

**ANNUAL REPORT**  
**ON THE IMPLEMENTATION**  
**OF THE ASSISTANCE UNDER IPA**

**REPUBLIC OF TURKEY**

**Prepared by**

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**Date**

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## **LIST OF ABBREVIATIONS:**

AA: Audit Authority  
AAAR: Annual Audit Activity Report  
BPA: Bilateral Project Agreement  
CAO: Competent Accreditation Officer  
CAP: Communication Action Plan  
CBA: Cost-Benefit Analysis  
CBC: Cross -border Cooperation (IPA Component II)  
CFCU: Central Finance and Contracts Unit  
CfP: Call for Proposals  
DIS: Decentralized Implementation System  
EC: European Commission  
EIA: Environmental Impact Assessment  
EIB: European Investment Bank  
EIPA: European Institute of Public Administration  
ENPI: European Neighborhood Policy Instrument  
EOP: Environment Operational Programme (Under Component III)  
EU: European Union  
EUD: Delegation of the EU to Turkey  
FA: Financing Agreement  
FCD: Financial Cooperation Directorate of the MEU  
FN: Forecast Notice  
FwC: Framework Contract  
HOS: Head of Operating Structure  
HRDOP: Human Resource Development (Component IV)  
IMIS: Integrated Monitoring Information System  
IPA: Instrument for Pre Accession Assistance  
IPA MC: IPA Monitoring Committee  
IPARD: IPA Rural Development (Component V)  
IPARD MC: IPARD Monitoring Committee  
JMA: Joint Managing Authority  
JMC: Joint Monitoring Committee  
MA: Managing Authority  
MAFA: Multi Annual Financing Agreement  
MEU: Ministry for EU Affairs (Former Secretariat General for EU Affairs-EUSG)  
MEUR: Million Euros  
MIFF: Multi-Annual Indicative Financial Framework  
MIPD: Multi-Annual Indicative Planning Document  
MIS: Monitoring Information System  
MoEU: Ministry of Environment and Urbanization  
MoFAL: Ministry for Food, Agriculture and Livestock (Former Ministry of Agriculture and Rural Affairs-MARA)  
MoLSS: Ministry of Labor and Social Security  
MoSIT: Ministry of Science, Industry and Technology (Former Ministry for Industry and Trade-MoIT)

MoTMC: Ministry of Transport, Maritime and Communication (Former Ministry of Transport - MoT)  
NAO: National Authorizing Officer  
NGO: Non Governmental Organization  
NIP: National Info Point  
NIPAC: National IPA Coordinator  
NP: National Programme  
OIS: Operation Identification Sheet  
OP: Operational Programme  
OS: Operating Structure  
PAO: Programme Authorization Officer  
PCM: Project Cycle Management  
PF: Project Fiche  
PMR: Progress and Monitoring Report  
PN: Procurement Notice  
PRAG: Practical Guide to Contract Procedures for EU External Actions  
PSC: Project Steering Committee  
RCOP: Regional Competitiveness Operational Programme (Under Component III)  
ROM: Result Oriented Monitoring  
SAS: Sector Alignment Strategy  
SCF: Strategic Coherence Framework  
SEI: Support Activities to Strengthen the European Integration Process  
SIF: Sector Identification Fiche  
SMC: Sectoral Monitoring Committee  
SME: Small and Medium-Sized Enterprises  
SMSC: Sectoral Sub Monitoring Committee  
TAIB: Transition Assistance and Institution Building (IPA Component I)  
TAIB MC: TAIB Monitoring Committee  
TAIEX: Technical Assistance and Information Exchange Instrument  
TEN-T: Trans-European Networks – Transport  
TOP: Transport Operational Programme (Under Component III)  
ToR: Terms of Reference  
TS: Tender Specifications  
W&WWTP: Water and Waste Water Treatment Plant  
WWTP: Waste Water Treatment Plant

# MAIN REPORT

## OBJECTIVE

The main objective of the Annual Report on the implementation of the IPA assistance is to record:

- The progress achieved in implementing the EU assistance, in relation to the priorities set up in the multi-annual indicative planning document and the different programmes
- The financial implementation of the EU assistance under IPA.

The report synthesizes the Sectoral Annual Reports issued under all IPA components for the year 2011 and is subject to examination by the IPA Monitoring Committee prior to its transmission to the European Commission and to the National Authorizing Officer.

## EXECUTIVE SUMMARY

The present report was drafted on the basis of the sectoral reports prepared per component by the related operational structures. It concerns, among the others, the progress ensured within the year 2011 in terms of financial implementation of the assistance under IPA.

Being a candidate country for EU membership, Turkey has been one of the beneficiary countries of EU Funds under the Instrument for Pre Accession Assistance since 2007 with its all five components. From 2007 to 2013, annual sums of funds allocated to Turkey have been increasing steadily (i.e. from 497 MEUR for 2007 to 936 MEUR for 2013). Annual financial allocations for Turkey per component during the IPA period have been illustrated in the MIFF as follows:

**Table 1: Annual Budget Breakdown (MEUR)**

COMPONENT	2007	2008	2009	2010	2011	2012	2013	Total
I- Transition Assistance & Institution Building	256,7	256,1	239,6	217,8	231,2	227,5	246,2	1675,1
II-Cross-border Cooperation	2,1	2,8	3,0	3,1	5,1	2,1	2,2	20,4
III-Regional Development	167,5	173,8	182,7	238,1	293,4	356,8	378,0	1790,3
IV-Human Resources Development	50,2	52,9	55,6	63,4	77,6	83,9	96,0	479,6
V-Rural Development	20,7	53,0	85,5	131,3	172,5	189,7	213,0	865,7
<b>TOTAL</b>	<b>497,2</b>	<b>538,6</b>	<b>566,4</b>	<b>653,7</b>	<b>779,8</b>	<b>860</b>	<b>935,4</b>	<b>4831,1</b>

### **IPA-I Transition Assistance and Institution Building Component**

For the Transition Assistance and Institution Building Component, 886 contracts were signed in 2011. 461 of them with a total budget of 201.2 MEUR were under 2007 Programme, 305 of them with a total budget of 124.2 MEUR were under 2008, 118 of them with a total amount of 26.5 MEUR were under 2009 and 2 contracts amounting 8.7 MEUR were under 2010. For 2007 NP, of which the deadline was 24 December 2011, the contracting rate realized at the level of 89.2%. Because the contracting deadlines for other programmes were due after the end of 2011, final contracting rates of those programmes could not be calculated yet.

The 2011 programming package has been split up into two distinctive parts. 8 individual projects have been included in the first package while 23 projects are listed in the second one. The adoption and entry into force procedures of the first part were completed by 26 December 2011. Its total budget is **129.6 Million Euros** of which **81.4 Million** is committed by the EU. The adoption of second package is expected to be finalized in the second quarter of 2012.

The call for project for 2012 Programming was launched on 4 February 2011. In the meantime, following a series of programming negotiations taken place between the Ministry and the EC the Financing proposal for 2012 IPA Component I was proposed on 25 November 2011. Inherently this exercise is liable to be modified by means of dropping or annexing one or more projects till the signature of the Financing Agreement.

Programming for 2013 was also initiated on 4 February 2011 with a call for project. The project proposals for 2013 programming year submitted by the relevant institutions were initially assessed and shared with the EC in November 2011.

Regarding the FAs signed in this period; the third and second parts of the 2010 NP were signed on 3 February 2011 and 11 April 2011 and the first part of the 2011 NP was signed on 13 October 2011.

### **IPA-II Cross-Border Cooperation**

The most important achievement of this period was contracting of the majority of projects submitted under the first call for proposals. Out of nine already approved for financing under the 1st Call for Proposals (CfP) eight projects (with Turkish partners) started implementation during 2011. In addition, the Second CfP was launched in 2011. Comparing with the previous call, a higher number of applications have been received, demonstrating an increased interest in the Black Sea Basin JOP. Evaluation and selection process for the second CfP package is foreseen to be finalized in the next reporting period.

### **IPA- III Regional Development and IPA –IV Human Resources Development**

The implementation of the Programmes is being performed by the respective Operating Structures and the CFCU for Regional Competitiveness, Transport and Human Resources Development Operational Programmes. As for implementation of the Environment Operational Programme, the Ministry of Environment and Urbanization's accreditation for taking up the contracting and tendering responsibilities was finalized by 20<sup>th</sup> of January 2011. Therefore, by then the CFCU discharged its portfolio of Environment Operational Programme to the relevant unit of the said Ministry. Moreover, the procedures for accreditation were almost finalized for OSs for HRD OP and RCOP in 2011 and their conferral of management decisions were taken in the first quarter of 2012. Ministry for Transport, Maritime and Communication's accreditation process is also expected to be finalized in 2012.

Thanks to the extensive efforts of all parties, de-committed amounts for these OPs were realized lower than expected. 24,5 MEUR under EOP, 7,5 MEUR from TOP and 200.000 EUR from HRD OP were de-committed by the end of 2011(the figures were rounded up). Especially in TOP and EOP, the big investment projects are now being entered into implementation phase and that would increase absorption rates with higher actual fund spending.

### **IPA Component V**

Throughout the reporting period preparations for activating this component have continued. The conferral of management decision for the first phase of implementation for 3 measures and 17 provinces was granted on 29 August 2011. The remaining 3 provinces were later accredited in February 2012. Multi Annual Financing Agreement (MAFA) which is one of the main legal elements required for ensuring the readiness of this component was signed on 27 July 2011 and entered into force on 24 November 2011. Alongside these developments, the implementation of the programme started with 4 calls for proposals in 2011.

In order to avoid the risk of fund losses, a process for an amendment of the IPA Implementing Regulation to increase the amount of advance payment for the programme was initiated and finalized before the end of 2011. With this measure, no funds were de-committed under IPARD in 2011.

### **• Information on the meetings and reports of the Sectoral Monitoring Committees, Joint Monitoring Committees (Component II) and IPA Monitoring Committee**

Component I– JMC&TAIB Monitoring Committee meetings were held on 2 February 2011 and 5 July 2011.

Component II – JMC Meeting was held in Edirne on 23-24 February 2011.

#### Component III:

Environment OP: Two SMC meetings were conducted on 17May 2011 and 23November 2011, respectively.

Regional Competitiveness OP: Two SMC meetings were conducted on 18May 2011 and 22November 2011.

Transport OP: Two SMC meetings were conducted on 17May 2011 and 22November 2011.

Component IV –Two SMC meetings were held on 7 July 2011 and 1December 2011.

Component V – Two IPARD MC meetings were conducted on 6 July 2011 and 7December 2011.

### **•Main conclusions and recommendations of the last IPA annual implementation report and follow up**

Main conclusions of the last report are as follows:

- Apart from the need for an increase in the amount of the financial assistance, the contracting and implementation procedures need to be revised so that the deadlines can be met and de-commitment risks can be avoided.
- Good governance of the contracting and procurement procedures to be followed for the components 3, 4 and 5 in the course of upcoming years is very crucial for the proper and effective implementation of the programmes.
- The technical assistance components of the Operational Programmes should be permitted to be used before the signature of the Financing Agreement in order to increase the

institutional capacity of the Operating Structure and finalize the preparation activities before the implementation of the programmes.

- In order to increase the absorption capacity of the Operational Programmes under IPA 3 and 4 and to prepare all the regions in Turkey for the Structural and Cohesion Funds; either some flexibility in the geographical concentration principle should be provided or all regions of Turkey should be considered eligible.
- Because of the long time spans elapsed in tendering stages, the public enthusiasm at all levels have decreased gradually.
- The staff turnover rate of the system at all levels is high.

Since the above-listed issues are mainly related to the elements that make up the system and its procedures that have been outlined in certain documents, they can only be considered for the next IPA period. Meanwhile, among them, good progress has been achieved with regard to staff turnover issue towards the end of 2011 with a decree law numbered 666. It was put into effect on 2 November 2011 and reduced the preceding disparities by means of commensurating the expert and assistant experts' wages with the one that used to be highest before in the Turkish public administration. As a consequence, there has been a considerable increase in expert salaries, however, wage equality in the IPA bodies yet to have been ensured fully as there are also staff rather than experts like engineers in the IPA units and they are out of the scope of the aforementioned decree law. Nonetheless, this measure has solved the problem to a great extent.



## **Detailed Observations by Component**

### **COMPONENT I: Transition Assistance and Institution Building**

#### **I. Summary of the Component I and the relevant priorities set up in the Multi-annual indicative planning document and the Programme.**

2011 marks the start of shift from classical project approach to sector approach. This fundamental move is a product of shared considerations of the EC and Turkey those are built upon reasonable determinants in terms of improved efficiency and effectiveness. In other words, the newly employed sector approach is presumed to increase the material impact of IPA assistance and to give greater focus to achievable and at the same time to measurable results. Therefore, it was decided with the EC to concentrate all efforts on prioritized target sectors. According to the new understanding, preferably under the leading role of national authorities coordinated by the NIPAC a sector approach should facilitate cooperation among donors and beneficiaries thereby eliminating duplicated efforts that would lead to greater efficiency and effectiveness.

As explained above, by means of close cooperation with the EC a new sector approach to programming for the Component – I has been developed and now this approach constitutes the main pillar of the current MIPD 2011-2013. The following priorities for IPA support over the period covered by the MIPD have been identified as follows:

- Making progress in the critical areas of rule of law in order to achieve reforms of the judiciary and fundamental rights,
- Adopting the Acquis in areas where there is complex legislation or costly requirements to adopt EU standards such as transport agriculture, food safety, environment, climate change and energy.
- Supporting Turkey in its economic and social development efforts leading to enhanced competitiveness.

Horizontal priorities that will be supported as cross-cutting themes are participation of civil society, participation in EU programmes, attaining high degree of protection of environment, mainstreaming the climate change considerations, equal opportunities for men and women, supporting the disadvantaged and vulnerable groups as well as development of good neighbourly relations.

Particularly, for 2013 programming year, the EC recommended to give greater room for sector working group exercises. In fact, the programming of Component-I has always been a matter of bi-party or multi-party process through which countless ad-hoc meetings with large participation have been ensured. This approach has been reinforced in the current programming process document that aims at strengthening programme based and sector based approaches in support of enlargement priorities. The said joint document sets out steps and timelines of programming. The potential ministries, relevant authorities, universities, professional organizations and associations, trade unions and confederations, NGOs and international donors are invited to these sector working groups to have their say. Under the coordinating role of the Ministry 15 individual sector working group meetings have taken place from February 2011 to October 2011. Intense

intra ministerial and inter ministerial coordination have been managed by the Ministry while the EU Delegation has always been on board.

Based on above-said considerations and guiding documents the below listed priorities were selected for support in the programming period 2011-2013. Therefore, the pre-accession funds earmarked for Turkey will be focused primarily on the following sectors:

- Justice, Home Affairs and Fundamental Rights
- Private Sector Development
- Environment and Climate Change
- Transport
- Energy
- Social Development
- Agriculture and Rural Development

Programming of 2013 was initiated by the Ministry with a call for project on 4 February 2011 simultaneously with 2012. Thereafter, assessment of the proposals in terms of their project structuring and relevance with accession priorities was conducted by the Ministry. These checks end up in re-shaping of the projects where deemed necessary. Accordingly, they were shared with the EC. In the light of sector approach, the 2013 programming package has been constructed on the following main sectors covering the comprehensive and multi annual “Sector Identification Fiches” (SIFs) rather than collecting some individual project fiches. The SIFs are derivatives of the Sector Alignment Strategies and their content allows for establishment of benchmarks for per beneficiary in the MIPD. This will help focusing on the main objectives of the national sector strategy in relation to the MIPD sectors. Obviously, they pinpoint which measures and/or operations should be most efficient and appropriate in the relevant sector. On the other hand, the SIFs allow for the development of a performance assessment framework for the sectors.

- Justice and Fundamental rights,
- Migration and Border Management,
- Energy,
- Agriculture and Rural Development.

The main principles of sector approach have been reflected to programming of 2013. The project fiches received have been integrated to above-mentioned four main sector areas as substantial measures. SIFs should clearly demonstrate the link of proposed measures with the national sector strategies which support political priorities of Turkey in the accession process. To create better impact and to be able to demonstrate the results of IPA assistance, more focus and proper use of performance indicators are needed. Meanwhile, these four sector identification fiches are getting more mature enough through working group meetings by participation of all relevant parties in per sector.

After the emergence of the new MIPD on the way to adopt the sector approach and integrate it into the programming process Turkey initiated structuring the Sector Alignment Strategies (SASs) in order to channel the IPA assistance into its sectoral needs. As the master documents giving the direction to the Turkish authorities for IPA funding, “the Sector Alignment Strategies”

(SASs) are continuously under updating process since they are living documents that need to be revised periodically.

## **II. Summary of the Sectoral Annual Report. The points of reflection should include, inter alia, information on the following:**

### **1. Synthesis of progress made in implementing Community assistance in relation to the priorities set up in the multi-annual indicative planning document and in the Programme.**

Within the reporting year, 461 contracts were signed within IPA 2007 Component I, 305 contracts were signed within IPA 2008 Component I and 118 contracts were signed within IPA 2009 Component I, 2 contracts were signed within IPA 2010 Component I as of 31/12/2011.

For **2007 IPA-I**, the contracting performance is **89.2%**. As it is known, contracting deadline for the first programme of IPA-I was determined as 24 December 2011 with a one-year extension for certain projects. In this programme with a budget of **225,65 MEUR**, **201,2 MEUR** was committed by the CFCU through award of **461 contracts** while **24 MEUR** has been saved because of competition in tenders. Only two supply components (both of which were supply of software) with a total budget of **400.000 EUR** could not be awarded due to non-satisfaction of Technical Specifications in both that was ended in cancellation. In this programming year, it was observed that the competition (*especially in works tender*) has been largely affected by the recent increase in the exchange rate of EURO against TL. However, relying on the principal agreement of the JMC of 29 June 2010, reallocation of **18.3 MEUR** has been achieved.

Under the **2008 NP**, including the SEI programme 31 projects with 61 tenders were programmed to be funded with a total amount of **224.5 MEUR** and the contracting deadline for the whole programme was 31 October 2011 except 9 projects with total amount of **68.35 MEUR** of which the contracting deadline was extended to 31 March 2012.

However, after the re-allocation of (**31.8 MEUR EU money + 7.8 MEUR TR money**) the unspent funds from the *Tagging and Vaccination* project (11.3 MEUR saving) and cancelled/failed projects to the grant components of the “*EU-Turkey Intercultural Dialogue*”, direct grant component of the “*Enhancing the Role of the Supreme Judicial Authorities in Respect of European Standards*” and “*Lifelong Learning of the Union Programme*”, total budget decreased to **184.9 MEUR** for this programme.

As of 31<sup>st</sup> of January 2012, 305 contracts were awarded with a total amount of **124.2 MEUR**. However, as of 31 October 2011 which is the contracting deadline for the 2008 programming package except for those 9 projects whose contracting deadlines were extended to 31 March 2012, the contracted amount was **109.4 MEUR** out of **116.6 MEUR** with a contracting rate of 94%. In this programme only one supply component with a budget of **300.000 EUR** could not be awarded, although re-launched tender was realized. Furthermore, as of 31<sup>st</sup> of January, around 7 MEUR is remained as tender savings and 5 MEUR of this amount is remained from the SEI project under this programme.

Under this programme, direct grant contract (*Post-Earthquake Support to the Province of Van*) was also signed in the last date of first contracting deadline with an amount of **4 MEUR** for earthquake victims in Van with the Turkish Red Crescent. Within this contract, 950 containers/living cabinets were supplied and installed as fully equipped in the region. It is estimated that around 6.000 people in the earthquake region has been sheltered.

Under the **2009 NP**, 36 projects including SEI with 52 components were funded with a total amount of **128.7 MEUR** with the contracting deadline of 13 December 2012. As of 31 January 2012, 118 contracts were signed with total amount of **26.5 MEUR**.

Under this programme, the project *TR2009/0332.01- Strengthening Institutional Capacity of Inspection Boards within Public Financial Management Control (PFMC) System* which has only twinning component with a budget of 1.758.000 EUR had to be cancelled due to the fact that active participation of all related inspection boards in the project has not been met, which is a condition to be met set by the EU Commission.

Under the **2010 NP**, 30 projects including SEI with 47 components were funded with a total amount of **169.5 MEUR**.

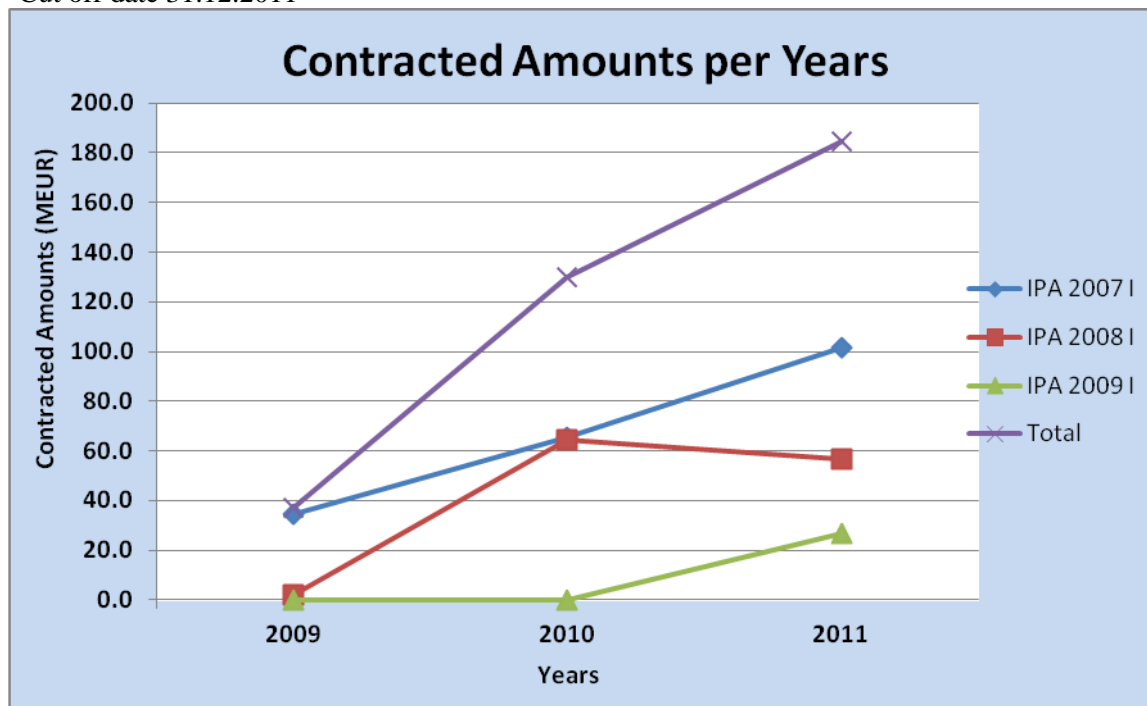
As of 31<sup>st</sup> of January there are only 3 contracts signed with total amount of 8.7 MEUR and two of which are the supply component of the project “*FMD Vaccines for Control of Foot and Mouth Disease (FMD) in Turkey*”.

## 2. Progress in financial implementation:

**Table 2:** Contracted Amounts per Years

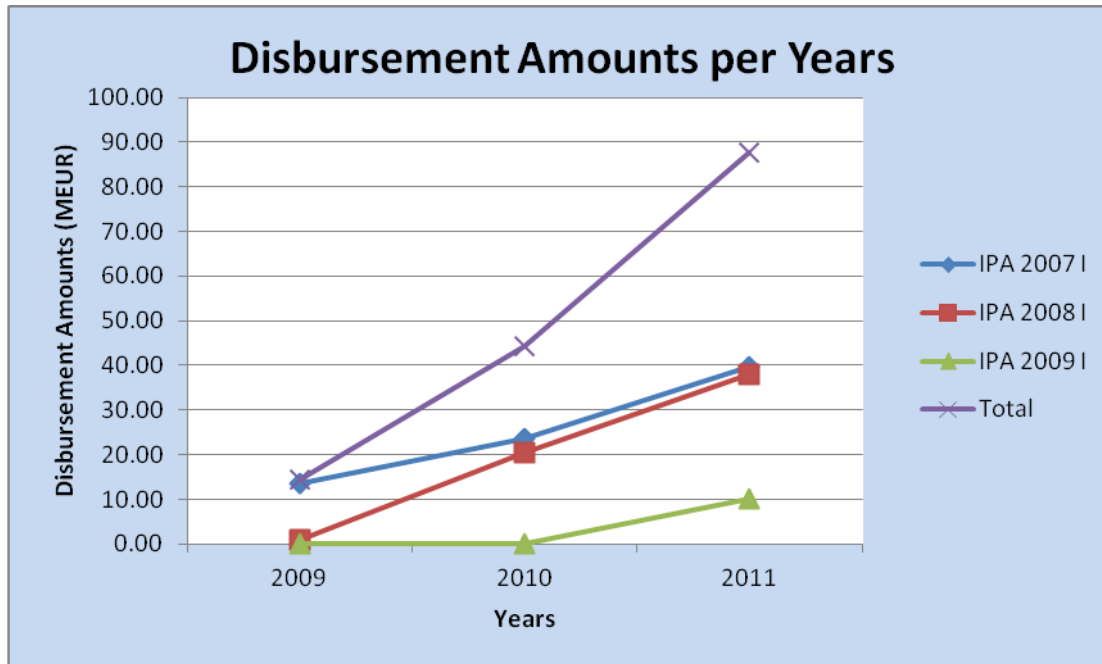
Programme*	2009 (MEUR)	2010 (MEUR)	2011 (MEUR)
IPA 2007 I	34,6	65,3	101,4
IPA 2008 I	2,2	64,6	56,6
IPA 2009 I	0,0	0,0	26,5
<b>Total</b>	<b>36,8</b>	<b>129,9</b>	<b>184,5</b>

\*Cut off date 31.12.2011



**Table 3: Disbursement Amounts per Years**

Programme	2009 (MEUR)	2010 (MEUR)	2011 (MEUR)
IPA 2007 I	13,6	23,6	39,6
IPA 2008 I	0,9	20,6	37,9
IPA 2009 I	0,0	0,0	10,2
<b>Total</b>	<b>14,5</b>	<b>44,2</b>	<b>87,7</b>



Generally recoveries arise from unused budget and ineligible expenditures. These kinds of risks can be derived from the unpredictable reasons which are caused by contractors.

The contracting rates in 2006 and 2007 National Programmes (NP) were **84%** and **89.2%** respectively. In 2006 NP, the allocated amount was 462,042 MEUR while the contracted amount was 389,134 MEUR. In 2007 NP, the allocated amount was 225,649 MEUR while the contracted amount was 201,216 MEUR.

As it is well known, the original contracting deadline of 2008 NP is 31 October 2011 while there are some projects for which the contracting deadlines were extended to 31 March 2012 due to their risky situations which were agreed with the relevant DIS actors previously. The CFCU's 2008 IPA-I budget portfolio is 184,912 MEUR and the contracted amount reached to 109,355 MEUR as of **31 October 2011**. The concrete figure will be determined by the end of March 2012 when the contracting process is completed for the extended projects.

The qualitative analysis can be observed from the table and graphics presented above. In order to analyse the reasons behind this trend, and thus, to take necessary actions, CFCU developed a reporting system. It can be concluded that the contracting rate is above 80% over the years and it shows an increasing upward trend in the recent years due to the efforts and the gained experience of all DIS actors.

### **3. Assessment of the management and control system:**

Management and control system existing for the smooth execution of the financial cooperation has based itself on the elements recommended and envisaged in the related provisions of the EU and national legislations. The system is also subject to regular supervisions of both the EU and authorized national institutions in the DIS structure.

To ensure periodic notification of the Commission about the weaknesses and progress made towards addressing them, Comprehensive Action Plan (CAP) was prepared and sent to the Commission in May 2011 by the NAO with the contributions of all the related actors. The CAP was also revised in November 2011. Prepared mainly for addressing the weaknesses in the management and control system, the document aims at keeping the Commission updated with regard to the issues either detected by different services in the EC or raised in some official letters from the Commission.

“Monitoring and Evaluation” functions are fulfilled by the “Coordinatorship of Monitoring and Evaluation” under the Directorate of Financial Cooperation and these two functions have been separated from each other at sub-unit level so as to ensure the independency of these two different but somehow interrelated functions.

On the other hand, in case the MEU starts carrying out the ROM activities by its own capacity after the end of the on-going project, the existing structure for the execution of this function will also be subject to substantial changes in terms of the composition of monitors per sector and distribution of tasks.

As for the establishment of an internal audit unit in MEU, which is one of the two findings to be addressed, the process is still ongoing. As a requirement of the national legislation, MEU has conveyed its demand to the Internal Audit Coordination Board through an official letter with justifications of the required internal auditors. The process will culminate in a Council of Ministers decision prior to assignment of the auditors by the MEU. Once the process of issue of the decision of the Council of Ministers is finalised, establishment of the internal auditors will be realized accordingly.

The year 2011 has also become an important year in terms of contributing to the functionality of the monitoring activities with the inclusion of the ROM project to the already existing conventional monitoring. The project, as titled “Technical Assistance for Result Oriented Monitoring in Turkey” (ROM), started in January 2011. In 2011, 65 ongoing projects have been monitored by the ROM team. The ex-post monitoring activity which was also carried out by the ROM team for five pilot projects in 2011 was found very useful in terms of measuring the impact of the completed projects. MEU wishes to include ex-post monitoring in its monitoring portfolio for the coming years.

The ongoing and completed evaluations during the course of the reporting year can be listed as follows:

1. Evaluation of Stakeholder Participation (Completed).
2. Evaluation Twinning versus Technical Assistance. (Completed) (Initiated by EC, MEU is not a partner or beneficiary)
3. Technical Assistance for Interim Evaluation of IPA I in Turkey for years 2007-2008-2009 (Final Report is presented but not accepted yet.)

4. Thematic Evaluation on Judiciary and Fundamental Rights in Turkey (It is in inception phase, run by DG ELARG)
5. Thematic Evaluation on Environment in Turkey (ToR is prepared, not contracted yet.)
6. Thematic Evaluation CS in the Western Balkans and Turkey. (Initiated by EC, MEU is not partner/beneficiary)

The recommendations of all of the completed evaluation projects are being followed up closely.

#### **4. Assessment of the administrative capacity.**

In 2011, a number of Ministries that have certain tasks and responsibilities under EU – Turkey financial cooperation have been restructured with the decree laws published between June – November 2011. The impact of said restructuring of the ministries has been assessed by NAO office in terms of its possible implications on the overall functioning of the financial cooperation. As a result of this assessment, no significant impact has been identified on the financial cooperation. However, though not major there are still some issues to be addressed since otherwise it would cause delays in implementation of several projects of the restructured institutions.

There have been considerable changes in the organizational structure of the Ministry of EU Affairs former Secretariat General for EU Affairs in the year 2011. Having served as one of the main institutions in the accession process for more than ten years as Secretariat General for EU Affairs affiliated to either State Ministry or the Ministry of Foreign Affairs, the institution has become a ministry with the Decree Law numbered 634 as of 3 June 2011.

The distribution of roles and responsibilities of the competent institutions in the DIS system according to the new structure of the Turkish Public Administration was redefined with the Prime Ministry circular no: 2011/15 dated 18/10/2011 which repealed the previous Prime Ministry circular no: 2009/18.

Closing the staff gap in MEU can be regarded as one of the main positive steps regarding administrative capacity. The staff gap in the unit was bridged with the recruitment of experts and junior experts in the course of 2010 and 2011 with several examinations. Though the number of staff has reached to a stable level, there have also been some exchanges of staff among the coordinators in the FCD. Additionally with the inclusion of the Result Oriented Monitoring (ROM) project to the existing monitoring tasks, it is envisaged that a need for one or two additional staff to be recruited might appear in the following years.

Besides, the revision of the NIPAC Manual during the reporting year has also played an important role in this context. Revised NIPAC Manual also enabled the FCD to update the work load analyses (WLAs) in line with newly distributed functions and tasks among the sub-units in the FCD.

#### **5. Coordination with other instruments and/or donors:**

Apart from the IPA Funds, TAIEX and G2G programmes are the financial instruments which are coordinated under the responsibility of MEU. These instruments contribute to the delivery of appropriate expertise to address problems at short notice, providing technical assistance and

advice on the transposition of EU legislation into the national legislation of Turkey and have a considerable impact on the accession process.

**TAIEX:** The activities carried out under TAIEX in 2011 were explained in detail in chapter 1.

**G2G Bilateral Cooperation with Netherlands:** During 2011, the project proposals prepared by Turkish institutions for the G2G.NL, which is a joint programme between Turkey and the Netherlands, were evaluated by the Ministry for EU Affairs. A shortlist was prepared and sent to the Netherlands. At the end of the evaluation, 8 projects with a total budget of more than 950.000 EUR were approved by the Netherlands. In addition to this, the Ministry for EU Affairs coordinated the MATRA and G2G projects initiated in the previous years and attended their Project Advisory Committee (PAC) meetings. This bilateral cooperation is very important and beneficial in terms of knowledge and experience exchange between the countries, as well as the improvement of economic relations.

**G2G Bilateral Cooperation with the Grand Duchy of Luxembourg:** In 2011, within the framework of our bilateral cooperation with the European Institute of Public Administration (EIPA), three seminars on "EU Legal, Institutional and Procedural Affairs" were held for the experts and assistant experts of Ministry for EU Affairs. These seminars were held in the facilities of the Ministry for EU Affairs and approximately 150 participants attended.

On the other hand 12 personnel from Ministry for EU Affairs attended 'Open Seminars' program of EIPA Luxembourg without registration fee.

Besides, considerable amount of projects were contracted with the International Organizations such as Council of Europe, World Health Organization, UNICEF, UNDP and the World Bank. Projects with these international bodies are implemented through direct grant contracts. Although certain expertise from these bodies is transferred to the national institutions in the relevant areas through the EU funds, there are some problems emanating from their own modus operandi for the transactions especially during the expert allocations to the projects.

## **6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:**

Two "JMC & TAIB Monitoring Committee Meetings" were held in accordance with the related provision of the IPA Implementing Regulation during the course of the year, the first of which was held on 2 February 2011 and the second one on 5 July 2011. Follow-up on the main conclusions of the second JMC-TAIB Meeting is below:

- Need for setting up a procedure for PF amendment:

A working group was established and a protocol was prepared regarding PF amendment as a result.

- Introduction of a mechanism for faster use of SEI funds:

An online application tool has been launched on Ministry's server to serve for all stakeholders of the SEI project. Besides, SEI Steering Committee has been established and held its first meeting on 4th November with the participation of representatives from MEU, EUD and CFCU.

- Integrating the gender mainstreaming issue into financial cooperation:

The issue was agreed to be worked in detail under a TA contract to be financed through SEI facility. The relevant ToR was prepared by the MEU and sent to the EU Delegation.



- Need for a change in the template of PMRs:

This issue was also included in the monitoring mapping study and revisions to be done on the template was determined by the working group of the abovementioned study.

- Thematic evaluation on environment:

TOR drafting is completed and it is under consultation within the MEU.

- Establishment of project level steering committees:

The PFs for programming years 2009 and onwards was prepared in line with this recommendation. Necessary measures for activating those committees will be defined and implemented in the next period.

## **7. Assessment of the information and communication activities.**

Regarding publicising programmes and operations, NIPAC's office has been delivering training activities to public institutions based on their request on EU-Turkey Financial Cooperation and/or specifically monitoring and evaluation, grant scheme programmes, etc. Informative meetings are continuously being held with participation of experts from the NIPAC office to the relevant stakeholders. All activities regarding the programmes are announced from the MEU website.

In addition to these efforts, all the beneficiaries are encouraged to organize the opening and/or closing events of the projects with highest possible level of participation from all the stakeholders. In this context, Minister for EU Affairs and Chief Negotiator Mr. Egemen BAĞIŞ continued to attend the events as long as his program was available. NIPAC services provided attendance to the events in his absence.

On 22 March 2011 an event with extended participation was organized by NIPAC services for the introduction of "Technical Assistance for Result Oriented Monitoring in Turkey Project" to the beneficiaries of IPA I projects. More than 200 people from public institutions attended the event in which, Minister for EU Affairs and Chief Negotiator Mr. Egemen BAĞIŞ personally addressed the participants.

Additionally all the citizens have access to the web-based knowledge acquisition system to deliver any questions related to EU - Turkey relations including the financial cooperation. Among all the others, financial cooperation has been marked as one of the most visited areas by the citizens during the year 2011. Being responsible for the NIPAC services, the FCD has spared considerable efforts so as to provide concrete and convincing information with three staff allocated to "knowledge acquisition" subject.

The necessary measures are being taken to ensure the visibility of the European Union financing or co financing. These measures must comply with the rules laid down and published by the Commission on the visibility of external operations: [http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm).

All projects and/or contracts implemented under the programme shall comply with the **Visibility Guidelines for European Commission Projects in Turkey** also published by the EU Delegation to Turkey, at [http://www.avrupa.info.tr/AB\\_Mali\\_Destegi/Gorunurluk\\_Visi.html](http://www.avrupa.info.tr/AB_Mali_Destegi/Gorunurluk_Visi.html).

The new supplement visibility guide dated September 2009 serves to complement the existing Communication and Visibility Manual for European Union External Actions in order to specify visibility modalities for projects under the DIS. To facilitate project visibility and the

management of visibility-related activities, the supplement includes the roles of the CFCU and EUD, together with the specification of visibility arrangements.

These guidelines have been designed to complement part 2.3.5 of the Practical Guide to Contract Procedures for EC External Actions and the Communication and Visibility Manual for European Union External Actions aiming to ensure that actions that are wholly or partially funded by the European Union (EU) in Turkey incorporate information and communication activities designed to raise the awareness of those actions, their purpose and impact in Turkey.

The provisions of the Communication and Visibility Manual for European Union External Actions and the complement are mandatory for all Beneficiary organisations/ institutions, contractors, public or private bodies and international organisations receiving EU financial support and any other entity carrying out an action funded or co-funded by the EU.

The relevant information stating that “the CFCU will be the main authority in charge of reviewing and approving visibility-related materials and activities” is provided within the Terms of Reference (article 9) and Technical Specifications (article 2). Before initiating any information, communication or visibility material and activity, consultants/contractors and implementing partners should seek the written approval of the CFCU.

## **8. Follow up:**

The programming process of 2011 for IPA Component-I started in the third quarter of 2010. The 2011 programming process was carried out in two separate parts. The first part covered a number of projects which were deferred directly from 2010 programming cycle and these projects needed just small modifications to reach the necessary maturity level to be placed in the financial proposal. There were 9 projects with a total budget of 129.600.000 EUR. The financial agreement for the first part was signed on 13 October 2011, published in the official gazette of Turkey on 23 December 2011 and entered into force on 26 December 2011.

While the preparations for the first part were continuing, the projects received from potential beneficiaries under the call for proposals for 2011 programming year were collected for part II.

The development process of part II of 2011 programming continued throughout the year with active participation of the potential beneficiaries lead by MEU. It is likely that 23 projects will be covered in this part with a total budget of 223.990.749 EUR.

As a result of the context analysis, DG ELARG has promoted the application of the sector approach to the design and operation of EU pre-accession assistance. As it is known, 2013 is the transition period which implies the re-organization of the traditional project approach towards sectoral approach. Meanwhile, the sector approach, which will be fully operational in the second IPA period in 2014-2020, has been partly adopted for 2013 package. The new approach successively requires acquiring new tools for managing the financial cooperation based on sector approach such as result oriented monitoring for monitoring the outputs. The important points for Turkey in programming are the ultimate objectives of EU acquis over the chapters and meeting the Copenhagen Criteria.

As of 2011, Midway of IPA period (2007-2013) has already left behind. The first three years of implementation period have brought in various lessons and articulated very valuable experiences. As a matter of fact, with close cooperation with the EC, the new sector approach to programming under first component has been employed in the new MIPD 2011-2013. To achieve the priorities

selected for support in the programming period of 2011-2013, the Commission focuses its assistance primarily on the following areas:

- Justice, Home Affairs and Fundamental Rights
- Private Sector development
- Environment and Climate Change
- Transport
- Energy
- Social Development
- Agriculture and Rural Development

The project proposals for 2013 programming year submitted by the relevant institutions were initially assessed and shared with the EC in November 2011.

Meanwhile, the sector approach, which will be fully operational in the second IPA period in 2014-2020, has been partly adopted for 2013 package. In this vein, comprehensive sector fiches will be prepared rather than conventional project fiches for the following four sectors:

1-Justice and Fundamental rights,

2-Migration and Border Management,

3-Energy

4-Agriculture and Rural Development

The 2013 project fiches under these four sectors which had been sent to EC before will be incorporated into these four main sector identification fiches (SIF) as measures in accordance with the sector approach whereas the conventional standalone projects will be accepted for other MIPD sectors.

### **III. Sectoral conclusions**

#### **Design and implementation of the programme**

As of 2011, Turkey has been benefiting from IPA I programme for four years. The experience of Turkey on the programming and implementation of EU financial assistance goes even way back when the pre-IPA period is considered. It can easily be stated that the quality of design and implementation has been improving on a yearly basis as the experience of the Turkish institutions involved in the programme is building up. The project fiches for each year are definitely more mature than the project fiches of the previous years' thanks to the extensive training activities initiated by the DIS institutions together with EC.

Through exchanges of views and experiences, Turkey and the EC have explored the possible ways of enhancement in the programming throughout 2011. Among the others, adoption of sector approach was an important building block of the new understanding of programming. The programming of 2011 – 2012 was initiated and progressed in line with the new programming approach to the possible extent. The whole process was carried out in line with the modalities mutually agreed.

A comprehensive study on the refinement of the monitoring activities in Turkey was conducted with the participation of the relevant actors of the monitoring system. The implementation of the

operational conclusions of the reform study is expected to improve monitoring capacity of the whole programme to a great extent. The first results of the implementation of the actions are envisaged to produce expected results in the following reporting year.

The “Technical Assistance for Result Oriented Monitoring in Turkey” (ROM) project which started in 2011 has considerably increased the monitoring capacity of MEU. The monitoring reports produced by the Technical Assistance team provide solid and reliable information on the status of the ongoing projects which is appreciated by all the relevant parties involved in project cycle. The monitoring reports also provide valuable information as regards to the design of the projects to be taken into account in the subsequent programming years. Moreover, both theoretical and on-the-job training activities organized within the scope of the Project have been beneficial in increasing the capacity of the monitoring and evaluation unit within the MEU.

### **Management and control systems**

Evolving the former EUSG to a full-fledged Ministry is considered as one of the major signs of Turkey’s resolute longing for the membership to the EU. This transformation has also increased the visibility of the EU related issues including the projects and programmes financed under IPA.

Strengthening the SMSCs’ structures also has become an important step taken towards making them proper platforms to establish link with the projects under sector in question and implementation of the national strategies in the sector. With the new structure, link with the negotiation in the sector has also been sought. This sector approach has been adopted in line with the new MIPD for the period 2011 – 2013. The new sector distribution of the SMSCs in line with the new MIPD was applied for the first time during the course of SMSCs which were realized in the second half of 2011.

In addition to the efforts made by relevant DIS actors to address the Conferral of Management conditions, considerable progress has been made during the year 2011 in terms of management and control systems with all the positive steps taken and efforts made by the MEU. As a result of all these efforts, all the open findings have been closed except for establishment of the internal audit unit and preparation of a risk management plan.

The Decree Law no: 666 which was a part of the restructuring of Turkish Public Administration introduced an instrument of equalizer to the salaries of the experts in all public institutions. This is expected to decrease the personnel turnover rate in the system, reducing the will of people to leave their jobs for more desirable posts in other institutions.

### **Impact of the programme**

The impact of the existing programme can be measured in two different levels as direct impact, which is the impact of individual projects and indirect one that entails the projects’ contribution to the sectoral or structural changes.

As far as the direct impact of the programme is concerned, the Result Oriented Monitoring reports show that more than two thirds of the projects monitored in 2011 received good grades in this section, which is considered as a positive prospect even in the international context. The results of the ex-post monitoring activity which was implemented by the ROM TA team for five pilot projects in 2011 also support this high level of impact which is parallel to the impact prospects at the programme level.

On the other hand, the indirect impact of the programme is more difficult to observe in the short run. Although a wider assessment of the programme on a sector level requires a more extensive evaluation study, the progresses of the completed projects present a good indication. In general, the sectoral impact prospects of the programme are positive.

Moreover, a thematic evaluation study is planned to be initiated by MEU following the suggestions of various stakeholders. In this context, the ToR for the thematic evaluation of the environment sector was drafted and the project is expected to be initiated in the next reporting period. It might be considered to apply a similar study for other sectors depending on the achievement of results of the project on environment sector.

However, despite the positive scene in terms of impact created by the projects, there is still room to make progress so as to improve the overall impact. For this aim, enhanced communication between the institutions working in the same areas should be ensured. Despite the fact that progress has been made in terms of communication and cooperation among the institutions over the years, there are still some problems in this field which hinder the balanced distribution of the impact within a certain sector. This also creates adverse effects in terms of yielding the same result throughout the whole field under which sectors are identified.

Concerning the expected impacts of the projects implemented for pilot areas, certain problems exist with regard to dissemination of the results to other regions rather than the pilot regions. In that respect, institutions implementing pilot projects are encouraged to take all the necessary measures in order to ensure the same level of impact on the whole country.

### **Factors imposing risk of non-implementation or delayed implementation**

The factors affecting the implementation stage by imposing risk of non-implementation or delayed implementation should be handled in an analytical way. These issues exist for each DIS actor and need to be handled institutionally. In this regard, the most important points can be specified as:

- The staff turnover rate of the system at all levels is high. The Decree Law no: 666 which introduced an equalizer to the salaries of the experts in all public institutions is expected to limit the turnover rate in the system to more reasonable levels.
- The institutional know-how capacity of the DIS bodies is improving but there is still space for improvement.
- Because of the long periods experienced in tendering stages in addition to the slow and complex exchange of comments and approval procedures resulting from ex-ante approval, the enthusiasm of the project beneficiaries at all levels seem to have decreased. Due to the DIS system requirements together with national entry into force procedures for the legal arrangements such as Financial Agreements, one or more than year time lapse may occur between programming and implementation of the projects. In most cases, because of these long time lags the conditions in the programming period would no longer be valid during the implementation phase. Also it was experienced for some cases, that the beneficiaries seek different means other than the EU funds to implement their projects due to these factors.

- Although, restructuring in the Turkish Public Administration is not expected to cause any significant problems in the implementation of the programme, determining the project owner institutions caused some delays for a number of projects.
- The quality of the project related activities does not necessarily reflect the quality of the human resources and institutional capacity of the concerned actors in the DIS system at all times. Substantial training programmes have been delivered in order to overcome this problem which resulted in considerable progress in that respect.

**Recommendations:**

In addition to the regular PAO-SPO meetings to the relevant SPOs of the National Programmes regarding the PCM, PRAG, DIS structure, irregularities, etc organized by CFCU, adequate number of human resources with experience and/or necessary training should be in place in the relevant DIS institutions for accelerating project preparation, tendering and contracting process.

In order to ensure the strengthening of the management and control systems, the findings in the Comprehensive Action Plan for each DIS Institutions in relation to IPA I should be closely monitored and reported periodically to the Commission by the NAO Services.

## **COMPONENT II: Cross-Border Cooperation <sup>(1)</sup>**

### **I. Summary of the Component II and the relevant priorities set up in the Multi-annual indicative planning document and the programme(s).**

There are two programmes financed under the second component of IPA in Turkey. These are:

- 1) Bulgaria-Turkey IPA CBC Programme
- 2) ENPI Blacksea Basin CBC Programme

#### **Bulgaria-Turkey IPA CBC Programme**

Bulgaria-Turkey IPA Cross Border Programme is one of the CBC programmes where the Ministry for EU Affairs acts as the National Authority (NA). The Programme is co-financed through the new target of 'European Regional Cooperation' of the European Regional Development Fund and Pre-Accession Instrument. Within the scope of the Programme, the first call for proposals was launched on 28 September 2009 and project applications had been submitted until 28 December 2009. Following the termination of the application period, the projects to be financed were selected by independent evaluators in line with the rules and procedures and the objectives of the Programme. Following the completion of contracting phase of the projects approved by the Joint Monitoring Committee (JMC) in July 2011, 47 projects stepped into the implementation phase. The budget of the first call for proposals was approximately 9 million Euros. 36 projects have been completed so far.

The second call for proposals was launched on 8 September 2011. The deadline for submission of proposals was initially set as 8 December 2011 and then was extended to 16 January 2012. The indicative amount of second call for proposals was 8.941.025 Euros. The assessment of the submitted project proposals was finalized and the selected projects were approved by the JMC on 13 July 2012. The contracting phase of the projects is going on.

Due to the fact that Bulgaria-Turkey IPA CBC Programme is being implemented under shared management, no further information was given for the programme in the report.

#### **Black Sea Basin ENPI CBC Programme**

Black Sea Basin CBC Programme is one of the three maritime basin programmes established under the ENPI (European Neighborhood Policy Instrument) framework. Even though it has a limited budget, it is a multi-partied programme covering eight countries (Turkey, Armenia, Bulgaria, Georgia, Greece, Moldova, Romania and Ukraine) at the Basin. For the 2007 – 2013 period, the total ENPI budget is 25,696,516 € and IPA budget is 7,000,000 € EC assistance.

The programme is open to all level of local/regional/central authorities/institutions, NGOs/Civil Society Organizations and other institutions which have non-profit characteristics.

#### **Strategic Objective**

The programme's three specific objectives, based on those of the ENPI CBC Strategy Paper are as follows;

- Promoting economic and social development in the border areas,

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<sup>1</sup>This section does not apply for CBC programmes with Member States implemented in shared management

- Working together to address common challenges,
- Promoting local, people-to-people cooperation.

### **Priority Axis**

- Cross-border support to partnership for economic development based on combined resources,
- Networking resources and competencies for environmental protection and conservation,
- Cultural and educational initiatives for the establishment of a common cultural environment in the Basin.

### **The Implementing Structure**

- Joint Managing Authority: Romanian Ministry of Regional Development and Tourism,
- National Authorities of participating countries,
- Operating Structure in Turkey consisting of the National Authority (EUSG, later turned to Ministry of EU Affairs) and the Implementing Agency (CFCU).

### **Eligible Area in Turkey**

The Black Sea Basin eligible area involves 8 countries, some of which include the whole of their national territories (Armenia, R. Moldova and Georgia), while for others (Bulgaria, Greece, Romania, Turkey and Ukraine) the Programme is implemented in certain parts of the individual national territories.

For Turkey, the eligible area comprises of 7 NUTS II regions and 25 provinces which are enlisted hereunder;

TR1 (İstanbul),

TR2 (Edirne, Kırklareli and Tekirdağ),

TR 42 (Bolu, Düzce, Kocaeli, Sakarya and Yalova),

TR 81 (Bartın, Karabük and Zonguldak),

TR 82 (Çankırı, Sinop and Kastamonu),

TR 83 (Amasya, Çorum, Samsun, Tokat),

TR 90 (Artvin, Giresun, Gümüşhane, Ordu, Rize, Trabzon)

## **II. Summary of the CBC Annual Report. The points of reflection should include, inter alia, information on the following:**

### **1. Synthesis of progress made in implementing Community assistance in relation to the priorities set up in the multi-annual indicative planning document and in the programme.**

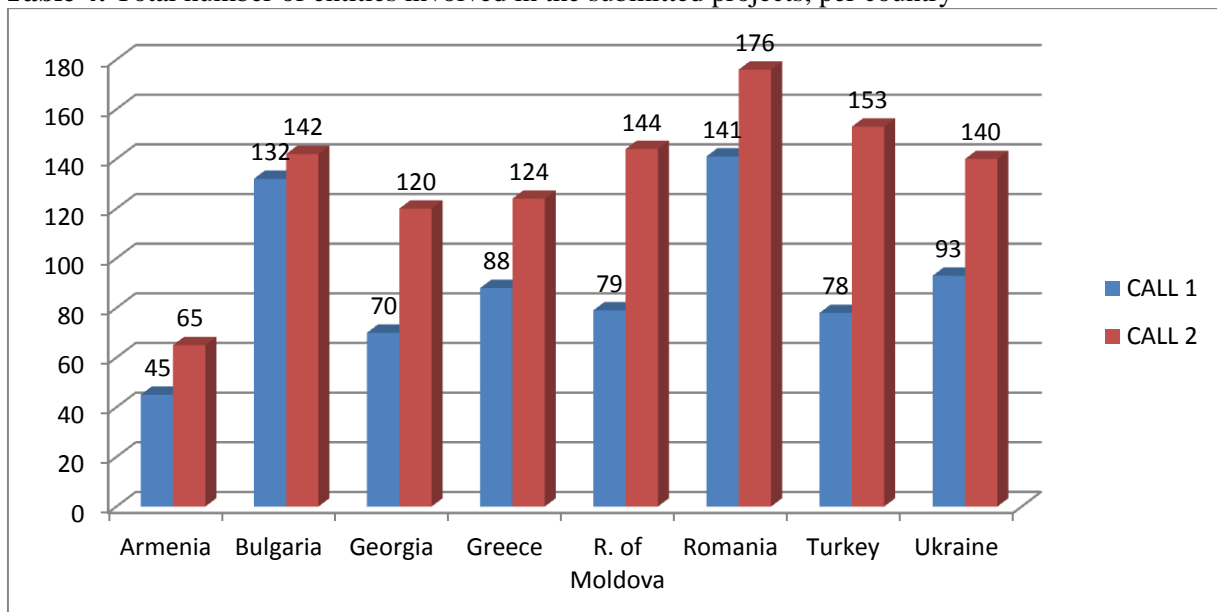
The following can be considered as the main achievements of 2011 that were in line with the goals set:

- The fifth Joint Monitoring Committee meeting took place on 23-24 February 2011, in Edirne,

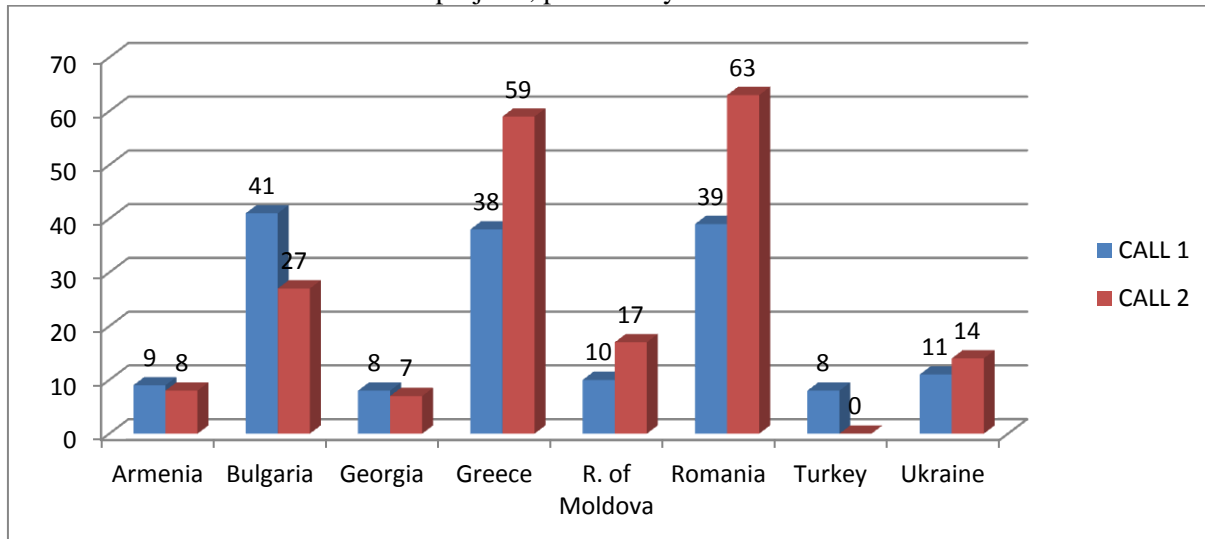


- Attending to the Second AER Black Sea Regional Policy Conference was held in 4-5 April 2011, in Batumi, Georgia,
- Organizing NIP Training of ENPI Black Sea Basin Cross-border Cooperation in Samsun, 21 April 2011,
- Organizing National Info Point Training of the ENPI Black Sea Basin Cross-border Programme in İstanbul, 4 May 2011,
- Organizing Partnership Forum of the ENPI Black Sea Basin Cross-border Cooperation Programme in İstanbul, 5 May 2011,
- Organizing Info Day of the ENPI Black Sea Basin Cross-border Cooperation Programme in Sinop, 21 June 2011,
- Organizing Info Day of the ENPI Black Sea Basin Cross-border Cooperation Programme in Karabük, 23 June 2011,
- Organizing Beneficiary Training under the ENPI Black Sea Basin Cross-border Cooperation Programme in İstanbul, 19 July 2011,
- Organizing Info Day of the ENPI Black Sea Basin Cross-border Cooperation Programme in Trabzon, 16 June 2011,
- Holding a monitoring visit on 27-29 December 2011 to the project “Industrial Symbiosis Network for Environment Protection and Sustainable Development in Black Sea Basin-SYMNET”,
- The contracts between the IPA Lead Beneficiaries of these projects and CFCU were concluded. 8 individual ones out of total 9 projects with which Turkish partners have been associated are in the implementation phase.

**Table 4:** Total number of entities involved in the submitted projects, per country



**Table 5:** Total number of submitted projects, per country



## **2. Progress in financial implementation:**

In 2011, 1.036.908,90 EUR was allocated for 9 projects which were contracted between the Central Finance and Contracting Unit, which is the contracting authority in Turkey. Also, 222.000 EUR was contracted under the Technical Assistance component within the scope of two signed Financing Agreements (2007 and 2008).

In addition, 104.963,42 EUR (82.741,31 EUR for the projects and 22.222,11 EUR for the TA budget) was transferred to the accounts of National Fund for the co-financing of the programme in the reporting period.

## **3. Assessment of the management and control system:**

Ministry for EU Affairs, former Secretariat General for EU Affairs (EUSG), is designated as National Authority (NA) for the programmes to be implemented under the IPA Component II - Cross-border Cooperation-, by Prime Ministerial Circular No. 2009/18 dated 4 December 2009. According to the above-mentioned circular, EUSG is designated as the National Authority for IPA Component II, while the Turkish International Cooperation and Development Agency (TIKA) was to carry out this function until a revised Conferral of Management decision for IPA Component II is granted by the European Commission. Since June 2010, EUSG has been carrying out the role of National Authority. EUSG transformed into Ministry for EU Affairs in 2011.

Cooperation Agreement between the MEU and the CFCU was signed in February 2011. An addendum to this agreement was signed on 22.12.2011.

Collaboration Protocol among the MEU, CFCU and the JMA was signed on 5.12.2011.

NIPAC Manual was updated on December 2011 in accordance with the conclusive comments of European Commission.

## **4. Assessment of the administrative capacity.**

Since June 2010, Ministry for EU Affairs has been carrying out the National Authority role. In this respect, in July 2010, additional staff has been recruited for the Cross Border Cooperation

Unit of the Financial Cooperation Directorate. In 2011, more staff was recruited for the Unit in line with the workload analysis prepared to reflect the new duties and responsibilities. Also, the delivery of necessary trainings has been conducted for new staff in the reporting period. As of end of 2011, there is no gap in the workload analysis of the CBC unit of Ministry for EU Affairs.

#### **5. Coordination with other instruments and/or donors:**

#### **6. Steps taken by the Joint Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:**

The Joint Monitoring Committee (JMC), the main decision making body of the Programme, was established in December 2008. It includes representatives appointed by each participating country, on a functional basis. Each country designated a maximum number of 3 members from central level and at least one observer from the civil society.

During the reporting period, the Joint Monitoring Committee held a meeting in Edirne on 23-24 February 2011.

The Joint Monitoring Committee of the Black Sea Basin Joint Operational Programme 2007-2013 has adopted the following decisions:

The amount for the second call for proposals is 12,495,906 EUR ENPI and 5,358,289 EUR IPA.

The second call for proposals will be launched with a suspension clause for the IPA funds.

Introduced in the text of the guidelines the phrase “all partnerships should strive to create permanent networks/partnerships” and the creation of permanent networks/partnerships shall be evaluated under section 4.3 of the evaluation grid, under institutional sustainability, which shall be rephrased.

A provision shall be included in the Guidelines and the Grant contract to clarify that the equipments, vehicles, supplies, buildings and land purchased by a Beneficiary/partner from outside the eligible area could remain at the end of the project in their ownership, with the prior approval of the JMA (ENPI) and CFCU (IPA).

The second call for proposals will be an Open call for proposals, with the eligibility of partnerships and actions at the administrative step, the eligibility of activities and costs at the quality check step, and the eligibility of applicants and partners at the end, as the last step.

The annexes of the guidelines for applicants with modifications according to the previous decisions of the JMC were approved.

The Visual Identity Manual for the Black Sea Basin 2007-2013 Joint Operational Programme with the modification proposed by TR was approved.

The organizations of Partnership forums on the 19th of April in Yerevan and on the 5th of May in Istanbul were approved.

#### **7. Assessment of the information and communication activities.**

Apart from the centralized information activities, such as the establishment of Programme website, newsletters or press releases, the National Info Points, which provide information to potential beneficiaries in their own countries on the planned activities under the Programme, are established in each participating-country, except for Romania. The National Info Points are

organized at central level (the institution acting as National Authority is playing the role of National Info Point as well), except from Ukraine and Turkey. National Info Points (NIP) in Turkey were determined as of the governorships of Trabzon, Samsun, Karabük, Çorum and Edirne. In this context, two NIP Trainings were conducted in Samsun and İstanbul on 21 April and 5 May 2011 respectively.

In addition to that, 3 Info Days in Sinop, Karabük and Trabzon and one partnership forum in İstanbul were realized during the course of 2011. Also a training activity for beneficiaries was carried out in İstanbul on the 19<sup>th</sup> of July 2011.

## **8. Follow up: forecast on the implementation trends**

In the upcoming period, the implementation and the monitoring of the signed contracts from the first CfP package and the finalization of the evaluation and selection process for the second CfP package will be realized.

## **III. Sectoral conclusions**

In the first call for proposals finalized in 2010 for Black Sea Basin Programme, a huge demand has been encountered for the funds compared to the available resources. The demand for projects under Priority 1 has been higher than the estimations during the programming process, where 40% of the funds were allocated to Priority 2 and 35% to Priority 1.

The majority of the applications were submitted by entities of the member states; however, the number of entities (applicants and partners) involved in the submitted projects was more balanced between the participating countries. Moreover, a high number of applications have been received from the civil society.

Due to reasons as lack of experienced staff, complex bureaucratic procedures, long discussions or high level of demand for projects; some delays were experienced in the evaluation process for the first call for proposals and setting up the implementation bodies such as JTS or Selection Committee.

Also, in the first call for proposals, low participation of entities from partner countries was realized. In order to overcome this issue in the second call for proposals and in order to stimulate cooperation among entities from all the countries participating in the Programme, the JMC approved for the second call for proposals a set of measures meant to ensure a stimulus to increase partnership participation. In this respect, actions concerning the enhancement of the information and communication activities in the partner countries (organized in collaboration with the Regional Capacity Building Initiative - RCBI), as well as incentives for those projects involving more partners were foreseen and shall be put in practice for the second call for proposals.

A major problem in the BSB Programme is that the Turkish entities were not permitted to be applicants. This issue considerably reduces the willingness of Turkish entities to apply for the Programme. Meetings were held both between the JMA and Turkey and between the EC-JMA-Turkey, in order to resolve this issue. Further, this issue was disputed in the JMC meetings. As a conclusion, the solution of this problem was left to the next period (i.e. after 2013) in order not to interrupt the process of this period.

## **COMPONENT III: Regional Development**

### **I. Summary of the Component III and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programmes.**

The third component, which is designed to address development and investment needs of Turkey in areas such as environment, transport and regional competitiveness, is also supporting Turkey to prepare itself for benefitting from structural funds of the EU. There are three individual Operational Programmes in this component each one is being implemented by the relevant ministry namely Environment and Forestry<sup>2</sup>, Transport, Trade and Industry<sup>3</sup>.

The Environment Operational Programme supports the projects for environmental protection, improving living standards for the population in the context of environment, wastewater treatment, supplying fresh drinking water, construction of integrated solid waste services. The Ministry cooperates in the said fields with the municipalities.

The Transport Operational Programme finances the projects for improving the transportation infrastructure considering safety and inter-modality on future TEN-T Network, while maintaining an efficient and balanced transportation system.

The Regional Competitiveness Operational Programme provides finance to the projects in relatively less developed sub-regions determined in accordance with NUTS-II which is a geo-code standard regulated by the EU for referencing the subdivisions of countries for statistical purposes. The overall objectives of the Programme are increasing competitiveness of the Turkish economy by supporting the SME's, improving the business environment and reducing regional socio-economic disparities.

The funds allocated to this component have progressively increased over the years and projected to increase in the years ahead. As a matter of fact, 167, 5 Million € that makes up 33% of the total annual IPA budget, was allocated to the third component in 2007 and it is planned to reach 378 Million € in 2013 representing 40% of the annual IPA budget.

#### **II.a. Environment Operational Programme: Summary of the Sectoral Annual Report:**

##### **1. Synthesis of progress made in implementing Community assistance in relation to the priorities set up in the multi-annual indicative planning document and in the Environment Operational Programme.**

As real implementation had not started by the end of 2011, this section is focused on the progress of the EOP from the point of view of project preparation activities. In this regard, considerable progress was achieved during 2011 in project preparation activities such as preparation of IPA Application Forms, master plans, feasibility studies -including cost benefit analysis - affordability studies, designs and drawings and full tender dossiers as indicated in the Annual Work Plan. These should be considered significant steps in terms of achievement of the main indicators related to the implementation of the EOP.

IPA Application Forms for projects at Akşehir, Adıyaman, Polatlı, Nizip, Bulancak, Silvan, Akçaabat and Şanlıurfa WWTP projects were officially submitted to the European Commission to

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<sup>2</sup>Ministry of Environment and Urbanism with the decree law No:644 dated 29<sup>th</sup> June 2011.

<sup>3</sup> Ministry of Science, Industry and Technology with the decree law No:635 dated 3<sup>rd</sup> June 2011

be funded under IPA during the reporting period. By the end of the 2011, 36 projects had been nominated for IPA financing with a total indicative investment cost of €881.4.

Towards the end of 2011 ten projects had been let and commenced their implementation phases. Two projects (Amasya Water and Wastewater Project and Ceyhan Wastewater and Storm Water Project) awaited TA contracts to be signed and thus had their implementations suspended. Financing Decisions for measures at those 12 projects namely Ordu, Erdemli, Doğubayazıt, Manavgat, Ceyhan, Diyarbakır W&WWTP, Amasya, Lüleburgaz, Siverek, Erzurum, Erzincan and Konya had been adopted by the end of the reporting period. Detailed information on those projects is given below:

### **Projects under 1<sup>st</sup> Priority: Improved Water Supply, Sewerage and Wastewater Treatment Services**

#### **1) Ordu Wastewater Treatment Plant Project**

<b>Foreseen investment value</b>	€28,998,824
<b>Procurement Notice</b>	28 May 2010 (Service) 13 November 2010 (Works)
<b>Award Notice</b>	13 May 2011 (Service) 13 July 2011(Works)
<b>Contract Signature</b>	12 October 2011 (Service) 21 October 2011 (Works)

#### **2) Amasya Water and Wastewater Investment Project**

<b>Foreseen investment value</b>	€29,896,382
<b>Procurement Notice</b>	5 July 2011 (Service) 12 July 2011 (Works)
<b>Award Notice</b>	13 May 2011 (Service) December 2011(Works)

The Financial Decisions and Bilateral Project Agreements for the Amasya W&WWTP Project were respectively delivered by the European Commission on December 15th, 2011 and December 20th, 2011.

#### **3) Erdemli Water and Wastewater Project**

<b>Foreseen investment value</b>	€13,077,577
<b>Procurement Notice</b>	21 July 2010 (Service) 17 May 2011 (Works)
<b>Award Notice</b>	23 September 2011 (Service) December 2011(Works)
<b>Contract Signature</b>	19 December 2011 (Works)

The Bilateral Project Agreement for Erdemli Water and Wastewater Project was received from the European Commission on March 2nd, 2011. The BPA's were countersigned by the Operating Structure and submitted to EU Delegation and EC on March 21st, 2011.

#### 4) Lüleburgaz Wastewater Treatment Plant Project

<b>Foreseen investment value</b>	€14,310,219
<b>Procurement Notice</b>	30 December 2010 (Service) 7 June 2011 (Works)
<b>Contract Signature</b>	29 December 2011 (Service) 26 December 2011 (Works)

#### 5) Erzincan Water and Wastewater Project

<b>Foreseen investment value</b>	€35,389,562
<b>Procurement Notice</b>	23 November 2010 (Service) 12 July 2011 (Works)
<b>Contract Signature</b>	20 December 2011 (Service) 23 December 2011 (Works)

A draft Commission Decision concerning the major project "Erzincan Water and Wastewater" was updated (in line with 67635 ERZ TEC IPA ver.7) and was submitted to E.C. on April 28th, 2011 via e-mail.

#### 6) Ceyhan Wastewater and Storm Water Project

<b>Foreseen investment value</b>	€22,354,349
<b>Procurement Notice</b>	7 June 2011 (Service) 30 July 2011 (Works)
<b>Contract Signature</b>	29 December 2011 (Works)

The European Commission adopted Commission Decision C(2011) 3448 for Ceyhan Wastewater and Stormwater Project. The decision was received on May 13th, 2011 by e-mail.

Two originals of the Bilateral Project Agreement for Ceyhan Wastewater and Stormwater Project were received from the European Commission. The BPA's had been countersigned by Operating Structure and submitted to the EU Delegation and EC on August 10th, 2011.

#### 7) Manavgat Water and Wastewater Project

<b>Foreseen investment value</b>	€20,946,213
<b>Procurement Notice</b>	23 February 2011 (Service) 13 April 2011 (Works)
<b>Contract Signature</b>	28 December 2011 (Service) 19 December 2011 (Works)

The European Commission adopted Commission Decision C (2011) 512 for "Manavgat Water and Wastewater" on February 9th, 2011. The decision was received on February 22nd, 2011. Two originals of Bilateral Project Agreement for Manavgat Water and Wastewater Project were received from European Commission on March 2nd, 2011. BPA's were countersigned by Operating Structure and submitted to EU Delegation and EC on March 23rd, 2011.

### 8) Doğubayazıt Drinking Water Supply Project

<b>Foreseen investment value</b>	€33,029,795
<b>Procurement Notice</b>	23 December 2010 (Service) 6 May 2011 (Works)
<b>Contract Signature</b>	29 December 2011 (Service) 27 December 2011 (Works)

The European Commission adopted Commission Decision C(2010) 9427 for “Dogubayazıt Drinking Water Supply” on 13 January 2011 and sent the decision on 20.01.2011 via e-mail. Two original copies of the Bilateral Project Agreement for “Dogubayazıt Drinking Water Supply” Project were received from the European Commission on 02.03.2011. BPA’s were countersigned by Operating Structure and submitted to EU Delegation and EC on 23.03.2011.

### 9) Diyarbakır Water and Wastewater Project

<b>Foreseen investment value</b>	€78,695,282
<b>Procurement Notice</b>	3 December 2010 (Service) 18 May 2011 (Works)
<b>Contract Signature</b>	25 December 2011 (Service) 26 December 2011 (Works)

A draft Commission Decision and final clarification request for Diyarbakır Water and Wastewater Project were received from EC, by e-mail on April 6th, 2011 and responses to clarifications were prepared with Consultant and sent to the EU Delegation for quality checking on April 26th, 2011 by e-mail. Required clarifications and responses on Diyarbakır Water and Wastewater Project were submitted to the EU Commission on September 12th, 2011. Financial decisions and BPAs for Diyarbakır W&WWTP Project were delivered by the EU Commission on November, 2011

### 10) Erzurum Water and Wastewater Project

<b>Foreseen investment value</b>	€31,431,494
<b>Procurement Notice</b>	3 September 2010 (Service) 7 June 2011 (Works)
<b>Contract Signature</b>	21 December 2011 (Service) 29 December 2011 (Works)

A draft decision of Erzurum Water and Wastewater Project was received from EC by an e-mail on April 15th, 2011.

### 11) Siverek Wastewater Project

<b>Foreseen investment value</b>	€39,246,693
<b>Procurement Notice</b>	18 May 2011 (Service) 16 July 2011 (Works)
<b>Contract Signature</b>	29 December 2011 (Service) 28 December 2011 (Works)



## Projects under 2<sup>nd</sup> Priority: Improved Integrated Solid Waste Management

### Konya Solid Waste Management Project

<b>Foreseen investment value</b>	€22,242,465
<b>Procurement Notice</b>	17 November 2011 (Service)
<b>Contract Signature</b>	25 December 2011 (Service)

The Commission Decision was adopted on November 22nd, 2011. At the cut-off date, Tender Documents for the works contract were being revised according to PRAG.

### Project Preparation Studies and TA Projects

#### Priority 1 - Improved water supply, sewerage and wastewater treatment services

##### Measure 1.1 - Improving the quality of the drinking water supply and receiving water bodies

##### TA 1- Technical Assistance to Prepare Integrated Water Projects

**Title of Operation Identification Sheet (OIS):** Technical Assistance to Prepare Integrated Solid Waste Management and Integrated Water Projects

**Estimated Budget in ToR:** €8,25M

OIS has been approved by EU Delegation (EUD) on 09/02/2011. The Terms of Reference (ToR) of the project were revised according to the comments of EUD and sent to EUD for approval. A Procurement Notice regarding with Technical Assistance for Integrated Water Projects Preparation was published on 12.04.2010.

#### Priority 2 - Improved integrated solid waste management

##### Measure 2.1 – Increasing quantity of recycled waste and improving final disposal

##### TA 1 - Technical Assistance to Prepare Integrated Solid Waste Management Projects

**Title of Operation Identification Sheet (OIS):** Technical Assistance to Prepare Integrated Solid Waste Management and Integrated Water Projects

**Estimated Budget in ToR:** €5,45 M

OIS has been approved by EU Delegation (EUD) on 09/02/2011. Procurement Notice regarding the Technical Assistance for Integrated Solid Waste Management Projects Preparation was published on 13.04.2011, and contracts have been signed on 21.12.2011 for lot 1.

#### Priority 3 – Technical Assistance

##### Measure 3.1 - Enhancing management of the EOP

##### TA 1 - Technical Assistance for strengthening the management capacity of the IPA CIC within MoEU and Capacity Building for the End-Recipients

**Title of Operation Identification Sheet (OIS):** Technical Assistance for supporting the management and implementation of the Environment Operational Programme (EOP)

**Estimated Budget: €3.5M**

Procurement Notice was published on 28.05.2010, Award notification was published on 30.06.2011 and contract was signed on 25.07.2011. The commencement date is 08.08.2011. Kick of meeting for subject contract was held on 02.08.2011.

***TA 2 -Enhancing the Implementation of EOP***

**Title of Operation Identification Sheet (OIS):** Technical Assistance for supporting the management and implementation of the Environment Operational Programme (EOP)

**Operation No:** 2007 TR 16I PO 001.3.01

Two components of the TA 2 are detailed below:

***TA 2.1 - Technical Assistance for Enhancing the Implementation of EOP***

**Estimated Budget: €0.45M**

Under the “Assistance in tender evaluation such as hiring an evaluator etc.” activity, 9 direct contracts have been signed.

***TA 2.2 – Supply of Equipment***

**Estimated Budget: €0.15M**

Procurement Notice was published on 11.07.2011. The tender procedure was cancelled since no tender has been received. The supply contract has been reviewed in the context of the TA for Capacity Building and will be submitted to EUD in near future.

***TA 3 - Technical Assistance for Implementation of Communication Action Plan***

**Title of Operation Identification Sheet (OIS):** Technical Assistance for supporting the management and implementation of the Environment Operational Programme (EOP)

**Estimated Budget: €0.3M**

ToR is being drafted by DoEUI and tender process will be initiated once the ToR is finalized.

***TA 4 - Technical Assistance for strengthening the management capacity of the Internal Audit Department within the MoEU***

**Title of Operation Identification Sheet (OIS):** Technical Assistance for supporting the management and implementation of the Environment Operational Programme (EOP)

**Estimated Budget: €0.2M**

ToR has been drafted by the Internal Audit Unit and now is under revision. Tender procedure will be initiated once the ToR is finalized.

***TA 5 – Technical Assistance for unforeseen needs of DoEUI***

**Title of Operation Identification Sheet (OIS):** Technical Assistance for supporting the management and implementation of the Environment Operational Programme (EOP)

**Estimated Overall Budget: €1.0M**

Contracts finalized/under implementation under this contract are detailed below:

***Contract 1 - Study for Compliance Assessment Audit of Ministry of Environment and Urbanization***

**Contracted Budget:** €76.095

Contract has started implementation on July, 2010 and ended on October, 2010. As a result of contract the compliance audit, an important step in the accreditation process, have been completed and the positive opinion of independent evaluators have been sent to EC to further process to verification audit stage.

***Contract 2 - Technical Assistance for Capacity Building and Trainings for MoEU DoEUI***

**Contracted Budget:** €122.680

Contract started implementation on October, 2010 and ended during March, 2011. 12 training sessions realized with participation of total 17 Persons/ 32 days. Manual of Procedures and its annexes are revised according to the changes in PRAG and IPA Implementing Regulation.

***Contract 3 –Technical Assistance to the IPA CIC for the Preparation of Tender Dossiers for Works Contracts***

**Contracted Budget:** €6.000

**Activities Realized & Latest Progress:**

For Erzurum and Diyarbakır WWTP Projects, technical review of design and tender dossiers and revisions of the tender dossiers were being prepared.

**TA 6 –Providing specific expert assistance to support the activities of IPA CIC**

**Title of Operation Identification Sheet (OIS):** Technical Assistance for supporting the management and implementation of the Environment Operational Programme (EOP)

**Estimated Overall Budget:** €0.7M

Proposal has been prepared and will be submitted to EUD in near future.

**Measure 3.2 - Enhancing beneficiary planning capacity**

**TA 1 –Development of an Appropriate Methodology for Drinking Water Treatment (DWT)**

**Title of Operation Identification Sheet (OIS):** Technical Assistance for Development of an Appropriate Methodology for Drinking Water Treatment (DWT)

**Estimated Overall Budget:** €3.85M

OIS is approved on 28/03/2011 and draft terms of reference have been prepared. Due to the restructuring process the duties concerning the project have been taken over by the Ministry of Forestry and Water Works. A tender procedure will be initiated once the ToR is finalized.

**TA 2 –Preparation of Urban Wastewater Implementation Plan**

**Title of Operation Identification Sheet (OIS):** Technical Assistance to Prepare Urban Wastewater Implementation Plan

**Estimated Overall Budget:** €1,5M

An OIS has been prepared and submitted to the EUD but the project was cancelled by the General Directorate of Environmental Management.

### TA 3 –Preparation of Regional Solid Waste Management Plans

**Title of Operation Identification Sheet (OIS):** Technical Assistance to Prepare Regional Solid Waste Management Plans

**Estimated Overall Budget:** €4M

An OIS has been prepared but after some legislative amendments, the project was cancelled by the General Directorate of Environmental Management after conferral of authorization.

## 2. Progress in financial implementation:

**Table 6:** Projects in EOP

<b>Total expenditure 2010-2011</b>				
<b>Priority axis/measure</b>	<b>Total expenditure (EUR)</b>	<b>IPA funds (EUR)</b>	<b>National public expenditure (EUR)</b>	<b>IPA co-financing rate (%)</b>
<b>TOTAL</b>	<b>34.156.649,41</b>	<b>29.033.152,00</b>	<b>5.123.497,41</b>	
<b>Priority Axis 1: total</b>	<b>32.276.384,01</b>	<b>27.434.926,41</b>	<b>4.841.457,60</b>	<b>85,00%</b>
<b>Measure 1.1</b>	<b>32.276.384,01</b>	<b>27.434.926,41</b>	<b>4.841.457,60</b>	<b>85,00%</b>
2009TR16IPR007-Erzincan Water and Wastewater Project	3.061.453,54	2.602.235,51	459.218,03	85,00%
2008TR16IPR002-Ordu Waste Water Treatment Plant Project	1.499.256,60	1.274.368,11	224.888,49	85,00%
2009TR16IPR009-Manavgat Drinking Water Supply Project	1.481.045,45	1.258.888,63	222.156,82	85,00%
2009TR16IPR005-Lüleburgaz Waste Water Project	2.542.057,47	2.160.748,85	381.308,62	85,00%
2009TR16IPR013-Erzurum Water and Waste Water Project	5.591.805,75	4.753.034,89	838.770,86	85,00%
2009TR16IPR012 - Diyarbakır Water and Waste Water Project	5.797.446,88	4.927.829,85	869.617,03	85,00%
2009TR16IPR004-Erdemli Water and Waste Water Project	873.851,96	742.774,17	131.077,79	85,00%
2009TR16IPR010-Doğubayazıt Drinking Water Supply Project	5.112.204,82	4.345.374,10	766.830,72	85,00%
2009TR16IPR003-Amasya Water and Wastewater Investment Project	2.595.026,52	2.205.772,54	389.253,98	85,00%
2009TR16IPR015-Siverek Wastewater Treatment Plant Project	2.142.606,22	1.821.215,29	321.390,93	85,00%
2009TR16IPR008-Ceyhan Waste Water and Storm Water Project	1.579.628,80	1.342.684,48	236.944,32	85,00%

<b>Priority Axis 2</b>	<b>970.349,40</b>	<b>824.796,99</b>	<b>145.552,41</b>	<b>85,00%</b>
<b>Measure 2.1</b>	<b>970.349,40</b>	<b>824.796,99</b>	<b>145.552,41</b>	<b>85,00%</b>
TR07E3.02-TA to Prepare Integrated Solid Waste Management Projects	558.400,00	474.640,00	83.760,00	85,00%
2009TR16IPR001-Konya Solid Waste Management Project	411.949,40	350.156,99	61.792,41	85,00%
<b>Priority Axis 3</b>	<b>909.916,00</b>	<b>773.428,60</b>	<b>136.487,40</b>	<b>85,00%</b>
<b>Measure 3.1</b>	<b>909.916,00</b>	<b>773.428,60</b>	<b>136.487,40</b>	<b>85,00%</b>
Operation TR07E3.05.01	29.443,20	25.026,72	4.416,48	85,00%
2007TR16IPO001.3.01 / Component 2 (Direct Contracts)	67.213,00	57.131,05	10.081,95	85,00%
2007TR16IPO001.3.01 / Component 1 (TR16IPO001.3.01/SER/01 (TR07E3.03))	693.000,00	589.050,00	103.950,00	85,00%
<b>Measure 3.2</b>	-	-	-	-

### 3. Assessment of the management and control system:

According to the Decree Law : 644 which was published on the Official Gazette of Republic of Turkey with date 4 July 2011 and 27984, all general directorates and departments responsible for environmental activities within the previous Ministry of Environment and Forestry, including previous IPA CIC, have been organized under Ministry of Environment and Urbanization. In this context, the name of the IPA Coordination and Implementation Centre has transformed into Department of European Union Investments. Apart from the name change, all the procedures, audit trails and policies approved during accreditation process is still valid under new Department.

The Department of EU Investments was accredited as Contracting Authority by the European Commission Decision No (2011)133 on 20.01.2011. Therefore, it is ensured that procurement and financial management functions of the projects under Environmental Operational Programme are processed by DoEUI within the Ministry of Environment and Urbanization (MoEU) as Contracting Authority.

#### Monitoring Arrangements

As it is stated in the EOP, the quantitative and qualitative progress made in implementing the EOP as well as its efficiency and effectiveness in relation to its objectives will be measured by the use of evaluation and monitoring indicators related to the results and outputs of the individual measures. The Monitoring and Evaluation Unit of the Department of EU Investments is responsible for ensuring the monitoring and evaluating of the programmes and projects under the EOP if the targets and objectives have been achieved in accordance with the above mentioned indicators. Since at the cut-off date there was no project fully under implementation within the framework of the EOP, it was not possible to make indicator based monitoring currently.

However, developments in the projects under each priority axis mentioned before are monitored monthly basis by “Monthly Action Plan Reports” and “IPA CIC Monthly Activity Reports”

In line with the objective of monitoring and evaluating of the EOP and projects, the DoEUI of the MoEU, as the Operating Structure, is responsible for collecting data from different programs and projects and establishing, maintaining and regularly updating a reporting and information system to gather reliable financial and statistical information on implementation, and for monitoring and evaluation.

In this regard a Management Information System (MIS) for managing the implementation of the EOP and internal works of the Department of EU Investments needs to be further developed so it can be used to support staff of DoEUI.

It is planned that IMIS will provide an opportunity to monitor the implementation process at the level of SCF, OP’s and operations under the 3<sup>rd</sup> and 4<sup>th</sup> components of IPA. Specifically for the environment sector, implementation process of all projects financed under the EOP will be closely monitored with data entry of beneficiaries. During the reporting period, a three-day long training on IMIS took place with the attendees from relevant ministries, municipalities and Department of EU Investments. The training was facilitated by experts of SPO and trained Department of EU Investment’s personnel.

### **Ensuring Effective Management**

Effective functioning of DoEUI was controlled by following up of the Sectoral Monitoring Committee decisions, Risk Mitigation Plan and internal/external audit findings. Additively, regular meetings were held between Head of Operating Structure and Director of DoEUI for this purpose.

Sectoral Monitoring Committee Meetings were held on 17th May 2011 and on 23th November 2011 so as to follow-up control and management system of DoEUI. Comments received from the European Commission in the meetings were evaluated scrutinizingly and necessary measures were taken in order to increase the management system of DoEUI.

Risk Management Workshops were organized in April 2011 and October 2011. Risk Mitigation Plans have been prepared according to workshop outputs and identified measures were followed up monthly.

Works to be done for addressing the findings of the internal/ external audits performed in 2011 were followed up properly. According to European Commission Decision No (2011)133 on 20.01.2011 about accreditation process, there are 4 findings to be closed by our Department. Main activities to address the findings done by DoEUI are as follows:

#### ***Finding no 1: Organizational set-up of the Department, staffing and training:***

In order to ensure the continuity of operations, legal basis of the previous IPA Coordination and Implementation Centre has been strengthened. The Decree mentioned above also allows the Department to have its own separate budget.

Additionally, the increase in the salaries has affected the performance of the staff positively and both by the new restructure of the Department and the increased salaries, staff turnover level will be minimized eventually.

Also, by a Service Contract under TA priority, “Technical Assistance for Strengthening Capacities of IPA of MoEF IPA Centre and End Recipients” an extensive training programme will be implemented.

***Finding no 2: Public procurement:***

Receipt and registration of tenders is being performed in the DoEUI according to the requirements set out in PRAG. In order to perform this responsibility, an officer has been charged with the receipt and registration of applications, tenders and other related correspondence. Templates for recording received documents and registration were prepared and are being utilized for tenders at the moment.

Besides, for complaint letters, the DoEUI already had a procedure in its Manuals of Procedures (MoP); however, in line with the recommendations of the compliance auditors, this procedure has been described more in detail in the MoP and an expert in the Quality Assurance and Control Unit has been designated as the Complaint Officer.

***Finding no 3: Legal basis of IPA Units***

With the change in the scope of the Decree Law: 644, the legal basis of the previous IPA Unit has been strengthened in order to increase its efficiency and effectiveness under the name of Department of EU Investments. This Decree Law also ensures a much more stable and stronger institutional and human resources structure for the new Department with their own budget for spending on administrative issues.

***Finding no 4: Internal audit framework:***

After the restructuring, Internal Audit Department of the Ministry of Environment and Urbanization (MoEU) is responsible for the internal audit activities of Department of EU Investments. The number of internal auditors, which is 12 at the moment, is higher than that of previous Ministry. Therefore, by considering that the workload had not changed, it can be considered that more comprehensive and effective internal audit can be implemented for the Department of EU Investments.

Regarding the capacity building of the internal auditors, the training activities has been quickly started after restructuring and two internal auditors has been sent to a training programme in the area of audit of IPA Projects. In addition, under the technical assistance capacity building project, an extensive training programme is planned to be implemented for internal auditors along with the staff of Department of EU Investments and end-recipients. Other than this project, in the scope of our approved Operational Identification Sheets (OIS) there is a project just for the Internal Audit Department. This project will include training activities of the internal auditors by experienced experts in audit field.

With the all measures taken, the requirements of the findings taking part in the accreditation decision C(2011)133 have almost performed. In addition, by taking into consideration of the recommendation of the internal/external auditors, SMC members the management capacity of the DoEUI has significantly increased within 2011.

Quality of the documents, especially tender documents and the processes in the units are ensured by using checklists which are defined in MoP.

#### **4. Assessment of the administrative capacity.**

After the restructuring of the Ministry on the 4<sup>th</sup> of July, 20 staff working temporarily in former IPA Coordination and Implementation Centre were assigned to newly established Ministry called Ministry of Water Affairs and Forestry. Also, 6 staff changed their jobs and left the Centre before 4th July. Additionally, 3 staff left the Ministry after the date 4th July. At the end of the year 2011, there was 31 staff working in the Department. Regarding the Workload Analysis of the Department of EUI, there should be 40 staff working. Thus, new staff recruitment is planned in 2012.

In order to avoid repetition; the measures taken concerning the institutional capacity of the Department and the related institutions, which were stated under the previous heading, wouldn't be mentioned here.

Assessments of the management and control system as well as the administrative capacity are being monitored regularly by internal and external audit authorities.

#### **5. Coordination with other instruments and/or donors:**

A strong coordination between other programmes and components of IPA Assistance is very crucial in the implementation of the EOP in order to achieve the maximum impact, ensure optimal use of resources as well as overall coherence between all forms of assistance. This requires also effective coordination between different investment programmes and all relevant institutions in the field of environment.

Financial assistance allocated to the EOP under IPA Program was yet to be implemented at the cut-off date owing to factors such as delays in tendering process during the reporting period. However there were some allocations used for project preparation and capacity building activities under the Program called "Support Activities to Strengthen the European Integration Process (SEI)" in order to support the implementation of the EOP.

#### **6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:**

As mentioned above, during the reporting period two SMC meetings were conducted on 17<sup>th</sup> May 2011 and 23<sup>rd</sup> November 2011, respectively.

##### **1) 8<sup>th</sup> SMC Meeting of the EOP on 17<sup>th</sup> May 2011**

The 8<sup>th</sup> SMC meeting was held in Ankara on 17<sup>th</sup> May 2011 at the premises of the Ministry of Environment and Forestry. The meeting was co-chaired by Mr. Sedat KADIOĞLU (Deputy Undersecretary and Head of MoEU OS) and Ms. Elena Grech (Deputy Head of Unit in DG Regional Policy, EC).



**Table 7: Conclusions/Recommendations of the 8<sup>th</sup> SMC Meeting and their status**

The decisions taken by the Committee and the minutes of the 8 <sup>th</sup> Sectoral Monitoring Committee and the draft agenda of the 9 <sup>th</sup> Sectoral Monitoring Committee were unanimously approved.	√
Providing a sufficient legal basis to the IPA unit with a view to performing procurement procedures and realize payments.	√
Strengthening the Center's legal structure in order to ensure more effective and efficient functioning of the Center.	√
New staff will be hired.	√
New training courses will be delivered in the third quarter of 2011.	<b>X</b>
In order to achieve better coordination between the Commission and the Ministry, Procurement Plans will be submitted to the Commission and Delegation on a monthly basis	√
When considering the distribution of funds for 2012 and 2013, a solid project pipeline is an important precondition and as a recommendation could be taken into account during allocation of funds under IPA Component III.	<b>?</b>
It was decided that an indicative date for the 9 <sup>th</sup> SMC Meeting will be during the second half of October or the beginning of November.	√

Regarding to the evaluation activities; there was no external evaluation activities carried out under the coordination of the SPO during the reporting period. However, as stated above, it is planned to carry out evaluation activities at the beginning of 2011 under the project called "Capacity Improvement in the Economic and Social Cohesion Policy (Phase II)" of which beneficiary is the SPO.

## 2) 9<sup>th</sup> SMC Meeting of the EOP on 23 November 2011

9<sup>th</sup> SMC meeting was held in Ankara on 23<sup>rd</sup> November 2011 at the premises of the Ministry of Environment and Forestry. The meeting was co-chaired by Mr. Ercan TORTOP (Head of Department of EU Investments) and Ms. Elena Grech (Deputy Head of Unit in DG Regional Policy, EC).

**Table 8: Conclusions/Recommendations of the 9<sup>th</sup> SMC Meeting and their status**

The year 2012 will be concentrating more on the project applications, that is the technical applications, that the operational program will be successfully applied in respect of the situation achieved so far or to be achieved and project preparations continue for new terms.	√
Allocation of cadres to relevant units.	√
The completion of the projects to be announced.	-
New staff will be hired.	√
New training courses will be delivered.	-
Jaspers program will be implemented.	<b>X</b>

When considering the distribution of funds for 2012 and 2013, a solid project pipeline is an important precondition and as a recommendation could be taken into account during allocation of funds under IPA Component III.	√
Strengthening the finance and contracting units	√

## 7. Assessment of the information and communication activities.

Publicity and dissemination of information is the responsibility of the OS of the EOP pursuant to the Article 62 and 63 of the IPA Implementing Regulation. In this regard, the MoEU is responsible for information and publicity activities concerning the program, which would target at all of the citizens in Turkey and EU and potential beneficiaries specifically, with the aim of highlighting the role of the Community and ensuring transparency.

Effective communication activities are critical for the successful implementation and management of the EOP, and are required both to ensure appropriate visibility and transparency regarding the allocation and utilization of EU funds and to encourage potential beneficiaries to take full advantage of the availability of EU funds for environmental projects. According to the abovementioned articles of the IPA Regulation, the OS should submit a draft Communication Action Plan (CAP) to the Commission within four months from the date of signature of the Financing Agreement (until January 2010). In this regard, the MoEU is in charge of preparing and implementing her own particular Communication Strategies (CS) and Action Plans for the EOP. As stated in previous reports, the MoEU prepared a draft CAP and a Communication Strategy through a Technical Assistance support which was finalized by the end of November 2007.

Also, 3 Framework Contracts which were planned by the abovementioned study were consolidated under TA for Implementation of Communication Action Plan in October 2009 under the OIS “Technical Assistance for supporting the management and implementation of the Environment Operational Programme (EOP)”. The CAP was submitted informally to the EC on 4<sup>th</sup> January 2010 and it has been unanimously approved in 6<sup>th</sup> SMC Meeting held on 22<sup>th</sup> April 2010 by the Committee Members.

Regarding the information and publicity; the following measures have been taken during the reporting period:

- TA for Implementation of Communication Action Plan is addressed under OIS “Technical Assistance for supporting the management and implementation of the Environment Operational Programme (EOP)” and Terms of Reference for Implementation of Communication Action Plan is being prepared under this OIS by the OS.
- The web site of EUIDis regularly updated for publication of all relevant information concerning the implementation of EOP. In this concept, information on end recipients of the project has been published on IPA web site.

## 8. Follow up: forecast on the implementation trends.

The objective in this sector is for Turkey to fully comply with EU environmental and climate change legislation upon accession requiring adoption of all relevant Directives and legislation, including the necessary investments.

Being one of the most difficult and costly sector in terms of transposition, implementation, enforcement and heavy investments, aforementioned objective will be addressed via the implementation of the sector strategy in the long term. The existence of this strategy for the sector, which has a clear focus, priorities and estimate of the required budget makes it a possible candidate for more sector based programming of assistance.

In June 2011 MIPD for 2011-2013 was published. In the Multi Annual Indicative Financial Framework (MIFF) for 2011-2013, the indicative allocation for the Regional Development Component in Turkey for the year of 2011 was set at 291,4 MEUR and for the year of 2012 was set at 350,8 MEUR. After the Interim Evaluation, the Strategic Coordinator will determine the financial allocations, based on MIPD for 2011-2013. Depending on these allocations, extension and modification of the EOP will be realized in the first half of 2012.

## **II.b. Regional Competitiveness Operational Programme: Summary of the Sectoral Annual Report:**

### **1. Synthesis of progress made in implementing Community assistance in relation to the priorities set up in the multi-annual indicative planning document and in the Regional Competitiveness multi-annual operational programme.**

In accordance with Article 158 of the IPA Implementing Regulation, three different packaging approaches have been developed under the RCOP in order to absorb the funds allocated to the programme and to reach the objectives set out in the MIPD and the RCOP. According to this approach, the first package of projects is mainly composed of the strategic projects of national public bodies; while the second package consists of projects received from the target region of the RCOP upon call for project proposals. The third package is composed of the projects that are financed under the Measure 1.2 of the RCOP on “Creation and Development of Financing Instruments”. Apart from these, studies towards the development of a fourth project package, in order to absorb the funds allocated to the RCOP for the period of 2012-2013, have been launched in 2011.

There are currently 11 operations under the first package including the Technical Assistance (TA) and Publicity operations of the RCP-CID. 10 out of them have been officially approved by the EUD. Within the scope of these 11 operations, there are 37 contracts. In this respect, within 2011, 1 forecast notices and 5 procurement notices have been published and 8 contracts have been awarded.

In order to develop a second package of projects, the Ministry launched a call for project proposal on 14<sup>th</sup> of November 2008 with a budget of nearly 76 Million Euros. As a result of the whole selection process, 42 operations have been prioritized. After being approved 6 OIS with a budget of **50,254,424€** in 2010, 10 OIS with a budget of **77,509,377€** million Euro were approved by the EUD in 2011. Thus totally **16 OIS** were approved with a budget of **127,763,801€**. Within the scope of these **16** operations, there are 64 contracts to be managed and regarding these operations, 27 forecast notices were published during 2011.

Third package is composed of operations which are financed under Measure 1.2 of the RCOP on “Creation and Development of Financing Instruments”. Within this context, **2** operations worth **48,3 million Euros** were submitted and both of them were approved by the European Commission and under implementation phase.

With a view to develop a fourth package, a project generation workshop was organised with the participation of relevant national public bodies and 12 Development Agencies in the target region of the RCOP between 27<sup>th</sup> - 29<sup>th</sup> of April 2011 in Antalya. After this workshop **107 Conceptual Notes** of project ideas amounting **760 million Euros** were received from national public bodies and Development Agencies. Assessment of these project ideas has also been launched by the RCP-CID in 2011 according to their expected impact, maturity and consistency with the RCOP as well as whether they overlap with the projects financed under the RCOP in terms of their geographical coverage and activities.

*Information about the physical progress made in implementing the operations approved under the first, second and the third packages is given below at the level of priority axes and measures.*

## **Priority 1: Improvement of Business Environment**

Within this priority, there are **43** operations with a budget of **313,667,548€** from the first, second and third package and **23** out of them with a budget of **215,266,646€** have been approved by the EUD until at the end of 2011.

### **Measure 1.1: Development of Industrial Infrastructure**

Within the framework of this measure, **23** operations with a budget of **141,978,288€** have been submitted under the first and second packages up to date. As of at the end of 2011, **13** operations with a budget of **100,004,114€** have been approved by the EUD under this measure.

#### ***Establishment of 3 Business Incubators and Development of a Network***

The first operation submitted under this measure is “Establishment of 3 Business Incubators and Development of a Network among Incubators in Turkey” has two phases so this operation is taken into account as 2 operations. Budget of the first phase of the operation is **9.426.892€**, budget of the second phase of the operation is **4.195.000€** and finally total budget of the operation is **13,621,892€**. The end recipient of the operation is KOSGEB. The operation was approved by the Commission on 22<sup>nd</sup> of April, 2009.

The operation will be implemented through four types of contracts: works, supervision, technical assistance and supply. Procurement Notice was published on 12<sup>th</sup> of July 2011 for works contract and it has been in the tender evaluation process as the end of 2011. For the supervision contract procurement notice was published on 3<sup>rd</sup> of August 2011 and tender evaluation process was finalized.

#### ***Strengthening the Infrastructure for Furniture Production (MOBİTEK)***

“Strengthening the Infrastructure for Furniture Production (MOBİTEK)” operation which is under the second package was submitted by the Central Anatolia Development Association. It was approved by the EUD on 23<sup>rd</sup> of November 2010. The budget of the operation is **8,607,482€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Forecast notices for supply and technical assistance contracts were published on 23<sup>rd</sup> of April 2011 and forecast notice for supervision contract was published on 12<sup>th</sup> of April 2011.

#### ***Establishment of Giresun Hazelnut Licensed Warehouse and Spot Exchange***

“Establishment of Giresun Hazelnut Licensed Warehouse and Spot Exchange” operation which is under the second package was submitted by the Giresun Commodity Exchange. It was approved by the EUD on 23<sup>rd</sup> of November 2010. The budget of the operation is **9,452,153 €**. The operation will be implemented through three different types of contracts: works, supervision and supply. Forecast notices for these contracts were published on 16<sup>th</sup> of April 2011.

#### ***Şanlıurfa Cereals Exchange and Licensed Warehouse***

Şanlıurfa Cereals Exchange and Licensed Warehouse operation which is under the second package was submitted by the Şanlıurfa Commodity Exchange. It was approved by the EUD on 4<sup>th</sup> of May 2011. The budget of the operation is **9,388,790 €**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Forecast Notices for service (technical assistance) and supply contracts were published on 26<sup>th</sup> of July 2011.

### ***Establishment of a Common-use Processing Facility for Industrial Forestry Products***

Establishment of a Common-use Processing Facility for Industrial Forestry Products operation which is under the second package was submitted by Kastamonu Commodity Exchange. It was approved by the EUD on 18<sup>th</sup> of April 2011. The budget of the operation is **8,567,027€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched and Forecast Notice for supervision, technical assistance and supply contracts were published.

### ***Hand-“Made in Hatay”***

Hand-“Made in Hatay” operation which is under the second package was submitted by Antakya Chamber of Industry and Commerce. It was approved by the EUD on 13<sup>th</sup> of June 2011. The budget of the operation is **6,801,396€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched and Forecast Notice for supervision contracts was published on 11<sup>th</sup> of November 2011.

### ***Improvement of the Shared Industrial Infrastructure of the Pistachio Processing Sector***

Improvement of the Shared Industrial Infrastructure of the Pistachio Processing Sector operation which is under the second package was submitted by Union of Pistachio Producers in the Province and Districts of Siirt. It was approved by the EUD on 18<sup>th</sup> of June 2011. The budget of the operation is **9,839,885€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched and Forecast Notice for supervision, technical assistance and supply contracts were published on 29<sup>th</sup> – 30<sup>th</sup> of November 2011.

### ***Establishment of a Common Use Facility (Furniture and Auto Mechanics) and Small Business Advisory Services Unit in Amasya***

Establishment of a Common Use Facility (Furniture and Auto Mechanics) and Small Business Advisory Services Unit in Amasya operation which is under the second package was submitted by Amasya Union of Chambers of Tradesmen and Craftsmen. It was approved by the EUD on 3<sup>rd</sup> of November 2011. The budget of the operation is **4,527,965€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched.

### ***Increasing Competitiveness of Middle Black Sea Region (TR83)***

Increasing Competitiveness of Middle Black Sea Region (TR83) operation which is under the second package was submitted by Middle Black Sea Region Development Agency (OKA). It was approved by the EUD on 3<sup>rd</sup> of November 2011. The budget of the operation is **6,960,105€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched.

### ***Big Partnership of Small Industrialists***

“Big Partnership of Small Industrialists” operation which is under the second package was submitted by the Tokat SS Small Industry Construction Cooperative. It was approved by the EUD on 23<sup>th</sup> of November 2010. The budget of the operation is **7,889,400€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance.

Tender dossier preparations of these contracts have been launched and forecast notices for supply, supervision and technical assistance contracts were published on 10<sup>th</sup> of June 2011.

### ***My Bee, My Honey, My Honeycomb***

“My Bee, My Honey, My Honeycomb” operation which is under the second package was submitted by the Ministry of Agriculture and Rural Affairs Apiculture Research Institute. It was approved by the EUD on 23<sup>th</sup> of November 2010. The budget of the operation is **9,355,196 €**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched and forecast notices for supply and technical assistance contract were published on 10 June 2011 and forecast notice for supervision contract was published on 15<sup>th</sup> of June 2011.

### ***Expansion of Van Enterprise Development Centre (Van İŞGEM)***

“Expansion of Van Enterprise Development Centre” operation which is under the second package was submitted by the Van Industrialist and Businessmen Association. It was approved by the EUD on 23<sup>th</sup> of November 2010. The budget of the operation is **4,992,823 €**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched and forecast notice for technical assistance contract was published on 29<sup>th</sup> of April 2011 and forecast notice for supervision contract was published on 9<sup>th</sup> of September 2011.

## **Measure 1.2: Creation and Development of Financing Instruments**

### ***Greater Anatolia Guarantee Facility***

DG for Internal Trade of the Ministry of Customs and Trade and the European Investment Bank (EIB) Group has prepared a proposal on the establishment of “Greater Anatolia Guarantee Facility - GAGF” with the active participation of the existing Credit Guarantee Fund (KGF) under Measure 1.2.

The official application letter and annexes of the operation (OIS, Business Plan, Contribution Agreement, Counter Guarantee Agreement, Description of Action, EIB-EIF Cooperation Agreement and State Aid Analysis) were sent to the European Commission on 22<sup>nd</sup> of March, 2010. After the approval of the operation by the Commission on 19<sup>th</sup> of April, 2010, the Contribution Agreement between the CFCU and the EIF was signed on 28<sup>th</sup> of April 2010 and submitted to the EUD for approval. The EUD approved the Contribution Agreement on 21<sup>st</sup> of May 2010. Thus, the operation has been officially launched.

The first Steering Committee of the operation was held on 1<sup>st</sup> of June 2010. In order to inform all the related parties about the activities of the operation, a promotional event was also held by the Ministry on 16<sup>th</sup> of July 2010 with the participation of Minister of Science, Industry and Technology and high level officials from the EIB, EIF, European Commission and Delegation. The EIF has also completed bilateral agreements with the selected 5 intermediary banks on 22<sup>nd</sup> of October 2010. Hence the implementation of the operation started on operational level as from November 2010. Until the end of 2011 approximately 180 million Euros volume of credit was provided for 2700 SMEs by the intermediary banks due to this operation.

### ***G 43 Anatolian Venture Capital Fund***

The second operation under the third package is “***G 43 Anatolian Venture Capital Fund***” with a budget of 16,3 million Euros. The end recipient of the operation is KOSGEB. KOSGEB will

implement the operation in close cooperation with the EIF and Istanbul Venture Capital Initiative (IVCI). Within the scope of the operation, a venture capital fund will be established and access to finance through partnership for nearly 8 or 12 promising companies operating in the target region of the RCOP will be ensured through this fund. OIS, Business Plan, Funding Agreement which will be signed between the CFCU and the EIF and the Co-Investment Agreement between EIF and IVCI have been finalized. The official application for this operation was submitted to the European Commission by the beginning of 2011 and the contract was signed on 31<sup>st</sup> of August 2011. Furthermore, single payment amounting 16,3 million Euros was paid on 18 November 2011.

### **Measure 1.3: Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure**

Within the scope of this measure, **10** operations with a budget of **85,620,578€** have been submitted under the first and second packages up to date. There are currently **6** operations with a budget of **49,209,118€** approved by the EUD. Two out of them have been approved in 2011.

#### ***Technology Development Zones Operations***

***“Erciyes Technopark Regional Innovation Centre”, “Development of the Research & Technological Infrastructure of Gaziantep Technopark” and “FIRASET (Firat Rainbow Surrounding Enterprise Taskforce)”*** operations have been approved by the EUD on 22<sup>nd</sup> of April, 2009 with a total budget of **22,374,912€**. The tender process for the mentioned operations has also been launched. Regarding the Technical Assistance (Institutional Building) component, 3 separate tenders for each TDZ were organized, while for Works, Supply and Supervision components, the technical documents of each TDZ were merged in one Works TS, one Supply TS and one Supervision ToR.

The Procurement Notice for the Works TS was published on 13<sup>th</sup> of July 2011 and tender evaluation process has been continued. For supervision component; the Procurement Notice for the Supervision ToR was published on 10<sup>th</sup> of May 2010 and notification of award to the successful tenderer was completed on 30<sup>th</sup> of June 2011. For supply component; the Forecast Notice for the Supply TS was published on 20<sup>th</sup> of August 2010. Tender dossier preparations of the supply component have continued within 2011. For technical assistance components, procurement notice of FIRASET (Firat Rainbow Surrounding Enterprise Taskforce) operation was published on 7<sup>th</sup> of May 2011 and shortlist notice was published on 29<sup>th</sup> of November 2011. Procurement Notice of Erciyes Technopark Regional Innovation Centre was published on 26<sup>th</sup> of July 2011 and shortlist notice was published on 20<sup>th</sup> of December 2011. Forecast Notice of Development of the Research & Technological Infrastructure of Gaziantep Technopark was published on 24<sup>th</sup> of June 2009.

#### ***Rize Tea Research and Application Centre***

The end recipient of the operation is Rize Chamber of Commerce and Industry. It was approved by the EUD on 23 November 2010. The budget of the operation is **9,957,370€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched and forecast notices for supply, supervision and technical assistance contract were published on 11 May 2011.



### ***Natural Stone Manufacturing and Marketing Support Centre in Bayburt***

Natural Stone Manufacturing and Marketing Support Centre in Bayburt operation which is under the second package was submitted by Bayburt Special Provincial Administration. It was approved by the EUD on 4 November 2011. The budget of the operation is **9,437,092€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched.

### ***Samsun Metals Metrology and Calibration Laboratory***

Samsun Metals Metrology and Calibration Laboratory operation which is under the second package was submitted by Samsun Chamber of Commerce and Industry. It was approved by the EUD on 3 November 2011. The budget of the operation is **7,439,744€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched.

### **Measure 1.4: Improvement of Tourism Infrastructure, Promotion and Marketing Activities**

**8** operations with a budget of **37,768,682€** have been submitted under Measure 1.4 within the scope of the first and second package. **2** operations which are “*Development of Winter Tourism Corridor in Erzurum, Erzincan and Kars*” under the first package with a budget of **8,553,632€** and “*Sustainable Tourism Development in Mardin*” with a budget of **9,199,782€** have been approved by the EUD in 2011.

### ***Development of Winter Tourism Corridor in Erzurum, Erzincan and Kars***

Development of Winter Tourism Corridor in Erzurum, Erzincan and Kars operation which is under the first package was submitted by Ministry of Culture and Tourism. It was approved by the EUD on 23 May 2011. The budget of the operation is **8,553,632€**. The operation will be implemented through four types of contracts: works, supply, supervision and technical assistance. Tender dossier preparations of these contracts have also been launched.

### ***Sustainable Tourism Development in Mardin***

“Sustainable Tourism Development in Mardin” operation which is under the second package was submitted by Governorate of Mardin. It was approved by the EUD on 3<sup>rd</sup> of March 2011. The budget of the operation is **9,199,782€**. The operation will be implemented through three types of contracts: works, supervision and technical assistance. Supervision forecast notice was published on 15<sup>th</sup> of June 2011 and technical assistance forecast notice was published on 5<sup>th</sup> of July 2011.

### **Priority 2: Strengthening of enterprise capacity and foster entrepreneurship**

Although there are **10** operations worth **31,207,491€** submitted both under the first and second package within this priority, **3** out of them with a total budget of **18,847,591€** have been approved by the EUD.

### **Measure 2.1: Providing Basic Information and Consultancy Support for Enterprises**

Under Measure 2.1, there are **5** operations with a budget of **14,264,700€** from the first and second project packages and one which was submitted by the Union of Chambers and Commodity Exchanges of Turkey (TOBB) under the first package has been approved by the EUD.

### ***Enlargement of the European Turkish Business Centres Network, Phase I***

Within the scope of this measure, TOBB has an operation called “Enlargement of the European Turkish Business Centres Network, Phase I” with a budget of **8.500.000 €**. The operation was approved by the EUD on 22<sup>nd</sup> of April, 2009. It is implemented through a service contract for technical assistance and two supply contracts. Regarding the service contract of the operation, contract was signed on 12<sup>nd</sup> of July 2011 and contract implementation has been started. For the first supply component, contract was signed on 7 January 2011. Kick-off meeting of the project was held on 3<sup>rd</sup> of August 2011 with the participation of EUD, CFCU, MoSIT, TOBB and the consultant. Regarding the supply component of the project, preliminary provisional acceptances were held in Antakya, Batman, Sivas and Van between the dates 27.05.2011 - 10.06.2011.

### **Measure 2.2: Strengthening of Cooperation in Industry Corporate Sector**

In the scope of Measure 2.2, **5** operations with a budget of **16,942,791€** have been submitted under the first and second project packages and 2 out of them with a total budget of **10,347,591€** have been approved by the EUD.

### ***Empowering SMEs for Networking and Inter-Regional Cooperation***

End recipient of this operation is the Ministry of Economy. The budget of the operation is **5.000.000 €**. The operation was approved by the Commission on 22<sup>nd</sup> of April, 2009. The operation will be implemented through a service contract for technical assistance and three supply contracts. For the service contract; procurement notice was published on 04.02.2010, evaluation of technical offers was completed on 09.11.2010 and the contract was signed on 8<sup>th</sup> of February 2011. For the supply component, the procurement notice was firstly published on 02.03.2010. But the tender was cancelled by the EUD and the tender process was relaunched, the procurement notice was republished on 18.08.2010 and the contract was signed on 18<sup>th</sup> of April 2011. Kick of meeting of the service contract was held on 1<sup>st</sup> of March 2011 at the Ministry of Economy premises. Within this project there will be 5 Cluster Info-Spots in each 5 city and Cluster Info-Spot Coordinators ToR was approved by OS on 08.06.2011. To improve awareness and search for the sectors which could be clustered, 5 Cluster Development Workshops were held in local beneficiaries' premises. The launch of the project was held in Hilton Hotel on 28.07.2011 with the participation of Egemen BAĞIŞ, Minister for EU Affairs, and Zafer ÇAĞLAYAN, Minister of Economy. Within the scope of the supply contract, provisional acceptance of 5 Vehicle was done on 05.08.2011 at the Ministry of Economy.

### ***Regional Industrial Collaboration in Cotton Fibre Manufacturing***

Regional Industrial Collaboration in Cotton Fibre Manufacturing operation which is under the second package was submitted by the Southeast Anatolia Agricultural Research Institute. It was approved by the EUD on 18 July 2011. The budget of the operation is **5,347,591€**. The operation will be implemented through four types of contracts: works, supervision, supply and technical assistance. Tender dossier preparations of these contracts have been launched.

### **Priority 3: Technical Assistance**

### **Measure 3.1: Support to the OP Preparation, Management, Implementation, Monitoring, Control and Evaluation**

Activities foreseen under the TA operation are performed through several procurement contracts including service, supply, framework and direct contracts. The main and the first service contract

prepared under this measure is called “Technical Assistance on Institutional Building for the Implementation of RCOP”. The budget of this service contract is **6.770.000€**. It was signed on 6 December 2010 with a budget of **6,092,960€**. Kick of meeting of the TA contract was held on 15 December 2010. Within the scope of this TA contract, up to date inventory of urgent needs for support of the RCP-CIC was determined, Training Need Analysis for the RCP-CIC and Internal Audit Unit of the Ministry was carried out, urgent training programme for accreditation of the FCD was delivered, recruitment process of 6 non-key long term experts and urgent short term experts has been launched and organization of a workshop on project generation in April 2011 was supported. In this regard, necessary trainings for the RCOP staff have been delivered and some internship programmes were organized.

There is also a service contract called “*Technical Assistance on MIS for the Implementation of RCOP*” with a budget of **2.183.500 €** and a supply contract called “*Supply of IT Equipment for Management Information System (MIS)*” with a budget of **251.310€** under the TA operation. The forecast notices of these contracts were published on 4<sup>th</sup> of June, 2009. After the publication of the forecast notice, tender dossiers of these contracts have been revised in line with the existing needs of the RCP-CID by also considering the scope of the IMIS established by the Ministry of Development.

Under the TA Operation, there are also two Framework Contracts aiming to support the activities carried out for the establishment of the Finance and Contracts Department (FCD) within the Directorate since this department is at an early stage of its establishment and extensive support and advice is necessary to be fully functional within RCP –CID after 2011. Within this context, a Framework Contract (FwC) has been drafted to provide external assistance to prepare a Roadmap Document for establishing the FCD. This FwC on “*Roadmap for the establishment of the FCD within RCP-CID*” has been awarded on 24.06.2010 with a budget of **116.818€** and implementation of this contract has been launched in the beginning of July 2010 and finalized by the end of November 2010. Within the scope of this contract, a Road Map Document for the establishment of the FCD, Gap Assessment, Training Need Analysis, Work Load Analysis, Planning of Human Recourses Management and Organigram of the FCD have been prepared.

The main objective of the Framework Contract on “*Study for Compliance Assessment Audit of Ministry of Science, Industry and Technology*” is to perform the compliance audit of the FCD as the Tendering and Contracting Authority on behalf of the National Authorizing Officer in order to obtain reasonable assurance to meet the minimum criteria for accreditation and EC requirements and thus can manage IPA funds under the RCOP. Evaluation of technical offers has been finalized on 30 March 2011 and the contract was signed at the 11<sup>th</sup> of April 2011 with a budget of 71,150€. Kick of meeting of the contract was also held on 2 May 2011. Within the scope of the contract, compliance audit of the FCD was carried out during the period from 1st May to 7th July 2011.

Taking into account the 2012-13 budget extension to the RCOP, in order to use the funds under the third priority of the RCOP dedicated to Technical Assistance (TA), Technical Assistance Plan (TAP) for 2012-17 period has been prepared by the Ministry and negotiations with Delegation and the Commission have been in progress. Within the framework of TAP, preparations of several TA contracts have been launched.

### Measure 3.2: Publicity, Information and Promotion of the OP Measures

The budget available under Measure 3.2 for 2007-2011 is **2,432,356€**. In order to define a general framework for publicity activities to be carried out under this measure, a Communication Action Plan (CAP) has been prepared by the RCP –CIC and approved by the Commission. Based on the CAP, an operation with a budget **2.100.000€** has been designed. Under this operation, one TA contract will be implemented. ToR of this TA contract has been finalized and send to the CFCU on 21 January 2011, procurement notice was published on 23<sup>rd</sup> of September 2011 and shortlist notice was published on 31<sup>st</sup> of October 2011.

### 2. Progress in financial implementation:

**Table 9:** Expenditures in 2011 for RCOP

	Expenditure paid out by the beneficiaries included in payment applications sent to the Commission by the National Fund	Total expenditure committed and paid out by the National Fund	Corresponding public contribution	Corresponding private contribution	Total payments received from Commission
<b>Priority axis 1</b>	48.300.000	48.300.000	48.300.000	0.000	95.881.575
Measure 1.1	0.000	0.000	0.000	0.000	19.693.860
Measure 1.2	48.300.000	48.300.000	48.300.000	0.000	54.694.155
Measure 1.3	0.000	0.000	0.000	0.000	13.047.825
Measure 1.4	0.000	0.000	0.000	0.000	8.445.735
<b>Priority axis 2</b>	1.434.515	1.434.515	1.434.515	0.000	8.051.771
Measure 2.1	447.690	447.690	447.690	0.000	3.986.365
Measure 2.2	986.825	986.825	986.825	0.000	4.065.406
<b>Priority axis 3</b>	1.995.152	1.995.152	1.995.152	0.000	4.311.872
Measure 3.1	1.995.152	1.995.152	1.995.152	0.000	3.868.374
Measure 3.2	0.000	0.000	0.000	0.000	443.498
<b>Total</b>	<b>51.729.667</b>	<b>51.729.667</b>	<b>51.729.667</b>	<b>0.000</b>	<b>108.245.218</b>

By the end of 2011, the Direct Grant Agreement on “*Greater Anatolia Guarantee Facility*” with a budget of **32 million Euros**, the Framework Contract on “*Road map for the establishment of the FCD within RCP-CID*” with a budget of **116,818€**, Service Contract on “*Technical Assistance on Institutional Building for the Implementation of RCOP*” with a budget of **6,092,960€**, Supply Component and also Service Contract on “*Enlargement of the European Turkish Business Centers Network to Sivas, Antakya, Batman and Van*” with a budget of **6,874,190€**, Supply Component and also Service Contract on “*Empowering SMEs for Networking and Inter-Regional Cooperation*” with a budget of **3,887,515€**, Framework Contract on “*Study for Compliance Assessment Audit of Ministry of Science, Industry and Technology*” with a budget of **71,150€** and the Direct Grant Agreement on “*G 43 Anatolian Venture Capital Fund*” with a budget of

16,300,000€ have been awarded. In the context of awarded contracts, 51,729,667€ has been paid out till the end of 2011.

## **Major Projects**

### ***Establishment of Innovation Centre for Food- Innofood Centre***

Under Measure 1.3 of the RCOP on “Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure”, a major project proposal with a budget of 20.542.253€ was submitted by the TÜBİTAK. The Major Project Application form was sent to the Commission by the RCP-CID in February 2010.

The European Commission has examined the major project application and considered that the project application is complete in terms of meeting the requirements of Article 157(4) of the IPA Implementing Regulation and is consistent with the strategy for Community assistance set out in the Multi-Annual Indicative Planning Document (MIPD) in force and serves to strategic priorities defined in the RCOP. In this regard, official letter on the admissibility of the project application was sent to the Ministry by the Commission on 15 July 2010. Detailed comments of the Commission about the project and its feasibility report have been received on 13 October 2010. During the last quarter of 2010, studies for the revision of the feasibility report have been carried by the TÜBİTAK in close cooperation with the RCP-CID according to the comments of the Commission. Revised documents were submitted to the Commission on 29<sup>th</sup> of July 2011.

### **3. Assessment of the management and control system:**

The set up of the management and control systems is fully compliant with the provisions of the IPA Regulations. The management and internal control system in operation for the RCOP has functioned effectively to provide reasonable assurance on the legality and regularity of the underlying transactions during the reporting period. In this respect, the Management Declaration of the RCOP by the Head of Operating Structure was sent to the NAO for the financial year 01/01/2011 to 31/12/2011. Based on this Declaration and his assessment upon all information at his disposal NAO presented the annual Statement of Assurance to the Commission in accordance with Article 27 of the IPA Implementing Regulation and Article 17 of the Framework Agreement.

In accordance with Article 4(1) (b) of the Implementing Agreement between the NAO and the Head of Operating Structure (HOS) signed in 14.05.2009, the Operating Structure informs the NAO about any major or minor change in the management and control system and structures and obtains prior approval from the NAO regarding major changes. In this respect, the changes occurred in the management and control structures during the reporting period were regularly communicated to the NAO in 2011.

Furthermore, several audit missions have been carried out in 2011 for assessing the effective and efficient functioning of internal management and control system in place and providing necessary assurance to the Head of Operating Structure (HOS), NAO, CAO and the European Commission.

Within this respect, Audit Authority, Board of Treasury Controllers, has examined the functioning of the management and control systems for the RCOP for the period of 1 October 2010 – 30 September 2011 with a view to providing an opinion on the conformity of the management and control systems with the Framework Agreement and any other agreements between the Commission and the Government of the Republic of Turkey in the framework of

IPA and as to whether these management and control systems were operated effectively. The audits were conducted between April and December 2011. System-based audit included an examination, on a test basis, of the design and operation of the management and control systems put in place by the RCP-CID to effectively manage the risks which threaten the production of reliable statements of expenditure presented to the Commission. Within this scope, Audit Authority has chosen sub-systems (Monitoring and Quality Assurance & Control) on the basis of a risk assessment, and has audited both the design and the functioning of these sub-systems by means of both documentary checks and walk-through tests of a sample of operations in 2011.

Based on this examination, for the period of October 2010 - September 2011 it was found that the management and control systems established for the RCOP to contribute to the production of reliable statements of expenditure presented to the Commission and, therefore, to help to ensure, inter alia, the legality and regularity of the transactions underlying those statements, functioned effectively and, concerning its design and operation, complied in all material respects with all applicable requirements of the IPA Framework Agreement and/or any other agreements between the Commission and the Government of the Republic of Turkey in the framework of IPA. Moreover, Monitoring and Quality Assurance & Control systems established by MoSIT RCP-CID is effective and functioning, in all material respects, based on the accreditation criteria and requirements of IPA Implementing Regulation 718/2007.

Internal audit of the RCP-CID is carried out by the Internal Audit Unit of the Ministry of Science, Industry and Technology at least once a year. In accordance with 2011 Audit Plan, “Tendering Document Preparation Activity” of the RCP-CID was subjected to the system and compliance audit between October 2011 – February 2012. The aim of the audit was to evaluate the compliance of the RCP-CID “Tender Files Preparation Activity” to PRAG regulations and annexes, PIM and POG procedures and the RCOP and the related Turkish legislation; to identify whether the necessary procedures were present and to determine if the existing procedures and control activities were being carried out; and finally to make recommendations for the effectiveness and efficiency of aforementioned procedures. Furthermore, the Internal Audit Unit of the Central Finance and Contracts Unit (CFCU) has performed a joint audit between 21-25 November 2011 together with the Internal Audit Unit of the MoSIT with regards to compliance of tendering and payments completed under the 2007 and 2008 programs in the scope of the RCOP to PRAG and contract regulations. The audit was performed to examine the tenders and payments of the CFCU in relation to the RCOP for compliance to the PRAG and contractual regulations and to check whether the reports and information that was to be sent periodically by the CFCU to the Operating Structure within 2011 were sent in a timely manner.

Within the scope of taking over the delegated tasks from the CFCU for the tendering, contracting and financial management functions, MoSIT was applied to the NAO for national accreditation on 26th of April 2011. Compliance Assessment study started in May 2011 and was finalized on 7 July 2011. After the new structuring of Ministry and Directorate, Operating Structure applied for the accreditation by reflecting the current changes which is occurred with the Decree Law on the Organizational Structure and Responsibilities of the Ministry (No. 635) and Ministerial Consent (with the date of 20.09.2011 and No 3), to the documents within the accreditation package. Therefore a new application for the accreditation with the new structure was made with an official letter (with the date of 21.09.2011 and 98 numbered) to the NAO. The NAO notified the Commission, by the letter received on 24 October 2011, of the accreditation of the Finance and Contracts Department of the MoSIT for the tendering, contracting and financial management

functions. In this scope, Verification Audit by the European Commission Auditors was conducted among the 21 - 25 November 2011 period. Subsequently, on 15th of February 2012 the Commission has adopted Commission Decision C(2012)788 Amending Decision C(2009)5709 conferring management powers relating to the "Regional Competitiveness" Operational Programme under the Instrument for Pre-Accession Assistance (IPA) on the Republic of Turkey and therefore RCP-CID was accredited as regards the taking over the delegated tasks from the CFCU for the tendering, contracting and financial management functions.

#### **4. Assessment of the administrative capacity.**

The Regional Competitiveness Programme Coordination and Implementation Center (RCP-CIC) was established by a Ministerial Consent in December 2007 for the management and implementation of the RCOP and it was accredited by the Commission on 23 July 2009. The organizational structure of the Centre was revised on 13th of May 2011. According to these revisions, Technical Implementation Department and Finance and Contract Department were merged under the Finance and Contracts Department which have 4 separate divisions namely Procurement, Implementation, Quality Assurance and Control and Finance.

Following the general governmental elections in Turkey, the Decree Law on the Organizational Structure and Responsibilities of the Ministry (No. 635), published in the Official Gazette on 8<sup>th</sup> of June 2011, has effectively restructured the Ministry of Industry and Trade (MoIT) by establishing the Ministry of Science, Industry and Technology (MoSIT) and the Ministry of Customs and Trade. The MoSIT will take over the responsibilities of the MoIT, except the missions related with trade, as well as those added under the headings of Science and Technology.

In parallel with the restructuring of the Ministry, a new Ministerial Consent was published (with the date of 20.09.2011 and No 3). Within the scope of the Ministerial Consent, it is decided that; the "Regional Competitiveness Programme Coordination and Implementation Center", previously organized as directly affiliated with Deputy Undersecretary, continues its actions as a directorate under the Directorate General for European Union and Foreign Affairs and its name is changed as "Regional Competitiveness Programme Coordination and Implementation Directorate". Moreover, aforementioned Consent was changed the title of the representative of Head of Operating Structure as "General Director of the DG for EU and Foreign Affairs" in place of Deputy Undersecretary of Ministry.

The RCP – CID is composed of four departments, namely: Programming, Finance and Contracts, Monitoring and Evaluation and Quality Assurance and Control. A Department was also established for the Administrative Affairs and four staff was assigned in this Department. To enhance the administrative capacity of the RCP-CID, new staff has been recruited in 2011 and by the end of December 2011 the total number of staff has reached to 58 including the Head of Directorate and administrative staff.

To improve the capacity of the RCP-CID in the management, implementation, monitoring, evaluation and control of the RCOP and to support the operation development and management capacity of the central and local stakeholders in particular the end recipients of operations, several technical assistance contracts are implemented by the RCP-CID. Implementation of the Technical Assistance Contract on Institutional Building for the Implementation of Regional Competitiveness OP whose budget is 6.770.000 € has been launched on 15 December 2010.

Within the scope of this TA contract, up to date many activities to enhance the capacity of Directorate and end recipients were carried out.

Finance and Contracts Department (FCD) has been established in the RCP-CID with a view to take over and execution of tendering and contracting tasks following the transition period. By the end of December 2011 there was 36 staff working in this department including 4 non-key long term experts recruited under the TA contract. Furthermore, several capacity building activities have also been carried out for the take over and execution of tendering and contracting tasks delegated to the CFCU in 2011. To enhance the capacity of the FCD, within the scope of TA Contract on Institutional Building for the Implementation of RCOP, accreditation package and manuals were revised, other necessary documents of the FCD were prepared, necessary trainings, on the job support were delivered. Non-key long term and short term experts for FCD has continued to their studies for establishing and improving the tendering, contracting and financial management functions.

### **5. Coordination with other instruments and/or donors:**

Considering the limited budget allocated from IPA funds, it is essential to ensure complementarities of interventions between the RCOP and other Operational Programmes (OPs) as well as the national and Community programmes and to avoid overlapping with a view to increasing the impact of the interventions carried out under the RCOP and ensuring coherence and efficiency in the management of financial assistance.

Within the framework of the above considerations, creating a synergy with Transport, Environment, Human Resources Development (HRD) and the Rural Development (RD) OPs is particularly essential in order to increase the effectiveness of the interventions of the RCOP. All the actions under the RCOP have been designed according to this approach. Hence, the actions to be carried out under the RCOP will also serve to the other OPs in reaching their objectives.

In order to ensure complementarity and to avoid overlapping among the OPs, coordination mechanisms have been established between the MoSIT and relevant line Ministries responsible for other OPs both for the programming and implementation period of the OPs.

During the implementation phase of the OPs, this coordination is ensured through the Sectoral Monitoring Committees. MoSIT is also a member of the Sectoral Monitoring Committees for Environment, Transport, Human Resources Development and Rural Development OPs. During the reporting period, the participation to the related Sectoral Monitoring Committees was ensured.

### **6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation:**

In order to establish required infrastructure for the monitoring of the RCOP and to provide strategic guidance and advice to the MoSIT in the implementation of the programme, Sectoral Monitoring Committee (SMC) for the RCOP has been established. The Committee is a collective body and consists of two co-chairpersons, as well as permanent and rotating members. The composition of the Committee was decided by the Operating Structure, in agreement with the Commission.

In 2011, the 8th and 9th meetings of the SMC were held on 18th of May 2011 and 22nd of November 2011. During these meetings, state of play in programming and implementation of



four project packages, absorption capacity of the RCOP, procurement plans and disbursement forecasts under the programme, technical assistance activities, monitoring and evaluation activities carried out by the RCP-CID have been discussed. Members of the SMC were also informed about the preparations for accreditation of Finance and Contracts Unit in RCP CID, the revision and extension of the Operational Program and the final interim evaluation report of RCOP which was carried out within the scope of the “Technical Assistance on Institutional Building for the Implementation of RCOP” project of MoSIT.

## **7. Assessment of the information and communication activities**

In order to define a general framework for publicity activities aiming to inform the potential beneficiaries about the funding opportunities under the RCOP, a Communication Action Plan (CAP) has been prepared by the RCP –CID and approved by the Commission on 1 March 2010. Following the formal adoption of the Plan by the Commission, the OIS has been prepared by the RCP – CID and it was approved by the Commission on 28 September 2010. Positive developments have occurred within the scope of aforementioned project in 2011; Procurement Notice of Technical Assistance Contract for Publicity, Information and Promotion of the RCOP and its shortlist notice were published in 2011.

The Operational Programme has also a web site (<http://ipa.sanayi.gov.tr/tr>) which contains all the related information about the IPA system and the RCOP including the list of the operations financed under the RCOP. The main objective of the web site is to provide up-to-date information to all interested parties about the implementation of the RCOP.

Information requests regarding the funding opportunities under the RCOP submitted by potential stakeholders and general public through e-mail or mail have also continued to be responded by the Publicity Division of the RCP-CID in 2011.

## **8. Follow up: forecast on the implementation trends.**

In 2012, following the conferral of management powers decision by the Commission the RCP-CID will take over the delegated tasks from the CFCU and carry out the tendering, contracting and financial management of the operations supported under the RCOP. In this regard, 51 procurement notices are expected to be published, 7 contracts (MIS, Publicity, Supervision of Mardin, TDZs and Business Incubator) with a total budget of 6,365,725 million Euros are expected to be signed and 21.4 million Euros is expected to be disbursed in 2012 by the RCP-CID. Actual implementation of the signed contracts on site will also be launched and the contracts which were under implementation in 2011 will continue to be carried out by the RCP-CID.

In 2012, studies towards the improvement of the remaining 26 Operation Identification Sheets in the second package will continue to be carried out and these OISs will be finalised and submitted to the approval of the EUD. Projects, which can be financed under the fourth package, will be selected by the RCP-CID in close cooperation with the EUD and the EC and OIS preparation of the selected projects will also be launched in 2012. RCOP will be revised in 2012 with a view to include 2012-2013 budget allocated to the programme. After the revision of the RCOP and the adoption of the Commission Decision approving the revision in 2012, studies for the modification of the Financing Agreement will be carried out and subsequently, modified Financing Agreement for the RCOP will be signed by the Commission and by the NIPAC on behalf of the Republic of Turkey.

## **II.c. Transport Operational Programme: Summary of the Sectoral Annual Report:**

### **1.Synthesis of progress made in implementing Community assistance in relation to the priorities set up in the multi-annual indicative planning document and in the Transport OP multi-annual operational programme.**

#### ***Developments on the Institutional Side***

Ministry of Transport, Maritime Affairs and Communications (Formerly Ministry of Transport) is the Operating Structure responsible for the management of IPA funds in transport sector and it fulfils this task through implementing the Transport Operational Programme. The Ministry has undergone an accreditation process in 2009 and eventually the management of the Transport Operational Programme (TOP) is conferred on the Republic of Turkey with the decision of the European Commission of 23 July 2009.

Considering dynamic structure of the IPA system and the specific needs of the IPA Unit, there have been some organizational changes after the accreditation process.

With respect to the management of funds allocated to the Transport OP, as a replacement for the “IPA Unit” which was officially established within the Department for EU Affairs of the MoT by the Ministerial Decision (15.05.2007 and No.518), a separate IPA Coordination and Implementation Unit was established by a new Ministerial Decision dated 2 June 2011 and the organizational structure was redesigned.

On the other hand, a Decree Law numbered 655 and dated 1 November 2011, has been published in the Official Gazette, by which, the Ministry of Transport has been restructured as Ministry of Transport, Maritime and Communications.

With this legislation, the legal basis of the Unit has been strengthened and the Unit is restructured under the DG Foreign Relations and EU Affairs as “Department for EU Investments” with the Ministerial Approval dated 05 December 2011. With this Ministerial Approval the Deputy Undersecretary responsible for DG Foreign Relations and EU Affairs has been appointed as Head of Operating Structure. IPA Unit has been established under DG for Foreign Relations and EU Affairs as a separate department labeled as “Department for EU Investments”. By these legal arrangements nothing has changed as to the functions and duties of the IPA Unit, except its name.

As of now, EUID is composed of Programming, Tender and Contract Management, Financial Management, Quality Assurance and Control and Administrative and Financial Affairs sub-units.

#### ***Developments at priority level (Project Preparations and Capacity Building Activities)***

Priorities and measures of TOP are formulated to be in compliance with Strategic Coherence Framework (SCF) prepared by Strategic Coordinator for 2007-2013 period, MIPD and related documents, reports and guidelines.

TOP is based on two main sub-sectors of transport, railway infrastructure and port infrastructure. Technical assistance activities for capacity building of OS to ensure smooth implementation of TOP as well as project pipeline enhancement is also an indispensable part of TOP as its third priority.

Under Priority 1, first prioritized project is “Rehabilitation and Re-Construction of Köseköy-Gebze section of Ankara-Istanbul High Speed Railway Line Project”. Two contracts are signed for this project; “Works” contract for construction works and “Supervision” contract for

supervision of the project. An Operational Agreement between the Turkish State Railways as the End Recipient and Ministry as the Operating Structure indicating the duties, authorities and responsibilities of the sides signed on 12 October 2011.

The tender opening phase started on 14 March 2011 for the Works, and it was finalized on 22 July 2011. Works contract with the successful tenderer was signed on 14 October 2011. The amount of the contract is 146.825.952,90€. The official commencement date of the contract is 25 November 2011 and the site handover was realized on 15 December 2011. The duration of the Works contract is 30 months.

The tender opening phase for the supervision started on 25 May 2011, and the contract with the successful tenderer has been signed on 31 October 2011. The contract price is 6.319.760€. The official commencement date of the contract is 14 November 2011. The duration of Supervision is 56 months.

Under Priority 1, second prioritized project is “Rehabilitation and Signalization of Irmak-Karabük-Zonguldak Railway Line Project”. There are two contracts for this project; “Works” contract for construction works and “Supervision” service contract for supervision of the project.

The Works tender opening session initiated at 03 October 2011, where 9 tenders were received. The contract was signed with the successful tenderer with an amount of 219.969.300 €. The pre-financing (10%) was realized. The construction period is 48 months. The official commencement date of the contract is 14 December 2011.

Supervision tender opening session initiated at 17 October 2011. The contract was signed with an amount of 7.247.305 € on 04 January 2012.

Under Priority 2, Construction of a New Port in Filyos Project was proposed to European Commission to replace the Çandarlı Port Project in order to use the funds under the second priority of the TOP. A Technical Assistance study named as “Preparation of Feasibility Studies, Environmental Impact Assessment (EIA) Reports and other necessary documents in line with EU Legislation” for the Filyos Port Project under SEIA funds started in 2008 and finalized on 14 November 2011. Major Project Application Form for this project was sent to the Commission on 4 March 2011.

Regarding to Measure 3.1 “Support to OS and End Recipients’ capacity for implementation including programming, management, monitoring, evaluation and control”, the contract of “Technical Assistance the Strengthening Capacities of MoT IPA Unit and End Recipients” Project was signed on 20 October 2011. The duration of the project is 48 months, whereas contract amount is 5.3 million Euros.

Under this measure, another Terms of Reference for Compliance Audit phase of the accreditation of the tasks relating to tendering, contract management and financial management functions of IPA Unit was sent to CFCU on 1 October 2010. This short term contract “Study for Compliance Assessment Audit of IPA Implementation Unit” started with the kick off on 26 January 2011 and it was finalized on 29 September 2011.

Regarding the Measure 3.2 “Support for information and publicity activities”, the contract of “Technical Assistance for Information and Publicity Activities” Project was signed on 1 November 2011. The contract amount of the project is 1.9 million Euros and the duration is 36 months.

## 2. Progress in financial implementation:

In 2011, following six contracts for the subject projects have been signed:

- Rehabilitation and Reconstruction of Köseköy - Gebze Section of Ankara-İstanbul High Speed Train Project (works and supervision contracts)
- Rehabilitation and Signalization of Irmak-Karabük- Zonguldak Railway Line Project (works contract)
- Technical Assistance for Strengthening the Capacities of MoT IPA Unit and End Recipients (service contract)
- Technical Assistance for Information and Publicity Activities (service contract)
- Study for Compliance Assessment Audit of IPA Implementation Unit (service contract)

For 2008, € 60,800,000 which should be disbursed until the end of 2011 has been allocated in the Operational Programme.

Advance payments for the above mentioned contracts amounting € 46.009.601 was made in 2011. Additionally € 7.325.000 was used for the purpose of pre-financing of the Programme. Therefore de-commitment amount for 2011 was calculated as € 7.465.399.

The EU financial contribution to the Transport OP will be implemented in line with the financial plan presented in the following table for 2007-2011.

**Table 10:** Budget allocations for TOP

YEAR 2007-2011	Total Public Expenditure	Public Expenditure		IPA Co financing rate
		Community Contribution	National Contribution	
<i>Priority Axis 1</i>	<i>326.188.235</i>	<i>277.350.000</i>	<i>48.838.235</i>	<i>85%</i>
Measure 1.1.	326.188.235	277.350.000	48.838.235	85%
<i>Priority Axis 2</i>	<i>58.588.234</i>	<i>49.800.000</i>	<i>8.788.234</i>	<i>85%</i>
Measure 2.1.	58.588.234	49.800.000	8.788.234	85%
<i>Technical Assistance</i>	<i>14.117.647</i>	<i>12.000.000</i>	<i>2.117.647</i>	<i>85%</i>
Measure 3.1.	5.882.353	5.000.000	882.353	85%
Measure 3.2.	2.352.935	2.000.000	352.935	85%
Measure 3.3.	5.882.353	5.000.000	882.353	85%
<b>Total Year 2007-2011</b>	<b>398.894.111</b>	<b>339.150.000</b>	<b>59.744.111</b>	<b>85%</b>

### **3. Assessment of the management and control system:**

As stated above the Ministry has been restructured with the Decree Law 655 dated 01 November 2011. According to the Article 16 of the Decree Law numbered 655; “Directorate General for Foreign Relations and European Union Affairs” is responsible for the preparation, coordination, implementation and control of TOP. IPA Unit is restructured under the DG Foreign Relations and EU Affairs as Department for EU Investments with the Ministerial Approval dated 05 December 2011. With the same Ministerial approval, Department for EU Investments is reorganized.

The Department has moved to another office allocated at the premises of DG Infrastructure Investments and the new office has been renovated according to the needs of the Unit.

Decree Law numbered 655 introduced the duties and responsibilities of DG Foreign Relations and EU Affairs related to TOP, which has strengthened the legal base of IPA Unit. The change in the working environment and legal base will contribute to the sound and efficient functioning of the tasks and have a positive effect on the management and control systems.

The Head of the OS is responsible for the effective and efficient management of internal control in the Transport OS. The HOS will be informed on the status of the Operating Structure and any control weaknesses and the performance of the EUID on a regular basis throughout the year.

The following measures shall be taken:

- Monthly management reports from Department for EU Investments include a section on internal control weaknesses and making recommendations
- The information and analysis deriving from the risk management exercises serve to regularly inform the Head of OS on the level and type of risks the EUID has to face and manage,
- The Head of the OS has access to audit reports whenever the OS is part of the scope of the audit and control reports prepared by EUID
- All internal control weaknesses and audit recommendations shall be followed up until final closure

Besides, in order to keep all staff informed about progress made in different projects implementation, to review and discuss problems and search for solutions and recommend activities to improve the implementation process monthly EUID meetings are held under the coordination of Quality Assurance and Control sub-unit.

An integrated part of the internal control system is the risk management which serves as one of the information sources to assess the systems and procedures and identify deficiencies and required improvements in Transport OS.

Quality Assurance and Control sub-unit (where an expert is assigned as Risk Manager) is responsible for implementing the risk management cycle/system for EUID, end recipients as well as supporting units.

On the basis of risk management system, sub-units of EUID, end recipients and supporting units have identified their risks based on their organizational structure and activities and have defined their mitigation actions including the responsible persons and deadlines for these actions.

Within the risk management system, the Risk Management Panel chaired by the Risk Manager meets once a year. This Panel is composed of EUID sub-units, representatives from end recipients, Internal Audit Unit, HR Department, IT Department and NAO.

In this framework, Quality Assurance and Control sub-unit held 2 meetings in 2011 so as to ensure proper functioning of risk management system. Besides, OS submits Risk management Plan 31<sup>st</sup> of May each year and quarterly mitigation reports (in January, April, July, October)

In addition to the internal control activities carried out by QACU, there are also audit functions performed by internal and external actors with regards to the functioning of the Transport OS.

Among these actors, Internal Audit Unit of MoTMC provides independent, objective assurance and consulting services designed to add value and improve the operations of the OS. According to the 2011-2013 Audit Work Plan of the Internal Audit Unit of the Ministry an internal audit has been carried out for the year 2011 between 14<sup>th</sup> of October and 3<sup>rd</sup> of November. The Final Internal Audit Report was issued on 14<sup>th</sup> of November 2011. The auditors determined 3 findings and the follow-up for these findings will be done bi-annually.

On the other hand, a systems audit (with the follow-up of the previous year's audit findings) and audit of operations under TOP have been carried out by the Audit Authority (Board of Treasury Controllers) for the period between 01 October 2010 and 30 September 2011.

For the subsystem audit for the monitoring activities the report was prepared on 5 July 2011 and submitted to relevant parties. The auditors have identified 2 findings during the subsystem audit work. These findings; related with functioning of the system are of intermediate risk level. (One of them is addressed)

Audit of operations were carried out through a signed contracting activity (Study for Compliance Assessment Audit of IPA Implementation Unit project), for which declared expenditure had been included in certified statements of expenditure submitted to the Commission during the reference year. During the audit of operations the auditors have not detected any ineligible expenditure.

The AA carried out the first follow-up in June 2011 and the last follow up before the finalization of Annual Audit Activity Report. It is stated in the report that of the total 15 previous year's audit findings for MoTMC;

- 2 findings are addressed (Minor)
- 7 findings are partially addressed (5 of them are intermediate, 2 of them are minor)
- 6 findings are open (2 of them are intermediate, 4 of them are minor)

Furthermore, the NAO Supervision follow-up visit was held on 14 July 2011 so as to monitor the findings of the NAO Supervision held before and the findings of the previous audit (Internal Audit, AA, EC, Compliance Audit).

For the process of accreditation, which is composed of four stages as Gap Assessment, Gap Plugging, Compliance Assessment and Verification Audit, it is decided to realize first two stages within the form of self-assessment without using Technical Assistance, where as the Compliance Audit was performed by independent experts. In this context, a working group has constituted among the experts of the Unit to carry out the Gap Assessment and Gap Plugging phases.

The Gap Assessment has been carried out between October and December 2010. Gap Assessment has been made to determine the gaps and to prepare the Unit for the accreditation process for taking over the functions delegated to CFCU.

After the finalization of Gap Assessment by 31 December 2010, Gap Plugging study has been initiated to work on the gaps and actions to be taken to plug them. This study has been completed by January 24, 2010 with the finalization of Gap Plugging Report.

For the Compliance Assessment stage a framework contract has been concluded under the technical assistance priority and PARTICIP has been assigned to perform this study. Project started with the kick off meeting, which was held on 26 January 2011 and has been finalized in September 2011. The Compliance Auditors detected 17 findings and all of them are medium in their category of importance.

The NAO letter on national accreditation of Transport Operating Structure for contracts and finance functions as well as the accreditation package requesting a Commission decision to amend the EC decision (CCI 2007TR16IPO002) of 23 July 2009, which had conferred management powers to the Republic of Turkey under the IPA Component-III TOP, was submitted to EC on 12 October 2011.

In this context a verification Audit has been carried out by EC between 21<sup>st</sup> and 25<sup>th</sup> November 2011. The conferral of management decision is expected to be received in 2012.

#### **4. Assessment of the administrative capacity**

As of June 2011 there are five sub-units in Department for EU Investments where Administrative and Financial Affairs sub-unit was established in addition to the existing four sub-units. The Department is now composed of Programming, Tender and Contract Management, Financial Management, Quality Assurance and Control and Administrative and Financial Affairs Sub-Units in order to manage EU Funds in transport sector and carry out programming, implementation, monitoring, evaluation, tendering, financing and audit phases of transport infrastructure projects efficiently and effectively. In line with the principle of segregation of duties, the duties of the OS which is mentioned in the Article 28 of the IPA Implementing Regulation, is distributed among the sub-units of IPA Unit.

As regards reclaiming the tendering, finance and contracting responsibilities, enhancing the capacity of the staff has significant importance. For this purpose, a technical assistance project on the strengthening the capacity of EUID and End Recipients was commenced on 15th November 2011. By this four-year Project, EUID has started to receive daily support of the full-time consultants on tendering, contract management and financial management as well as training issues. Besides, in any need for specific support under the area of work of the EUID, short term experts would be mobilized.

#### **5. Coordination with other instruments and/or donors:**

#### **6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:**

8<sup>th</sup> SMC Meeting was held in Ankara on 17 May 2011. Main issues discussed and conclusions are as follows:

- The upcoming modification of TOP for 2012-2013 period has been discussed with the Commission services. Enhancement of the project pipeline has been emphasized.
- Taking over the delegated functions to CFCU was another important item of the agenda. The Cooperation Agreement has been extended till 31 July 2011 with an addendum and the Head of Operating Structure stated that the agreement will be extended till the end of 2011 with a second addendum. Commission proposed not to give an exact date for the extension.
- Importance of ensuring a proper office space was also stressed out.
- Audit Authority made a presentation on Annual Audit Activity Report. It was stated that the follow up of the findings was crucial for the conferral of management process. Hence, particular importance should be given addressing the weaknesses in order to set up a well functioning system.
- A great effort should be made meeting the contracting deadlines in order to avoid de-commitment risk.

9<sup>th</sup> SMC was held on 22 November 2011 in the premises of Undersecretariat of Maritime Affairs. Main issues discussed and conclusions are:

- The legal basis problem of the Unit was solved with the Decree Law 655 dated 01 November 2011 which restructured the Ministry.
- Technical Assistance Project which will help increasing the capacity of the Unit has started on 15 November 2011.
- IPA Unit has moved new office which is properly renovated for tendering functions.
- Cooperation Agreement was extended till the end of 2011.
- Commission declared that extension process of OPs will be finalized in April 2012. The total amount which is approximately 700 million euro is planned to be allocated to the OPs according to the results of the mid-term evaluations carried by the Technical Assistance team of the Ministry of Development.
- Halkalı – Kapıkule Railway project is suggested for the next programming period considering that the reassessment will take a long time.
- Railway modernization projects in the pipeline need to be accelerated in the event that things don't work out in Filyos Port Project.

## **7. Assessment of the information and communication activities.**

Knowing that the information and publicity activities are central to the EU funding mechanism, utmost importance is devoted to the publicity and visibility activities. Within the framework of the TA Plan especially the activities foreseen in the Communication Action Plan of the TOP will be carried out including but not confined to organization of conferences and seminars, organization of other tasks such as preparation, publication and distribution of promotional materials on the TOP (publications, brochures, folders, CDs and other possible formats and etc) and dissemination of information through web-site.



Accordingly, the contract of “Technical Assistance for Information and Publicity Activities” Project was signed on 1 November 2011. The contract amount of the project is 1.9 million Euros and the duration is 36 months.

The purpose of this contract is as follows:

To assist the Ministry regarding publicity and information activities in compliance with the publicity requirements of the EU and to convey the TOP message to the larger public on the joint aim of Turkey and the EU for improvement of the transportation infrastructure considering safety and intermodality on future TEN-T Network, while maintaining an efficient and a balanced transportation system. The following results are expected at the end of the technical assistance:

- Better understanding of the role played by the EU and national institutions in the management of EU-Turkey Financial assistance
- Increased awareness of the general public and end recipients on the aims, activities, and results of Transport Operational Program
- Provision of awareness towards the transport projects, realized through IPA co-financing
- Enhancement of public awareness as regards the overall objective of Transport Operational Program: to improve the transportation infrastructure considering safety and intermodality on future TEN-T Network, while maintaining an efficient and a balanced transportation system and ensure public attention for the accompanying need to prioritize rail and maritime sector investments.
- More favorable attitudes towards railway and maritime transport (person and freight) and towards EU,
- Improved capacity of the IPA Unit on publicity and information activities.

This contract will cover activities defined in the 3<sup>rd</sup> priority of Transport Operational Program, and will have the following three main components:

**COMPONENT 1: Activities regarding plan and schedule of communication activities for Transport Operational Program**

This component will cover activities of improvement and updating the Communication Strategy and Action Plan for Transport Operational Program and development of umbrella themes for Transport Operational Program that will be utilized as a “motto” during the whole period of implementation of the Operational Program so as to attract attention and convey the main objectives and message of Transport Operational Program. Under this component preparation of a calendar of planned communication activities will also be handled. Exploration and ongoing measurement of attitudes and public awareness towards EU, Transport OP and the aims of Transport OP will also be covered under this component.

**COMPONENT 2: Activities regarding Promotion of Transport Operational Program**

Under this component, events such as press conferences, seminars, information days will be organized; books, brochures/leaflets etc regarding the Transport Operational Program and the information events will be developed, Audio-Visual Materials will be developed and the media coverage of the events will be tracked. Further, advertising material and advertising campaigns such as billboards will be planned and realized. Lastly, this component will cover activities of development and effective management of TOP website.

### COMPONENT 3: Capacity Building Activities regarding publicity-visibility

Internal training of the staff involved in management of the publicity and information activities for the Transport Operational Program will be covered under this component.

#### **8. Follow up: forecast on the implementation trends.**

Studies for next programming period and for the enhancement of project pipeline are going on with close cooperation and collaboration with End Recipients and Technical Assistance Team. In this context, under the last measure of technical assistance priority, three railway modernization projects are going to be developed. These projects are “Modernization of Samsun-Kalın Railway Line”, “Modernization of Alayunt-Afyonkarahisar-Konya Railway Line”, and “Modernization of Malatya-Narlı Railway Line” respectively. Among these, Technical Assistance Project for Samsun-Kalın Railway Line has to be finalized urgently in order to increase the absorption of the funds allocated for 2012-2013. For this purpose, documents for Works and Supervision Tenders will be prepared in a fast track method by TCDD and will be reviewed by MoTMC and Technical Assistance Team.

The contract for the Modernization of Alayunt-Afyon-Konya Railway Line project is foreseen to be signed on 03 December 2012 according to the CFCU’s December 2011 Procurement Plan. The contract for the Modernization of Malatya-Narlı Railway Line project is foreseen to be signed on 31 December 2012 according to the CFCU’s December 2011 Procurement Plan.

MoTMC, as foreseen in the TOP 2007-2013, plans to take further steps to enhance its project pipeline for the next IPA programming period.

### III. Sectoral conclusions

**Regional Competitiveness OP:** 299,7 million € has been allocated for RCOP for the 2007-2011 period. 12 contracts (2 FwCs, 2 Financial Instrument contracts, 5 supply contracts and 3 TA contracts) have been awarded with a total budget of 65,3 million € under the RCOP by the end of 2011. 2 FwC contracts under the TA Project of the RCP-CID have already been completed. 10 contracts are under the implementation stage. Within the context of these contacts, declared eligible expenditure to the NAO by the CFCU amounts to 51,7 million €. In addition, preparations to improve the project pipeline continued in 2011 to absorb the funds allocated to the RCOP. A project generation workshop in order to absorb the 2012-13 budget allocated to the RCOP was organized by the RCP-CID with the participation of relevant national public bodies and Development Agencies on 27-29 April 2011. Based on the project ideas received following the workshop, studies towards the establishment of a fourth package of projects were carried out by the RCP-CID in close cooperation with the EUD and the EC in 2011.

Moreover, preparations for taking over the delegated finance and contracting tasks from CFCU to the Ministry of Science, Industry and Technology were accelerated in 2011. All these developments will contribute to the improvement of absorption capacity of the RCOP in the forthcoming years.

**Environment OP:** 416,7 million € has been allocated for Environment OP for the 2007-2011 period. 2 additional IPA applications were submitted in 2011 with an amount of 75 million €. (35 IPA project applications were submitted to the EC with a total investment cost of 775 million € in 2010). 12 service contracts and 11 works contracts with an amount of 178 million € were signed in 2011. De-commitment amount for 2011 was calculated as 23,6 million €. The Department of EU Investments was accredited as Contracting Authority by the European Commission Decision No (2011)133 on 20/01/2011. Through the delegation of finance and contracting function from the CFCU to the OS and an expanding project pipeline with mature projects, de-commitment risk for the upcoming years will have been successfully minimized.

**Transport OP:** Transport Operating Structure has established the necessary management structures and systems, while it also defined all the procedures and principles for the effective implementation of Operational Programme and efficient use of funds allocated for the period 2007-2011.

Within this context, Transport OS has determined its implementation structure including internal control and risk management systems. Transport OS, namely EUID, with its 5 sub-units has all the necessary procedures and structure for the fulfillment of its duties and responsibilities as OS.

External control mechanisms were also run in 2011 such as audits and follow-up audits carried out by Internal Audit Unit of MoTMC, Audit Authority, NAO Supervision, Compliance Auditors and Verification Auditors.

Initial conferral of management decision was given on 23 July 2009 and another accreditation process for the taking over the tendering, contracting and financial management function to EUID is going on. During this period which is called also as a transition period, CFCU is carrying out some of the tasks and responsibilities of Transport OS on the basis of the Cooperation Agreement signed until the accreditation process is finished and conferral of management decision is acquired. After the transition period Transport OS shall undertake all its responsibilities and tasks. To this aim, in 2011, Transport OS carried out the necessary processes

or ensured the required work for it, namely Gap Assessment, Gap Plugging, Compliance Audit and Verification Audit.

As to the implementation of Transport OP, 2011 might be deemed to be a successful year. Throughout 2011, 7 contracts were signed for 5 projects, 2 of which are large infrastructure investment project. Only 1 project was started and finished within 2011. Implementation of remaining 4 projects is going on. Within the allocation of 2011, only 7.4 Million Euros were decommitted.

Studies for next programming period and for the enhancement of project pipeline are going on with close cooperation and collaboration with End Recipients and Technical Assistance Team. The accreditation process is in its final stage and expected to be concluded within the 1st quarter of 2012.

Ministry of Development (former State Planning Organization), as Strategic Coordinator, has continued to take initiative for effective coordination and close cooperation among all key stakeholders under IPA Components III and IV. Regional Development and Human Resources Development Committee met in February, June and October 2011. As an inter-ministerial committee, it provided a powerful formal coordination and communication platform and served as an effective tool for taking collective action and solving problems. As a result, significant progress was achieved in the implementation of OPs, and thereby, de-commitment risk was minimized, and absorption of funds increased substantially in 2011.

Interim evaluation studies of OPs under IPA Component III were conducted in the last quarter of 2011 by independent assessors under “Technical Assistance for Capacity Improvement in the Economic and Social Cohesion (ESC) Policy Project (Phase II)”. Interim evaluation reports assess each OP in detail and provide an insight to state of play for relevant OP.

In accordance with the IPA Implementing Regulation, Operating Structures (OS) have carried out studies for the revision of OPs under IPA Component III. The results of interim evaluation studies were used to revise OPs for 2012-13 period. Revision process has been carried out in close collaboration with the EU Commission and would be finalized in the first quarter of 2012.

In addition, to determine financial allocations among OPs under Component III for 2012-2013 period, strategic coordinator conducted an evaluation study in December 2011. The evaluation study, *inter alia*, took into account interim evaluation reports of OPs. In addition, 4 criteria are defined to compare the overall absorption capacity of OPs and, accordingly to determine financial allocations. In line with the results of the evaluation study, financial allocations would be determined in 2012.

For all OPs including those under IPA Component III, Integrated Monitoring Information System (IMIS) established under coordination of the Strategic Coordinator has been operational since September 2010. IMIS is accessible to all actors including OSs’, Strategic Coordinator, NIPAC, CFCU, NAO as well as beneficiaries. Beneficiaries uploaded data on financial, tendering and technical progress of operations to the system in 2011. IMIS enables to conduct more systematic and complementary monitoring activities performed at the levels of operation, OP as well as Strategic Coherence Framework (SCF).

## COMPONENT IV: Human Resources Development

### I. Summary of the Component IV and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programme.

The HRD OP sets out five priority axes: *employment, education, lifelong learning, social inclusion, technical assistance*. There are several Measures under each Priority axes, which are indicated under the following section.

### II. Summary of the Sectoral Annual Report

#### 1. Synthesis of progress made in implementing Community assistance in relation to the priorities set up in the multi-annual indicative planning document and in the HRD multi-annual operational programme.

Information on quantitative and qualitative progress made in implementing the HRD OP in the reporting period (year: 2011) is indicated below.

##### a. Quantitative Progress

#### **PRIORITY AXIS 1: To attract and retain more people in employment, particularly by increasing labour force participation of women and decrease unemployment rates especially for young unemployed:**

- *Measure 1.1: To promote women's participation into the labour market, and increase female employment, including those formerly employed in agriculture*

It aims at improving women's employability and entrepreneurship as well as diminishing cultural and other obstacles hindering women's participation into the labour market.

##### ➤ **Promoting Women's Employment Operation (PWE - I)**

**Progress in the Service Component:** Service contract has been signed on 1<sup>st</sup> March 2011. First Interim Report has been presented on 3<sup>rd</sup> October 2011 and it has also been approved by OB, OS and CFCU and interim payment has been done accordingly. Importantly, preparation of surveys methodology for labour demand and supply sides was completed with all outputs.

**Progress in the Grant Component:** For the grant beneficiaries under the Operation, training sessions have been organized within the context of the technical assistance project titled 5.2. & 5.3: *Technical Assistance for Potential Operation and Grant Beneficiaries, Information and Publicity*. A closure fair has been organized on 4<sup>th</sup> July 2011 in Ankara. On 25<sup>th</sup>-26<sup>th</sup> August 2011, a workshop has organized for the grant beneficiaries to help them on preparation of their final reports. In February 2011, a training programme was organized, specifically for the CGMTs. In April 2011, interim monitoring visits to 131 projects were executed by the central and regional grant monitoring teams (CGMT and RGMSTs). Final monitoring visits to all the grant projects were realized in July 2011. 131 grant projects have been implemented, finalized their project period and submitted their final technical and financial reports to the related institutions by August 2011.

- *Measure 1.2: To increase employment of young people*

It aims at promoting the youth integration into the labour market through active labour market policies.

➤ **Promoting Youth Employment Operation (PYE – I)**

**Progress in the Service Component:** Date of notification to successful tenderers was 4<sup>th</sup> July 2011 and the contract has been signed on 12<sup>th</sup> September 2011. The kick off meeting was held on 4<sup>th</sup> October 2011.

**Progress in the Grant Component:** For the grant beneficiaries under the Operation, training sessions were organized within the context of 5.2&5.3 TA projects. Representatives from the OS and the CGMT have also participated in the trainings. Also, a closure fair was organized on 13<sup>th</sup> October 2011 in Şanlıurfa. By November 2011, all the grant projects have been finalized.

• ***Measure 1.3: To promote registered employment***

It aims at strengthening the capacity of social security institutions, enhancing coordination of relevant public institutions and ensuring better cooperation with social partners.

➤ **Promoting Registered Employment Through Innovative Measures Operation (PRE - I)**

**Progress in the Service Component:** Senior Advisory Board was set up by mid-February 2011. In March- April 2011, Inspectors' Training Programme was organized for 300 Inspectors. In May 2011, first phase of regional trainings were started in Kayseri and Malatya. SSI and Ministry of Finance (Revenue Administration) have conducted studies to design and implement a Common Database has been continued.

**Progress in the Supply Component:** Lot 1 (office furniture and equipment) has been awarded on 11<sup>th</sup> May 2011 and Lot 3 (communications and duplication equipment) has been awarded on 4<sup>th</sup> May 2011. Lot 2 is has been awarded on 27<sup>th</sup> May of 2011.

**Progress in the Grant Component:** For the grant beneficiaries of the PRE Operation a training programme has been organized in January 2011, which was open to the participation of the CGMT of SSI as well. In February 2011, a training programme was organized, specifically for the CGMTs. In April 2011, interim monitoring visits of 44 projects are realized by the central and regional grant monitoring teams (CGMT and RGMTTs). By the end of the July 2011, all grant projects have been finalized.

• ***Measure 1.4: To improve the quality of public employment services***

It aims at improving the efficiency of public employment services by strengthening their administrative capacity.

➤ **Improving The Quality of Public Employment Services Operation (PES - I)**

**Progress in the Service Component:** Since the service contract has been signed at the end of 2010 (11<sup>th</sup> December 2010), preliminary activities have been conducted at the beginning of 2011. Kick- off meeting was held on 27<sup>th</sup> January 2011. In March 2011, three management groups were established for ensuring the effectiveness of operation activities. Field visits and meetings with the local stakeholders were organized; in April 2011, meetings were held, field visits were completed. Training

of approximately 100 provincial staff in employer visits started on 20<sup>th</sup> June 2011 and completed by mid-July 2011.

**Progress in the Supply Component:** Final version of tender documents were sent to CFCU on 13<sup>th</sup> April 2011 and finally approved by EUD. By 10<sup>th</sup> August 2011 procurement notice has been published. Tender preparation period ended on 17<sup>th</sup> October 2011 and proposals of tenderers were submitted to CFCU. Evaluation of the offers has been completed by the first week of November 2011 and evaluation report submitted to EUD by CFCU.

**PRIORITY AXIS 2: To enhance investment in human capital by increasing the quality of education, improving the linkage between education and labour market, and raising enrolment rates at all levels of education, especially for girls**

- ***Measure 2.1: To increase enrolment rates for girls with a view to developing female human resources and access to labour market***

It aims at improving access for girls to secondary education and Vocational Education and Training (VET), and at increasing awareness about the importance of girls' education.

➤ **Increasing Enrolment Rates Especially for Girls Operation (IER -I)**

**Progress in the Service Component:** Service contract has been signed on 14<sup>th</sup> April 2011. “Establishing an internal monitoring and evaluation system” activity was initiated in November 2011. Desk study and research tool development” was completed and a Desk Study Report has been prepared.

**Progress in the Supply Component:** Procurement notice has been published on 15<sup>th</sup> April 2011 and date of notification to successful tenderer is 6<sup>th</sup> December 2011. Deadline for submission of tenders 15<sup>th</sup> August 2011, completion date for evaluation of technical offers is 26<sup>th</sup> September 2011; notification of award to successful tenderer is 17<sup>th</sup> October 2011.

**Progress in the Grant Component:** Grant contracts started to be signed in December 2010. For the grant beneficiaries of the IER Operation a training programme has been organized on 18<sup>th</sup>-19<sup>th</sup> January 2011, which was open to the participation of the CGMT of MoNE as well. In February 2011, a training programme was organized, specifically for the CGMTs, to which the CGMT of the SSI conducting the monitoring activities of the PRE has participated. In April 2011 first monitoring visits and in June-July 2011 interim monitoring visits of 89 projects were realized by the CGMTs and RGMTTs. By the end of the December 2011, all the grant projects have been finalized.

- ***Measure 2.2: To improve the content and quality of vocational and technical education***

➤ **Improving the Quality of Vocational Education and Training in Turkey (IQVET -I)**

It aims at increasing the flexibility of the education system, adapting the curricula, rendering VET a more attractive option for students, and promoting cooperation between social partners, schools and VET centers as well as the private sector.

**Progress in the Service Component:** Date of notification to successful tenderers was 14<sup>th</sup> December 2011. Service contract has not been signed within the reporting period.

**PRIORITY AXIS 3: To increase adaptability of workers, enterprises and entrepreneurs, in particular by promoting lifelong learning and encouraging investment in human resources by enterprises and workers**

- *Measure 3.1: To promote the development and implementation of coherent and comprehensive strategies for lifelong learning*

It aims at improving the quality of non-formal training, supporting the establishment of Vocational Standards Development, promoting testing and certification centres as accredited bodies for vocational standard development and supporting the setting of a National Qualifications System (NQS).

➤ **Promoting Lifelong Learning Operation (LLL - I)**

**Progress in the Service Component:** Evaluation of the technical offers has been completed on 24<sup>th</sup> January 2011. Date for the notification to successful tenderer is 14<sup>th</sup> February 2011 date for signature of the contract is 15<sup>th</sup> April 2011. The kick off meeting was held on 26<sup>th</sup> May 2011.

**Progress in the Supply Component:** The supply procurement notice has been published on 28<sup>th</sup> February 2011 and the contract has been signed on 27<sup>th</sup> October 2011. The date of the signature of first supply contract (Lot 2) is 27<sup>th</sup> October 2011.

**Progress in the Grant Component:** In February 2011, a training programme was organized. In April 2011, interim monitoring visits of 45 projects were realized by the CGMT and RGMSTs. Also, a closure fair was organized on 4<sup>th</sup> July 2011 in Ankara. Implementation period of projects have been finalized in May 2011. In June 2011, final monitoring visits of 45 projects were realized.

- *Measure 3.2: To increase adaptability of employees and employers by investing more in human capital*

It aims at facilitating workers' access to training, in particular for the low-skilled people; designing and disseminating innovative and sustainable forms of work organisation and increasing the training capacities of social partners, NGOs, VET institutions and public bodies.

➤ **Increasing Adaptability of Employers and Employees to the Changes in Global Economy (ADAPTABILITY - I)**

**Progress in the Service Component:** Procurement notice has been published on 11<sup>th</sup> October 2011. Therefore, service contract has not been signed within the reporting period.

**PRIORITY AXIS 4: Promote an inclusive labour market with opportunities for disadvantaged people, with a view to their sustainable integration into the labour force and combat all forms of discrimination in the labour market**

Preparation of a new operation on the social inclusion of the people living in the disadvantaged urban areas including the Romans started in 2011. The operation beneficiary will be Ministry of Family and Social Policies, MoNE, Ministry of Health, MoLSS.



- **Measure 4.1: To increase the employability of disadvantaged persons, facilitate their access to labour market, and eliminate barriers for their entrance into the labour market**

It aims at promoting their inclusion into the labour market through the provision of more efficient and specific ALMPs; increasing awareness on the services available, and eliminating barriers to their access to employment.

- **Employment and Social Support Services Coordination and Implementation Model for the Integration of Disadvantaged Persons**

Turkish Union of Municipalities is the Operation Beneficiary. The Operation aims to integrate the disadvantaged people into the labour market. Stakeholder meetings were held at local and central level during the year 2011.

- **Measure 4.2: Better functioning and coordination among the institutions and mechanisms in the field of labour market and social protection particularly in order to facilitate the integration of disadvantaged persons into the labour market.**

- **Promoting Active Inclusion In Turkey**

IŞKUR is the Operation Beneficiary. It aims to ensure better functioning of and a stronger cooperation between the public institutions serving in the area. The first version of the OIS document has been submitted to EUD on 5<sup>th</sup> December 2011.

## **PRIORITY AXIS 5: Technical Assistance**

- ***Technical Assistance Plan (TA Plan) for HRD OP***

MoLSS has been preparing the TA Plan in accordance with the Technical Assistance priority axis of the HRD OP as well as Communication Strategy and Action Plan (CSAP). The main objectives of the TA Plan are to ensure the effective implementation of the HRD OP in accordance with the relevant regulations and to improve the administrative capacity of the Operating Structure and the other central, regional and local institutions involved in the implementation of the HRD OP by supporting the management, implementation, monitoring, evaluation, control and publicity of the HRD OP. In order to reach these objectives, the TA Plan consists of two main pillars: (a) Capacity building activities for the OS; (b) Capacity building, information and publicity activities for the potential and final beneficiaries.

- **Measure 5.1: Support for Management, Implementation, Monitoring, Control, Evaluation and Dissemination Activities**

- **Technical Assistance for Implementation of Human Resources Development Operational Programme (TA 5.1)**

It aims at providing support to the HRD OP's Operating Structure in different steps of the IPA process, and at increasing the capacity of the relevant central and local partners in related issues.

**Progress in the Service Component:** A series of basic level trainings have been conducted on the basis of the training needs analysis. Also, TAT provided strategic advice to the OS on “how to best meet the new responsibilities arising from the act of the accreditation of the EU Coordination Department as a fully-fledged OS”. The TAT assisted the OS in taking necessary steps for replying the EU Verification Mission Audit Report Finding and Recommendations. Grant Monitoring Information

System (G- MIS) and Document Management System (DMS) have been developed. In addition, the TAT provided the OS with logistical support for organization of the 8<sup>th</sup> and 10<sup>th</sup> SMC meetings. The expected date for the termination of the service contract is October 2013.

**Progress in the Supply Component:** The contract has been signed on 11<sup>th</sup> July 2011. The subject of the contract is supply, delivery, installation, putting into operation, inspection, testing, training and warranty service of office furniture and equipment, ancillary equipment, audio-visual equipment, security system and IT equipment (hardware and software) which will be used by the EU Coordination Department of MoLSS. In 2011, the final OS IT infrastructure with new hardware supplied by the “EuropeAid/129645/D/SUP/TR - Supply for IPA Management Department of HRD OP Operating Structure” was completed.

- **Measure 5.2 – 5.3 : Support for Development of Absorption Capacity of Final Beneficiaries - Information and Publicity Activities**

These measures aim at improving the absorption capacity in order to develop a project pipeline in the framework of the HRD OP and at raising the visibility of the HRD OP and its Operations. They will also inform entities interested in receiving support from the HRD OP, as well as the general public, about the opportunities provided by the IPA assistance and its outcomes.

- **Technical Assistance for Potential Operation and Grant Beneficiaries, Information and Publicity (TA 5.2 & 5.3)**

**Progress in the Service Component:** As regards Component I. *Capacity building of Operation and Grant Beneficiaries*, in 2011, Communication Need Analyses was carried out amongst stakeholders and the broader public in order to identify communication needs for the revised HRD OP. Trainings on preparation of technical specification and market research, grant guideline, operation implementation, service/ supply contract management and monitoring have been provided to the target groups. Trainings were provided to CGMTs and RGMSTs on grant contract management and monitoring. Study visits to Hungary and Spain were realized on operation preparation. The activity of Regional Needs Analysis (RNA) was started with visits to 12 NUTS II regions of Turkey. Presentations and awareness raising workshops on the RNA activity were held in each of the 12 regions. Also, Operation Beneficiaries and monitoring teams were provided with direct expert support.

Regarding Component II. *“Information and publicity of the HRD OP”*, the grant schemes and achievements, the development of the website has come to an end by the end of the previous reporting period (beginning of May 2011). Preparations for the organization of the photo competition started in March 2011, announcement and promotion of the competition have been published in October 2011. Content of the HRD Magazine has been determined, audio- visual materials have been prepared for promoting the HRD OP, posters and banners have been designed. The 1st and 2nd “HRD OP Project Achievement Sharing and Outputs Fair” were organized, respectively, on the 4th of 2011 in Ankara and on 13th October 2011 in Şanlıurfa.

The expected date for the finalization of the contract is November 2013.

- **First Interim Evaluation of HRD OP**

**Progress in the Service(Framework) Contract:** The framework contract has been signed on 3<sup>rd</sup> May 2011 and the Interim Evaluation Report has been published in November 2011. The assignment was planned to be carried out on 6 steps: *Inception Phase* (16<sup>th</sup> May 2011- July 2011), Information Meeting (24<sup>th</sup> June 2011), Analysis Phase (from the approval of the Inception Report), Preparation of Draft Version of the “Interim Evaluation Report” and its Annexes (Thematic Reports, Conclusions and Recommendations) (submission: 26<sup>th</sup> September 2011), Briefing Meeting (11<sup>th</sup> October 2011), Submission of the Final Version of the “Interim Evaluation Report” and its Annexes (Thematic Reports, Conclusions and Recommendations) (15<sup>th</sup> December 2011).

Main findings are that partnership approach, mainly on regional level is weak; RGM TT setup, function and “ambassadorship” shall be reviewed and improved; G- MIS shall be improved; there are too many output indicators makes reporting impractical, number of indicators shall be decreased by 80%; there are no impact indicators in the HRD OP, this makes it impossible to measure the impact of the activities.

### Revision of HRD OP for the period of 2012- 2013

HRD OP, prepared by the MoLSS as the Operating Structure (OS) of HRD OP, has started to be revised for 2012-2013 period in line with the convergence approach emphasized in MIPD and SCF. The revision process has been initiated in 2011 and it is expected that the revised HRD OP will be approved by the European Commission at the end of 2012. Several meetings were held with participants both from other institutions and from EU Coordination Department. Meetings were held on HRD OP Indicators (27<sup>th</sup> December 2011), on Financial Tables (28<sup>th</sup> December 2011), Eligible Actions and Beneficiaries (29<sup>th</sup> December 2011). Some other meetings were also held within the OS regarding different parts of the HRD OP.

## 2. Progress in financial implementation:

As of 31<sup>st</sup> December 2011, the general situation in terms of status, number of projects and the budgetary information of the Operations under HRD OP are shown here under:

**Table 11:** Operations in terms of status, number of projects and the budget as of December 2011

General Information (2007)			
Stages	Status	# of Projects	%
Preparation	Processing at the Beneficiary / FWC	8	28,57
	Preparation of Dossier by the CFCU	6	21,43
	Processing at the EUD	0	0
Tendering	PN/CFP Published	2	7,14
	Under Shortlisting	1	3,57
	Shortlist Notice Published	0	0
	Under Evaluation	3	10,71
	Evaluation Report sent to the EUD	2	7,14
Contracting	Under Contract Preparation	0	0
	Awarded Contracts	6	21,43
	Failed Projects	0	0
<b>TOTAL</b>		<b>28</b>	<b>100</b>

General Information (2007)			
Stages	Status	Budget (€)	%
Preparation	Processing at the Beneficiary / FWC	70.220.260,21	49,32
	Preparation of Dossier by the CFCU	16.998.000,00	11,94
	Processing at the EUD	0,00	0
Tendering	PN/CFP Published	8.630.000,00	6,06
	Under Shortlisting	2.000.000,00	1,40
	Shortlist Notice Published	0,00	0
	Under Evaluation	14.761.764,00	10,37
	Evaluation Report sent to the EUD	13.130.000,00	9,22
Contracting	Under Contract Preparation	0,00	0
	Awarded Contracts	16.624.683,80	11,68
	Failed Projects	0,00	0
<b>TOTAL</b>		<b>142.364.708,01</b>	<b>100</b>

Out of 352.354.605€ which was allocated to HRD OP for 2007-2011, 16.624.683, 80 was contracted in 2010 and 81.070.589 was contracted in 2011. In conclusion, 97.695.272, 80 € was contracted by the end of 2011.

According to the forecasts prepared by the CFCU, it was estimated that extra fund was necessary in order to avoid cash insolvency. In order to overcome this problem, after correspondences between the OS-CFCU-NAO and Ministry of Finance, bridge financing, which amounts to 4.167.815,42 € was transferred by the Ministry of Finance to the EU Contribution account at Central Bank in November 2011.

In line with the Article 66 of the Financing Agreement, on 30<sup>th</sup> December 2010, NAO has sent the 7<sup>th</sup> certified statement of expenditures and applied for interim payment from the Commission for the following Operations:

**Table 12:** Verified Expenditures under the Operations 2010-2011

		2010			2011			Total 2010-2011		
		Total Public Expenditure	EU Contribution 85%	Public Cont. 15%	Total Public Expenditure	EU Contribution 85%	Public Cont. 15%	Total Public Expenditure	EU Contribution 85%	Public Cont. 15%
<b>PRIORITY AXIS 1</b>	Measure 1.1: Promoting Women Employment Grant Scheme				€ 19.688.140	€ 16.734.919	2.953.221€	€ 19.688.140	€ 16.734.919	€ 2.953.221
	Measure 1.1: Technical Assistance for Promoting Women Employment				€ 1.630.518	€ 1.385.940	€ 244.578	€ 1.630.518	€ 1.385.940	€ 244.578
	Measure 1.2: Promoting Youth Employment Grant Scheme				€ 3.144.874	€ 2.673.143	€ 471.731	€ 3.144.874	€ 2.673.143	€ 471.731
	Measure 1.2: Technical Assistance for Promoting Youth Employment				€ 389.536	€ 331.106	€ 58.430	€ 389.536	€ 331.106	€ 58.430
	Measure 1.3: Promoting Registered Employment Grant Scheme				€ 7.225.334	€ 6.141.534	€ 1.083.800	€ 7.225.334	€ 6.141.534	€ 1.083.800
	Measure 1.3: Technical Assistance for Promoting Registered Employment	€ 719.850	€ 611.873	€ 107.978	€ 1.273.880	€ 1.082.798	€ 191.082	€ 1.993.730	€ 1.694.671	€ 299.060
	Measure 1.3: Supply for Promoting Registered Employment				€ 301.992	€ 256.693	€ 45.299	€ 301.992	€ 256.693	€ 45.299
	Measure 1.4: Technical Assistance for Improving the Quality of Public Employment Services	€ 150.000	€ 127.500	€ 22.500	€ 2.211.094	€ 1.879.430	€ 331.664	€ 2.361.094	€ 2.006.930	€ 354.164
<b>PRIORITY AXIS 2</b>	Measure 2.1: Increasing Enrolment Rates Especially for Girls				€ 1.312.693	€ 1.115.789	€ 196.904	€ 1.312.693	€ 1.115.789	€ 196.904
	Measure 2.1: Technical Assistance for Increasing Enrolment Rates Especially for Girls				€ 1.502.821	€ 1.277.398	€ 225.423	€ 1.502.821	€ 1.277.398	€ 225.423

<b>PRIORIT Y AXIS 3</b>	Measure 3.1: Technical Assistance for Promotion of Life Long Learning				€ 2.950.271	€ 2.507.730	€ 442.541	€ 2.950.271	€ 2.507.730	€ 442.541
	Measure 3.1: Promotion of Life Long Learning Grant Scheme				€ 4.013.105	€ 3.411.139	€ 601.966	€ 4.013.105	€ 3.411.139	€ 601.966
	Measure 3.1: Supply for Promotion of Life Long Learning				€ 199.514	€ 169.587	€ 29.927	€ 199.514	€ 169.587	€ 29.927
<b>PRIORIT Y AXIS 5</b>	Measure 5.1: TA to OS for the Implementation of HRD OP	€ 569.700	€ 484.245	€ 85.455	€ 810.175	€ 688.649	€ 121.526	€ 1.379.875	€ 1.172.894	€ 206.981
	Measure 5.1: Direct Grant with OS	€ 514.249	€ 437.111	€ 77.137	€ 915.592	€ 778.253	€ 137.339	€ 1.429.841	€ 1.215.365	€ 214.476
	Measure 5.1: Supply for IPA HRD OP				€ 256.586	€ 218.098	€ 38.488	€ 256.586	€ 218.098	€ 38.488
	Measure 5.1: Providing TA for the 1st Evaluation of HRD OP				€ 184.080	€ 156.468	€ 27.612	€ 184.080	€ 156.468	€ 27.612
	Measure 5.2: TA for Potential Operation and Grant Beneficiaries	€ 486.400	€ 413.440	€ 72.960	€ 765.920	€ 651.032	€ 114.888	€ 1.252.320	€ 1.064.472	€ 187.848
	Measure 5.3: TA for Information& Publicity Activities	€ 373.224	€ 317.240	€ 55.984	€ 587.706	€ 499.550	€ 88.156	€ 960.930	€ 816.791	€ 144.140
<b>TOTAL</b>	<b>€ 2.813.423</b>	<b>€ 2.391.409</b>	<b>€ 422.013</b>	<b>€ 49.363.831</b>	<b>€ 41.959.256</b>	<b>€ 7.404.575</b>	<b>€ 52.177.254</b>	<b>€ 44.350.666</b>	<b>€ 7.826.588</b>	

As it can be seen on the table, a total amount of 52.177.254 € was declared as “certified expenditure” to the European Commission, of which 44.350.666 € was EU Contribution.

During 2011 the OS has increased its commitment level and no funds were de-committed. The amount of funds to be verified for the year was 41.530.000 €, representing reduction by 11.370.000 €. According to the modified Financial Agreement between the Government of the Republic of Turkey and the EC concerning the multi-annual operational programme “Human Resources Development Operational Programme” dated 13<sup>th</sup> October 2011 and as per the Regulation (EC) No 1292/2011 dated 9<sup>th</sup> December 2011 for amending IPA Implementing Regulation’s article 160/3, the additional advance payment was done for Component IV in the amount of 11.370.000 €. Therefore, amount to be verified was reduced from 52.900.000 € to 41.530.000 €. Verified expenditures totaled 41.959.257 €, exceeding the amount to be verified by 429.257 €.

### ***Financial Information on Direct Grant***

2011-2013 Direct Grant Budget was accepted with the approval of European Commission on 26 May 2011 and put into effect with the addendum to protocol no. TR07H5.01-01/002. Accordingly, 4.556.977, 20 € was allocated for the in- house activities of the OS.

The “direct financing of expenditures” procedure for in-house expenditures such as office, monitoring costs of the OS and Central and Regional grant monitoring teams were continued to be executed.

To improve the institutional capacity of the OS, an International Finance Manager and a Local Tendering Expert was recruited.

A wrap up meeting to evaluate the 2011 and define a roadmap for 2012 was held in Istanbul with the participation from European Commission and EU Delegation.

In house expenditures such as rent of the office, local office costs such as electricity and water, purchase of consumables were paid under Direct Grant Budget.

For the expenditures under new budget (1<sup>st</sup> July 2011-31<sup>st</sup> December 2011) an audit report was prepared by an independent firm.

### **3. Assessment of the management and control system:**

In 2011, various tasks were conducted in order to attain efficiency and high quality in designing, setting up and monitoring the administrative, financial and technical management of the Operations under HRD OP ensuring the management of Operations in accordance with the applicable EU and national legislations. Those tasks are indicated in this Section of the Report.

The implementation of the HRD OP has started once the Financing Agreement has been signed on 16<sup>th</sup> September 2009. The decision to confer management of IPA Component IV to the Turkish authorities was adopted by the European Commission on 5<sup>th</sup> August 2009. Operating Structure (OS) of IPA Component IV has temporarily delegated the finance and contracting functions to the Central Finance and Contracting Unit (CFCU) until the end of 2010. The Cooperation Agreement signed between the CFCU and the HRD OS where all procedures regarding the tendering process, contracting matters and financial management including payment of project activities were delegated to the CFCU until 31<sup>st</sup> December 2010 was revised twice in 2011. The first addendum to the Agreement was finalized on 25<sup>th</sup> January 2011 and it was foreseen that the

Agreement would remain in force until either the end of the transition period which will expire at the latest 30<sup>th</sup> June 2011 or notification of the conferral of management decision by the EU Commission, whichever occurs first. As the conferral of management decision was not taken by 30 June 2011, a second addendum was made to the Agreement. Accordingly, the transfer of delegated contracting responsibilities from CFCU will be undertaken once the notification of the conferral of management decision is made by the EU Commission.

In order to undertake the delegated tasks, HRD OS revised the accreditation package which was submitted to NAO on 20<sup>th</sup> August 2010, in line with the recommendations received in the Compliance Audit performed on behalf of NAO in January 2011. The revised package including the Manual of Procedures and supportive documents for HRD OP was submitted to NAO on 18<sup>th</sup> March 2011. Revision of the Manual in line with the “COMMISSION DECISION of 31.1.2012 amending Decision C(2009)6146 conferring management powers relating to the Human Resources Development Component under the Instrument for Pre-Accession Assistance on the Republic of Turkey CCI 2007 TR05 IPO 001” have been initiated at the second half of 2011 through establishment of several working groups and realization of several meetings. The internal structure of the HRD OS has been changed through the Internal Circular no: 2011/03 and the internal procedures have been restructured accordingly. By the end of 2011, a great majority of the new procedures have already been determined and started to be reflected to the Manual for ensuring more effective procedures for the usage of IPA funds.

The Financing Agreement for HRD OP was revised and signed on 13<sup>th</sup> October 2011.

With the accreditation process for taking over contracts and payments functions came close to being finalized, the Department has grown and improved in size, organizational structure and institutional capacity. 5 new staff was recruited in November and December 2011. Theoretical and practical trainings have been organized under 5.1 Technical Assistance Project (Technical Assistance for Implementation of Human Resources Development Operational Programme) for the newcomers. For instance, the staff induction training was given to the newly recruited staff and in this training, mainly general administrative structure of IPA MD as well as tasks and responsibilities of the units was explained. Furthermore, the staff also participates in unit-base trainings related to specific tasks of their department.

Operating Structure has taken necessary measures to improve its physical capacity. After necessary arrangements (offices, office and IT equipment, security systems etc) made in the premises, IPA MD have moved to its new premises in March 2011 and official opening of the premises was done in November 2012 by the Minister with the participation of representatives of European Commission and other stakeholders.

Under the training component of 5.1. Technical Assistance Project, a Training Needs Analysis was conducted in close coordination with unit coordinators considering the newly defined tasks and responsibilities of units. Based on the findings of the Training Needs Analysis, the Training Plan for 2012 was updated in January 2012. In addition to this, a Training Strategy for medium term was also prepared.

The trainings have been delivered since the approval of the Training Plan. Until the end of 30<sup>th</sup> March 2012, a number of trainings including OIS budget preparation, service and supply tender evaluation, accounting and budget, advanced level excel training has been successfully completed. The implementation of training plan has been running smoothly without any important delays.



Document Management System (DMS) is another mechanism utilized mainly for improving the quality of the daily tasks of the OS, increasing the communication between different Units of EU Coordination Department and ensuring a more transparent management and monitoring system. The system has been developed by the OS since 2010 with the support of IT Experts working under the 5.1 Technical Assistance project. The system contains data and information about internal workflows, operational procedures, trainings, training needs, workloads etc. of the Department, set by the Manual as well as various documents and reports prepared by units. It also serves as a tool for the management of Operations.

An integrated part of the internal control system is the risk management which serves as one of the information sources to assess the systems and procedures and identify deficiencies and required improvements in HRD OS. For the general assessments of 2010 on the basis of the risk management system which was defined under Chapter D in Manual, QACU prepared the “HRD OS Annual Risk Management Report for 2010” and submitted the Report to Head of IPA MD and Head of OS for approval and to the NAO for information in January 2011.

As regards risk management in 2011, QACU held six meetings, as one minor meeting and five major meetings so as to ensure proper functioning of risk management system. The three of the meetings were held at operation level and the other three meetings were held at the HRD OS level.

In addition to the internal control activities carried out by QACU, there are also audit functions performed by internal and external actors with regards to the functioning of the HRD OS.

Among these actors, Internal Audit Unit of MoLSS provides independent, objective assurance and consulting services designed to add value and improve the operations of the OS. The role and responsibilities of the Ministry’s Internal Audit Capability (IAC) are formally defined in an audit charter. The annual audit work plan is risk-based, forms part of a multi-annual strategic plan and is approved by the Undersecretary of MoLSS. Within this scope, internal audit of the HRD OS was carried out by the internal auditors of MoLSS in December 2011, according to 2011 audit work plan. The scope of the audit covered programming and procurement activities of HRD OS and findings of audit were shared with HRD OS in December 2011.

On the other hand, HRD OS was audited by the Board of Treasury Controllers as the Audit Authority. The audit covered the period of 1<sup>st</sup> October 2010-30<sup>th</sup> September 2011 and comprised of the audit of risk management and monitoring sub-systems together with direct grant budget.

In this regard, the Audit Authority sent the findings on risk management on 13<sup>th</sup> October 2011. The opinions and comments of HRD OS on the respective findings were sent to the Audit Authority on 25<sup>th</sup> October 2011.

The findings on monitoring were received on 25<sup>th</sup> November 2011 and relevant responses to the findings were submitted to the Audit Authority on 9<sup>th</sup> September 2011.

Findings on direct grant budget were sent by the Audit Authority on 20<sup>th</sup> December 2011 and HRD OS submitted responses on the findings on 23<sup>rd</sup> December 2011.

In addition to the 2011 audits, the Audit Authority made a follow up of audit findings for the previous year and the current situation regarding the findings in 2010 was submitted by HRD OS on 12<sup>th</sup> December 2011.

The Annual Audit Activity Report, covering all relevant information about the aforementioned audit activities, was submitted to the HRD OS by NAO on 31<sup>st</sup> December 2011.

The NAO Supervision follow-up visit was held on 21<sup>st</sup> July 2011 so as to monitor the findings of the NAO Supervision and Audit Authority findings. The relevant documents requested after the visit were submitted to the NAO in 26 July 2011.

The Compliance Audit for HRD OS was held in January 2011 by independent auditors on behalf of NAO. The Audit was comprised of the assessment of the capacity of HRD OS to conduct the delegated tasks and responsibilities to the CFCU which are envisaged to be reclaimed after the “Conferral of Management” decision of EC. In this regard, the auditors provided the NAO with 10<sup>th</sup> February 2011 dated Draft Compliance Audit Report and audit opinion on whether the EC requirements for undertaking financing and contracting responsibilities under DIS are met and the “accreditation package” is, at the date of the Opinion, complete and accurate and to provide the NAO with an opinion on the accreditation of the OS as the tendering and contracting authority to manage IPA funds allocated under Human Resources Development Operational Programme. HRD OS prepared an action plan to this report in March and final Compliance Audit Report was published on 12<sup>th</sup> April 2011. The Final Compliance Audit Report was published on 12<sup>th</sup> April 2011 and the accreditation package prepared for the purpose of taking over the contracts and finance functions was found compliant in all respects with Annex I to IPA Implementing Regulation. Accordingly, the national accreditation of HRD OS on the aforementioned functions was taken on 21<sup>st</sup> April 2011 with an official letter from NAO.

Importantly, Verification Audit by the European Commission auditors was held between 24 and 27 May 2011 for the conferral of management powers on contracting and financing functions. The draft report was received on 20.09.2011 and HRD OS sent two response documents to the draft report on 11<sup>th</sup> October 2011 and 3<sup>rd</sup> November 2011.

#### **4. Assessment of the administrative capacity.**

Administrative capacity and structure of the HRD OS is closely related with the accreditation process. Below is the progress made in the DIS accreditation and the roadmap to E-DIS. Also, two technical assistance projects started at the end of 2010 are important tools for improving the administrative capacity of the HRD OS.

##### **a. DIS Accreditation and Roadmap to E-DIS**

In order to undertake the delegated tasks from CFCU, HRD OS revised the accreditation package which was submitted to NAO in line with the recommendations received in the Compliance Audit performed on behalf of NAO in January 2011. The revised package including the Programme Implementation Manual and supportive documents for HRD OP was submitted to NAO on 18<sup>th</sup> March 2011. As mentioned above, after the Compliance Audit, a verification audit by the European Commission auditors was held between 24 and 27<sup>th</sup> May 2011 for the conferral of management powers on contracting and financing functions. The draft report on the findings was received on 20<sup>th</sup> September 2011 and HRD OS sent two response documents to the draft report, including several actions to address the recommendations of EC auditors, on 11<sup>th</sup> October 2011 and 3<sup>rd</sup> November 2011.

The roadmap to achieve decentralization without *ex-ante* controls is presented in order to allow the Commission to receive the self-assessment of HRD OS regarding progress toward fulfilling the accreditation criteria as referred in Article 11(2) of IPA Implementing Regulation.

In this respect, HRD OS prepares and reviews the roadmap for waiving *ex-ante* controls within the framework of IPA HRD component twice a year. In 2011, revised Roadmap for IPA IV was submitted to the NAO in February 2011 and discussed in the DIS Coordination meeting held on 22<sup>nd</sup> April 2011. Upon the approval of the roadmap by the NAO, it was submitted to the EC services on 1 June 2011. These revisions formalize the roadmap proposed by Turkey - under the aegis of the National Authorizing Officer (NAO) - for ensuring that the DIS (set of rules and procedures) with *ex-ante* controls of the EC is maintained and that the controls of the EC as listed in the Annex II to the Commission Decision are ultimately phased out under a DIS without *ex-ante* controls.

#### **b. Technical Assistance Projects**

In 2011 two technical assistance projects were implemented in order to provide the OS as well as the potential and actual operation and grant beneficiaries support for the programming, implementation and monitoring of the HRD OP.

Main aims of the activities conducted under these projects were;

- Horizontal capacity building activities on current and upcoming tasks and responsibilities by trainings and internships; by providing direct assistance and full time consultancy services both to HRD OS and beneficiaries,
- Improve the infrastructure of the OS by assisting on supply procedures; by establishment of MIS and development of relevant IT procedures
- Drafting of relevant procedures, manuals and structures for establishing an institutional structure which implement tendering, contracting and financial management responsibilities under IPA Implementing Regulation Article 28.

#### **5. Coordination with other instruments and/or donors:**

In order to ensure complementarity and to avoid overlapping among the OPs, coordination mechanisms have been established between the MoLSS and relevant line Ministries responsible for other OPs both for the programming and implementation period of the OPs.

During the implementation phase of the OPs, the coordination is ensured through the Sectoral Monitoring Committees. MoLSS is also a member of the Sectoral Monitoring Committees for Regional Competitiveness, Environment, Transport and Rural Development OPs. Sectoral Monitoring Committee for the HRDOP also includes representatives from the Operating Structures responsible for the Regional Development Component. During the reporting period, the participation to the related Sectoral Monitoring Committees was ensured.

IMIS also provides opportunities for monitoring on three levels; Strategic Coherence Framework (SCF), Operational Programme and Operation. SCF level monitoring aims to measure the achievement of the objectives and performance indicators set out in the SCF in accordance with the relevant Operational Programmes.

All the relevant institutions have been included in the HRD OP revision process for ensuring a participatory approach during the design, especially, of the eligible activities and activities. This is also a way of strengthening the complementarity between various instruments, mechanisms and/ or donors.

## **6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation:**

In 2011, two Sectoral Monitoring Committee (SMC) Meetings were held. 8<sup>th</sup>SMC was held on 7<sup>th</sup> July 2011 in Trabzon and 9<sup>th</sup>SMC on 1<sup>st</sup> December 2011 in Ankara. Since the implementation of Operations has continued in 2011, some important remarks were made by different parties in the SMC meetings. These remarks are summarized below.

### **In the 8<sup>th</sup> SMC Meeting:**

It was indicated by the European Commission (EC) that despite the first positive wave of the projects under implementation, the absorption capacity should be improved. It was also mentioned that in terms of monitoring of progress of implementation, more focus is needed to be given to the policies in the employment and social field. It was stated that discussions should concentrate on qualitative outcome of HRD OP implementation rather than on providing quantitative figures about operations. Additionally, it was reminded that the effective participation of SMC members in developing operations for funding under the HRD OP was a key element.

### **In the 9<sup>th</sup> SMC Meeting:**

It was indicated by the European Commission (EC) that de-commitment risk was currently the most critical issue. Regarding this risk, it was told that various scenarios were prepared considering the procurement plans taken from the Contracting Entity and the disbursement plans declared by the Treasury to the Commission and the de-commitment risk is foreseen as 1,8 Million Euros according to the best scenario and 16,8 Million Euros in the worst scenario. It is stated that the Commission supported the process to some extent with the amendment made in the IPA Implementing Regulation.

## **7. Assessment of the information and communication activities.**

Information, communication and publicity activities conducted in 2011 under HRD OP can be summarized in three categories: Communication Strategy and Action Plan (CSAP), activities under the Technical Assistance Priority Axis and the website of EU Coordination Department.

Within the framework of the communication strategy, approved by the Commission in April 2010, several activities were conducted during 2011. A sensitization and promotion event was organized in Ankara as well as two project fairs; one in Ankara and the other in Şanlıurfa. Also, the theses of two experts working in the OS which is in the area of social policy and approved by the Scientific Committee were published. Additionally, various brochures that promote the HRD OP were printed and distributed. A photograph contest was organized with the motto of "You are in". A public video spot of 60 seconds promoting the HRD OP was prepared to be broadcast on TV.

Information and Publicity Activities to be carried out mainly under the Technical Assistance priority axis were launched by the Information and Publicity Project (5.3) in 2010.

In order to facilitate the establishment of the Website of the Department, 5.1 TA Project was commenced on 13<sup>th</sup> October 2010 with Key Expert 3 (IT and MIS Expert) -who is directly responsible for the development of the website of the OS under the supervision of his counterparts from the OS. Component 4.2 of this project is dedicated to the "Development and Maintenance of the Website of the OS". In addition, Technical Assistance for Potential Operation

and Grant Beneficiaries (HRD OP 5.2), Information and Publicity (HRD OP 5.3), NKE expert for visibility is responsible for the content management and visibility issues of the website.

Website was designed and is functional since February 2011.

### **8. Follow up: forecast on the implementation trends.**

Since all the five grant schemes have been completed, preparations for new operations/ grant schemes will be conducted and information meetings/ workshops will be organized to promote the new operations in the regions. Also, dissemination conferences for the closed grant schemes are expected to be organized. Revision of HRD OP will be finalized and it is expected that the revised version will be approved by the European Commission by the end of 2012. Also, activities covered within the context of TA Projects will continue to be conducted. Findings of the Verification Audit are expected to be closed by the end of 2012. System of monitoring the contracts and operations will be further developed and this will strengthen the system of monitoring at the level HRD OP as well.

### **III. Sectoral conclusions**

In 2011, various tasks were conducted in order to attain efficiency and high quality in designing, setting up and monitoring the administrative, financial and technical management of the Operations under HRD OP ensuring the management of Operations in accordance with the applicable EU and national legislations.

IPA Implementing Regulation was slightly revised in 2011 and some minor changes such as pre-financing and operating costs have been integrated into the Regulation. In the accreditation process auditors from Commission have visited EU Coordination Department in May 2011 to observe current situation of HRD OS on the way of accreditation. The report was submitted to OS in September 2011 and a meeting was organized in Istanbul on 26<sup>th</sup>-28<sup>th</sup> October 2011 with participation of the Commission to evaluate the audit report. Soon after the meeting OS has initiated the revision of the Manual.

In the context of HRD OP revision in 2011, relevant institutions were informed via official letter on the revision of HRD OP covering 2012-2013 period. Preparation phase and planning of the revision that will be done in 2012 has been defined in 2011 by observing Interim Evaluation Report and Regional Needs Analysis (RNA) that was completed in 2011. The revision includes the revision of some indicators and targets, revision of financial allocations, revision of the Implementation Structures and the revision of some legislative provisions for the period of 2012-2013. In the revised HRD OP, the Geographical Concentration Approach has been also revised and a new approach has been adopted.

Signature of supply and service contracts are among the most important developments of 2011. By the end of 2011, grant projects under 5 Operations have finished. Service contracts for PWE, PYE, IER and LLL have been signed in 2011. In addition supply contracts for PRE, LLL and PES have been signed during 2011. Within the framework of 5 grant schemes, 435 grant contracts were signed with a total budget of 81.372.983 Euros including the co-financing contribution of the grant beneficiaries. According to the G-MIS figures as of 31<sup>st</sup> December 2011, over than 1000 courses on several skills, professions and entrepreneurship have been organized under the 5 grant programs and the names and ID numbers of 46.858 trainees were entered into the system.

IMIS has been operational for all OPs including HRD OP since September 2010. Extensive training programmes were successfully organized for beneficiaries of the projects financed by the HRD OP in April 2011. Some beneficiary institutions uploaded the data about the service and supply contracts to the system during 2011. As a common monitoring platform, IMIS will provide systematic monitoring for the SCF, HRD OP as well as operations, except for grant schemes.

To sum up, in 2011, the OS has conducted tasks for reclaiming the finance and contract functions; implemented and monitored the contracts (including the 5.1, 5.2 and 5.3 Technical Assistance Projects), Operations and the HRD OP; initiated the revision process of the HRD OP for the year 2012- 2013, started to revise the Manual of Procedures on the way of accreditation, improved the IT- based systems for attaining an effective management and monitoring structure, trained the staff; prepared tender documents and conducted information and publicity activities.

## COMPONENT V: Rural Development

### I. Summary of the Component V and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programme.

The Turkish IPARD Programme is based on and in line with the strategic guidelines provided both by the national Turkish framework and the Community framework. In terms of national framework, programming of IPARD was based on the 9<sup>th</sup> Development Plan 2007 – 2013, the Agricultural Strategy 2006 – 2010 and the National Rural Development Strategy. With regard to the Community document guidance, it is in line with the priorities of the Enlargement Package and the National Programme for the Adoption of the Acquis (NPAA) and in particular, the specific IPARD related recommendations of the Multi-annual Indicative Planning Document (MIPD).

In line with the strategic framework, the main policy objectives to be pursued under IPARD are: to contribute to the sustainable modernization of the agricultural sector (including processing) through targeted investments whilst encouraging the improvement of EU acquis related to food safety, veterinary, phytosanitary, environmental or other standards as specified in the Enlargement Package.

In order to implement the IPA cross-cutting theme regarding geographic and sectoral concentration for Turkey and to maximize the impact of IPARD support, 42 provinces out of 81 have been selected for IPARD implementation during 2007 – 2013. Those provinces were chosen based on their level of development in terms of GDP, the importance of their rural-out migration rate as well as their specific potential for the development and restructuring of the agricultural production in given sectors selected according to agricultural, food safety, veterinary and phytosanitary acquis communautaire relevance but where the related production, processing and marketing chains clearly show substantial weaknesses. Out of the 42 selected provinces, only 20 were selected for support during the first period<sup>4</sup> of the implementation of the IPARD Programme, as a way to build up experience and capacity in a progressive way. In the second implementation period, additional 22 provinces<sup>5</sup> will be added. Furthermore, among the 20 provinces covered during the first implementation period of IPARD, for each measure and sub-measure the most appropriate target provinces were selected by taking their production, processing and marketing potential and weaknesses as well as rural economic development potential for diversification into account. With this approach, IPARD resources would be concentrated on provinces where the programmes' impact and contribution to IPARD objectives for Turkey is considered to be the highest.

As stressed above, the Programme is being implemented in two phases. Following the guidance of the MIPD, measures under priority axis 1 (agricultural holdings, processing and marketing, producer groups) as well as under priority 3 (diversification) are being implemented in the first period, by concentrating on the weaknesses of the agricultural sectors as identified in the SWOT analysis as well as on the actions which are expected to have the greatest impact on the rural economy and living conditions, thus fulfilling an urgent need for intervention. For priority axis 2

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<sup>4</sup>First implementation phase provinces: Afyon, Amasya, Balıkesir, Çorum, Diyarbakır, Erzurum, Hatay, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Ordu, Samsun, Şanlıurfa, Sivas, Tokat, Trabzon, Van, Yozgat

<sup>5</sup>Provinces added for the second Programme implementation phase: Ağrı, Aksaray, Ankara, Ardahan, Aydın, Burdur, Bursa, Çanakkale, Çankırı, Denizli, Elazığ, Erzincan, Giresun, Karaman, Kastamonu, Kütahya, Manisa, Mardin, Mersin, Muş, Nevşehir, Uşak.

measures, the milestones for an intensive capacity-building process have been identified in chapter 4 of the Programme. Therefore, those measures (agri-environment, preparation and implementation of local rural development strategies) are only presented as outlines under chapter 4 of the Programme to be finalized subsequent to the above mentioned capacity-building process.

In accordance with the MIPD, the following priority axes are included in the Programme:

- **Priority axis 1:** the sustainable adaptation of the agricultural and fisheries sector and the implementation of related Community standards
- **Priority axis 2:** the preparation for the implementation of agri-environmental measure and preparation and implementation of local rural development strategies
- **Priority axis 3:** the development of rural economic activities.

***Priority axis 1: Improving market efficiency and implementation of Community standards***

**Measure 101. Investment in agricultural holdings to restructure and to upgrade to Community standards**

IPARD will assist farms to improve their production tools and processes, in order to both achieve more economic efficiency and guarantee their viability and long-term sustainability. IPARD will also contribute to their upgrading to EU standards regarding quality and quality management of agricultural and food products, hygiene and food safety, animal welfare, control and limitation of the environmental impact (in particular water use, manure and nitrate pollutants management), as well as occupational safety.

***Sectors to be supported:*** (i) Milk Sector; (ii) Meat Sector

**Measure 103. Investment in the processing and marketing of agricultural and fishery products to restructure those activities and to upgrade them to Community standards**

The priorities for IPARD intervention in the processing sector are the assistance to the processing industry for the upgrading to Community standards - notably aiming to reach the Community standards related to quality, hygiene and food safety and veterinary controls, animal welfare, environmental impact and occupational safety as well as the improvement of the efficiency of the processes and the diminishing of the losses. .

***Sectors to be supported:*** (i) Milk Sector; (ii) Meat Sector; (iii) Fruit and Vegetable and (iv) Fishery Sector.

***Priority axis 2: Preparatory actions for implementation of the agri-environmental measures and local rural development strategies***

The measures under this priority axis will be implemented in the II. implementation period subsequent to an intensive capacity-building process (clearly defined in Chapter 4 Measure 2.1 and Measure 2.2) necessary because of the very limited existing experience in Turkey. Therefore, these activities are currently outlines to be updated through programme modification, taking into account the results of capacity-building process.

***Priority axis 3: Development of the rural economy***

**Measure 302. Diversification and Development of Rural Economic Activities**



The measure aims to contribute to:

- Turkey's preparation for the implementation of the acquis communautaire concerning the Common Agricultural Policy and related policies.
- The creation of new jobs through the development of business activities and maintaining of existing jobs, thus raising the economic activity level of rural areas and counteracting rural depopulation.
- The adjustment of regional rural development imbalances

The measure comprises 4 sub-measures: Development and diversification of farm activities (bee-keeping, aromatic and medicinal plants, and ornamental plants production), Development of Local products & micro-enterprise development, rural tourism and Aquaculture development.

**II. Summary of the Sectoral Annual Report. The points of reflection should include, inter alia, information on the following:**

**1. Synthesis of progress made in implementing Community assistance in relation to the priorities set up in the multi-annual indicative planning document and in the operational programme.**

To minimize the risk of losing funds, extensive efforts were put in 2011 both in terms of accreditation of the institutions and implementation of the programme. In this context, 2 calls for applications were published before the Conferral of Management Decision which was given on the 29 August 2011, and two more published after the decision. The information on the calls is given below:

**Table 13:** Information on the call for proposals

<b>Call periods</b>	<b>1.Call (2011)</b>	<b>2.Call (2011)</b>	<b>3. Call (2011)</b>	<b>4.Call (2011)</b>
<b>Call Date</b>	1 July	4 July	17 October	19 December
<b>Total Support Budget (EU + National Contribution)</b>	91.388.000 €	100.894.560 €	106.020.000 €	74.774.800 €
<b>Application Receiving Dates</b>	1 Aug.2011 26 Aug. 2011	5 Sept. 2011 6 Oct. 2011	19 Dec. 2011 16 Jan.2012	2 Feb. 2012 20 Feb. 2012
<b>Number of Provinces</b>	17 PCUs	17 PCUs	20 PCUs	20 PCUs

<b>Last Situation</b>	41 project applications Contracts were signed with <b>4 projects</b>	207 project applications Contracts were signed with <b>58 projects</b>	150 project applications After PESC, signing contract with 99 applications is decided	137 project applications Assessments have been started at HQ level.
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## 2. Progress in financial implementation:

- financial status
- information on co-financing

Four contracts were signed with beneficiaries in four provinces (Şanlıurfa, Afyonkarahisar, Malatya and Sivas) in the first call period. Financial figures for those contracts are given below:

**Table 14:** Contracts signed in 2011 under IPARD

Measure Code	Measures	Commitments to the final beneficiaries			
		No of projects committed	Eligible costs		
			Total	Public	
				Total	EU
<b>101</b>	Investments in agricultural holdings to restructure and to upgrade to Community standards	2 (Şanlıurfa-Sivas)	421.230,28	252.738,16	189.553,62
<b>103</b>	Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards	1 (Afyonkarahisar)	273.663,22	136.831,61	102.623,71
<b>302</b>	Diversification and development of rural economic activities	1 (Malatya)	163.691,02	81.845,51	61.384,13
	<b>TOTAL</b>	<b>4</b>	<b>858.584,52</b>	<b>471.415,28</b>	<b>353.561,46</b>

## 3. Assessment of the management and control system:

Two legal regulations under this subject were published on Official Gazette in 2011;

“Implementing Regulation on Co-Financing, Payments and Other Financial Issues within the scope of the Financial Assistance provided by the European Union” was published in the Official Gazette dated 08 January 2011 and numbered 27809.

“IPARD Assistance under Component V of the Instrument for Pre-Accession IPA Multi-Annual Financing Agreement 2007-2010 between the European Commission and the Republic of Turkey” was published in the Official Gazette dated 23 October 2011 and numbered 28093.

Audit Authority carried out audits for the IPARD Programme under the Instrument for Pre-accession Assistance-Rural Development Component. Agriculture and Rural Development Support Institution and Managing Authority submitted their comments and action plans to Audit

Authority according to the Annual Audit Activity Report covers for the period of between 1 October 2010 and 30 September 2011.

#### **4. Assessment of the administrative capacity**

The establishment and accreditation of IPARD Agency, which constitutes the benchmark No. 1 under Chapter 11 Agriculture and Rural Development was fulfilled. In relation to the implementation of IPARD funds, the Agriculture and Rural Development Support Institution was established with “Law No.5648 on the Establishment and Responsibilities of Agriculture and Development Support Institution” published in the Official Gazette No.26526 of 18.05.2007.

Accreditation studies were carried out in cooperation with all IPARD institutions during 2011 and Turkish authorities applied for conferral of management decision for 5 Measures and 20 Provinces. Institutions constituting Management and Control System of IPARD were accredited with the (EU) Commission Decision No. C(2011) 6079 of 29.08.2011. Conferral of management decision for the use of IPARD funds was given for 3 measures and 17 provinces.

##### **Measures given Conferral of Management:**

Measure 101. Investments in Agricultural Holdings to Restructure and to Upgrade to Community Standards

Measure 103. Investments in processing and marketing of agricultural and fishery products to restructure those activities and upgrade them to community standards

Measure 302. Diversification and development of rural economic activities

##### **Measures were out of Conferral of Management:**

Measure 102. Support For the Setting up of Producer Groups (“It was accepted to remove measure 102 support for the setting up of Producer Groups on condition that the funds allocated for this measure is transferred to other measures, and to forward this request to the Commission” the decision was accepted in Monitoring Committee was held on 7<sup>th</sup> of December 2011).

Measure 501. Technical Assistance

**Provinces given Conferral of Management:** Afyonkarahisar, Amasya, Balıkesir, Çorum, Diyarbakır, Hatay, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Yozgat.

**Provinces were out of Conferral of Management:** Erzurum, Ordu and Van. 5th audit mission conducted for these provinces between 12-16 September 2011. (The decision for Conferral of management for remaining 3 Provinces has been received in the Commission letter, 29 January 2012).

Article 11-o) of Decree Law on Organization and Tasks of Ministry of Food Agriculture and Livestock which published and entered into force in Official Gazette (Reiterated) dated 8 June 2011 and No:27958, the task of “carrying out the secretariat operations of Monitoring Committee which was established according to the Law on Establishment and Tasks of Agricultural and Rural Development Support Institution No: 5648” was given to General Directorate of Agricultural Reform.

## **Developments in Managing Authority**

General Directorate of Agriculture Reform was assigned as Managing Authority (MA), one of the Implementing Structures of IPARD, through Ministry Approval no: B.12.0.TRG.0.06/21 of 14.11.2011. Rural Development Department within General Directorate of Agriculture Reform was assigned in order to carry out the operations regarding duties and responsibilities of MA.

Accreditation preparatory studies, IPARD Programme modification and List of Eligible Expenditure studies were carried out and MA Accreditation Package was submitted to NAO on 5<sup>th</sup> July 2011.

Two projects were applied on preparatory actions for implementation of the agri-environmental measures and local rural development strategies in 2011. With these projects institutional capacity were increased in MA and Agriculture and Rural Development Support Institution (ARDSI). The draft measure fiche on local rural development strategies was revised and sent to the Commission for taking their comments.

## **Developments in ARDSI**

Preparatory studies towards conferral of management were intensively continued throughout 2011, in accordance with accreditation calendar designated by ARDSI and approved by NAO and European Commission (EC).

With regard to legal framework,

“Implementing Regulation On The Principles And Procedures Concerning The Accreditation And Accreditation Criteria Of The Agriculture And Rural Development Support Institution And The Implementation Of The Criteria” was published in the 08 January 2011 dated and 27809 numbered official gazette.

“Regulation on Amendments in Regulation on Working Procedure and Principle of Provincial Coordination Unit in Agriculture and Rural Development Institution” was published in the 01 October 2011 dated and 27809 numbered official gazette.

## **5. Coordination with other instruments and/or donors:**

### **Ongoing IFAD Projects:**

#### **ARDAHAN-KARS-ARTVİN Development Project**

Total Budget of the Project : 26,4 million Dollars  
Expenditures of the Project : 300 thousand Dollars (as from 31.12.2011)  
Project Duration : 2010 – 2015

**Objective of the Project:** Providing the reduction of the poverty and development in the agricultural production in the provinces of Ardahan, Kars and Artvin.

#### **DİYARBAKIR, BATMAN, SİİRT Development Project**

Total Budget : 36,92 million USD  
Expenditures of the projects : 14,2 million USD  
Project Duration : 2007 - 2012

**Purpose of the project:** Is to help for the development of the population and economic and social status of the rural regions in the project provinces. The target is to increase the productivity and the life quality with respect to the existing production and employment opportunities in the villages of the project provinces, to diversify the income-generating activities in the agricultural and non-agricultural lands and to support the individual and institutional capacity development of the target group in order to increase their employability.

#### **SİVAS, ERZİNCAN Development Project**

Total Budget of the Project : 30,04 million USD

Expenditures of the Project : 18,2 million USD

Project Duration : 2007 – 2012

**Objective of the Project:** Sivas-Erzincan Development Project is, providing an increase in agricultural productivity and level of income and prevention of the migration in the less developed regions of the Sivas and Erzincan provinces.

#### **Other Projects**

#### **ÇORUH WATERSHED REHABILITATION PROJECT**

Total Budget of the Project : 109,1 Million TL

The Ministry's budget : 13.4 Million TL

Project Duration : 2011 – 2018

Project Donor : JICA

**Objective of the Project:** To make contributions to the protection of natural environment and the reduction of poverty in the Çoruh Watershed Area through vegetation, integrated rehabilitation and sustainable use of soil and water resources, and through the improvement of the population's living standards via income-generating activities.

#### **ANATOLIAN WATERSHED REHABILITATION PROJECT**

Total Budget of the Project : 3.600.000 USD

Expenditures of the Project : 3.003.600 USD

Project Duration : 2004 – 2012

Project Donor : World Bank (IBRD)

**Objective of the Project:** To ensure sustainable natural resource management and participatory planning, to reduce pressure on natural resources, to prevent rural immigration by raising awareness, improving income levels and living standards.

#### **RURAL DEVELOPMENT INVESTMENTS SUPPORT PROGRAM**

This program was put into force in 2005, with the aim of promoting legal and natural person's investments based on economic activities and their investments with project based on equity capital in the pressure irrigation system issues. This program, as a result of the loan agreement signed with the World Bank, was applied under the name "Village Based Participatory Investment Program" in 16 pilot provinces and later, in 81 provinces by allocating resource from the National Budget .The program which was applied between 2006-2010 in a successful manner,

ended by 31.12.2010 and the decree of the new 5 years program that will cover the years 2011-2015, entered into force in No: 27851 Official Gazette, dated 19.02.2011.

### **SOUTHEASTERN ANATOLIA PROJECT (GAP)**

Donors: EU, UNDP, World Bank, cooperation with International Organizations and other countries

Period: 1989-2012

Southeastern Anatolia Project (GAP) covers about 10% of surface area and population of Turkey. It is based on the development of land and water resources as well as general socio-economical development and integrated sustainable human resource development.

The objective of the project, covering nine provinces (Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa, Şırnak) within the Euphrates and Tigris River basin, is to eliminate the regional development distinctions by focusing on economic, ecological and socio-cultural sustainability.

#### **6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:**

Fifth formal IPARD Monitoring Committee was held on 06.07.2011 in Ankara.

In line with the agenda above, information and presentation were provided by the related institutions and organizations. The following decisions were taken in the MC:

<b><u>Decision № 1;</u></b> Agenda of the meeting was adopted.
<b><u>Decision № 2;</u></b> The minutes of the 4 <sup>th</sup> IPARD Formal Monitoring Committee Meeting held on 09 December 2010 was approved.
<b><u>Decision № 3;</u></b> Arrangement of briefing meeting by 20 provincial coordination units of Agriculture and Rural Development Support Institution with the participation of nongovernmental organizations formed in the respective provinces and the unions having central organization and nongovernmental organizations under the chairmanship of Agriculture and Rural Development Support Institution was accepted.
<b><u>Decision № 4;</u></b> Holding of the next meeting on 07 or 08 December 2011 has been accepted.

Sixth formal IPARD Monitoring Committee was held on 07.12.2011 in Ankara.

The following decisions were taken in the MC:

<b><u>Decision № 1;</u></b> Agenda of the Meeting was adopted.
<b><u>Decision № 2;</u></b> The minutes of the 5 <sup>th</sup> IPARD Official Monitoring Committee Meeting held on 06 July 2011 was approved.
<b><u>Decision № 3;</u></b> It was accepted to remove measure 102 support for the setting up of Producer Groups on condition

that the funds allocated for this measure is transferred to other measures, and to forward this request to the Commission.

**Decision № 4;**

2012 Communication and Publicity Action Plan was accepted.

**Decision № 5;**

2012 Technical Assistance Action Plan was accepted.

**Decision № 6;**

Organizing the next meeting on 06 June 2012 has been accepted

## **7. Assessment of the information and communication activities.**

Studies on IPARD Programme publicity were carried out in line with the Communication and Publicity Action Plan by MA and ARDSI in 2011.

Publicity activities carried out by MA;

Training seminars on IPARD Programme were organized in 20 IPARD provinces for the technical staff of Provincial and District Directorates of Agriculture and agricultural advisories working in villages (09- 26 May 2011).

Trainings were organized for consultancy firms on 18-20 July 2011 in line with the Publicity Plan. Courses regarding IPARD Programme and measures, application package, business plan, technical and construction projects and the rules of tendering were given in those trainings.

Another training was organized for NGO's on 09 September 2011.

For the publicity of IPARD Programme, 120.000 brochures were prepared and distributed to 20 PCUs. Measures, financial information on measures, eligibility criteria and application process were included in the brochures.

## **8. Follow up: forecast on the implementation trends.**

For the next period, it is envisaged that main project applications will be intensified in 2012. New calls for project proposals will be published and the evaluation of proposals from former calls will be finalized swiftly. Extensive efforts will be put in order to minimize the funds to be lost in 2012.

The accreditation studies for the remaining measures and provinces and the capacity building activities for the institutions will continue simultaneously. Also the communication and publicity activities will be realized in line with the action plans.

## **III. Sectoral conclusions**

2011 has become an important year for the implementation of the IPARD Programme. Both the finalization of the accreditation of the PCUs for the first implementing period along with the other IPARD institutions (Managing Authority, NAO Support Department and Audit Authority), and the 4 call for proposals were realized by the second half of 2011. Also, by the change in the procedures for the pre-financing of the programme and the signature of 4 contracts under the first CfP, no fund losses were realized in the reporting period. But, in 2012, much more efforts are going to be needed to increase the use of available funds and minimize losses.

## **CONCLUSIONS, RECOMMENDATIONS AND CORRECTIVE ACTIONS**

This reporting period marks the approach of the end of IPA 2007 – 2013 period. That's why there have been relatively more data and results to evaluate the past developments. As a matter of fact, considerable progress has been achieved both in terms of capacities of the institutions and the implementation of the programmes and projects. Although there were delays in the implementation arising from the rigidity of the procedures or external factors such as restructuring, this improvement in general is the consequence of the devoted, efficient collaborative work of DIS institutions, EUD and the related units of the EC altogether. These institutions are getting better with the articulated experience from the implementation and will also strive to ensure the effective and efficient use of funds that will be allocated by the next IPA period.

In this section, major developments in the reporting year and their impacts to the DIS system are briefly explained.

### **Re-structuring of the Public Administration**

Throughout the year 2011, in the Turkish Public Administration a comprehensive restructuring was realized. Eight new ministries were set up and three ministries were reorganized with newly established departments. In addition, significant numbers of staff in all levels were relocated as a result of these modifications.

In this framework, most of the actors in the DIS system were also experienced some major changes. Secretariat for EU Affairs and State Planning Organization, that were responsible for the secretariat of NIPAC and Strategic Coordinator respectively, have been re-established as ministries. The ministries that are in charge of managing the TOP, RCOP and IPARD were reshaped and the Operating Structure role for the EOP was assigned to the newly established Ministry of Environment and Urbanization. Apart from these changes, this reorganization as a whole has varying implications on numerous institutions that have beneficiary roles for projects under IPA I.

Following the said developments, NAO has closely kept an eye on the whole system and the individual elements of, has assessed the consequences of the restructuring on the functioning of management and control systems. The conclusion reached by the NAO was that the changes would not have any negative repercussions on the legal basis of IPA units or the implementation of the programmes. In this respect, Ministry for EU Affairs conducted a study as well to find out the outcomes of the re-structuring, specifically in terms of the 1<sup>st</sup> Component, and to identify necessary measures to be taken. Also, the Prime Ministerial Circular 2009/18 was modified in line with this re-structuring and the new Prime Ministerial Circular numbered 2011/15 was adopted in October 2011.

In conclusion, these changes caused temporary problems such as delays in the implementation of the programmes and some impediments in the communication in and between the institutions. Nevertheless, these problems were dealt with care and their effects have been reduced considerably as the institutions resolve the logistical (transferring to new buildings etc.) and staff related issues (appointment of new managers, assignment of new staff and allocation of responsibilities).



## **Law on the Salaries of Experts**

As pointed out in the relevant section above , a special law aimed at reducing inherently existing disparities among the wages of all experts working in the Turkish public administration was enacted. Thus a remarkable increase was achieved in the salaries of employees functioning as Experts and Assistant Experts in the IPA Units. It is evident that the staff of the said bodies is not composed of only experts. As a matter of fact a considerable number of engineers are also employed in those units paid under different schemes. , By this legislation the problems resulting from low salaries (e.g. lack of job satisfaction which causes high staff turnover) would be considerably resolved. This law also made possible for line ministries to recruit more qualified personnel for their IPA units.

## **Conferral of Management Decisions**

2011 was a year with significant developments in the management and control systems of actors in the DIS system. The accreditation process of OSs under IPA III-IV aimed at taking up the functions of an implementing agency as such contracting, payments and/or reporting from CFCU have been intensively carried on throughout the year 2011. In this context, the OS responsible for EOP has had the conferral of management decision in January 2011 and the remaining have finalized their preparations to a large extent in the reporting year. It should be noted that both the OSs of HRD OP and of RCOP were granted their conferral of management a little later the end of 2011 so to say in January 2012 and February 2012 respectively. The OS responsible for TOP has already completed the required work and its CoM decision is expected to appear in 2012.

For component V, the accreditation related works have been carried out in 2011. The conferral of management decision for the first implementation phase of IPARD was taken in the third quarter of 2011 for 3 measures in 17 provinces. The activities concerning the remaining three provinces were continued throughout the year and they have also been accredited in the first quarter of 2012. Similarly, in 2011 the works were being performed regarding the accreditation for second phase of implementation and its finalization is foreseen to take place before the end of 2012.

## **Loss of Funds**

All of the institutions in the DIS system as well as the EUD and the related units of the EC made every effort to minimize the loss of funds in 2011. Owing to these efforts despite the initial risks of losing large amounts, only 24,5 MEUR from EOP, 7,5 MEUR from TOP and only €200.000 from HRD OP were de-committed. In the IPA component V, DG AGRI has initiated a process for an amendment of the IPA Implementing Regulation in order to increase the pre-financing amount for the programme for avoiding the fund losses. This process was completed speedily and a substantial fund loss around 24 Million Euros was prevented.

However, in IPA III, still some risks of fund losses prevail for especially EOP and RCOP in 2012. Management of contracting and procurement procedures of these components throughout upcoming years is crucial for the proper and effective implementation of the programmes as a whole. Turkey expects that the programming and implementation phases under Component III in terms of releasing admissibility and ex-ante approvals should be accelerated. Likewise, concerning the IPARD Programme, there is a certain risk of fund losses of considerable amount of funds in 2012 and the responsible institutions will take all the necessary measures in order to reduce this risk.

## **ANNEXES**

**Annex 1:** Monitoring Activities

**Annex 2:** Summary of the findings, conclusions and recommendations of the Sectoral/Joint Monitoring Committees

**Annex 3.1:** Annual IPA implementation progress

**Annex 3.2:** Organigrammes of the IPA Centers

**Annex 4:** Financial progress