public incentives / subsidies to farmers who use water pumps operated by electricity for irrigation	10.1.Provide subsidies for the farmers who do not benefit from the government infrastructure investments for irrigation	Regional development agencies, Minsitry of Agriculture	Medium term	Medium
		10.2.Reduce electricity prices at the regional level given the socio-economic development of the Dicle region	EMRA, electricity distribution company	Medium term	Medium
		10.3.Provide electricity grants, similar to grants for diesel oil.	Ministry of Agriculture	Medium term	Medium
11.Increase accountability and tranparency regarding piricing of electricity bills	11.1.Infrom users about invoice items, applicable fees	Electricity company	Short term	Low	
LOSS OF ENERGY AND WASTEFUL USE	12.Develop methods for increased energy in electricity consumption	12.1.Conduct research and model projections regarding sustainability of electricity use in agricultural irrigation	Chamber of Agricultural Engineers, irrigation associations, Minsitry of Agriculture, Ministry of Environment, GAP Regional Development Administration, regional development agencies	Medium term	Medium
		12.2.Promote use of drip irrigation	Chamber of Agricultural Engineers, irrigation associations, Minsitry of Agriculture, GAP Regional Development Administration, regional development agencies, farmers	Medium term	High
		12.3.Switch to less water-intensive crops	Chamber of Agricultural Engineers, irrigation associations, Minsitry of Agriculture, GAP Regional Development Administration, regional development agencies, farmers	Medium term	High



Problem Area	Proposed Solution/Strategy	Intervention Measures	Possible Stakeholders	Time	Cost
<b>LOSS OF ENERGY AND WASTEFUL USE</b>		12.4. Develop, pilot and disseminate mechanisms to impede excessive use of water	Chamber of Agricultural Engineers, irrigation associations, Ministry of Agriculture, GAP Regional Development Administration, regional development agencies, farmers	Medium term	Medium
	<b>13.Ensure effective and efficient electricity consumption and waste prevention through behavioral changes</b>	13.1.Awareness raising and information campaigns on electricity saving methods (insulation, installation etc), with special focus on women and youth	Electricity company, opinion leaders, imams, muhtars, municipalities, city councils, universities, GAP Development Administration, civil society, women and youth centers, Chamber of Agriculture, irrigation associations, Ministry of Agriculture, Chamber of Commerce, private sector	Short term	Low
		13.2.Developing key messages on energy waste (based on beliefs, ethics, economy and environment, with content designed with community feedback)		Short term	Low
		13.3.Design and conduct training of trainers to establish a group with energy efficiency knowledge that can educate communities at local level		Short to medium term	Medium
		13.4.Conduct educational and awareness campaigns for irrigation farmers		Short term	Medium
<b>COMMUNICATION AND COOPERATION</b>	<b>14.Improve communication, mutual trust and cooperation between service provider and users</b>	15.1.Ensure that electricity company sources and purchases needs from local companies to the extent possible	Electricity company	Short term	Low
		15.2.Recruit locals to the extent possible	Electricity company	Short term	Low
		15.3.Collaborate with municipal call centers in receiving customer complaints	Electricity company, municipalities	Medium term	Medium
		15.4.Share and disseminate service standards with the public	Electricity company	Short term	Low
		15.5.Establish energy stakeholder platforms at city level, organize quarterly meetings on investment and policies	Electricity company,	Medium term	Medium
		15.6.Design and implement a Corporate Social Responsibility Plan with feedback from communities	Electricity company, opinion leaders, imams, muhtars, municipalities, city councils, universities, GAP Development Administration, civil society, women and youth centers, Chamber of Agriculture, irrigation associations, Ministry of Agriculture, Chamber of Commerce, private sector.	Medium term	Medium