

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

**REPUBLIC OF TURKEY**

**Prepared by**

**The National IPA Coordinator**

**Date**

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<b>Table of Contents</b>	<b>Page</b>
TABLE INDEX: .....	iii
LIST OF ABBREVIATIONS: .....	iv
OBJECTIVE .....	1
EXECUTIVE SUMMARY .....	1
Detailed Observations by Component .....	4
COMPONENT I: Transition Assistance and Institution Building .....	4
I. Summary of the Component I and the relevant priorities set up in the Multi-annual indicative planning document and the Programme.....	4
II. Summary of the Sectoral Annual Report. The points of reflection should include, inter alia, information on the following: .....	4
III. Sectoral conclusions.....	11
COMPONENT II: Cross-Border Cooperation <sup>0</sup> .....	13
I. Summary of the Component II and the relevant priorities set up in the Multi-annual indicative planning document and the programme(s).....	13
II. Summary of the CBC Annual Report. The points of reflection should include, inter alia, information on the following: .....	15
III. Sectoral conclusions.....	18
COMPONENT III: Regional Development.....	19
I. Summary of the Component III and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programmes. ....	19
II.a. Environment Operational Programme: Summary of the Sectoral Annual Report: .....	20
II.b. Regional Competitiveness Operational Programme: Summary of the Sectoral Annual Report:.....	25
II.c. Transport Operational Programme: Summary of the Sectoral Annual Report: .....	33
III. Sectoral conclusions.....	40
COMPONENT IV: Human Resources Development.....	43
I. Summary of the Component IV and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programme. ....	43
II. Summary of the Sectoral Annual Report .....	43
III. Sectoral conclusions.....	54
COMPONENT V: Rural Development .....	55
I. Summary of the Component V and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programme. ....	55
II. Summary of the Sectoral Annual Report. The points of reflection should include, inter alia, information on the following: .....	56
III. Sectoral conclusions.....	71
CONCLUSIONS, RECOMMENDATIONS AND CORRECTIVE ACTIONS.....	73

## **TABLE INDEX:**

Table 1: Annual Budget Breakdown (MEUR) .....	1
Table 2: IPA Component I Yearly Disbursements .....	5
Table 3: IPA I Contracting and Disbursement Amounts (million €).....	6
Table 4: Total Expenditure and Expenditure Incurred in 2012 for Projects in Implementation in EOP.....	20
Table 5: Conclusions/Recommendations of the 10th EOP SMC Meeting and their status:.....	23
Table 6: Conclusions/Recommendations of the 11th EOP SMC Meeting and their status:.....	23
Table 7: RCOP Priority 1 Total Projects per Stage (at 31 <sup>st</sup> December 2012).....	26
Table 8: RCOP Priority 2 Total Projects per Stage (at 31 <sup>st</sup> December 2012).....	26
Table 9: Financial Execution up to 31 <sup>st</sup> of December 2012 of RCOP .....	27
Table 10: Summary of Allocations in TOP for 2007-2013 .....	35
Table 11: Contracted Projects per Types in HRD OP .....	47
Table 12: Total Expenditure Incurred by Final Beneficiaries and Certified Eligible in 2012 in HRD OP .....	47
Table 13: De-commitments for HRD OP .....	49
Table 14: Audits done for the HRD OS Activities in 2012 .....	50
Table 15: Call for Proposals under IPARD in 2012 .....	56
Table 16: Status of Output Indicators of IPARD.....	57
Table 17: Status of Projects under Implementation in IPARD (as of 31.12.2012) .....	60
Table 18: Terminated Contracts under IPARD .....	61
Table 19: Yearly Budgets Allocated and Spent under IPARD (as of 31.12.2012 ) .....	61
Table 20: Forecasts for Contracted and Spent Budgets until 2017 (2013+3+ pre-financing) under IPARD (including national contribution) .....	70
Table 21: Forecast for De-commitment Based on the Forecasted Expenditures under IPARD (national contribution is not included).....	71

## **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 Neighbourhood 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 (Prior Information 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  
PIN: Prior Information Notice  
PMR: Progress and Monitoring Report  
PN: Procurement Notice (Tender Notice)  
PRAG: Practical Guide to Contract Procedures for EU External Actions  
PLSC: Project Level 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 2012 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 the progress ensured within the year 2012 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 902 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)**

<b>Component</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total</b>
I- Transition Assistance & Institution Building	256,7	256,1	239,6	217,8	231,2	227,5	238,5	1667,4
II-Cross-border Cooperation	2,1	2,8	3,0	3,1	5,1	2,1	2,2	20,6
III-Regional Development	167,5	173,8	182,7	238,1	293,4	356,1	366,8	1778,4
IV-Human Resources Development	50,2	52,9	55,6	63,4	77,6	83,2	91,1	474,1
V-Rural Development	20,7	53,0	85,5	131,3	172,5	187,4	204,1	854,6
<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>902,9</b>	<b>4795,2</b>

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

2012 could be deemed to be a busy and productive year in terms of the Transition Assistance and Institution Building Component. On one hand, the programming of 2012 and 2013 National Programmes and the studies for the next IPA period have continued; on the other hand the tendering processes and/or implementation of the projects under the previous NPs have been carried on.

In the reporting period, 817 contracts under the NPs of 2008, 2009 and 2010 were signed. Additionally, the NPs for 2011 and 2012 were signed and ratified in 2012.

Apart from the programming and implementation; evaluation activities, monitoring studies and on the spot visits were conducted to analyze the efficiency and effectiveness of the projects and programmes as well as to identify the problems and find possible solutions. Furthermore, it was aimed to ensure the flow of information and increase the effectiveness of the monitoring activities by conducting on the spot visits jointly with other actors in the DIS system.

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

In the framework of Cross-Border Cooperation Component, the “Bulgaria-Turkey IPA CBC Programme” and “ENPI Black Sea Basin CBC Programme” are still under implementation. In the reporting year; in addition to conducting calls for proposals and tender procedures for finalized calls, the implementation and the monitoring of the existing projects were proceeded.

### **IPA- III Regional Development**

All of the OPs under this component were revised to include the IPA funds allocated for 2012 and 2013 thus covering the entire IPA period from 2007 to 2013. With those revisions, the total IPA allocations for RCOP, EOP and TOP were set as 480 MEUR, 682 MEUR and 585 MEUR respectively.

The implementation of projects under all three programmes was continued in the reporting period. Under this component, with the initiation of a number of major infrastructure projects, approximately 265 MEUR were disbursed in total until the end of 2012. On the other hand, a decommitment of 11,7 MEUR was realized under the RCOP.

### **IPA –IV Human Resources Development**

Similar to the OPs under IPA III, HRDOP was also revised in 2012 to cover the period of 2007 – 2013 having a total allocation of 423,8 MEUR from IPA funds. In total, 431 grant contracts have been signed and 56,5 MEUR was disbursed under the component till the end of the reporting period. The decommitted amount of the programme in the period was just 0,2 MEUR.

### **IPA Component V**

Actual realization of the projects and the programme, which was delayed until summer 2011 due to the prolonged accreditation procedures, was initiated in the reporting year. 5 separate call for proposals have been issued and 255 contracts have been signed with beneficiaries. Despite various intensive and coordinated efforts, 12 MEUR could only be disbursed and 65 MEUR was decommitted.

● **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 15 February 2012 and 26 June 2012.

Component II – JMC Meetings were held in 12 September 2012, 8 October 2012 and 24 October 2012.

Component III:

Environment OP: Two SMC meetings were conducted on 27 June 2012 and 12 November 2012, respectively.

Regional Competitiveness OP: Two SMC meetings were conducted on 27 June 2012 and 13 November 2012.

Transport OP: Two SMC meetings were conducted on 28 June 2012 and 13 November 2012.

Component IV –Two SMC meetings were held on 20-21 June 2012 and 30 November 2012.

Component V – Two IPARD MC meetings were conducted on 6 June 2012 and 5 December 2012.

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

The previous report stressed the decommitment risks in the EOP, RCOP and IPARD for 2012, and further suggested accelerating the admissibility and ex-ante approvals on the EU side and at the same time taking necessary measures by the Turkish side internally in order to reduce the decommitment risks. As a result, no funds were lost under EOP in 2012, but decommitments under RCOP and IPARD could not be prevented.



## 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.**

The year was a period of transition by giving up the conventional project approach and passing to a sectoral approach. During this period, the Ministry for EU Affairs as the National IPA Coordinator maintained its leading role with close cooperation with all financial cooperation actors and beneficiary entities.

In line with this new strategic sector approach, the Ministry for EU Affairs ensured that Sectoral Harmonisation Strategies were prepared through working group meetings with the participation of all stakeholders for various sectors included in the 2011-2013 Multiannual Indicative Planning Document in order to identify the priorities and project areas where the resources should be devoted in 2012, 2013 and subsequent planning years under IPA-I.

Further, the Ministry worked with the relevant entities to prepare the Sector Identification Fiches instead of the project fiches in the context of 2013 programming year activities in accordance with the sectoral approach throughout 2012. Since 2013 programming year is regarded as a transitional and preparatory year for the second period of IPA covering 2014-2020 years, the use of sector fiches was implemented only in the following four sectors:

1. Judiciary and fundamental rights
2. Migration management and borders
3. Energy
4. Agriculture and rural development

The Sector Fiches which are, in a sense, a continuation of Sectoral Harmonisation Strategies, identify the areas for which projects may be designed. The Sector Fiches also allow the implementation of instruments that will allow performance assessment of the respective sector.

#### **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 Programmes.**

334 contracts were signed within IPA 2008 Component I, 317 contracts were signed within IPA 2009 Component I and 118 contracts were signed within IPA 2010 Component I as of 31/12/2012. Distribution of the signed contracts by type and nationality were indicated as the following.

The contracting rate of 2008 IPA-I was realized as 93.5%. Under this Programme with a total amount of 184,9 MEUR, 172,7 MEUR was committed by the CFCU through award of 334 contracts while 11,9 MEUR has remained unspent because of competition in tenders. Only one small- value supply tender (*TR0802.19- Improving Data Quality in Public Accounts*) with a total budget of 300.000 EUR could not be awarded due to the technical reasons although it was re-

launched. As of 25<sup>th</sup> of February 2013, the disbursement rate in this Programme has reached 60,8%.

Under the 2009 IPA-I, 34 projects are being funded with a total amount of 128,4 MEUR. As of 25<sup>th</sup> of February 2013, 317 contracts were awarded with a total amount of 74,7 MEUR while 1,5 MEUR of EU contribution was saved from the tenders.

As agreed in the TAIB meeting conducted on 26 June 2012, an extension to the contracting and execution deadlines have been granted for 13 projects and the Addendum for the extension has just entered into force on 5<sup>th</sup> of February. With the introduction of the Addendum, three different contracting deadlines to the 2009 IPA-I have been established. The first contracting deadline, 29<sup>th</sup> of December 2012, passed and 20 projects were awarded with a total amount of 63,6 MEUR. The second and third deadlines are specified as 29<sup>th</sup> of June 2013 and 29<sup>th</sup> of December 2013 for the remaining projects.

Under 2010 IPA-I, 29 projects with a total amount of 169,3 MEUR is planned to be implemented. As of 25<sup>th</sup> of February 2013, 52 contracts were signed with a total amount of 22,8 MEUR and €463.257,25 of EU contribution was saved from the tenders as of 25.02.2013.

As it is known, the contracting deadline for 2010 IPA-I Programme is 19.09.2013. However, during DIS meeting, EU Delegation conveyed positive opinion on a 12-month blanket extension to be granted to deadlines of the 2010 IPA-I. The concrete figure will be determined when the contracting process is completed for the extended projects

As regards the “reallocation of funds”, 25,3 MEUR of EU contribution remained unspent as the contract for the biggest part of the project, “*TR2010/0312.02- Control Foot and Mouth Disease- Phase 2 (vaccination campaign in Anatolia region)*” was not endorsed by the EUD on the basis of the project condition which has not been met. After a series of consultations between related institutions, a list of project proposals for re-allocation of the amount in question on was identified.

## 2. Progress in financial implementation:

**Table 2: IPA Component I Yearly Disbursements**

<b>Programme</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
<b>IPA Component I</b>	<b>136,036</b>	<b>128,720</b>	<b>148,729</b>	<b>199,890</b>	<b>613,375</b>
<i>Projects</i>	14,313	39,917	81,212	95,126	230,568
<i>Union Programmes and Centralised Projects</i>	121,723	88,803	67,517	104,764	382,807

**Table 3: IPA I Contracting and Disbursement Amounts (million €)**

Programme	EU Allocation (MIFF) (1)	FA Budget	end of 2011				end of 2012			
			CA (2)	DA (3)	CR (2/1)	DR (3/1)	CA (4)	DA (5)	CR (4/1)	DR (5/1)
<b>IPA Component I</b>	<b>1,667.46</b>	<b>1,390.41</b>	<b>588.61</b>	<b>413.49</b>	<b>35.3%</b>	<b>24.8%</b>	<b>876.83</b>	<b>613.37</b>	<b>52.6%</b>	<b>36.8%</b>
<i>Projects</i>	1,201.16	924.11	221.88	135.44	18.5%	11.3%	411.12	230.57	34.2%	19.2%
<i>Union Programmes and centralised projects<sup>1</sup></i>	466.30	466.30	366.73	278.04	78.6%	59.6%	465.71	382.81	99.9%	82.1%

Upon request, recovery amounts of three irregularity cases were transferred to EC account within 2012.

Contract Nr./Name	Programme	Date of Transfer	Amount (€)
TR0503.06 Control of Rabies Disease	2005 NP	15.11.2012	423.943,35
TR0602.03-02 Active Labor Market Measures Grant Scheme	2006 NP Part II	12.03.2012	11.504,54
TR0703.01 Civil Society Dialogue II	2007 IPA I	28.06.2012-30.07.2012	81.041,78

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

Annual Statement of Assurance (ASA) for the IPA Component I was submitted to the EC by the National Authorizing Officer (NAO) on 28 February 2013 without any reservation. Based on the outcomes of the supervision activities carried out by the NAO Office throughout the financial year 2012 on the Management and Control System under the IPA Component I, it is concluded that;

- ***Management and control systems are functioning effectively.*** Despite some deficiencies in the management and control system which have been analysed in terms of the number, duration and specific factors for increasing the reputation risk for the NAO, their impact is assessed possible and manageable to be countered by a corrective action plan. Furthermore, irregularities and/or error rate calculated by EC audit or national audit are analyzed.
- ***Underlying transactions are legal and regular.***
- ***Changes in the system are properly managed*** as required by the relevant regulations.

<sup>1</sup> Union Programmes and centralised projects are assumed as contracted.

“Monitoring and Evaluation” functions are fulfilled by the “Monitoring and Evaluation Working Group” 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. The number of staff in the units is in line with the workload analysis. Though the number of staff has reached to a stable level, there has also been limited degree of mobility among staff of different Working Groups of 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.

As for the way of performing the monitoring task is concerned, all the monitoring and evaluation activities are conducted in close cooperation with the EC and EUD and also with other DIS actors in a timely manner.

The results of the monitoring activities also show that there is considerable improvement in all of the monitoring criteria over time. Except a few exceptional cases, the overall scores of the projects have been gradually increasing since the first ROM monitoring missions in 2011. This is a clear indication that the project stakeholders are taking the recommendations of the monitoring activities seriously to improve the project performance.

Another important element of the monitoring activities was the SMSC meetings. In order to increase the SPO representation at the SMSCs, SPOs has been encouraged for persistent presence. It is considered that in parallel to the progress in the negotiation process, SPOs’ interest will further be increased.

In order to ensure that Project Level Steering Committees are being held regularly, these were introduced by the MEU with an official letter dated 6 September 2012 to all beneficiaries. Some of the committee meetings have already been organised in conformity with the relevant outline determined within the scope of the mentioned study.

The process of establishing an internal audit unit in MEU is underway. Regarding this issue, a Council of Ministers decision is needed. Once the said decision is taken, the MEU will initiate the appointment process for internal auditors. In this respect, MEU has conveyed its demand to the Internal Audit Coordination Board through an official letter with justifications of the required internal auditors. Depending on the duration of the process for the Council of Ministers’ decision, internal auditors will be appointed accordingly.

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

1. Technical Assistance for Interim Evaluation of IPA I in Turkey for years 2007-2008-2009 (Final Report presented but not accepted yet.)
2. Thematic Evaluation on Judiciary and Fundamental Rights in Turkey (run by DG ELARG)
3. Thematic Evaluation on Environment in Turkey (started in October 2012.)

The results and recommendations of these evaluation studies are being scrutinized and followed up closely.

In 2012, Audit Authority has conducted several audits on several management and control sub-systems and audits on operations. AA has chosen sub-systems on the basis of a risk assessment,

and have 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. As a result of the audits conducted within this perspective; “Subsystem Report on Monitoring Activities in CFCU”, “Subsystem Report on Supervision Activities in NAO” and “Subsystem Report on Monitoring Activities in NIPAC” were prepared and disseminated in 2012. In those reports, AA has identified 27 findings. 2 of these findings are of major risk level, 11 of the findings are of intermediate risk level and the 14 of the findings are of minor risk level. Also 11 of the findings are related with the design of the system and remaining are related with the functioning of the system. Overall, AA has the opinion that subject system findings do not have a financial impact.

Audit of operations were carried out through substantive testing of a statistical sample of operations, for which declared expenditure had been included in certified statements of expenditure submitted to the Commission during the reference year. AA has identified 7 findings during the audit of operation work. 1 of these findings is of major risk level, 4 of these findings are of intermediate risk level and the 2 of the findings are of minor risk level. Also 3 of the findings are audit of operation findings while 4 of them are system findings. In general, the AA is of the opinion that the Statement of Expenditure for 2007 and 2008 NPs are presented fairly, in all material respects, including those pertaining to the legality and regularity of the underlying transactions and the internal control procedures have operated satisfactorily.

In addition to these, DG ELARG conducted a comprehensive thematic audit which has been ended in a detailed fact finding report that touches upon the whole structure of the monitoring system in Turkey especially with a view to better identify the institutional responsibilities to be undertaken by the competent authorities. In response to the fact finding report, the Turkish Authorities has launched a process under the coordination of NAO to take concerted measures among the relevant authorities, namely the MEU, the CFCU and the NAO, to better address the issues set out in the report. The process is expected to end in a Memorandum of Understanding (MoU) between the MEU and the CFCU and action plan of each relevant institution. Depending on the contents of the MoU and the Action Plan, the NIPAC Manual will need to be amended accordingly.

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

The main factor in terms of administrative capacity that impeded management systems was the staffing gap in CFCU, NIPAC and NAO Office. This problem was partially addressed through the adequate number of staff recruitment in those IPA bodies.

In order to enforce the NAO supervision capacity and perform effective monitoring over the system, a new department (Risk Management and Control) which is in charge of on-the-spot controls was established in the NAO Office. In 2012, 8 new experts with technical background have been recruited and induction training has been delivered.

Related to address potential breaches of the Framework Agreement in the areas of taxes charged on IPA contracts, the Law that gives exceptional status to EU funds in terms of taxing has been prepared and adapted by the Parliament.

In order to strengthen and corrective actions need to be taken in case of non-performing SPOs, PAO-SPO meeting has been organised and the SPOs of all on going NPs were informed regarding the overall DIS structure at least once. Supervisory activities of the CFCU over SPOs are integrated into day-to-day project implementation. This way of SPO supervision is in the

process of in place and this increase the capacity of the communication between CFCU and SPOs. On the other hand, roundtable meetings as well as the ad-hoc activities oriented to the SPOs continue to be complimentary to the issue as part of SPO Supervision. Therefore, there are no difficulties on the communication with the SPOs by the CFCU.

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

In line with the sector approach adopted for the IPA II period (2014-2020), which envisages to increase the efficiency and effectiveness of the deployment of IPA assistance by increasing cooperation with other donors and international and other financial institutions at strategic level; the Ministry for EU Affairs has invited a wide range of stakeholders, including IFIs, non-governmental organisations, academicians and public institutions to the Sector Working Group Meetings, and has shared the SF documents with these stakeholders in writing for their detailed assessment and possible contributions.

Potential modalities to be possibly implemented in the upcoming period are being considered with relevant stakeholders in the context of IPA II preparations. Meanwhile an energy project has already been designed and initiated with the active cooperation between World Bank, EU and Turkey. This project can be assumed as a “model” for an implementation by the inclusion of another donor and following the successful implementation, replication could be possible in the upcoming period under various sectors. The potential donors are invited to propose innovative financing models that would co-exist with IPA.

Besides, the Direct Grant agreement method with the other international organizations which have special expertise in various areas has been broadly utilized for the implementation of the funds and will remain to be one of the donor coordination mechanisms in the second period of IPA.

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

Two TAIB Monitoring Committee Meetings” were held in accordance with the related provisions of the IPA Implementing Regulation during the course of the year, the first of which was held on 15 February 2012 and the second one on 26 June 2012.

Two sets of SMSC meetings were organised in the reporting year. The first set of meetings was organised on 21-30 May 2012 and the second set of meetings took place on 12-20 November 2012.

As a reflection of the sector approach, since 2011 the structure of the SMSCs ensures more room to the sector related discussions and includes an agenda item assigned to state of play in the negotiations of the sectors concerned; while the project level discussions are mostly left to the Steering Committees. However, important issues related to projects are dealt with at the SMSCs. As a first application in the second round of SMSCs in 2012, MEU has made presentations on the overall status of the financial cooperation in each sector. The outline of MEU’s presentation mainly focuses on the general overview of the sector, the status of negotiations in the relevant chapter and a few examples of selected representative projects.

The progress and monitoring reports related to the projects have been submitted to the internet based system introduced by CFCU. Four quarterly reports have been submitted for each project. The PMR system and the main format of the reports was reviewed by CFCU in the third quarter

of 2012. MEU, CFCU and EUD have spared efforts to increase the level of effective use of the system which would also lead to better reporting and monitoring accordingly.

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

The necessary measures are being taken to ensure the visibility of the European Union financing or co financing. These measures comply with the rules laid down and published by the Commission on the visibility of external operations:

All projects /contract implemented under the programme comply with the **Visibility Guidelines for European Commission Projects in Turkey** also published by the EU Delegation to Turkey.

The new supplement visibility guide dated October 2011 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, 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 and aim at ensuring 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), Technical Specifications (article 2). Before initiating any information, communication or visibility material and activity, consultants/contractors and implementing partners should seek the approval of the CFCU in writing.

All of the projects assumed as an example of good visibility has been achieved since necessary measures are being taken during the contract management.

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

The preparations for the second period of IPA covering 2014-2020 years continued intensively in 2011 and 2012.

Turkey contributed to this process by submitting a number of concrete proposals in the light of experience derived in years by entities that participated in the DIS. The European Commission made public the draft IPA II Regulation in December 2011. The mentioned draft was rigorously examined by the Ministry for EU Affairs and a broad-based consultative process was launched with the financial cooperation actors.

In this process, both broad-based meetings for information exchange and high level meetings for formulating the national policy were organised. At the end of the consultative process, a report including our proposals for the second period was submitted to the European Commission in August 2012. This report included both concrete results relating to the basic principles of IPA

and certain problems confronted in the implementation since 2007. The European Commission indicated that for the upcoming period, it would take into account the opinion and proposals of Turkey as the biggest beneficiary of financial assistance. The discussion on the draft regulation is underway, and it is expected that certain points of importance will be laid down in the IPA Implementation Regulation.

### **III. Sectoral conclusions**

Since the beginning of the implementation of IPA financial assistance in 2007, the quality of design and implementation of the programme has gradually improved. This is both resulting from the experience gained by the Turkish institutions since the inception of financial assistance and the continuous efforts of the DIS institutions and EC on training and capacity building activities.

The sector approach in programming, which was introduced for the first time in 2011, has been a very important structural element of the new understanding of programming towards the IPA-II (2014-2020) period. The preparation of Sector Identification Fiches for the 2013 programming instead of classical individual project fiches was initiated within the reporting year. The said fiches have been based on sectoral alignment strategies of Turkey those derived from various national strategies. It can be deduced that the preparations in the course of 2012 in terms of programming developed as a transition towards IPA II of 2014-2020.

In relation to the linkage between monitoring and programming the monitoring reports produced in 2012 have provided valuable information as regards to the design of the projects to be taken into account in the subsequent programming years. The positive effects of the “Technical Assistance for Result Oriented Monitoring in Turkey” (ROM) project to the programming cycle are clearly visible. Interaction between programming and monitoring sub-units and the continuous qualitative exchanges taken place as reflection of the similar actions on the beneficiaries have led us to this conclusion Throughout these process perception of project success with a view to achievement of results rather than outputs and precautionary approach based on lessons learned have been predominantly adopted. The project, which started in 2011 has clearly increased the monitoring capacity of MEU with both theoretical and on-the-job trainings. Moreover, the recommendations and findings of the ROM reports are taken seriously by most of the beneficiaries and the improvement in the performance of the projects which apply the ROM recommendations is visible in consecutive monitoring reports.

In order to ensure that the management and control systems work effectively, NAO Office continues to conduct on-desk reviews, on-the-spot controls and also supervision visits to the MEU and the CFCU. In addition to those, all outstanding issues will continue to be followed by the Comprehensive Action Plan regularly.

The direct impact of the current programme is evaluated through the ROM monitoring reports as well as completed and in progress evaluation studies. As far as the Result Oriented Monitoring missions carried out in 2012 are considered, around 75% of the projects received good or excellent points. This level, which is a very promising development for the impact of the program, is even higher than the previous year.

When it comes to the indirect impact, which entails the projects’ contribution to the sectoral or structural changes, prospects for the future would only be mentioned since wider assessment of the programme on a sector level requires more extensive evaluation studies. Nevertheless,



analysis made based on the indirect impact prospects criteria of the Result Oriented Monitoring reports produced in 2012 shows that almost 85% of the projects have a positive prospect for indirect impact.

In addition to these, a couple of thematic evaluations have been conducted during the reporting year. The “Thematic Evaluation on Judiciary and Fundamental Rights in Turkey” which was initiated by DG ELARG, was finalized in July 2012. The conclusions of the evaluation study revealed that some areas relevant to the judiciary and human rights domains, such as conditions of detention and juvenile justice, have demonstrably improved in the IPA period. However the direct attribution of the improvement to the specific projects in the portfolio is not possible the projects created tangible impacts in full consistency with their objectives.

Another thematic evaluation study, Thematic Evaluation on Environment in Turkey, which was initiated by MEU, started in October 2012 and its outputs are expected to be received by May 2013.

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.

The factors negatively affecting the implementation stage exist for each DIS actor and need to be handled institutionally. In this regard, the most important points can be specified as:

- Although the Decree Law no:666, which introduced an equalizer to the salaries of the experts in all public institutions, decreased the staff turnover rate in the system considerably, there are still some minor issues related to the staffing in DIS institutions. Especially, CFCU has some risks in this respect since due to the new structure; the relatively advantageous position of the CFCU staff is lost.
- The institutional know-how capacity of the DIS bodies still has 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 regime, the enthusiasm of the project beneficiaries at all levels seems to have been weakened. Due to the DIS system requirements together with national legislation on ratification necessary for Financial Agreements, time lapse may occur between programming and implementation of the projects. In most cases, because of these time lags the conditions in the programming period would vary 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.
- Though the new institutional structure of the Turkish Public Administration resulting from the restructuring in 2011 has been settled to a great extent, negative effects of the restructuring which are causing minor delays in project implementation have been observed in a very few institutions though in decreasing trend.

## **COMPONENT II: Cross-Border Cooperation <sup>(2)</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 Black Sea 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 assessors 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. 44 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 contract award ceremony for 23 of these projects was conducted on 14 December 2012, and the contracting phase of an additional 8 projects is going on.

The third call for proposals was launched on 11 December 2012 and the deadline for submission of proposals was set as 12 April 2013. Later, the deadline was extended to 29 April 2013. The indicative amount of second call for proposals was 4.697.172 Euros. The assessment of the submitted project proposals will be initiated on 26.06.2013.

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

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

The EU financing for the Programme for the 2007-2013 period currently amounts to EUR 28.118.954,52 ENPI financing and to EUR 7.000.000 IPA financing (for Turkish partners). The total budget (including co-financing of the participating countries) amounts to EUR 38.283.323,52 (ENPI + IPA).

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.

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<sup>2</sup>This section does not apply for CBC programmes with Member States implemented in shared management

## **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,
- 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 for 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 CBC programme.**

The following can be considered as the main achievements of 2012 that were in line with the goals set:

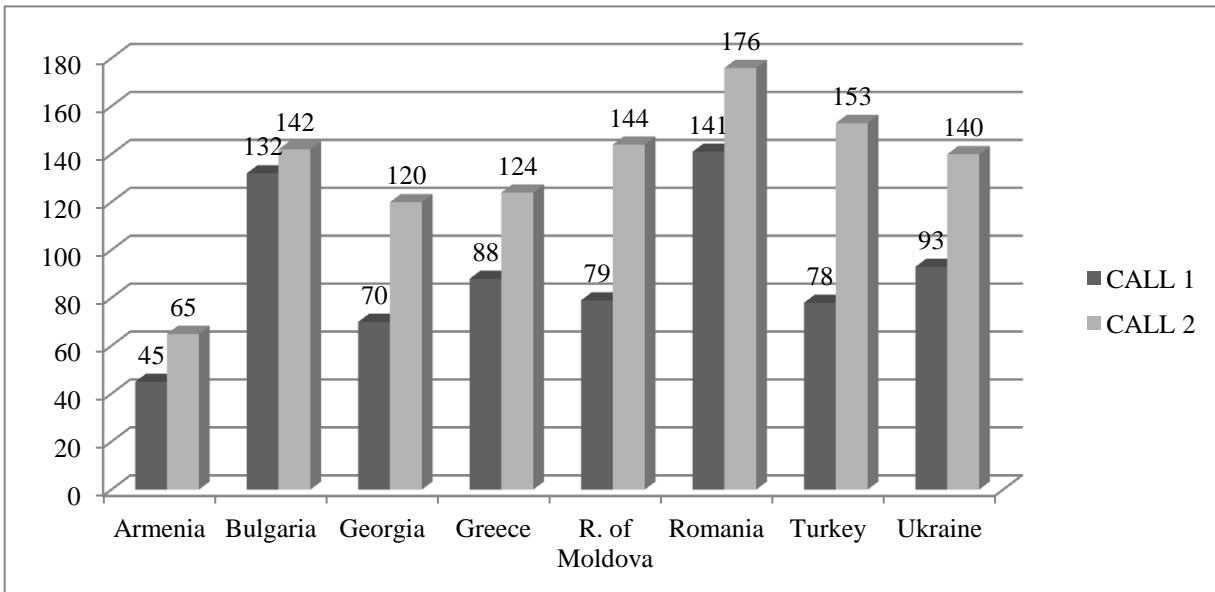
- Attending the Joint Monitoring Committee meeting of the Programme on 15 May 2012 in Bucharest/Romania.
- Attending the Joint Monitoring Committee meeting of the Programme on 19 June 2012 in Bucharest/Romania.
- Attending the meeting on the future of the CBC, organized by INTERACT on 13 March 2012 in Vienna, with the participation of CFCU and the MEU.
- Attending the “Project Management and Risk Analysis Seminar” organized by the INTERACT on 29-30 May 2012 in Thessaloniki.
- Attending the Annual Conference of the Black Sea Basin Programme on 18-19 September 2012 in Chisinau, Moldova.
- Participation in the INTERACT Annual Conference on 02-03 October 2012 in Venice, Italy.
- Organizing a working lunch with representatives of the Operating Structure, for experience sharing regarding the evaluation processes was organized on 9 May 2012 in Ankara
- Organizing a Beneficiary Training for the projects implemented under the first call for proposals on 28 March 2012 in İstanbul.

- Holding monitoring visits on;

- 20-21 February 2012 to the project titled ‘Black Sea Tradenet (B.S.T.)’,
- 29-30 March 2012 to the project called ‘BSUN Joint Master Degree Study Program on the Management of Renewable Energy Sources – ARGOS’,
- 14-15 June 2012 to the project titled ‘Black Sea Cultural Animation Program: Pilot Model for Mobilizing the Common Cultural Characteristics for Creative Destination Management in the Black Sea Basin’,
- 26-27 November to the project called ‘OLKAS:From the Aegean to the Black Sea-Medieval Ports in the Maritime Routes of the East’,
- 5-6 September 2012 to the project titled ‘Strengthening the Regional Capacity to Support the Sustainable Management of the Black Sea Fisheries (SRCSSMBSF)’,
- 10-11 October 2012 to the project titled ‘Black Sea Earthquake Safety Net(work)-ESNET’

- The contracts of projects between the IPA Lead Beneficiaries and CFCU under the second call for proposals were almost concluded. 19 projects with which Turkish partners have been associated are in the implementation phase.

Total number of entities involved in the submitted projects, per country



## 2. Progress in financial implementation:

Concerning the 2007 FA, an addendum request was delivered to EC for the extension of the contracting and execution periods for 24 months. An official letter received from the EUD dated 13.02.2012, states that it is decided to proceed with the extension request and to grant 24 months extension for the execution of contracts.

Concerning the 2008 FA, an additional addendum request was delivered to EC for the extension of the contracting and execution periods for 12 months. However, this request was rejected.

An additional amount of 336,779.25 EUR of IPA funding is necessary in order to avoid non-commitment of around 1,000,000 of IPA funding. It was proposed that 336,779.25 EUR could be reallocated from Technical Assistance (TA) funds from 2009, 2010 and partly 2011 FAs to match to finance grant projects. With the scope of supporting the results of the second call for proposals, allocation of additional 1.6 M EUR of IPA funding was requested from European Commission for ensuring the financing of more projects.

In order to enable the absorption of the remaining IPA funds and allow the funding of additional projects placed on the reserve list, budget re-allocation in Technical Assistance (TA) under the Joint Operational Programme “Black Sea Basin 2007-2013 for the Year 2009 was realized on 17 December 2012. Accordingly, TA component of 2009 FA (100,000 EUR) was transferred to the Grant component.

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

Ministry for EU Affairs, former Secretariat General for EU Affairs (EUSG), was 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 was designated as the National Authority for IPA Component II, while the Turkish International Cooperation and Development Agency (TİKA) 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 the 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 was 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 was conducted for new staff in the reporting period. As of end of 2012, 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.

The Joint Monitoring Committee of Black Sea Basin Joint Operational Programme adopted the following decisions:

##### 12 September 2012

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

- to award a grant to the first 4 projects ( no. 211, 251, 264, 271,) from the reserve list;
- the amount allocated for the second call for proposals is 18.990.005 euro representing ENPI funds and 5.637.020,55 euro representing IPA funds.

##### 24 October 2012

Joint Monitoring Committee approved the revised Terms of reference for the recruitment of 4 staff positions within the Joint Technical Secretariat (JTS) of the Joint Operational Programme “Black Sea Basin 2007-2013”.

##### 8 October 2012

Joint Monitoring Committee of the Black Sea Basin Joint Operational Programme adopted by written decision-making procedure the following decision:

- to approve the correction of the material error in Selection Committee grant award decision

- the decisions of the Joint Monitoring Committee on 19th of June 2012, and to specify the correct value of the ENPI grant awarded for project no. 2.2.3.73402.306, MIS-ETC 2661, as EUR 435,097.99.

### **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 (NIPs) in Turkey were determined as of the governorships of Trabzon, Samsun, Karabük, Çorum and Edirne.

In addition to that, six monitoring visits were conducted in order to ensure smooth implementation of projects.

Furthermore, a beneficiary training for the projects implemented under the first call for proposals was organized.

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

In the upcoming period, the implementation and the monitoring of the signed contracts from the first and second call for proposals package and the finalization of the projects from first call for proposals will be realized.

## **III. Sectoral conclusions**

195 applications were received under the Second Call for Proposals. Evaluation of project proposals started on the 14 of December 2011 with the Opening & Administrative Check. The evaluation process finished on 19 of June 2012, when the Joint Monitoring Committee approved the Final Evaluation Report.

The final results of the selection process were communicated to the Applicants after the European Commission checked the projects selected to determine if there are any overlaps with other programmes and to avoid double funding.

In total, 37 projects were approved, with a total value of EUR 16.655.279,02 (ENPI financing) and EUR 4.253.385,70 (IPA financing) in the areas of economic and social development, environment protection and cultural cooperation, areas that correspond to the three priorities of the Programme.

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 will be solved in the next period (2014-2020).

## **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 Urbanization, Science Industry and Technology and Transport Maritime and Communication.

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 Regional Competitiveness Operational Programme (RCOP) aims to increase regional competitiveness by supporting enterprises and improving business environment. Under this global objective, the specific objectives of the RCOP, which have been developed in the light of issues emerging from a socio-economic and SWOT analysis, came out as follows:

- 1-Enhancement of Physical and Financial Infrastructure
- 2-Increasing the Business Stock
- 3-Increasing Employment Creation Capacity of the Productive Sector
- 4-Enhancing Added Value of Production Base

In order to accomplish these overall and specific objectives, the RCOP was structured around three different Priorities:

Priority 1: Improvement of Business Environment

Priority 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship

Priority 3: Technical Assistance

The overall objective of the TOP is “to improve the transportation infrastructure considering safety and intermodality on future TEN-T Network, while maintaining an efficient and a balanced transportation system.” In this context, the priority axes of the TOP which was approved by the European Commission on 7 December 2007 and revised in 2010 and 2012 are:

Priority 1: Improvement of railway infrastructure

Priority 2: Improvement of port infrastructure

Priority 3: Technical Assistance to support these priorities



## 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.

The focus of activity during 2012 was on the development and generation of projects, on speeding up the project generation process and shifting the percentage of the total projects per stage from Programming, Preparation, Tendering and Contracting to Implementation, thus increasing the absorption rate of the Programme.

By the end of the 2012 reporting period, 39 projects had been nominated for IPA financing with a total indicative investment cost of €948,9 million and twelve projects had been let and commenced their implementation phases. Furthermore Financing Decisions for measures at Ordu, Erdemli, Doğubayazıt, Manavgat, Ceyhan, Diyarbakır W&WWTP, Amasya, Lüleburgaz, Siverek, Erzurum, Erzincan, Konya, Adıyaman, Balıkesir, Merzifon, Soma, Seydişehir, Çorum, Bulancak, Nizip, Akçaabat and Akşehir had been adopted.

IPA Application Forms for projects at Kahramanmaraş, Mardin and Kütahya Water and Wastewater projects were officially submitted to the European Commission to be funded under IPA during the reporting period meaning that 39 IPA project applications have been submitted before 31 December 2012.

Twelve projects at Ordu, Konya, Erdemli, Lüleburgaz, Erzincan, Ceyhan, Manavgat, Doğubayazıt, Diyarbakır, Erzurum, Siverek, Balıkesir, which have different levels in terms of completion, are under implementation period.

### 2. Progress in financial implementation:

EOP disbursement amounts for projects that are being implemented for 2012 are given below:

**Table 4: Total Expenditure and Expenditure Incurred in 2012 for Projects in Implementation in EOP**

Priority axis/measure	Expenditure in 2012	Total expenditure incurred to date (03-09-2009- 28.12.2012)
<b>Total Disbursement</b>	<b>36.248.869,51</b>	<b>70.109.925,09</b>
<b>Priority Axis 1</b>	<b>32.612.763,89</b>	<b>64.593.554,07</b>
<i>Measure 1.1</i>	32.612.763,89	64.593.554,07
<i>Title of the Operation</i>		
1	<i>Preparation of IPA Investment Packages - Water Sector</i>	1.094.000,00
2	<i>Ordu Waste Water Treatment Plant Project</i>	2.919.579,88
3	<i>Amasya Water and Wastewater Investment Project</i>	2.595.026,52
4	<i>Erdemli Water and Waste Water Project</i>	2.490.043,84
5	<i>Lüleburgaz Waste Water Project</i>	2.843.984,36

6	<i>Erzincan Water and Wastewater Project</i>	2.556.557,12	5.618.010,66
7	<i>Ceyhan Waste Water and Storm Water Project</i>	1.605.200,00	3.184.828,80
8	<i>Manavgat Drinking Water Supply Project</i>	2.192.601,52	3.673.646,97
9	<i>Doğubayazıt Drinking Water Supply Project</i>	7.042.453,27	12.154.658,09
10	<i>Diyarbakır Water and Waste Water Project</i>	5.301.571,59	11.099.018,47
11	<i>Erzurum Water and Waste Water Project</i>	3.930.182,41	9.521.988,16
12	<i>Siverek Wastewater Treatment Plant Project</i>	636.589,90	2.779.196,12
<b>Priority Axis 2</b>		<b>2.531.054,67</b>	<b>3.501.404,07</b>
<i>Measure 2.1</i>		2.531.054,67	3.501.404,07
<i>Title of the Operation</i>			
1	<i>Balıkesir Solid Waste Management Project</i>	1.322.675,00	1.322.675,00
2	<i>Konya Solid Waste Management Project</i>		411.949,40
3	<i>TA to Prepare Integrated Solid Waste Management Projects</i>	1.208.379,67	1.766.779,67
<b>Priority Axis 3</b>		<b>1.105.050,95</b>	<b>2.014.966,95</b>
<i>Measure 3.1</i>		1.105.050,95	2.014.966,95
<i>Title of the Operation</i>			
1	<i>TA for Supporting the Management and Implementation of the ENV OP</i>	12.572,53	12.572,53
2	<i>TA for Capacity Building and Training for IPA CI Center and End Recipients</i>	1.045.877,14	1.738.877,14
3	<i>Direct Contracts</i>	28.810,00	96.023,00
4	<i>Technical Assistance for Capacity Building and Trainings for MoEF IPA CI Center</i>	17.791,28	91.399,28
5	<i>Study for Compliance Assessment Audit of Ministry of Environment and Forestry</i>		76.095,00

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

Mehmet Bahaettin Kaptan was appointed the position of Sedat Kadioğlu as the Deputy Undersecretary of Ministry of Environment and Urbanization on 12 June 2012. İsmail Raci Bayer was replaced with Nuri Ercan Tortop as the Director of EU Investments Department on 05 December 2012.

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 whether the targets and objectives have been achieved in accordance with the above mentioned indicators. Since at the cut-off date there were no project fully completed under implementation phase within the framework of the EOP, it has not been possible to make indicator based monitoring currently. However, developments in the projects under each priority axis mentioned in the Section 2 are being monitored monthly basis by “Monthly Action Plan Reports” and “DoEUI Monthly Activity Reports”

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

Due to the re-structuring of the DoEUI, the staff turnover rate has been considerably higher. Because of the high work load of the Department, there was a need to recruit new staff to DoEUI. However there was also need to take technical support from the experts. The hired experts under the TA project have been really helpful to train the new comers and improve the capacity of works.

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

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. IMIS is an opportunity to monitor the implementation process at the level of SCF, OP's and operations under the 3rd and 4th components of IPA. Specifically for the environment sector, implementation process of all projects financed under the EOP can be closely monitored with data entry of beneficiaries.

#### **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.

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

During the reporting period, two SMC meetings were conducted on 27 June 2012 and 12 November 2012, respectively.

##### **1) 10th SMC Meeting on 27 June 2012**

The 10th Sectoral Monitoring Committee Meeting for the Environment Operational Programme has been held on the 27th of June 2012 at Bank of Provinces, Macunköy Premises, Ankara. The meeting has started at 09.30 am. and was co-chaired by Mr. Nicola AIMI (Deputy Head of Unit in DG Regional Policy, EC) and Mr. M. Bahaettin KAPTAN (Deputy Undersecretary of Ministry of Environment and Urbanisation)

**Table 5: Conclusions/Recommendations of the 10th EOP SMC Meeting and their status:**

Agenda Item	Status
Approval of the Minutes of the 8th Sectoral Monitoring Committee and the draft agenda of the 9th Sectoral Monitoring	√
Revision of Annual Implementation Report	√
Accurate payment forecasts will be send to EC	√
Implementation of IMIS/MIS	-
10 experts will be recruited to cope with increase in workload	-
New training courses will be delivered.	√
Updating the website more often both in English and Turkish with news and updated information also on some of the requirements like updated list of the beneficiaries of the funds.	√
Adoption of the Commission Decisions regarding program modification	√

2) The 11th SMC Meeting on 12 November 2012

The 11th Sectoral Monitoring Committee Meeting for the Environment Operational Programme has been held on the 12th of November 2012 at Ministry of Environment and Urbanization Premises, Balgat, Ankara. The meeting has started at 09.30 a.m. and was co-chaired by Ms. Elena GRECH (Head of Unit in DG Regional Policy, EC) and Mr. M. Bahaettin KAPTAN (Deputy Undersecretary of Ministry of Environment and Urbanization)

**Table 6: Conclusions/Recommendations of the 11th EOP SMC Meeting and their status:**

Agenda Item	Status
Approval of the Minutes of the 9th Sectoral Monitoring Committee and the draft agenda of the 10th Sectoral Monitoring	√
New projects addition to the prioritization list in EOP and modification of EOP	√
Starting to work and discuss on priorities for new period EOP with relevant partners	√
10 experts will be recruited to cope with increase in workload	√
Using other forms of assistance like twinning or light twinning light as complementary assistance for the Turkish Authorities	-
Updating the website more often both in English and Turkish with news and updated information also on some of the requirements like updated list of the beneficiaries of the funds.	√
Adoption of the Commission Decisions regarding program modification	√
New training courses will be delivered.	√
Submitting accurate payment forecasts from the Turkish Authorities to EC	√
Implementation of IMIS/MIS and integration between each other's.	-

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

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

Effective communication activities are critical for the successful implementation and management of the EOP, and are required in order to ensure appropriate visibility and

transparency regarding the allocation and expenditures of EU funds, and in order to encourage potential beneficiaries to take full advantage of the availability of EU funds for environmental projects.

Within the reporting period, the following activities were carried out;

- The allocated budget for TA for Implementation of Communication Action Plan has been revised. So, the current budget is 1.000.000 €. This allocation is crucial for the IPA II (2014-2020) period activities.
- 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 revised according to the comments received from EUD under this OIS by the OS.
- There were regular updates to the web site of IPA CIC/DoEUI for publication of all relevant information concerning the implementation of EOP.

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

In the next year, the implementation of the initiated projects (Erzurum, Erzincan, Diyarbakır Manavgat, Erdemli and Malatya W&WWTP, Lüleburgaz, Ordu and Siverek WWTP, Ceyhan WW&SWTP, Doğubeyazıt Drinking Water, Konya and Balıkesir Solid Waste projects) will be carried on. Also second phases of the work contracts of Manavgat and Erdemli W&WWTP and Ceyhan WW&SWTP will be initiated in 2013. Contracting, tendering and/or the IPA application of the remaining projects will continue.

## **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.**

The first thing to indicate is that the RCOP covering the period of 2007-2011 has been revised during the year 2012. In this regard, financial tables of the programme and targets of programme indicators have been revised by considering the additional funds allocated to the Programme for the years 2012-2013. The revised RCOP covering the period of 2007-2013 has been adopted by the European Commission (EC) on 31 October 2012 with the Commission Decision C (2012) 7822.

As it has been reported in previous IPA Annual Implementation Reports, 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. Studies were also carried out with a view to develop a fourth package of projects, which are intended to absorb the 2012-2013 funds allocated to the Programme. In this respect, the selection process was finalised and the list of the fourth project package composed of 12 operations was published during 2012, thus putting the emphasis in drafting and finalising the Operation Identification Sheets for these 12 projects, particularly in the second half of 2012.

#### *Summary on performance*

Up to 31<sup>st</sup> December 2012, the RCOP operations' portfolio comprises 66 operations. 41 Operations have been approved for a total budget of around 341 Million Euros. Out of these 41 Operations, 9 Operations are under Implementation and 32 Operations are under Tendering and Contracting phase. As for the remaining 25 Operations, programming is underway with the objective of getting these projects approved. Within the scope of the operations which are under implementation, 24 contracts with a budget of 106.9 Million Euros have been signed and around 75, 6 Million Euros have been disbursed.

In this respect, as of 31<sup>st</sup> December 2012, the contracting rate for the RCOP 2007-2013 is around 19%. Approximately 86% committed amounts have been disbursed, while disbursement rate vis a vis the total budget allocated to the RCOP is 13%.

A brief summary of the progress made at 31<sup>st</sup> December 2012 under the Programme priority axis, is provided below.

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

The purpose of this priority is to create a better business environment, to increase the number of new enterprises, enhance the productivity and the competitiveness of the existing enterprises and contribute to the overall rate of employment, by improving physical infrastructure and creating a supportive environment for SMEs in the target regions.

Within this Priority, there are 53 operations with a budget allocation of 531.865.557€, submitted under the first, second, third and fourth packages. Out of this 53 operations, 32 with a budget of 298.132.977€ were approved by the European Commission until 31<sup>st</sup> December 2012 and 9 of them were approved during 2012. As of end of 2012, 6 operations are under implementation within this priority.

**Table 7: RCOP Priority 1 Total Projects per Stage (at 31<sup>st</sup> December 2012)**

Stages	No of projects	%
<b>1. Projects Under Programming</b>	21	40%
<b>2. Projects Under Tendering and Contracting</b>	26	49%
<b>3. Projects Under Implementation</b>	6	11%
<b>Total</b>	53	100%

*Progress on Priority 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship*

This Priority aims to improve the efficiency and added value produced by enterprises, enhance their entrepreneurial capacity and increase the employment rate and overall competitiveness of the regions through the provision of basic information support and consultancy activities to SMEs, particularly start-ups and strengthening the clustering and networking activities in the target regions.

11 operations worth 40.493.459€ were submitted both under the first, second and fourth package within this priority. 7 out of them with a total budget of 30.175.711€ were approved by the European Commission until 31<sup>st</sup> December 2012 and 4 of them were approved in 2012. The number of projects under implementation remains to be 2.

**Table 8: RCOP Priority 2 Total Projects per Stage (at 31<sup>st</sup> December 2012)**

Stages	No of projects	%
<b>1. Projects Under Programming</b>	4	36%
<b>2. Projects Under Tendering and Contracting</b>	5	45%
<b>3. Projects Under Implementation</b>	2	19%
<b>Total</b>	11	100%

**2. Progress in financial implementation:***Financial Status*

As it can be clearly deduced from the financial execution table below, and fully coherent with the low levels of implementation that the OP has achieved in 2012, the financial execution of the Programme continues to be at an early stage, recording a total expenditure amount of 75,6 Million Euros and 23,9 Million Euros of it was disbursed during 2012. The table below provides a breakdown of financial execution by priority axis and measure.

**Table 9: Financial Execution up to 31<sup>st</sup> of December 2012 of 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>	<b>71,231,287.62</b>	<b>71,231,287.62</b>	<b>71,231,287.62</b>	<b>0.000</b>	<b>109,264,326</b>
Measure 1.1	1,491,167.63	1,491,167.63	1,491,167.63	0.000	55,404,404
Measure 1.2	67,457,894.74	67,457,894.74	67,457,894.74	0.000	22,345,410
Measure 1.3	2,282,225.25	2,282,225.25	2,282,225.25	0.000	18,591,410
Measure 1.4	0,000	0,000	0,000	0.000	12,923,102
<b>Priority axis 2</b>	<b>1,754,216.87</b>	<b>1,754,216.87</b>	<b>1,754,216.87</b>	<b>0.000</b>	<b>13,366,041</b>
Measure 2.1	447,690.00	447,690.00	447,690.00	0.000	6,101,898
Measure 2.2	1,306,526.87	1,306,526.87	1,306,526.87	0.000	7,264,143
<b>Priority axis 3</b>	<b>2,666,630.56</b>	<b>2,666,630.56</b>	<b>2,666,630.56</b>	<b>0.000</b>	<b>5,841,285</b>
Measure 3.1	2,666,630.56	2,666,630.56	2,666,630.56	0.000	4,947,387
Measure 3.2	0,000	0,000	0,000	0,000	893,898
<b>Total</b>	<b>75,652,135.05</b>	<b>75,652,135.05</b>	<b>75,652,135.05</b>	<b>0.000</b>	<b>128,471,652</b>

*Major Projects*

Until 31<sup>st</sup> December 2012, the RCOP has only received two major project proposals.

Under Measure 1.3 on “Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure”, TÜBİTAK submitted a major project proposal called “Establishment of Innovation Centre for Food-Innofood Centre” with a budget of 29.887.254 €. Although, the project found admissible by the EC in July 2010, major project approval has not been received yet. In 2012, studies for the revision of the Major Project Application Form, Feasibility Report, and Cost Benefit Analysis were carried by the TÜBİTAK in close cooperation with the RCP-CID according to the comments of the Commission.

The second major project submitted to the RCOP under Measure 1.1 on “Development of Industrial Infrastructure” is Samsun Logistics Centre Projects with an indicative budget of 45 Million Euros. The project was submitted by the Middle Black Sea Development Agency following the project generation workshop held on 27-29 April 2011. After the appraisal of all proposals received during the workshop, a prioritized list of projects composed of 12 projects including Samsun Logistics Centre was set up. Project development studies for the Samsun Logistics Centre have been launched with the kick-off meeting held on 16 March 2012. Studies for the preparation of the feasibility study have also been launched. In this respect, a TA team has been recruited under the RCP-CID’s Technical Assistance Contract for the preparation of the feasibility report. As of cut-off date, programming studies are still on-going.



### **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 (HOS) was sent to the NAO for the financial year 01/01/2012 to 31/12/2012. 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(2) (b) of the Implementing Agreement between the NAO and the HOS, which has been revised and signed by the parties in May 2012, 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 made in some chapters of the Programme Implementation Manual were reported to the NAO in July 2012.

Furthermore, several audit missions have been carried out in 2012 for assessing the effective and efficient functioning of internal management and control system in place and providing necessary assurance to the HOS, NAO, CAO and the European Commission.

Within this respect, Audit Authority, Board of Treasury Controllers, has carried out a system audit aiming to assess the effective functioning of the management and control systems and audit of sample of operations under the RCOP aiming to verify the deliverables of the management and control systems, the Statement of Expenditure provided to the EC, for the period of 1 October 2011 – 30 September 2012.

System-based audit included an examination 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 Risk Management and Financial Management sub-systems on the basis of a risk assessment, and has audited both the design and the functioning of these sub-systems. During these sub-system audits, 13 findings have been identified and all are of minor level. Three of the findings have been addressed by the RCP-CID till the end of 2012 , and it was concluded that the Risk Management and Financial Management sub-systems established by the MoSIT RCP-CID is effective and functioning, in all material respects, based on the accreditation criteria and requirements of IPA Implementing Regulation 718/2007.

Audit of operations were carried out for the selected 3 operations (G43 Anatolian Venture Capital Fund, TA on Institutional Building for the Implementation of RCOP, Supply of Enlargement of the European Turkish Business Centres Network to Sivas, Antakya, Batman and Van), for which declared expenditure had been included in certified statements of expenditure submitted to the Commission during 2012. For each of the selected operations, the contracting phase was checked as whether the contracting phase of the subject payment comply in all material respects with the applicable requirements of PRAG. In the second step, the payment phase was checked as whether the payment process was performed in line with the Contracting Authority's operational procedures regarding payment and related contractual obligations. Based

on this examination, the Statement of Expenditure for the RCOP, for the period of 1 October 2011 – 30 September 2012 that was audited, has presented fairly in all material respects.

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 2012 Audit Plan, “Reporting of Irregularities” of the RCP-CID was subjected to the system and compliance audit between 16/07/2012 – 27/12/2012. The aim of the audit was to audit and evaluate the conformity of the irregularity reporting activities of the RCP-CID with the IPA Implementing Regulation, PIM and POG procedures and Public Internal Control Standards. In this context, it is aimed to test whether the procedures necessary for the activities in question are created and the existing procedures and control activities are active, and to develop recommendations for a more effective and efficient operation of the processes in question. As a result of the internal audit, 6 medium and 2 low level findings have been detected in relation to reporting of irregularities.

On the other hand, in order to increase the capacity of the RCP-CID to ensure integrity and reliability of information for reporting and decision making, necessary measures have continued to be taken in 2012.

In this respect, in order to create a coherent structure for the enormous number of documents, to share them among the RCP-CID staff and to back-up them, an Electronic Filing System (EFS) has been developed based on the Local File Server and is accessible to all RCP-CID staff via the Local Area Network. The directory structure of the EFS is divided into two main parts, Projects and the RCP-CID, which also includes subdirectories. While folders and sub-folders in the Project part have been created based upon the sequential steps taken according to the PCM approach, the RCP-CID part of the system has the same structure with the organogram of the Directorate and each Department and Division has its own space. Apart from the Departments IT Services, Administrative Services and the Laws & Regulations folders are created to keep and share the related documents.

Integrated Monitoring Information System (IMIS), developed under the coordination of the Ministry of Development in close cooperation with the relevant Operating Structures in order to establish an IT based reporting and information system for the monitoring of the Strategic Coherence Framework and Operational Programmes, is also used as a tool to serve and facilitate management of the RCOP and the operations financed under the RCOP by collecting up-to-date data and by providing information on physical and financial progress of the RCOP and its operations.

Furthermore, studies for the development of a Management Information System (MIS) for the RCP-CID, which will further increase the RCP-CID’s capacity to ensure data integrity and reliability for reporting and decision making, have been carried out in 2012. In this respect, tender evaluation process was launched and shortlist report was submitted to the EUD on 19 December 2012. Implementation of project is foreseen to start at the latest last quarter of 2013.

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

The RCP – CID is composed of four departments, namely: Programming, Finance and Contracts, Monitoring and Evaluation and Quality Assurance and Control. Finance and Contracts Department established in the RCP-CID with a view to take over tendering and contracting tasks from the CFCU following the transition period has been accredited by the EC on 15<sup>th</sup> of February 2012 with the Commission Decision C(2012)788. Following the accreditation and

conferral of management powers in line with articles 13 and 14 of Commission Regulation No. 718/2007, RCP-CID has undertaken all contractual responsibilities as the contracting authority in place of the CFCU.

In order to strengthen the administrative capacity of the RCP-CID, recruitment of new staff and training and the provision of technical assistance to the RCP-CID's Departments, in particular the recently accredited Finance and Contracts Department (FCD) has continued. In this regard, the total number of the RCP-CID staff has reached to 59 as of end of 2012. In 2013, 7 Industry and Science Assistant Experts and 11 EU Assistant Experts is planned to be recruited, thus the total number of staff is expected to increase to 77 in 2013.

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.

Within the scope of "Technical Assistance Contract for Support to the OP Preparation, Management, Implementation, Monitoring, Control and Evaluation" which has been under implementation since 15 December 2010 with 6,092,960 € budget, several capacity building activities to enhance the capacity of Directorate and end recipients were carried out. Within this framework, 27 training programmes for the staff of the RCP-CID and 3 training programmes for end recipients aiming to increase their capacity in the implementation of the RCOP and projects have been carried out by the end of 2012. On the job support has been provided to all Departments of the RCP-CID. A Design Team consisting of engineers and architectures has been set-up for the preparation of tender dossiers of selected operations to increase the quality of tender dossiers and shorten the period for ex-ante approval. A Design Review Team has also been established to check the tender dossiers before their submission to the EUD for final approval. Computerized Accounting System (PRESTO XL) integrated with Chart of Accounts and Financial Information System has been established consistent with the finance functions and the needs of the RCP-CID. Aforementioned systems are increased the capacity of FCD through organising the complex procedures more systematic way and manageable.

Furthermore, other Technical Assistance contracts, which will strengthen the institutional capacity of the RCP-CID, are under tendering phase. In this respect, Shortlist Notice of Technical Assistance Contract for Publicity, Information and Promotion of the RCOP was published on 6<sup>st</sup> of November 2012 and tender evaluation process has been launched. Procurement Notice of Technical Assistance on Management Information System for the Implementation of the RCOP was published on 21<sup>st</sup> of August 2012 and tender evaluation process is expected to be launched in 2013.

#### **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 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.

Furthermore during the reporting period, the Ministry involved in the revision process of the HRD OP and attended a series of meetings organised within the scope of the revision of the HRD OP and provided its comments with a view to ensure complementarity between the two OPs. The Ministry has also participated to the project generation workshops organised in April 2012 with a view to increase the absorption capacity of the HRD OP.

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

Following Article 59 of Commission Regulation (EC) No 718/2007 on IPA, and in order to establish the required infrastructure for the monitoring of the RCOP and to provide strategic guidance and advice to the MoSIT in the implementation of the programme, a Sectoral Monitoring Committee (SMC) for the RCOP was established at the outset of the Programme's implementation. 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 2012, the 10<sup>th</sup> and 11<sup>th</sup> meetings of the SMC were held on the 27<sup>th</sup> of June 2012 and 13<sup>th</sup> of November 2012 respectively. During these meetings, the 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 were discussed. During the 11th SMC meeting, a new tool for project level monitoring which was developed by the RCP-CID in the last quarter of 2012 in order to collect reliable and necessary data as regards projects progress, Operation Monitoring Report Template, was accepted by the EC and the SMC members and it was decided that these Reports will be used in the preparation of future Sectoral Annual Implementation Reports and Monitoring Sheets.

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

Information and communication activities of the Programme will be carried out under the Operation on "*Publicity, Information and Promotion of the Regional Competitiveness Operational Programme (RCOP)*" which is prepared within the framework of the Communication Action Plan. The duration of the operation is 36 months. The main activities comprised in the OIS are: visibility, image building, dialogue and interaction with media. For the implementation of this operation, a public tender procedure was launched by the Operating Structure in 2011. At the end of 2012, the shortlisting process was completed. This means that the contracting procedure could come to an end in 2013 and during next reporting period the RCOP's CAP could start its implementation.

Despite the fact that the process for the tendering and contracting of the Communication Plan was still on-going during 2012, during the reporting period, a number of activities were carried out in what respects information and publicity. The following provides a brief overview of them:

- *Opening Ceremony of the G-43 Anatolian Venture Capital Fund Project* held in Ankara on the 19<sup>th</sup> of January 2012 with the participation of the Minister Nihat ERGÜN.
- *Operational Agreement signing ceremony of five projects* held in Samsun on the 1<sup>st</sup> of February 2012, with the participation of the Head of Operating Structure, Mr. Ayhan KARACA.

- *Groundbreaking Ceremony of the “Establishment of 3 Business Incubators in Selected Regions and Development of Network among Incubators in Turkey” Operation* held in Kastamonu on 5<sup>th</sup> of September 2012 with the participation of the Vice Minister Prof. Dr. Davut KAVRANOĞLU.
- 3 *trainings* delivered to ERAs on publicity/visibility on 1<sup>st</sup> of June 2012, 27<sup>th</sup> of September 2012 and 11<sup>th</sup> of October 2012.
- A series of *kick off meetings* took place during the course of the year to commence the implementation of the contracts and agree on the scope and time schedule of the services to be provided. During these meetings, visibility rules and reporting arrangements have also discussed amongst other issues.
- A *Workshop* at the Ministry of the Customs and Trade was attended on the 4<sup>th</sup> of May 2012 and a presentation was made about RCOP, in order to inform about opportunities provided for operations co-financed under RCOP.
- December 2012’s issue of the *monthly journal* (ANAHTAR MAGAZINE) of the Directorate General for Productivity was about the RCOP.
- Within the scope of the *University-Industry Cooperation Regional meetings* organised by the MoSIT, the RCP-CID attended three regional panels held in Sinop on 6<sup>th</sup> of December 2012, in Trabzon on 25<sup>th</sup> of December 2012 and Rize on 26<sup>th</sup> of December 2012 and informed the participant about the RCOP.

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

In 2012, limited progress was registered in the concrete implementation of projects, as only a few projects (9) are currently under implementation, mainly determined by the cumbersome implementation procedures, but also by the learning process of the RCOP itself and its end-recipients.

Because of this, there are limited grounds to report on physical progress and target indicators’ achievement. Nonetheless, improvements have been made resulting in an increased number of projects under implementation as well as projects approved. As of cut-off date, within the scope of four project packages, the project’s portfolio consists of 66 operations at different stages of implementation. 41 out of 66 were approved by the EUD/EC and within the scope of the 9 operations which are under implementation 24 contracts with a budget of 106.9 Million Euros have been signed up to date. Furthermore, a total of 10 contracts are expected to be signed by the end of 2013, thus increasing the number of projects under implementation up to 15.

If the projects in the pipeline are brought to the implementation phase and implemented on time, objectives and targets set in the RCOP are likely to be achieved by the closure of the programme.

## **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.**

TOP has been revised in October 2012 considering the decision of Commission to extend the implementation period of TOP to cover 2007-2013. Being commensurate with priorities and measures of Transport OP (2007-2013) 8 projects were chosen for realization.

New project list after the revision studies of TOP (2007-2013);

1. Rehabilitation and Re-Construction of Köseköy-Gebze section of Ankara-Istanbul High Speed Railway Line
2. Rehabilitation and Signalization of Irmak-Karabük-Zonguldak Railway Line Project
3. Construction of a New Port in Filyos
4. New Construction of Mersin Container Port
5. Modernization of Samsun-Kalın Railway Line Project
6. Modernization of Malatya-Narlı Railway Line Project
7. Modernization of Alayunt-Afyon-Konya Railway Line Project
8. New Construction of Halkalı-Kapıkule Railway Line Project

Under Priority 2, Construction of a New Port in Filyos Project was proposed to European Commission. Major Project Application Form for this project was sent to the Commission on 04 March 2011 and on 26 March 2013.

As regards to the capacity building activities “Technical Assistance for strengthening the Capacities of MoT IPA Unit and End Recipients” has commenced on 15 November 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. In this perspective, many activities regarding the general and specific trainings component were realized. In addition, on the job trainings were realized on certain subjects within the framework of the contract.

Regarding the Measure 3.2 “Support for information and publicity activities”, technical assistance activities are drawn out in line with the EU publicity and visibility requirements. “Technical Assistance for Information and Publicity Activities” Project was started at November 2012. The overall objective of the said project is to ensure the successful achievement of objectives of Transport OP and IPA financial assistance to Turkey; whereas the purpose is to assist the Ministry of Transport, Maritime Affairs and Communications 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.

For Measure 3.3 “Support for enhancing the project pipeline”, identification of foremost projects from the priority projects list of the TINA Study, and preparation of EU Standard-Feasibility Study, Environmental Impact Assessment (EIA) Report, and other necessary documents of these projects in concern is envisaged.

It, hereby, is to be noted that the project pipeline enhancement activities envisaged under 3.1 Measure refers to the institutional building for maturation of basic IPA and project documents. Details on the project preparation studies for these are given in the part II.c.8.

## **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)

Two contracts are signed for the “Rehabilitation and Reconstruction of Köseköy-Gebze section of Ankara-Istanbul High Speed Train Project”; “Works” contract for construction works and “Service” contract for supervision of the project. The groundbreaking ceremony for this project was realized on 27 March 2012.

DG Turkish State Railways (TCDD) requested additional third line under the existing contract. However, this request has been declined by the Contracting Authority of then, Central Finance and Contracts Unit (CFCU). Instead, Contracting Authority, CFCU, has issued a Variation Order No.1, which has a financial implication of 7,838,304.19 € on 10 August 2012 in order to shift the existing two lines to the northwards. With this variation, the re-aligned infrastructure will provide the potential for fully-satisfying the End Recipient’s functional requirements. Contracting Authority, CFCU, has issued Variation Order No.2, which has a financial implication of 4,287,044.52 € for Geotechnical Implementations, Part 1, on 27 November 2012 since the Contractor has executed geotechnical studies and found that there are necessary geotechnical measures to be done, to fulfill Technical Specification and which require changes to the application drawings.

After months, for the additional third line under the existing contract, Contracting Authority, CFCU, had applied EU Delegation to get approval for a negotiated procedure with the existing Contractor referring PRAG 5.2.4.1. But, EU Delegation had rejected this request on the grounds of budgetary and PRAG.

For the works contract, between 01 January 2012 and 31 December 2012, 29.727.288,50 € (EU Contribution) and 5.594.263,56 € (National Contribution), totally 35.321.552,06 € payment was realized. For the supervision contract, between 01 January 2012 and 31 December 2012, 726.352,39 € (EU Contribution) and 128.179,83 € (National Contribution), totally 854.532,22 € payment was realized.

As in the first project, two contracts are signed for “Rehabilitation and Signalization of Irmak-Karabük-Zonguldak Railway Line Project”; “Works” contract for construction works and “Service” contract for supervision of the project. The Works Contract has signed with Yapı-Merkezi-MÖN JV on 14 December 2011. Commencement for the Works is on 25 January, 2012.

The groundbreaking ceremony for this project was realized on 15 May 2012. The accepted contract amount is 219,969,300 €.

There are two sections of the Works: Ülkü-Zonguldak is Phase 1 and Irmak-Ülkü is Phase 2. The first phase should be completed on 25<sup>th</sup> of January, 2014. The physical progress for this phase is 14,7%. The second phase should be completed on 25<sup>th</sup> of January, 2016. The physical progress for this phase is 1%. For the works contract, between 01 January 2012 and 31 December 2012, 28.353.517,66 € (EU Contribution) and 5.003.561,93 € (National Contribution), totally 33.357.079,59 € payment was realized.

The Service Contract is signed with Typsa-Eser-Safege Consortium on 04 January 2012 with an amount of 7,247,305 €. Commencement date of the supervision is 10 January 2012. For the supervision contract, between 01 January 2012 and 31 December 2012, 1.232.041,85 € (EU Contribution) and 217.419,15 € (National Contribution), totally 1.449.461 € payment was realized.

Regarding the “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, by the end of 2012, financially about %31 of the progress and physically about %23 of the progress of the project were completed.

In 2012, under Measure 3.2; “Technical Assistance for Strengthening Capacities of MOTMC EUID and End-Recipients Project”, 491,903.44 € (EU Contribution) and 86,806.49€ (National Contribution), totally 578,709.93 was paid. By the end of 2012, financially about %20 of the progress and physically about %33 of the progress of the project were completed.

Financially, until 2013, no de-commitment was realized in 2010 and 2012, only in 2011 € 7.465.399 de-commitment was realized. In 2013, to prevent de-commitment MoTMC should disburse at least 71,4 MEUR, based on updated disbursement forecasts 132 MEUR is planned to be disbursed in 2013. Therefore, no de-commitment is expected in 2013.

**Table 10: Summary of Allocations in TOP for 2007-2013**

<b>YEARS 2007 - 2013</b>	<b>Total Public expenditure(Euro)</b>	<b>Community Contrib.(IPA)(Euro)</b>	<b>National Public Contrib.(Euro)</b>	<b>IPA cofinancing rate (%)</b>
<b><i>Priority Axis 1</i></b>	<b><i>621.902.662</i></b>	<b><i>528.617.263</i></b>	<b><i>93.285.402</i></b>	<b><i>85%</i></b>
Measure 1.1	621.902.662	528,617,263	93,285,402	85%
<b><i>Priority Axis 2</i></b>	<b><i>49.805.413</i></b>	<b><i>42,334,601</i></b>	<b><i>7.470.813</i></b>	<b><i>85%</i></b>
Measure 2.1	49.805.413	42.334.601	7.470.813	85%
<b><i>Technical Assistance</i></b>	<b><i>16.193.880</i></b>	<b><i>13,764,798</i></b>	<b><i>2,429,088</i></b>	<b><i>85%</i></b>
Measure 3.1	6.079.251	5.975.363	1.054.478	85%
Measure 3.2	1.866.100	1.586.185	279,918	85%
Measure 3.3	7.297.941	6,203,250	1.094.692	85%
<b><i>Total Years 2007 - 2013</i></b>	<b><i>687.901.965<sup>3</sup></i></b>	<b><i>584.716.662</i></b>	<b><i>103.185.303</i></b>	<b><i>85%</i></b>

<sup>3</sup> In line with the Financing Plan as given in Annex I of the revised Financing Agreement.



### **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.

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 Unit (QACU).

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.

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 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. An internal audit has been carried out between 3-26 December 2012. The Final Internal Audit Report was issued on 31 December 2012. The auditors determined 4 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 2011 and 30 September 2012.

For the subsystem audit for the internal audit and control environment, the auditors have identified 4 findings during the subsystem audit work.

As per the follow-up of the previous years' report, over 14 findings, 9 of them were addressed, 4 of them were partially addressed and only 1 finding is open.

Furthermore, the NAO Supervision follow-up visit was held on February 2012 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, as mentioned, consequent to NAO letter of 12 October 2012 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 and the Verification Audit by EC that was been carried out between 21<sup>st</sup> and 25<sup>th</sup> November 2011, the conferral of management decision was issued on November 12, 2012.

In line with the objective of monitoring and evaluation of the programme, MoTMC is responsible not only for collecting data and establishing, maintaining and regularly updating reports and information system to gather reliable financial and statistical information on implementation, but also for monitoring and evaluation. For this purpose, a common working group has been established under the coordination of the Strategic Coordinator to develop an Integrated Monitoring Information System (IMIS) common to all Operating Structures under the IPA Components III and IV.

The functions of IMIS are foreseen to fulfil the requirements of the TOP with the aim of evaluating the financial and technical progress, and efficiency with related performance indicators, providing an effective reporting system to monitor procurement plan, controlling and supporting activities due to site-visits and on the spot checks by a comprehensive and useful documentation. IMIS is operational since September 2010. MoTMC is in the process of data entry related to implementation of TOP.

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

Ministry of Transport, Maritime Affairs and Communications (MoTMC) is identified as the Operating Structure responsible for the preparation and implementation of the Transport Operational Programme under the Component III of Instrument for Pre-accession.

Department for EU Affairs (EUID) under DG for Foreign Relations and EU Affairs is the department responsible from the management of Transport OP in MoTMC.

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

In addition, a technical assistance project on the strengthening the capacity of EUID and End Recipients 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**

N/A

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

10<sup>th</sup> SMC was held on 28 June 2012 at Divan Asia Hotel, İstanbul. Main issues discussed and conclusions are:

- Decision for Revision of OP and the conferral of management to MoTMC were expected to be received within 3<sup>th</sup> quarter of 2012.
- Performance of the contractors at site in both Köseköy-Gebze Railway Line project and Irmak-Karabük-Zonguldak Railway Line project are critical as to the de-commitment risk.
- It was asserted that studies for railway modernization projects in the pipeline need to be accelerated.
- Sectoral Annual Implementation Report and Monitoring Report were endorsed.

11<sup>th</sup> SMC was held on 13 November 2012 at Hilton Otel, Ankara. Main issues discussed and conclusions are as follows:

- Commission Decision of 12 November 2012 for the Conferral of Management for Transport OS was declared by Commission representative.
- Developments for Köseköy-Gebze Railway Line Project and Irmak-Karabük-Zonguldak Railway Line Project were mentioned.
- Regarding the project pipeline, information was delivered on Filyos Port Project, Halkalı-Kapıkule Railway Line Project and other railway modernization projects.
- Participants were informed about the de-commitment risk for year 2012.

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

Effective communication activities is critical for the successful implementation and management of the TOP, and are required in order to ensure appropriate visibility and transparency regarding the allocation and expenditures of EU funds, and in order to encourage potential beneficiaries to take full advantage of the availability of EU funds for transport projects. In this context, the Communication Strategy (CS) and Communication Action Plan (CAP) were prepared and submitted to the European Commission on 7 April 2009 for preliminary comments. However, due to the modifications in the TOP Priority Project List, the CS&CAP and the relevant TOR have been revised. CAP has been submitted to the members of Sectoral Monitoring Committee (SMC) as well as Commission services and has been approved in the 6<sup>th</sup> SMC meeting on 21 April 2010.

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 organisation of conferences and seminars,

organisation 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 favourable attitudes towards railway and maritime transport (person and freight) and towards EU,
- Improved capacity of the IPA Unit on publicity and information activities.

Within the scope of the related project two major inauguration events were organized in 2012. On 27<sup>th</sup> March 2012 the inauguration ceremony of “Re-Construction of Köseköy-Gebze Section of Ankara-Istanbul High Speed Train Railway Project” and on 15<sup>th</sup> May 2012 the inauguration ceremony of “Rehabilitation and Signalization of Irmak-Karabük-Zonguldak Railway Line Project were realized. In 2012, Communication Strategy and Action Plan Report was prepared and updated before every SMC meeting. Media Monitoring activity is going on with daily clippings and monthly analysis. Research activity was initiated and visual identity was completed.

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

Currently, four railway line projects exist in the TOP project pipeline for the next programming period:

1. Modernisation of Samsun-Kalın Railway Line Project
2. Modernisation of Alayunt-Afyon-Konya Railway Line Project
3. Modernisation of Malatya-Narlı Railway Line Project
4. New Construction of Halkalı-Kapıkule Railway Line Project

Modernization of Samsun-Kalın Railway Line Project is one of the three projects that are being prepared for the procurement in order to increase the absorption capacity for 2012-2013. With the intent of accelerating the preparation process, the necessary documents including Feasibility Report, CBA, EIA, TS and ToR, MPAF as well as Tender Dossiers for both Works and Supervision are being prepared by the consultant employed by the DG Turkish State Railways (TCDD). It is expected that the MPAF and its Annexes to be sent to EC in the third quarter of 2013.

Modernization of Alayunt-Afyon-Konya Railway Line Project; Terms of Reference for the Technical Assistance Service Contract to prepare the Feasibility Study, CBA, EIA as well as Tender Dossiers for both Works and Supervision Contracts has been prepared. TA Project is envisaged to be contracted in the last quarter of 2013.

Modernization of Malatya-Narlı Railway Line Project; Terms of Reference for the Technical Assistance Service Contract to prepare the Feasibility Study, CBA, EIA as well as Tender Dossiers for both Works and Supervision Contracts has been prepared. TA Project is envisaged to be contracted in the first quarter of 2014.

New Construction of Halkalı-Kapıkule Railway Line Project; As an important axis of Kapıkule-Kars Railway Line Project which has been selected as European Interest project in Chapter 21-TEN-T Negotiations, New Construction of Halkalı-Kapıkule Railway Line Project is considered as a major project for the next programming (2014-2020) period. While the Project is planned to be co-financed through both IPA funds and EIB credit, technical studies are carried out in cooperation with the EIB. In this respect, two consecutive meetings have been held on 6 September and 7 November 2012. It was decided that the MPAF and its Annexes to be upgraded together with MoTMC TA Team. Inception Report requested by EIB has been sent to on 21 March 2013. MPAF and its annexes are planned to be submitted at the end of 2013.

### **III. Sectoral conclusions**

Ministry of Development, as the 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 January, August and December 2012. As an inter-ministerial committee, it provided a powerful formal coordination and communication platform for all relevant key actors and partners in the system and served as an effective tool for taking collective action and solving problems. In addition, the annual meeting between DG Regional Policy and Turkish Authorities for "IPA Component III Operational Programmes" was held in March 2012.

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)". The results of interim evaluation studies were used to revise OPs for the years of 2012-2013. Revision process was finalized in close collaboration with all relevant IPA institutions as well as the European Commission (EC). Modification requests for the revision of the Environment, Regional Competitiveness and Transport OPs under IPA component III and Human Resources Development OP under IPA component IV for the period 2012-2013 were submitted to the EC by the Strategic Coordinator on 27 April 2012 and 4 July 2012, respectively. The Commission adopted the decisions revising the OPs in October 2012.

As a consequence of enhanced inter-institutional cooperation and strong commitment and efforts provided to address the problems encountered by IPA institutions, there has been significant progress in the implementation of OPs in 2012.

For all OPs under IPA Component III and IV, Integrated Monitoring Information System (IMIS) has been operational since September 2010. IMIS is accessible to all actors including NIPAC, NAO, Strategic Coordinator, OSs as well as beneficiaries. Beneficiaries continued to upload data on financial, tendering and physical progress of operations to the system in 2012. In addition, improvements and modifications were made on IMIS for better functioning of the System in 2012. IMIS enables to conduct more systematic and complementary monitoring activities performed at the levels of operation, OP as well as Strategic Coherence Framework.

Detailed observations on each OP are given below:

For the RCOP, the focus of activity during 2012, most especially during the second half of the year, was on the preparation of the Operation Identification Sheets for the fourth package operations and the preparation and finalisation of the tender dossiers corresponding to the second package operations under the Programme's Procurement Plan.

In parallel, important efforts have been invested on speeding up the project development process and shifting the percentage of the total projects per stage from "Programming" and "Tendering and Contracting" to "Implementation", thus increasing the absorption rate of the Programme. In this sense, intensive activity on project development, operations and tender dossier approval has taken place.

The major problems that have been encountered in 2012 are mainly related with the delays occurred in the programming and procurement of the projects which renders the measures of the RCOP to lag behind in terms of the achievement of the indicators and objectives. These delays, to a large extent, have stemmed from the poor quality of OISs and tender dossiers and insufficient capacity of ERAs. To overcome this problem, technical assistance to ERAs for the improvement of their OIS and for the elaboration of their tender dossiers has been provided in 2012. In this regard, regular training seminars addressed to ERAs have been conducted throughout the year 2012 on programming, procurement, implementation and monitoring of their respective operations. Furthermore, a Design Team has been established by the RCP-CID to prepare tender dossiers on behalf of ERAs. In this regard, tender dossiers for 7 operations have been finalised in 2012. Experts have also been mobilised for the preparation of OISs for the operations selected for the fourth package. A Review Design Team has also been established to increase the quality of tender dossiers.

However, the capacity of the OS and ERAs still need to be increased through recruitment of qualified and experienced staff and provision of technical assistance, and ownership of operations by ERAs should be strengthened. In order to increase the ownership of ERAs, which is one of the significant problems encountered in the implementation of the RCOP, capacity building trainings and on the job support regarding the preparation and/or revision of OIS and tender dossiers and implementation of projects should be continued to be provided to ERAs. Furthermore, project management assistance should be given to ERAs during the implementation of their projects through mobilisation of Non Key Experts in the target regions to ensure effective project implementation. Finally, and for the next programming period, the actual design of the Programme should integrate ERAs participation in a more integrated way, trying to ensure a larger degree of ownership of the projects in their respective territories.

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 2007-2013. Within this context, Transport OS has determined its implementation structure including internal control and risk management systems. Transport OS, namely EUID, with its 4 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 2012 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 was completed by November 12, 2012.

As to the implementation of Transport OP, 2012 deemed to be a successful year. Throughout 2012, 6 contracts, two of which are works and the others are service contracts were implemented. Works projects that are being implemented have the biggest amount of funds allocated to a candidate country within EU up to now. Through two TA projects of which the end recipient is EUID, full-time consultancy together with series of trainings and publicity activities were provided. These activities ensured the successful implementation of Transport OP as well as existence of a sound management and control system. Regarding the financial issues, no de-commitment occurred during 2012. On the other hand, 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.

Concerning the EOP, one of the main problems observed is that it is very crucial to receive EC comments promptly in order to take financing decisions subsequently and then accelerate procurement stage of the projects. Another point is, before starting tendering procedures, expropriations of the all sites, which take long time, have to be solved and municipalities have to ensure them in a timely manner in order to proceed in line with annual working plans. However, generally some delays have been occurred due to expropriation problems and commitment risks have been appeared.

Although MoEU generated a remarkable project pipeline for the EOP during the reporting period, it was thought that there would be no way to generate sufficient expenditure to meet yearly de-commitment targets without sufficient progress in tendering and signature of contracts, but since the EOP has been extended to 2013 and an additional budget has been allocated there will also be a need for a new prioritization study in order to use the grants allocated.

Lastly, insufficient controls stemming from high staff turnover has caused undesirable low quality documents in some cases and that lengthens EUD's approval process of the projects and contracts.

## **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.**

##### **Employment**

###### Promoting Women Employment

A “Client Referral Network” was developed as the most relevant ALMP model for overcoming multiple obstacles for female labour force participation. Several seminars were organized for İŞKUR staff and relevant partner institutions to present, improve and develop the model. Model was tested through trainings and services delivered to women target groups.

Current job search tools and methods updated and new ones developed. The most successful one of the newly developed methods was women job clubs. Job clubs provided intensive motivation and support for longer-term unemployed people. A job club worked on a 3 week cycle with up to 12 participants attending for 3 hours a day for 4 days a week. Each job club had a Leader (usually a specially trained job counsellor) whose task was to encourage all participants to apply themselves 100% to the job of job-seeking. The ethos of job clubs was that there is a job available for every participant. They operated as a sort of benevolent ‘boot camp’ cajoling participants into action, and using group/peer pressure to maintain a sense of momentum, under the ‘tough love’ guidance and support of the Job club Leader. The piloting of women’s job clubs had been a genuine success; by whichever criteria it is assessed. The PWE project believed that the concept has shown itself to be entirely applicable to the Turkish context and to their particular target group. As a result, it is strongly recommended that İŞKUR management give careful and sympathetic consideration to continuing and developing the concept of women’s job clubs beyond the immediate lifetime of the PWE project.

In addition, a review “Assessment of Current Practice of İŞKUR Counsellors” was produced which summarizes the analysis of the current practice of İŞKUR Counsellors from gender perspective and the training needs. The paper was designed to be utilised by the Guidance and Counselling Workgroup for updating and development of innovative guidance and job counselling practice promoting women’s employment and for on-the-job training of İŞKUR Counsellors and relevant stakeholders. Through the review, gender perspective approach had been strengthened and realization of a training needs analysis can be considered as a contribution to improvement in the services provided by the İŞKUR counsellor services.

Within the projects under the grant scheme of Promoting Women's Employment operation, several training were conducted for, mainly, increasing the skills and employability of women to enable them to act as more active agents in the labour market. In this regard, trainings and



vocational guidance services were made available for 13,002 persons. 35% of these persons entered into labour market after participating in courses or counselling and around half of them have been employed. 1030 of them have been integrated to the labour market as entrepreneurs.

### Promoting Youth Employment

Within the context of the grant scheme, employment oriented courses, entrepreneurship courses, internship and apprenticeship activities as well as guidance and counselling services were made available for 11,880 young people. 2,024 of the trainees had been employed following the courses, internship and counselling activities. 758 young people became entrepreneurs.

The most remarkable activity of the project is the Youth Entrepreneurship Support (YES) Model. The YES Model will be composed of the four service areas namely “Promotion and Orienteering, Pre-feasibility Check, Business Planning Support, Start-Up Support”.

If young entrepreneurs are motivated to continue to benefit of the support, he/she will sign an ‘individual service plan’ with the Lead Partner and step into the second area. In the second area, young entrepreneurs will prepare and submit their individual plan agreed among young potential entrepreneur and service partner providers. If the business idea passes positively the pre-feasibility check, a first shape of its content is drawn. If pre-feasibility has a negative result, the candidate has the opportunity to address for the service after a period of thinking, reflection and more in depth research.

The business planning support area aims to provide access to business development services and information such as market information, management, financial literacy, asset building, e-business assistance, mentoring, product development and technology advice. The last area aims to support with coaching approach and side-by-side support the start-up period of new youth entrepreneurs.

The YES Model aims to create an officially registered business person at the end of the implementation of the mentioned four service areas.

### Promoting Registered Employment

Within the context of the grant scheme, trainings and vocational guidance services were made available for 7,811 persons. Also local partnerships between SSI and social partners had been established. Staff from both SSI and social partners had been trained on subjects related to registered employment. Bilateral projects on promoting registered employment between relevant partners had been initiated. As a result of these activities, 2,733 persons had been employed in 43 city centres.

One of main aim of the operation is to increase guidance capacity of relevant SSI departments in the local level. Both supply and service components have been used to achieve this goal. In the scope of supply component, one modern office and one meeting room have been established each provincial directorates for purpose of implementing guidance activities to social partners and related public institutions. With the service component, human recourses capacities of Combating Unregistered Employment Services have been supported. Via this trainings and supplies, sustainable and sufficient guidance spots have been established.

Planting guidance based inspection approach in the SSI on combating unregistered employment, itself, is main element of sustainability. With the supply component’s activities, importance of

this approach underlined, repeatedly. There will be follow up activities on the new approach both funded by EU and SSI itself.

Continuation of local partnership established during the implementation of grant component is also another very important element of sustainability. For ensure this, provincial directorates should be encouraged.

The software programme, written under the service component, constituted a starting point for establishing a risk analyse centre in Presidency of Guidance and Inspection. Two programmers were assigned to this centre to ensure its sustainability and efficient work of the programme.

All awareness material's publish ready versions were distributed all provincial directorates. Especially, a program for promotion of KİT cartoons to primary school in coming school year was already prepared.

### *Increasing the Quality of Public Employment Services*

A database where labour market information is gathered in the provincial level will be developed at the end of the Operation. The system to be developed at provincial level will provide "intelligence framework" on employment and human resources development. It will combine the information on employment and human resources development gathered by different ministries (Education, Labour) and agencies (e.g.) in one common database in order to improve the analysis of the labour market and skill needs in support of the policy making process.

The Provincial Action Plans for establishment of model offices for 43 provinces were prepared. The methodology on conducting labour market analysis was prepared and necessary trainings regarding the methodology were completed. Trainings to the staff of İŞKUR responsible for vocational guidance services in provincial directorates are on-going. The guidance services of İŞKUR regarding job, vocation, career and public employment services will be improved when the mentioned trainings completed. The designing of a model to monitor the impact of active labour market policies provided by İŞKUR is on-going. The efficiency of active labour market policies will be increased when the mentioned model completed. Trainings regarding the policy making capacity on employment issues were completed. By these trainings, policy making capacity of MoLSS, İŞKUR and social actors regarding employment issues is increased.

## **Education**

### *Increasing Enrolment Rates Especially For Girls*

Within the grant scheme, around 11.500 persons have participated in various trainings. Majority of the trainees were parents, besides, NGO members and educational staff have also participated to the trainings (9991 parents, 107 NGO members and 1330 educational staff respectively). Furthermore, around 10.000 families were visited with persuasion purposes. At the end of the grant projects, 8.999 girls were expected to be enrolled.

After the completion of the service component, the maintenance will be taken over by MoNE. School Counselling Program (Materials and course plans) will be used as the official MoNE training program in the future. MoNE has taken ownership of advocacy and promotion components of the project for instance in the spot films preparation. The project had secured visibility through different channels and in various media (for example: The project logo was used in Children Day's Ceremony and School Textbook Cover Page). Moreover, the project had secured close collaboration with related MoNE units: Directorate General Directorate of Special

Education, Guidance and Counselling Services, General Directorate of Innovation and Educational Technologies (YEGITEK), who will continue using the media materials, Press Advisor of MoNE. Lastly, IMES, the web based Internal Monitoring and Evaluation System has received great interest from MoNE and MoLSS. The database is being hosted at the main MoNE server and it is expected that it will be used for coming projects.

#### *Increasing the Quality of Vocational Education and Training-I*

Assessment of a sample of schools undertaken and situation analysis produced. A report was prepared on quality assurance systems in Europe and a comparison of this system with Turkey. Workshops on development of occupational standards were undertaken. Draft occupational standards were produced by taking into account the approach Vocational Qualifications Authority uses for the agreed four fields of agriculture, health, and justice and maritime. Draft occupational standards had been prepared. Promotional and awareness raising materials were produced and disseminated.

### **Lifelong Learning**

#### *Promoting Lifelong Learning*

Regarding service contract of the operation, it can be stated that following several meetings, trainings, workshops, conferences, study visits that had been held, draft policy paper, draft of proposed Law for the Coordination of Lifelong Learning, draft Guidelines on RPL had been developed. All the documents had been prepared in close collaboration with the MoNE, especially DG LLL, based on the consultation with institutional working groups. Final versions of all the aforementioned documents are expected to be finalised in 2013 before the end of the project.

Regarding awareness-raising, an international conference and several information meetings had been held and 2 spot films have been finalised. Moreover, local capacity on LLL policy and approach has been disseminated with the several trainings.

Within the projects under the grant scheme, certification on basic skills was one of the most significant activities. 1.288 participants obtained a certificate in vocational knowledge and skills, 1.769 participants obtained a certificate in basic skills and 314 participants were employed after completing an employability course. Additionally, a considerable number of vocational standards (23 standards) have been developed by the VOC-TEST centers and endorsed by VQA. Also, 528 teachers were trained about new methods on monitoring, evaluation and measurement for LLL.

### **Social Inclusion**

#### *Facilitating Access of Disadvantaged Higher Education Students to Labour Market*

Directorate General of Higher Education Credit and Hostels Institution (YURTKUR) is the Operation Beneficiary. The overall operation would contribute to the achievement of the HRD OP by means of increasing the employability of disadvantaged higher education students by providing them with scholarship and facilitating their access to public employment services and human resources development programmes, internship programmes, services of non-governmental and governmental institutions. The budget of the operation is 20.700.000 €. The contract signature of the individual grants is dated 24.10.2012.

## 2. Progress in financial implementation:

Under HRD OP, contracts which was signed from the beginning of the Programme until 31.12.2012 amounted 145.087.215,83 EUR in total. Grant contracts took the biggest share from contracted operations. The table below shows the contracted amounts together with the shares in total as per contract type:

**Table 11: Contracted Projects per Types in HRD OP**

Contract Type	Total Contracted Amount (EUR)	Share (%)
Grant Contracts	72.951.120,10	% 50,28
Service Contracts	41.900.332,00	% 28,88
Individual Grant	20.700.000,00	% 14,27
Direct Grant	7.174.163,56	% 4,94
Supply Contracts	2.177.520,17	% 1,50
Framework Contract	184.080	% 0,13
<b>Total</b>	<b>145.087.215,83</b>	<b>100,00%</b>

### Summary of financial information for the expenditures realized until 31st December 2012

After the Commission Decision dated 31.01.2012 relating the accreditation of the EU Coordination Department of MoLSS for tendering, contracting and financial management functions under the IPA Human Resources Development; MoLSS executed payments amounting to 24.003.508,31 EUR in total. CFCU also executed payments mostly for the grant contracts under IPA IV in 2012. The expenditures certified by the NAO for the whole year was amounted 49,5 million EUR in total with an EU contribution amounted 42 million EUR. The following table shows the expenditures declared to the Commission in 2012:

**Table 12: Total Expenditure Incurred by Final Beneficiaries and Certified Eligible in 2012 in HRD OP**

PA	Name of Programme/Project	Total Public Expenditure	Community Contribution	National Public Contribution
	<i>2012 TOTAL</i>	<i>49.484.860,74</i>	<i>42.062.131,66</i>	<i>7.422.729,08</i>
<b>Priority Axis 1</b>		<b>22.565.117,40</b>	<b>19.180.349,81</b>	<b>3.384.767,59</b>
1.1	Promoting Women's Employment (Grant)	1.371.738,46	1.165.977,72	205.760,74
1.1	Technical Assistance for Promoting Women's Employment	922.461,98	784.092,69	138.369,29
1.2	Promoting Youth Employment (Grant)	15.586.706,23	13.248.700,31	2.338.005,92
1.2	Technical Assistance for Promoting Youth Employment	632.600,92	537.710,78	94.890,14
1.3	Promoting Registered Employment through Innovative Measures (Grant)	563.541,88	479.010,57	84.531,31
1.3	Technical Assistance for Promoting Registered Employment	326.698,42	277.693,66	49.004,76
1.3	Supply of Equipment for Promoting Registered Employment	119.296,13	101.401,71	17.894,42
1.4	TA for Improving the Quality of Public Employment Services	2.948.336,58	2.506.086,09	442.250,49
1.4	Supply for Improving the Quality of Public	93.736,80	79.676,28	14.060,52

	Employment Services			
<b>Priority Axis 2</b>		<b>9.341.698,62</b>	<b>7.940.443,84</b>	<b>1.401.254,78</b>
2.1	Technical Assistance for Increasing Enrollment Rates Especially for Girls	923.643,62	785.097,08	138.546,54
2.1	Increasing Enrollment Rates Especially For Girls (Grant)	6.780.322,68	5.763.274,29	1.017.048,39
2.1	Supply of Equipment for Increasing Enrollment Rates Especially for Girls	438.369,92	372.614,43	65.755,49
2.2	Technical Assistance for Improving the Quality of VET in Turkey	1.199.362,40	1.019.458,04	179.904,36
<b>Priority Axis 3</b>		<b>3.314.852,06</b>	<b>2.817.624,25</b>	<b>497.227,81</b>
3.1	Technical Assistance for Promoting Lifelong Learning in Turkey	3.006.000,61	2.555.100,52	450.900,09
3.1	Promotion of Life Long Learning (Grant)	184.157,85	156.534,17	27.623,68
3.1	Supply of Equipment for Promotion of Life Long Learning	124.693,60	105.989,56	18.704,04
<b>Priority Axis 4</b>		<b>11.129.922,49</b>	<b>9.460.434,12</b>	<b>1.669.488,37</b>
4.1	Facilitating Access of Disadvantaged Higher Education Students to Labor Market Including Scholarship Support (Individual Grant)	11.129.922,49	9.460.434,12	1.669.488,37
<b>Priority Axis 5</b>		<b>3.133.270,17</b>	<b>2.663.279,64</b>	<b>469.990,53</b>
5.1	Technical Assistance for Implementation of Human Resources Development Operational Programme	813.652,36	691.604,51	122.047,85
5.1	Supply for IPA Management Department of HRD OP Operating Structure	273.286,19	232.293,26	40.992,93
5.1	Direct Expenditure 2012 (Direct Grant of Ministry of Labor and Social Security)	821.086,38	697.923,42	123.162,96
5.2	Technical Assistance for Potential Operation and Grant Beneficiaries (HRD OP 5.2), Information and Publicity (HRD OP)	693.278,49	589.286,71	103.991,78
5.3	Technical Assistance for Potential Operation and Grant Beneficiaries (HRD OP 5.2), Information and Publicity (HRD OP)	531.966,75	452.171,74	79.795,01

In 2012, annual verified expenditure increased slightly compared to the previous year and there was no de-commitment. In addition to the verified expenditure amounting to € 42.062.132 for the EU contribution, an additional advance payment was made by the European Commission. This advance payment prevented de-commitment for 2012. The following table shows the annual allocation, verified expenditure and de-commitments.

**Table 13: De-commitments for HRD OP**

Year	MIFF Allocation (EU Contribution)	Potential Decommitment* (in case of no Money spent) (A)	Annual Verified Expenditure (EU Cont.) (B)	Cumulative Verified Expenditure (EU Cont.)	De-commitment Risk (B)-(A)+surplus from previous year
2007	50.200.000				
2008	52.900.000				
2009	55.600.000				
2010	63.400.000	2.590.000	2.391.409	2.391.409	-198.591
2011	77.600.000	41.530.000	41.960.362	44.351.771	430.362
2012	83.188.000	38.993.477	42.062.132	86.413.903	3.499.017

\*This risk is calculated for the year “n”; by subtracting the advance payments from the (n-3) MIFF allocation and adding the surplus expenditure of the previous (n-1) year.

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

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 the HRD OS. Irregularity and Risk Management Officer is responsible for implementing the risk management cycle/system for HRD OS as well as Operation Beneficiaries in cooperation with Project Management Unit. Within the framework of the risk management system based on objective-risks-controls formula, in 2012 each Unit identified the risks that might prevent them from accomplishing their objectives. Furthermore they determined mitigation/control activities to manage those risks in a way to help them in meeting their objectives. Each Unit also defined the responsible staff and the deadlines for the implementation of each mitigation/control activity.

The Risk Management Committee (RMC), which is composed of coordinators of the Units, was convened on 7th June 2012 and 27th November 2012 to discuss and evaluate the objectives, risks and control activities provided by IPA Units.

Annual Risk Management Report 2012 was prepared by Irregularity and Risk Management Officer in cooperation with Risk Management Committee members and was submitted to Head of IPA Management Department at the beginning of the second quarter of 2013. After approval of report by Head of IPA Management Department, the report will be submitted to the Head of OS for approval and NAO for information.

**Table 14: Audits done for the HRD OS Activities in 2012**

<b>Audited by</b>	<b>Subject and Type of the Audits</b>	<b>Date of Audit Reports</b>
<b>Internal Auditors</b>	Subsystem Audit on Programming Process and Procedures	09.02.2012
<b>Audit Authority</b>	Subsystem Audit on Financial Management Procedures	18.02.2013
	Audit of Operations on Direct Financing Expenditure	
	Follow-up of Previous Years' Audit Findings	

Internal auditors completed the subsystem audit on programming process and procedures of the OS at the end of 2011 in line with 2011 Audit Work Plan. As a result of this audit, the final version of the audit report was submitted to the OS on 9 February 2012. Furthermore, internal auditors have been carrying out the subsystem audit on tendering and procurement procedures of the OS since the second half of 2012.

The Audit Authority (AA) had completed subsystem audit on financial management procedures of the OS, audit of operations on direct financing expenditure and the follow-up of previous years' audit findings. They had submitted its draft reports to the HRD OS on 27 November 2012. As a response to the findings, the OS submitted to the Audit Authority its comments and, when necessary, actions to address the weaknesses identified during the audit on 3-4 December 2012. The final reports of the aforementioned audits and the Annual Report of the AA were submitted to the HRD OS by the NAO on 18 February 2013. In audit of operations carried out in 2012, the AA detected weaknesses and ineligible costs regarding Direct Financing Expenditure for 2009-2011 and 2011-2013.

<b>Project</b>	<b>Finding</b>	<b>Ineligible Amount</b>
<b>Direct Financing Expenditure for 2009-2011</b>	Errors in VAT, income tax and exchange rate.	€ 5.675,52
<b>Direct Financing Expenditure for 2011-2013</b>	Errors in VAT, stamp tax, exchange rate and payment of rent office.	€ 365.997,45
<b>TOTAL</b>		€ 371.672,97

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

In 2012,

- 4 EU Experts were assigned abroad for masters studies for one year.
- 2 EU experts were on maternity leave.
- 1 EU Expert was on unpaid leave.
- 3 EU Assistant Experts left their positions.
- 20 new Assistant EU Experts were recruited.
- 9 contracted staff was recruited from the Direct Expenditure Budget.

As a conclusion, EU Coordination Department possesses 80 permanent staff plus 9 contracted staff at the end of 2012. It has been a notably increase in the number of staff comparing that last year the Department possessed 56 staff.

The Training Strategy of the HRD OS was prepared in February 2011 for the period 2011 and 2012. Following some major changes in the operational environment of the OS, the need to revise the Strategy has become imminent in order to efficiently face new challenges.

The workload and responsibilities of all Units of the EU Coordination Department were expected to be increased following the hand-over of the tasks related to tendering, contracting and payments. In order to supervise and manage efficient and sound operations, human resources shall be regarded equally important. Training strategy is considered as of primary management tool to create, maintain and develop human capacities within the Department.

In this respect, the basic purpose and objectives of the Training Strategy were also valid for 2012. As a general approach the training programme of the OS is based on a three-pillar structure consisting of:

- Basic level trainings for new staff;
- Advanced level trainings on cross-cutting areas targeting all Units;
- Advanced level trainings specific to Units.

#### Technical Assistance Projects

In 2012 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:**

All the relevant institutions such as Ministry of Food, Agriculture and Livestock and Agriculture and Rural Development Support Institution (IPA V), Ministry of Science, Industry and Technology (IPA III) and Ministry of European Union (IPA I) have been included in the HRD OP revision process for ensuring a participatory approach. Contributions of these institutions were taken especially during the revision of eligible activities, indicators and target groups. Moreover, EU Coordination Department also have played a role in the revision of RC OP (IPA III) by making proposals for new eligible actions and also asking for some other revisions for improving the quality and effectiveness of implementation.



The OS preserved its understanding of complementarity through 2012. The prepared operations were linked to other IPA components, mostly to IPA III RC OP.

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

In 2012, two SMC Meetings were held. 10th SMC was held on 20-21th June 2012 in Şanlıurfa and 11th SMC on 30th November 2012 in Ankara.

At the 10th SMC meeting, the schedule was composed of presentations of OSOBs on the implementation, and debates on the new ideas on programming, implementation, monitoring of the HRD OP and also on possible cooperation with other national IPA parties. Debates on two subjects increased participation and let all relevant stakeholders, such as representatives of NIPAC, Strategic Coordinator, other Operating Structures and Operation Beneficiary institutions took the floor to express their remarks.

Additionally, in the meeting information was provided about;

- progress in the implementation of ongoing Operations,
- information on the outputs and results of the finalised grant schemes, including methods of effective implementation of operations and actions to avoid de-commitment,
- information about the preparations for upcoming operations,
- information on the revision of HRD OP,
- activities in the scope of Technical Assistance Priority Axis; capacity building activities, information and publicity activities.

In the opening session of the 11<sup>th</sup> SMC meeting, the actions taken and progress achieved since previous SMC meeting was mentioned briefly. The crucial importance of de-commitment risk and the importance of the qualitative output of HRD OP implementation were also emphasized.

In the context of agenda, information was provided about;

- absorption of funds and the de-commitment risk,
- forecasts for 2013,
- progress in the implementation of ongoing operations, the state of play in grant, service and supply contracts,
- the preparations for upcoming operations and possible future operations,
- revision of HRD OP.

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

Information and Publicity Activities to be carried out mainly under the Technical Assistance priority axis has been launched by the Information and Publicity Project (5.3). Under this TA Project, following activities were completed in 2012:

- The announcement and promotion of the Photo Competition started already in the previous reporting period, on 7th October, 2011 with a deadline for submission of photos till 2<sup>nd</sup> January 2012. Photos were displayed in the exhibition held in the OS premises on the 31<sup>st</sup>

January 2012. The opening ceremony took place on 4<sup>th</sup> May 2012. The exhibition was open to the public till 9<sup>th</sup> May 2012, which is the Europe Day.

- Participation to Europe Day Fair which was organized on 9<sup>th</sup> May 2012 in order to disseminate outputs of HRD OP to the public.
- An article on the ‘Sen de Varsın’ Photo Contest and the Exhibition was published in the Ankara Life Magazine on October 2012 issue.
- Participation to “Support Human Development in Turkey Photo Exhibition” which was organised in the EU Commission Building J 27 Entrance Hall. The Exhibition was inaugurated on 8th of November 2012.
- 13 Information days for the first Call for Proposals, which was launched in 2012, namely IQVET-II Call for Proposals, were organised in Ankara (2), İstanbul (2), İzmir, Bursa, Kayseri, Hatay, Trabzon, Artvin, Erzurum, Şanlıurfa, Elazığ, with the participation of a total of 1.735 participants.
- 8 info-days in 8 provinces (Kastamonu, Van, Mardin, Erzurum, Şanlıurfa, Çorum, Malatya and Ordu) were held under the IERFEG grant programme with participation of 1.221 people.
- Two-day dissemination event on ‘Improving dialogue on Roma People Between Civil Society Organisations and Public Institutions’ organized on the 13th and 14th of December 2012.
- The ‘Articles and Thesis Booklets’ of the EU Experts of the MoLSS EU Coordination Department were printed and distributed in 100 copies each.
- 3.000 copies of the IPA and HRD OP brochures were published and distributed.
- A specific brochure for promoting the IQVET-I Call for Proposals was published in 3.500 copies, IERFEG-II and PYE-II Call for Proposals were published in 1.500 copies each.
- The ‘Project Preparation Guideline’ was printed in 8.000 copies to be distributed to potential grant beneficiaries related to upcoming Calls for Proposals.
- Two articles were published related with the HRD OP Grant Schemes, which are PWE, PRE, LLL, IER, PYE, with concrete data for projects’ outputs from the MIS.
- 2<sup>nd</sup> issue of the HRD Magazine was prepared both in Turkish and English; and printed in 500 copies.
- The multimedia show was renewed with brand new photos selected from the HRD OP Photo Contest.
- The finalised HRD OP TV Spot was distributed as 155 copies to the TV Channels.
- To promote the related Call for Proposals, three specific newspaper advertisements about IQVET-I, IER-II and PYE-II were designed and published at Milliyet and Vatan, which are national newspapers.

### **III. Sectoral conclusions**

In 2012, HRD OP was revised covering the 2012-2013 period with cooperation of all relevant stakeholders. In this context, meetings were organized with the effective participation of public institutions and agencies, NGOs, professional associations, confederations and other relevant stakeholders. These institutions also took part during the update process. On the other hand, HRD OP Interim Evaluation Report and RNA Report were also considered as reference documents within the updating process.

Based upon the revision studies, country-wide use of the financial resources of HRD OP was envisioned. In this context, unlike the previous OP, not only the activities carried out in the regions whose per capita income is below 75% of Turkey average, but those across Turkey and at national level were considered as eligible. In accordance with the strategic objectives, majority (at least 50%) of financial resources is still allocated to the regions whose per capita income is below 75% of Turkey average. Compared to the previous OP, financial resources allocated to the activities at national level was increased from 10% to maximum 20% and the allocation to other regions was increased from 20% to maximum 35%. In this way, it was intended to further strengthen the co-operation between the regions. On the other hand, indicators, financial statements, eligible activities, target groups and final beneficiaries were also included in the update.

Changes in the strategy documents at EU level were also taken into account in the revision process. Among the national strategy documents, Ninth Development Plan, Medium-Term Programme and Strategic Coherence Framework, Joint Assessment Document, Joint Inclusion Document and Lifelong Learning Strategy and among the EU strategy documents, European Employment Strategy, Lisbon Strategy and Community Guidelines were the main reference documents in the updating of the OP. Among the new operations, "Direct Grant, Individual Grant and Permanent Open Call" operations were integrated into the relevant sections of the OP.

In the updates made in the areas of education, employment and social inclusion, maximum care was taken especially for the arrangements brought by the "4+4+4 Education System" to be inserted in the OP.

Finally the HRD OP 2007-2013 was adopted by the Commission Implementing Decision on 12.10.2012. After the Financing Agreement was signed between Turkey and EC on 3.12.2012, HRD OP was also adopted in Turkey on 31.12.2012 and came into force in 18.01.2013.

The coordination related activities of the Ministry of Development (Strategic Coordinator) regarding this OP were mentioned in the previous section.

While no significant problems were encountered in the implementation of the operations during 2012, there are still areas defined in the OP to be focused in the future programming, particularly people with disabilities and disadvantaged people as a whole. In this regard, new operation preparations were continued throughout the 2012. These operations mainly focus on social integration and employability of disadvantaged persons, combating child labour, active inclusion and Roma populated areas.

## **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 IPA Rural Development Programme (IPARD Programme) of Turkey developed in order to support candidate and potential candidate countries during accession process (also constituting the 5th Component, Rural Development Component of IPA, the Instrument for Pre-Accession Assistance), was approved by the European Commission on February 25, 2008, and by the Higher Planning Council in Turkey on December 30, 2009.

On the basis of the strategic framework set forward by the EU's Multi-annual Indicative Planning Document (MIPD), basic policy objectives targeted under IPARD implementation are as follows:

- To contribute to the sustainable modernisation of the agricultural sector through targeted investments
- Encouraging the improvement of EU acquis related to food safety, veterinary, phytosanitary, environmental or other standards,
- To contribute to the sustainable development of rural areas.
- To undertake preparatory actions towards the implementation of local development strategies and agri-environmental measures.

The IPARD Management and Control System was correspondingly established in order to fulfil the tasks and responsibilities provided for in the Sectoral Agreement of IPARD. The IPARD structures were set in the Prime Ministry Circular on the Management of Funds to be Provided by EU during Pre-Accession, published in the Official Gazette dated 18.10.2011 and numbered 28088.

The IPARD Programme, covering 42 provinces in Turkey, was prepared for the period of 2007-2013. The implementation of the Programme commenced after the conferral of management decision bestowed through the Decision of the European Commission dated August 29, 2011, and numbered C(2011)/6079. With this decision, 3 measures (M 101, M 103, M 302) of the IPARD Programme started to be implemented in 17 provinces. Afterwards, through the decision of the European Commission dated March 2, 2012 and numbered C(2012)/ 1313, conferral of management was received for the same measures and for 3 further provinces (first implementation period).

With the Programme modification operated on September 7, 2012, the geographical scope of all measures of the programme was extended to all provinces. As all measures were already being implemented in Konya, national accreditation for additional measures to be implemented in 19 provinces was completed on September 24, 2012.

Following the conferral of management, implementations were commenced in the 20 provinces included in the first implementation period. For the second implementation period national accreditation of 22 additional provinces was completed on September 28, 2012, and audit activities of the EC for the purposes of the conferral of management continued in 2012.

**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 IPARD multi-annual operational programme.**

Under the scope of conferral of management upon the decision of EU Commission dated 29.08.2011, No. C6079/2011, Agriculture and Rural Development Support Institution launched 8 Call for Proposals (4 of them in 2012) under Measure 101, 103 and 302 of IPARD Programme.

Publication and closing dates as well as allocated budget (EU+ The Republic of Turkey) of these calls are indicated below:

**Table 15: Call for Proposals under IPARD in 2012**

<b>CALL</b>	<b>OPENING AND CLOSING DATE OF CALLS</b>	<b>ALLOCATED BUDGET (€)</b>
1	1 July -26 August 2011	91.388.000
2	4 July – 6 October 2011	100.894.560
3	17 October 2011 – 10 January 2012	106.020.000
4	19 December 2011 – 20 February 2012	74.774.800
5	1 March /24 May – 13 April/11 June 2012	164.737.344
6	15 May - 9 July 2012	124.430.542
7	24 August 2012 – 24 October 2012	120.267.485
8	23 November 2012 – 15 January 2013	295.134.385

**Contracts signed in 2012**

- 58 projects in the 2nd Call for Proposals period,
- 91 projects in the 3rd Call for Proposals period,
- 52 projects in the 4th Call for Proposals period,
- 46 projects in the 5th Call for Proposals period.

As of 31.12 2012, 261 contracts were signed with 10 of the projects proposed during the 6<sup>th</sup> Call for Proposals period, and evaluation process is ongoing. As of the end of the year, no contracts have been signed yet under the 7<sup>th</sup> Call for Proposals, and evaluation of proposals received during the call period is in progress.

The output indicators identified for the IPARD programme are shown in table below. Only the available figures are indicated.

**Table 16: Status of Output Indicators of IPARD**

Output Indicators		Realised in year 2012
Agricultural holdings supported for restructuring and/or upgrading to relevant community standards	Number	61
	Total volume of investment (€)	24.058.579,94
Enterprises supported to restructure and/or to upgrade to relevant community standards	Number	8
	Total volume of investment (€)	4.209.865,47
Micro enterprises supported to diversify and develop their economic activities	Number	23
	Total volume of investment (€)	2.106.433,02

Priority axes in the Programme and progress for each measure is presented below:

**Priority Axis 1: Improving market efficiency and implementation of Community Standards.**

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

Under Measure 101, as of 6th Call for Proposal period, contracts were signed with 192 projects in total where investment value is €142.814.426,20 and the IPARD Programme contribution is €61.939.572. The IPARD Programme contribution to 40 completed projects is €14.603.102.

Examined by sub-measures, 395 applications were received under the investments in milk producing establishments sub-measure while 223 applications were received for investments in meat producing establishments. Measure 101 received most of the applications in the first six calls.

Under Measure 101, during the first 7 Calls for Proposals Periods in total, 40 applications were rejected, 265 applications were withdrawn, and 192 applications were contracted. Ratio of application contracted to total number of applications is 31%. The evaluation of applications submitted during the 6th and 7th Call for Proposals Period is in progress.

102 Support For The Setting Up of Producer Groups

Obstacles to the implementation of the measure concerning “Support for the Setting up of Producer Groups” are listed below;

- Due to the nature of the measure, only newly established producer groups can benefit from the measure. The number of groups formed after the approval date of the IPARD Programme is very low.
- Administrative cost of the measure is high. There is a need for additional staff for the management of producers and producer groups.
- Producer groups do not have a shared accounting system.
- Administrative cost of setting up a new producer group is high.

MA had a meeting with the ARDSI and the NAO on October 20, 2011 on the implementation of the measure. Following the meeting, upon the decision made in Monitoring Committee Meeting

of December 7, 2011, it was agreed to cancel the measure and to transfer the budget to other measures in line with future needs.

### 103 Investments in Processing and Marketing of Agricultural and Fishery Products to Restructure those Activities and Upgrade Them to Community Standards

Under Measure 103, as of 6th Call for Proposal period, contracts were signed with 25 projects in total where investment value is €49.904.052,32 and the IPARD Programme contribution is €20.475.273. The IPARD Programme contribution to 5 completed projects is €2.104.933.

Examined by sub-measures, 50 applications were received under milk and dairy processing sub-measure; 24 applications were received under slaughter houses and meat processing sub-measure, and 17 applications were received under fish processing sub-measure.

Under Measure 103, during 7 Call for Proposals Periods in total, 18 applications were rejected, 39 applications were withdrawn, and 25 applications were contracted. Ratio of application contracted to total number of applications is 27%. The evaluation of applications submitted during the 6th and 7th Call for Proposals Period is in progress..

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

#### 201 Preparation for Implementation of Actions Relating to Environment and the Countryside

A Twinning Project entitled “Environment and Countryside under IPARD” was implemented by a consortium formed of the Netherlands, Estonia and Spain (12 January 2011-09 January 2012). Under the scope of the project, current legal and institutional structure concerning agri-environment was analysed; payment calculation and monitoring-evaluation principles were set, and technical measure fiche was revised in the light of the information collected. Draft procedures, check lists and templates planned to be included in the accreditation package were developed during the implementation period of the Project. ARDSI Ankara Coordination Unit, with which pilot district are affiliated, was established and initiatives for the accreditation are ongoing. Actions concerning national legal arrangements needed to implement the agri-environmental measure are ongoing as well. Parcel Information System was set up by Geographic Information System Department within GD of Agricultural Reform of MoFAL. It is foreseen that this system be utilized in ARDSI controls; thus required action in relation to this needs to be taken.

#### 202 Preparation and Implementation of Local Rural Development Strategies (Leader)

Managing Authority implemented the Twinning Project entitled “Support for the Implementation of LEADER Measure under IPARD” between November 2, 2010-May 12, 2011. Under the scope of the Project, draft measure fiche included in the IPARD Programme was revised. As a result of the deliberations held with the European Commission on October 6-7, 2011 and March 29, 2012, it was agreed to implement the sub-measure involving support to “skilling, mobilization and design of local development strategies”. Within this scope, the sub-measure fiche was approved by the European Commission on September 7, 2012.

### **Priority Axis 3: Development of the rural economy.**

#### 302 Diversification and Development of Rural Economic Activities

Under Measure 302, as of 6th Call for Proposal period, contracts were signed with 44 projects in total where investment value is € 7.433.999 and the IPARD Programme contribution is € 2.970.148. The IPARD Programme contribution to 21 completed projects is €1.053.217.

Examined by sub-measures, it is seen that 45 applications were received under the sub-measure “diversification and development of farming activities”; 77 applications were received under the sub-measure “development of local products and micro enterprises”, 36 applications were received under the sub-measure “rural tourism” and 11 applications were received under the sub-measure “development of aquaculture”.

Under Measure 302, during 7 Call for Proposals Periods in total, 20 applications were rejected, 79 applications were withdrawn, and 44 applications were contracted. Ratio of application contracted to total number of applications is 26%. The evaluation of applications submitted during the 6th and 7th Call for Proposals Period is in progress.

### 501 Technical Assistance

In 2011 and 2012, it was not possible to receive conferral of management decision for Measure 501, namely Technical Assistance Measure. The existing “Memorandum of Understanding” signed in 2012 between ARDSI and MA under the scope of accreditation works of the measure was expanded and signed again, and national accreditation audits were completed. Evaluation results of the mentioned audits were reported to be positive, and therefore, audit to be conducted by the relevant unit of the Commission is waited for the conferral of management decision.

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

As of 31.12.2012, contracts were signed with 261 projects from the first 5 call for proposals period and the 6th call for proposals period where EU contribution is € **64.038.745**; an EU contribution of € 13.320.938 was paid to 66 completed projects and to the projects where investment process is in progress.



**Table 17: Status of Projects under Implementation in IPARD (as of 31.12.2012)**

Priority/ Measure	Under implementation (no)	Under implementation (budget) (TRY)	Under implementation (budget) (EUR) <sup>4</sup>	% from allocated budget	Finalised (no)	Finalised (budget) (TRY)	Finalised (budget) (EUR)	% from allocated budget
<b>PA 1</b>								
<b>101-1</b>	68	55.625.989	24.376.329,25	16.49	29	18.425.416	7.927.726	5.38
<b>101-2</b>	61	39.581.036	17.236.836,63	13.52	11	6.107.931	2.627.760	2.23
<b>103-1</b>	8	19.787.207	8.537.880,42	11.45	2	775.489	331.322	0.45
<b>103-2</b>	2	6.357.184	2.785.832,93	4.93	2	696.662	299.756	0.17
<b>103-3</b>	-	-	-	-	-	-	-	-
<b>103-4</b>	5	7.280.715	3.215.271,56	12.26	1	1.391.752	598.835	2.34
<b>Total PA 1</b>	144			12.07	45	27.397.250	11.785.399	2.54
<b>PA 2</b>								
<b>Total PA 2</b>	-	-	-	-	-	-	-	-
<b>PA 3</b>								
<b>302-1</b>	7	247.964,00	108.485,24	0.47	14	557.609	239.925	0.66
<b>302-2</b>	8	2.164.643,93	951.065,42	1.80	5	1.141.859	491,260	0.63
<b>302-3</b>	4	1.531.659,13	653.859,95	0.84	1	68.331	29,401	0.04
<b>302-4</b>	2	264.860,70	117.164,50	0.48	1	190.536	81,845	0.34
<b>Total PA 3</b>	21	4,494,458	1,951,755	1.01	21	1,958,335	842,431	0.37
<b>Total programme</b>	165	133,126,015	58,083,252	8.77	66	29.355.585	12,627,830	1.89

Allocation values are extracted from the Call for proposals. Budget values include national contribution.

<sup>4</sup> Estimated Euro equivalent of the reported budget based on the euro rate in end 2012: 1 EURO = 2.3241 TL

Majority of the projects received in the first six calls were under implementation as of 31.12.2012. This information is available for each sub-measure. Sub-measure 101-1 constitutes the most budget committed among the ongoing projects, followed by 101-2 and 103-1. 96,6% of the budget committed in ongoing projects refers to Measure 101.

**Table 18: Terminated Contracts under IPARD**

Priority/Measure	Under implementation (number)	Under implementation (budget) (TRY)	Under implementation (budget) (EUR) <sup>5</sup>
<b>PA 1</b>			
101-1	14	12.262.267	5.331.911
101-2	9	6.488.868	2.836.561
103-1	4	7.168.734	3.086.868
103-2	1	3.439.500	1.500.000
103-3	-	-	-
103-4	-	-	-
<b>Total PA 1</b>	<b>28</b>	<b>29.359.370</b>	<b>12.755.341</b>
<b>PA 2</b>			
<b>Total PA 2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PA 3</b>			
302-1	-	-	-
302-2	1	286.625	125.000
302-3	1	303.919	130.768
302-4	-	-	-
<b>Total PA 3</b>	<b>2</b>	<b>590.544</b>	<b>255.768</b>
<b>Total programme</b>	<b>30</b>	<b>29.949.914</b>	<b>13.009.229</b>

Derived from data provided by ARDSI Accounting department. Budget values include national contribution

A total of 30 contracts were terminated due to various reasons corresponding to a public contribution commitment of € 13 million. This corresponds to 15 % of the budget contracted.

**Table 19: Yearly Budgets Allocated and Spent under IPARD (as of 31.12.2012 )**

Year (Allocation)	Allocated Budget	Number of Calls opened	Number of Calls closed	Budget contracted in calls closed	Budget spent including national contribution*
<b>2007-2009</b>	159.200.000	6	6	65.318.825	17.761.251
<b>2010</b>	131.300.000	2	2		
<b>2011</b>	172.500.000				
<b>2012</b>	187.387.295				

Includes ongoing projects

\*Spending figures from ARDSI Accounting department are taken into account.

<sup>5</sup> Estimated Euro equivalent of the reported budget based on the InforEuro rate in end 2012: 2.3241

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

#### **Audits carried out**

##### ***Inspections of the Audit Authority***

The Audit Authority carries out inspection on the efficient functioning of management and control system and the verification of the reliability of the account information presented to the European Commission annually. The inspection carried out by the Auditing Authority for the year 2012 was made for all IPARD structures so as to cover 1 October 2011 and 30 September 2012 period. As a result of the inspection, 42 findings were discovered. Among these findings 21 of them are about Agriculture and Rural Development Support Institution, 3 of them are about Managing Authority and 18 of them are about NAO/SD/NF. In terms of their level of significance 2 high-risk (1. Procedures for Copied and Manipulated Projects 2. (NAOSD-NF) Irregularity Management), 27 medium-risk, 13 low-risk findings were discovered. All IPARD institutions presented their action plans including the precautions they would take for the findings discovered to the Auditing Authority.

##### ***NAO Audits (Compliance Audit)***

Compliance Audit of 22 provinces included in the second implementation period of the programme was carried out by ACE International Consultants on behalf of CAO and NAO between 15 July-18 September 2012. Through this audit,

- IPARD structures were audited in terms of accreditation criteria in the sectoral agreement,
- Provincial Coordination Units were audited in terms of the capacity to implement the controls,
- NAO and Agriculture and Rural Development Support Institution were audited in terms of their monitoring and supervision capacities.

National accreditation for 22 provincial coordination units and IPARD structures was conferred on 28 September 2012. On the same day, European Commission was applied to for conferral of management decision.

##### ***European Commission Audits (Verification Audit of the EC)***

European Commission carried out verification audits on 9 PCUs (Afyonkarahisar, Erzurum, Isparta, Kahramanmaraş, Malatya, Ordu, Şanlıurfa, Yozgat, Van) between 13-17 February 2012. 07.09.2012 dated letter regarding the recommendations of EC auditors' as a result of audit mission has been received and action plans of IPARD bodies has been submitted to the EC with NAO letter on 07.11.2012. For the additional sub-measures to be implemented (M 103-3, M 103-4, M 302-1, M 302-2, M 302-3) the transfer of authority was taken from the European Commission on 17 October 2012.

For the second implementation phase of IPARD Programme in 22 new provinces, the national accreditation has been granted by the NAO with letter dated 28.09.2012. The official application for conferral of management decision has been submitted to the EC on 28.09.2012.

EC auditors carried out first verification audit between 12-23 November 2012 for 9 out of 22 PCUs (Ağrı, Aksaray, Ankara, Ardahan, Bursa, Çanakkale, Çankırı, Erzincan, Giresun). As a result of this mission, 5 out of 9 PCUs (Ardahan, Bursa, Çankırı, Erzincan, Giresun) had positive results. For these 5 PCUs, the national accreditation of the NAO has been updated.

## **Irregularities**

An irregularity officer is appointed in all IPARD units, and there is a procedure for irregularity management. All doubtful fraud cases and all irregularities over €10,000, which require repayment, are reported to National Authorizing Officer (NAO) and to OLAF via AFIS IMS portal. Additionally, all kinds of ex-post and ex-ante check irregularities are reported to the NAO via miscellaneous reports regardless of their amount and the requirement to pay back. All ex-post irregularities are reported in weekly and three-month reports and ex-ante irregularities are reported annually.

The irregularities confirmed under all measures between 01.01.2012–31.12.2012 are shown below:

- 127 in terms of non-compliance with other regulations or conditions of the contract
- 72 in terms of missing/wrong/unfilled document
- 12 in terms of unimplemented activities.
- 2 in terms of ineligible costs
- 1 violation of the commitments.

Between 01.01.2012-31.12.2012, an irregularity amounting to a total of €32.744,00 (contribution of EU: €24.558,00 contribution of Turkish Republic: €8.186,00) was reported to OLAF. The procedures to recover the amount have been initiated but the recovery has not been realized yet.

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

Because the IPARD Programme implementation has gained momentum, a strong need for strengthening the Managing Authority's administrative capacity, in order for it to adequately carry out its tasks, was identified. . Consequently, 5 staff from the Ministry of Food, Agriculture and Livestock European Union and Foreign Relations General Directorate and 16 staff from Agriculture and Rural Development Support Institution are assigned to Managing Authority. . The number of total MA staff was increased to 41. Correspondingly, the training of new personnel was completed and their assignments were determined.

Besides, under Chapter 11 Agriculture and Rural Development heading of the 2012 Progress Report published by European Commission, the statement of “In order to increase the access to decision makers and effectiveness of Managing Authority, the position of this Authority within the Ministry should be strengthened” is given. By carrying out the mentioned tasks via appropriate management, the proposed improvement regarding MA shall be fulfilled. In order to provide the effective implementation, studies are progressing under General Directorate of Agricultural Reform.

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

In this chapter information on four main items is presented: more details on the most important projects financed in the “Agriculture and Rural Development” Sector under IPA Component I, information on projects financed in this field and financed by other international donors, complementarity between the IPARD Programme and the 4 operational programmes financed under IPA Components III and IV, as well as overall approach taken to avoid, in this context, double financing.

## **Projects Financed by the EU under first component of IPA**

### ***Project for Strengthening the Statistical Capacity of the Ministry of Food, Agriculture and Livestock***

Activities foreseen under the scope of the Project for Strengthening the Statistical Capacity of the Ministry of Food, Agriculture and Livestock, developed with the aim of contributing to production of necessary reliable statistical data in compliance with EU standards, were carried out. Under the scope of the project, in order to enhance agricultural statistical capacity, methodology was identified and tested for early productivity estimation through product cut.

### ***Project on the Dissemination and Sustainability of Pilot Farm Accountancy Data Network System***

Under the scope of the first Twinning Project launched in 2007, Farm Accountancy Data Network was established in 9 pilot provinces. The second Twinning Project was launched in May 2011. Closing Event of the second Project was organised on December 12, 2012, and thus, the project was completed. Legislative alignment was ensured with “Regulation concerning the Establishment and Rules of Procedures of Farm Accountancy Data Network System” which came into force by being published in the Official Gazette dated, 22/01/2009 and numbered 27118.

Outputs of the Project are:

- Institutional capacity was improved (Number of staff working on Farm Accountancy Data Network was increased and trainings were delivered).
- Progress made in economic and statistical analyses and reporting activities.
- Annual revenues of selected agricultural holdings were calculated.
- Trainings were organised in the provinces of Ankara, İzmir and Antalya for local staff.
- Awareness was raised among farmers.

### ***Integrated Administration and Control System (IACS)***

EU Member States use Integrated Administration and Control System (IACS) in order to manage and control supports. Turkey is required to establish this system during its EU candidacy period. Budget, time schedule and legislation to be introduced for the establishment of IACS are described in the Official Gazette of December 31, 2008, under Chapter 11 of National Programme of Turkey for the Adoption of the Acquis entitled Agriculture and Rural Development.

Needs analysis concerning the main component of IACS, namely Land Parcel Identification System (LPIS), and a EU-funded pilot project in Ağrı and Tekirdağ to test the system was completed (2007).

The “Strategy Paper on the Identification of Agricultural Lands and Development of National Farmer Registration System”, included in the National Programme and precondition for Digitisation of LPIS Project, main component IACS, and opening of negotiations criterion No. 5 of Chapter 11, was developed, and it was approved as “National Strategy Paper” in May 2010, and thus, precondition for LPIS Project was fulfilled. Relevant paper is the only Strategy Paper which has been approved under Chapter 11. Upon the fulfilment of the precondition, LPIS

Project Fiche, intended to generate base data to cover the whole country, was prepared, and it was accepted under IPA-1 2010 Programme. Financing Agreement of which the project is part entered into force in September 2011. Project entitled “Training of Ministry Staff on IACS”, continuation of LPIS Project, and proposed in accordance with plans committed in “LPIS Strategy” adopted by EU, and with the “National Programme”, was accepted under IPA-1 2011 Programme.

## **Projects Financed by External Resources Other than the EU**

### ***Sivas-Erzincan Development Project***

Project implementation period: (2006 – 2013)

Source of financing and amount of investment: IFAD, OPEC and national contribution (30 Million US Dollar)

Purpose of the project: To increase agricultural productivity and level of income in less developed regions of Sivas and Erzincan with a view to decreasing rural migration.

### ***Anatolia Water Basins Rehabilitation Project***

Project implementation period: 2004-2012

Source of financing and amount of investment: World Bank, Global Environment Facility and national contribution (13.2 Million US Dollar)

Purpose of the project: The project is aimed to ensure sustainable management of natural resources and participatory planning in Central Anatolia and Blacksea Regions (in the provinces of Amasya, Çorum, Kayseri, Sivas Tokat and Samsun), to reduce pressure on national resources, to adopt environmentally friendly agriculture and forestry activities, to enhance institutional capacity, to raise awareness among public and to formulate policies concerning water and food management in the EU integration process.

### ***Diyarbakır- Batman-Siirt Development Project***

Project implementation period: 2007-2014

Source of financing and amount of investment: IFAD, UNDP and national contribution (37 Million US Dollar)

Purpose of the project: The project aims at helping to improve economic and social status of people living in rural regions of the project provinces. Based on already existing production and employment opportunities in the villages of the project provinces, it is aimed to diversity agricultural and non-agricultural income generating activities and supporting individual and institutional capacity of the target audience with a view to increasing their employability.

### ***Project for Improvement of Livelihood for Small-scale Farmers in Eastern Black Sea Region (DOKAP-Agriculture)***

Project implementation period: (2007-2013)

Source of financing and amount of investment: JICA and national contribution (TRY 5,173,000.)

Purpose of the project: To disseminate Farm Development Method to small-scale farmers in 6 project provinces and to increase the income of small-scale farmers within model area.

### ***Ardahan-Kars-Artvin Development Project***

Project implementation period: (2010 – 2015)

Source of financing and amount of investment: IFAD and national contribution (26.4 Million US Dollar)

Purpose of the project: To decrease rural poverty and to improve agricultural production in the provinces of Ardahan, Kars and Artvin.

### ***Çoruh River Basin Rehabilitation Project***

Project implementation period: 2011 - 2019

Source of financing and amount of investment: JICA and national contribution TRY 13,471,982.

Purpose of the project: To contribute to the protection of natural environment and mitigation of poverty in Çoruh Basin through integrated rehabilitation and sustainable use of vegetation, soil and water resources and by improving people's life through various income generating activities.

### **Complementarity with programmes financed under IPA Components II, III and IV**

Complementarity and lack of overlapping between IPARD programme and the programmes financed under the IPA Components II, III and IV was planned from their programming phase. During the implementation phase, ensuring this complementarity and avoiding overlapping also in practice has been the task of the IPA Monitoring Committee, as well as of the programmes' Sectoral Monitoring Committees (SCMs). For this purpose, the representatives of relevant ministries and institutions are members of the IPARD Monitoring Committee; at the same time, the representatives of IPARD MA participate in the SCMs of the other Operational Programmes.

The NIPAC and NAO also organise coordination meetings in order to ensure the efficiency and effectiveness of programmes' implementation.

From the launching of the IPARD Programme, including in the period covered by this implementation report, participation in the monitoring committee meetings and coordination meetings has been ensured, thus also the complementarity between the programmes.

### **Prevention of double funding**

Out of 37 projects rejected during the 1st Call for Proposals Period between 01.01.2011 – 31.12.2011, and of 136 projects rejected during the 2nd Call for Proposal Period, reason of rejection for any of the projects does not relate to the utilisation of other financial assistance under IPA.

Purpose of the prevention of double funding is not to support the investments that are already supported under other resources. ARDSI employs different mechanisms in order to prevent double funding:

- Use of the database of Central Finance and Contracts Unit (CFCU) in order to prevent double funding. According to Article 7.3.4 of Project Management Procedure, CFCU is among external databases employed for the prevention of double funding.
- Use of the database of Ministry of Food, Agriculture and Livestock. The Ministry provides access to beneficiary database of "Programme for Supporting Rural Development Investments" in order to prevent any possibility of double funding.

- Cooperation exists between ARDSI and Ministry of Development and Regional Development Agencies of the Ministry which provide support to rural areas.
- In the application package, a letter of undertaking stating that “Applicant does not request any support for any item subject to double funding” is requested (Letter of Undertaking A1.2).
- ARDSI accepts only original invoices during payment stage, and the invoices are stamped with “ARDSI” seal. Therefore, use of the invoices in order to get support from other institution is prevented.
- Other institutions employ the same method as well. These institutions accept original invoices as well, and stamp the invoices with their own seal. In this way, such invoices are identified during controls and thus, double funding is prevented.

Although IPARD is implemented in a setting where several other interventions, directly or indirectly targeting and affecting the scope of the programme, are financed, mechanism are in place in order to, on one side, avoid double financing and, on the other side, to ensure coordination between these interventions. At a strategic level the priorities, measures and in most cases the eligible applicants have been clearly defined in the programming phase. At operational level, during the implementation phases, ARDSI ensures that double financing is not occurring and the Monitoring Committees oversee the adequate programmes’ implementation also from this point of view, of complementarity.

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

Monitoring Committee Meetings convene at least two times a year with a view to ensuring that determined strategy, objective and targets of the Programme are achieved. In total, 8 Monitoring Committee Meeting were held by end of 2012; 5 before the conferral decision by the EC and 3 after the conferral decision on the dates of 07.12.2011, 06.06.2012 and 05.12.2012.

During the 7th Monitoring Committee Meeting convened on 06.06.2012, proposals concerning the modification of the Programme were accepted.

During the 8th Monitoring Committee Meeting convened on 05.12.2012, July 2011-August 2012 Monitoring Report, Communication and Publicity Action Plan 2013 and Technical Assistance Action Plan 2013 were approved.

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

##### Publicity Activities Undertaken by ARDSI

In 2012, following publicity materials were developed for potential beneficiaries: 4.300 posters, 52.500 call for proposals guidelines, 15.000 procurement guidelines, 25.000 application guidelines, 10.000 business plan development guidelines and 105.775 information notes.

65 panels for consultancy firms where views were exchanged prior to the print of publicity and information materials were organised by Provincial Coordination Units. In addition to that, 1065 publicity and information activities for potential beneficiaries and 1966 media activities were undertaken.

News by ARDSI Centre towards public, potential beneficiaries and stakeholders offering information on the IPARD Programme and ARDSI were published in Tarım Gündem, Tarım



Bülteni (newsletter), Türk Tarım, ETBİR, KOBİ-PLUS (journals) and Güneydoğu Express (newspaper).

Some of the activities undertaken by the Centre include the followings:

- In order to promote the IPARD Programme, detailed information was provided during the meeting of Technical Assistance and Information Exchange Office (TAIEX) of Directorate-General Enlargement of the European Commission, organised in Ankara on November 15 and 16, 2012.
- Detailed IPARD Training was delivered to TARYAT staff on October 2, 2012.
- During the meeting in the General Directorate on the Status of Women in December 2012, information was provided on supports targeting women.
- Information was provided to Development Foundation of Turkey on June 16, 2012 and to KOSGEB between 14-16 November 2012; there was participation in meetings held within governorships in various provinces, and information was provided.
- Information was provided to various banks.
- Sub-sponsorship was undertaken for the programme entitled “Farmers Are Competing”, a programme broadcasted live every week on TRT Anatolia TV channel.
- Training was delivered to the experts and assistant experts of Ministry of EU Affairs on December 27, 2012.
- Information was provided to TUTEV on December 27, 2012.

Web-based Project Help Desk system was developed in order to respond information requests of those citizens who would like to benefit from supports offered under the IPARD Programme. Thank to this system, it was ensured that quicker and more efficient solutions were devised in the face of the problems. Furthermore, hotline 444 8535 (444 TKDK) was activated, thereby ensuring that information was provided more quickly and efficiently to the inquiries received. <http://www.tkd.gov.tr/> was viewed 1.297.758 times in 2011, and 1.833.498 times in 2012. Through the e-newsletter published on the web page, information on the activities undertaken is provided and announcements are made.

Frequently Asked Questions (FAQs) section of the website has following headings concerning following topics: general issues, issues concerning measures, on-the-spot checks, realisation, and questions posed to ARDSI help desk.

#### Publicity Activities Undertaken by MA

On January 31, 2012, an information seminar entitled “Important Points While Developing Projects” was organised for the representatives of private consultancy firms, NGOs and producer organisations with the participation of 131 people.

On March 21, 2012, “Information and Cooperation Meeting” was held with the participation of Deputy Governors, ARDSI Provincial Coordinators and MoFAL Provincial Directors of 20 provinces where the IPARD Programme is implemented.

Under the scope of Europe Day, organised in Ankara Gençlik Park on May 9, 2012, as the Managing Authority, IPARD Programme Publicity Stand was opened. Under the scope of the

event, information was provided to visitors on the IPARD Programme and its implementation, and brochures were distributed.

In order to ensure that provincial staff of the MoFAL and TARGEL staff take an active and effective role in the publicity and extension of the IPARD Programme, a protocol was signed with Department of Training, Extension and Publications on June 5, 2012. With the protocol, it was aimed to ensure that publicity activities of the IPARD Programme would be carried out by ARDSI PCUs and Provincial Directorates of MoFAL (Coordination and Agricultural Data Branch and Rural Development and Organisation Branch) in coordination in IPARD provinces. With the training and publicity activities undertaken under the scope of the protocol, in the IPARD first implementation period provinces in 2012, 141 meetings in 17 cities with the participation of 2652 people were realized.

On October 8-9, 2012, there was participation in a panel organised by ARDSI for consultancy firms in Erzurum.

During October and November 2012, surveys were conducted in the provinces of Afyonkarahisar, Çorum, Sivas, Konya, Kars, Yozgat and Diyarbakır with 28 beneficiaries, and their opinions and recommendations concerning the IPARD Programme were asked.

Meetings were organised in Erzincan and Elazığ on November 26, 2012; in Denizli and Bursa on November 28, 2012 and in Mersin on November 30, 2012 with the contribution of Provincial Directorates of MoFAL and PCUs of ARDSI. Directors and representatives of NGOs, potential beneficiaries of the IPARD Programme, and representatives of relevant public institutions and members of the press, amounting to 942 people in total, participated in the publicity meetings.

In order to promote the IPARD Programme, share experiences of the Polish responsible authorities on the implementation of SAPARD and identify current problems in the implementation of IPARD, a seminar was organised in Ankara on November 15-16, 2012 through TAIEX and with the Union of Turkish Agricultural Chambers (TZOB).

A 3 day training programme was delivered in Antalya for the consultancy firms between 26-28 November 2012 with a view to increasing applications to the IPARD Programme and enhancing the quality of projects..

Under the scope of TAIEX, a study visit focusing on “publicity activities in the implementation of rural development programme” was organised to Poland between 10-13 December 2012. During the visit, Managing Authority, Headquarters of Paying Agency and Mazowsze Marshall Office were visited, and views were exchanged on the publicity activities.

In 2012, 500 leaflets were produced, and distributed to second implementation period provinces of Kastamonu, Çankırı ve Manisa. In 2012, 3.000 agendas including general information about the IPARD Programme, 300 pens branded with the phrase Rural Development Programme Managing Authority and 500 notepads were produced.

In 2012, two short films of 10 minutes covering good practices under the IPARD Programme were produced. The films are utilised in all publicity meetings and published on the website.

A web page was created (<http://ipard.tarim.gov.tr/>) for the purposes of the efficient publicity of the IPARD Programme. Up-to-date information about the Programme, news concerning implementation and activities are published on the web page.

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

Due to delayed accreditation of the programme, a very small portion of the budget allocated was committed in 2011 and 2012. This led to decommitment in 2012; however, as it is estimated below, this will be avoided in the future.

In order to estimate decommitment risk for the remaining lifetime for the programme, a pilot forecast is made. The historical data was very limited, thus the forecast is based on contracting and spending patterns up to the end of 2012 and the following assumptions:

- The amount contracted in 2013 will increase 150% due to increase in geographical coverage, improved corporate experience, improved confidence of farmers, experience built up on consultants, extension of eligibility of expenditures, and because of the modifications in the Programme dated 7 September 2012, allowing applications to all measures in all eligible provinces.
- The volume of contracts will be expected as 50% in 2014 and 2015. The budget to be contracted in 2016 is limited by the total available remaining budget
- In 2012, about 27% of the contracted budget was spent in the first year. It assumed that this figure will be 55% in 2013 and will continue to increase 5 points every year.
- On the average 90% of the contracted budget is spent. It is assumed that this ratio will remain constant in the future.

Based on the assumptions above the forecast for contracted and consumed budgets will be as shown below:

**Table 20: Forecasts for Contracted and Spent Budgets until 2017 (2013+3+ pre-financing) under IPARD (including national contribution)**

<b>Years</b>	<b>Budget to be Contracted</b>	<b>Total to be Spent</b>
<b>2012</b>	65.318.825	17.761.251
<b>2013</b>	163.297.063	121.857.737
<b>2014</b>	244.945.594	198.405.931
<b>2015</b>	367.418.391	303.120.172
<b>2016</b>	234.621.285	263.548.203
<b>2017</b>	0	63.347.747

Source: MA

Based on the above estimations the consumption of the allocated budget will be as shown below:

**Table 21: Forecast for De-commitment Based on the Forecasted Expenditures under IPARD (national contribution is not included)**

Year (N)	FA Alloctaed Budget (€)	N+3	Budget Spent	Decommitment
<b>2007</b>	20.700.000	<b>2010</b>		
<b>2008</b>	53.000.000	<b>2011</b>		
<b>2009</b>	85.500.000	<b>2012</b>	13.320.939	64.939.061
<b>2010</b>	131.300.000	<b>2013</b>	91.393.303	39.906.697
<b>2011</b>	172.500.000	<b>2014</b>	148.804.448	23.695.552
<b>2012</b>	187.387.295	<b>2015</b>	227.340.129	0
<b>2013</b>	204.184.796	<b>2016</b>	197.661.152	0
<b>2014</b>	80.940.000 <sup>6</sup>	<b>2017</b>	47.510.810	0

Source: MA

It should be noted that the Table 34 indicates the total public spending while Table 35 reflects EU contribution only, as n+3 rule applies only to the EU contribution. In accordance with the forecast calculations made, on the basis of historical data at disposal and above-mentioned assumptions, decommitment will still be registered in 2013 and 2014. However, this may be avoided, at least partially, if contracting of projects and their implementation, thus spending of funds allocated, is speed up in 2013 and 2014.

### III. Sectoral conclusions

The following conclusions can be drawn for the first year of implementation of the IPARD Programme in Turkey

Turkey's economy is growing faster than Europe's. Per capita GDP is on the rise and the unemployment is declining. Turkey's trade volume with the rest of the world as well as Europe is rapidly growing. Turkey also set ambitious development targets for 2023 and takes necessary actions to reach them. Although it is too early to analyse the effect of the IPARD programme on macro-economic indicators, it can be stated that the improved economic environment will facilitate the implementation of the programme in the following years.

As far as agriculture and rural development is concerned, even though the level of relevant indicators, i.e. such as percentage of labour employed in agriculture, is still high, the trends indicate that the rural and agricultural infrastructure will become more appropriate for effective production within a decade. The government has taken necessary measures to improve the infrastructure and to attract institutional investments to agriculture sector. In this context, and as the programme's implementation has gained momentum only in 2012, it is too early to identify its effects on rural development indicators.

Main reasons behind this state of affairs are the late accreditation of the programme, difficulties to reach rural credits and insufficient advisory services due to not having many outputs and results that have been achieved in 2011 and 2012. The number of supported projects is limited and the budget committed to projects and spent constitutes a small percentage from the allocated budget. However, both the MA and the ARDSI have taken numerous measures to increase the contracting rate of the available funds. The effectiveness of these measures is already reflected by

<sup>6</sup> Budget allocated as pre-financing

the high number of applications received as a response to the calls for projects published at the end of 2012 or early in 2013.

As the result of improved mechanisms and changing socio economic conditions it is envisaged that the effectiveness of support actions implemented under the IPARD programme will improve and will create in the following years the high impact expected in rural economy. The complementarity of the IPARD Programme with other related interventions, financed by the national government (as presented under) and international donors will contribute to significant improvements in the sector. Their evaluation and the evaluation of IPARD's contribution to such developments may be conducted starting with the second phase of the programmes implementation, from 2014 onwards. .

Government of Turkey is implementing other support programmes for rural regions. A total of 718 million TRY was delivered between 2007-2012 as machinery and equipment support. These supports as well as other rural development programmes are in complementary nature to the IPARD programme and contribute in raising awareness about the programme among the farmers and attract more applications.

The more the programme implementation advances, the more experience is gained by the IPARD implementation system. This is valid for implementation, but also for monitoring at project and programme level. The importance of the technical assistance funds is acknowledged and accreditation of the system to implement the TA measure is awaited. Despite the delays in accreditation, solutions were found to implement the information and communication activities necessary to promote the programme and support the involvement of local bodies and potential beneficiaries in the programme.

In this context, also the benefits of the programme on-going evaluation are known and it is envisaged that this activity will be launched in the shortest time possible.

## **CONCLUSIONS, RECOMMENDATIONS AND CORRECTIVE ACTIONS**

As it has been evident throughout the years, structuring process in line with IPA rules and principles progressed steeply that fed into increases in absorption. Therefore, the year we report herein is particularly significant as we entered the last budget year of the IPA period. In this respect it would be observed that, when compared to the previous periods, in the reporting year all of the processes pertaining to the management of funds (programming, tendering, contracting, implementation, monitoring and evaluation) have been realized smoothly and in a more effective way. Since the accreditation procedures of the responsible bodies are about to be finalized and all of them have strengthened or at least maintained their human resources in terms of quantity (by hiring new staff throughout the year) and quality, (with the help of the training and information building activities and accumulated experience from the previous years) the functioning of overall DIS system improved more than ever.

It would be meaningful to formulate the general summary of conclusions as to implementation of IPA funds in 2012 under three main subjects. The preparations for the next IPA period, progress materially in the physical implementation and start of infrastructure projects and the after effects of the restructuring of the public administration.

### **Preparations for the Next IPA Period**

The studies regarding the preparation for the IPA II period were preceded during the reporting period by the continuous information sharing and coordination activities with both the EU side and the Turkish responsible bodies. In the framework of the draft IPA regulation which had been issued in 2011, intensive efforts were exerted in identifying the priorities for the next term and the preparation of the Country Strategy Paper.

In line with the lessons learnt from current period, constructing a more flexible system to be able to adapt to the changing conditions with as few procedures and rules as possible would clearly help to increase the efficiency and the impact of the funds in the next IPA term. Also, current accredited bodies should be maintained without drastic changes to avoid unnecessary delays and administrative burden.

As seen in this reporting period, major infrastructure projects created significant impact in terms of contracting and disbursement rates as well as publicity and visibility of the programmes. Although the project preparation processes (preparation of CBA, EIA, MPAF and TD) of these major projects require some time and expertise, they would achieve substantial and concrete results when finalized. In this perspective, it would be beneficial to continue supporting such kind of projects in order for increasing the impact of the programmes and absorption rates in the next term.

Finally, establishing the implementation modalities as an option instead of a specific mechanism and leaving the decisive role to Turkey for allocation of funds between the policy areas would facilitate effective utilization of funds in the most needed areas thus increase efficiency.

### **Developments in the Implementation of the Projects**

When it comes to the overall implementation of IPA in 2012, the progress in the contracting and material progress in the implementation of projects, especially under IPA III and IPA V, should be pointed out. Substantial progress in finalization of the programming and accreditation

processes, taking over by the responsible bodies' of the tendering and contracting functions from the CFCU, the increase in the administrative, control and management capacities of the IPA units and the initiation of the major projects could be considered as the reasons for this development.

In 2012 we observe that, in the overall IPA an increase of 52% was occurred in the total budget of contracted projects (from 1300 MEUR to 1900 MEUR) and an increase of 57% was realized in the total disbursement figures (from 600 MEUR to 950 MEUR) when compared to the previous year. Nevertheless, despite these good figures, large amounts of decommitment were also realized in IPA V (nearly 65 MEUR) and IPA III RCOP. (11,7 MEUR)

On the other hand, although the implementation performance in 2012 seems successful; when taking into account the lack of contracting and disbursement realizations in the previous years, the "n+3 rule" and the remaining time in the IPA period, this performance needs to be increased in the upcoming years to clean the backlogs and to avoid future decommitment of funds. Also shortening the durations for project preparation, assessment and approval phases at both the TR and EU sides and sustaining the demand for IPA funds by maintaining and strengthening the awareness and information building activities (especially in IPARD) and continuously analyzing and refining the procedures would also help to avoid future decommitment risks.

### **After Effects of the Restructuring in the Public Sector**

As outlined in the previous report, radical changes in the overall organization of the public sector had been realized. In this regard, the disparities among the wages of the experts in the public were suppressed. Either by setting up new ones or re-organizing some others the ministries have undergone re-structuring that helped them to strengthen their project units. Also new departments were established and new roles and responsibilities were identified and assigned to them. Even though the legal and procedural side of these changes were completed in 2011, the concrete establishment of these new ministries and departments and assignment of new personnel continued during the reporting year. Although these changes had delayed the implementation of some projects or affected their effectiveness negatively especially under IPA I, in general they had as a whole contributed positively to the management of IPA funds. With the restructuring; some of the IPA units had got their solid legal basis, staff turnover rates were decreased and recruitment of new staff became easier. These had led them to keep their available human resources, thus preserving the accumulated experience of the staff and increasing the efficiency of the training activities. On the other hand, the changes in the organizational structure of some ministries may create the risk of slowing down the decision making procedures. Besides, the staff movements realized after the restructuring had caused some delays and communication problems.

In conclusion, we observe clearly that general IPA implementation and functioning of the DIS system therefore the overall IPA management is enhancing. Owing to not having any major problems in terms of human resources, legal and administrative issues and enrichment with experienced and young staff supported by regular on the job training and information building activities, its performance and capability has increased tremendously. In this vein, if both the overall system and the individual units would be preserved and employed in the next IPA period without new accreditation requirements and accompanied with simplified and more flexible rules and procedures for management of funds, better execution of projects with more efficiency and concrete impacts would be achieved when compared to current implementation performance.

## **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 Centres

**Annex 4:** Financial progress