**ANNUAL REPORT**

**ON THE IMPLEMENTATION**

**OF THE ASSISTANCE UNDER IPA**

**REPUBLIC OF TURKEY**

**Prepared by**

**The National IPA Coordinator**

**Date**

**10/11/2014**

Table of Contents Page

TABLE INDEX: v

LIST OF ABBREVIATIONS: vi

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: 5

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. 5

2. Progress in financial implementation: 6

3. Assessment of the management and control system: 8

4. Assessment of the administrative capacity. 10

5. Coordination with other instruments and/or donors: 11

6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular: 12

7. Assessment of the information and communication activities. 12

8. Follow up forecast on the implementation trends: 13

III. Sectoral conclusions 14

COMPONENT II: Cross-Border Cooperation () 17

I. Summary of the Component II and the relevant priorities set up in the Multi-annual indicative planning document and the programme(s). 17

II. Summary of the CBC Annual Report. The points of reflection should include, inter alia, information on the following: 18

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. 18

2. Progress in financial implementation: 24

3. Assessment of the management and control system: 25

4. Assessment of the administrative capacity: 25

5. Coordination with other instruments and/or donors: 25

6. Steps taken by the Joint Monitoring Committee to ensure the quality and effectiveness of implementation, in particular: 25

7. Assessment of the information and communication activities. 29

8. Follow up: forecast on the implementation trends 30

III. Sectoral conclusions 30

COMPONENT III: Regional Development 32

I. Summary of the Component III and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programmes. 32

II.a. Environment Operational Programme: Summary of the Sectoral Annual Report: 33

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. 33

2. Progress in financial implementation: 33

3. Assessment of the management and control system: 37

4. Assessment of the administrative capacity. 37

5. Coordination with other instruments and/or donors: 38

6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular: 38

7. Assessment of the information and communication activities. 41

8. Follow up: forecast on the implementation trends. 42

II.b. Regional Competitiveness Operational Programme: Summary of the Sectoral Annual Report: 43

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. 43

2. Progress in financial implementation: 45

3. Assessment of the management and control system: 46

4. Assessment of the administrative capacity 48

5. Coordination with other instruments and/or donors: 49

6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular: 49

7. Assessment of the information and communication activities 50

8. Follow up: forecast on the implementation trends 51

II.c. Transport Operational Programme: Summary of the Sectoral Annual Report: 52

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. 52

2. Progress in financial implementation 54

3. Assessment of the management and control system 56

4. Assessment of the administrative capacity 57

5. Coordination with other instruments and/or donors 58

6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation 58

7. Assessment of the information and communication activities 59

8. Follow up: forecast on the implementation trends 60

III. Sectoral conclusions 61

COMPONENT IV: Human Resources Development 63

I. Summary of the Component IV and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programme. 63

II. Summary of the Sectoral annual report. The points of reflection should include, *inter alia*, information on the following: 63

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. 63

2. Progress in financial implementation: 67

*Summary of financial information for the expenditures realized until 31st December 2013* 68

3. Assessment of the management and control system: 70

4. Assessment of the administrative capacity 71

5. Coordination with other instruments and/or donors: 72

6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular: 72

7. Assessment of the information and communication activities 73

III. Sectoral conclusions 74

COMPONENT V: Rural Development 75

I. Summary of the Component V and the relevant priorities set up in the Multi-annual indicative planning document and the Operational programme. 75

II. Summary of the Sectoral Annual Report. The points of reflection should include, inter alia, information on the following: 75

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. 75

2. Progress in financial implementation: 80

3. Assessment of the management and control system: 82

4. Assessment of the administrative capacity. 84

5. Coordination with other instruments and/or donors: 85

6. Steps taken by the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular: 89

7. Assessment of the information and communication activities. 90

8. Follow up: forecast on the implementation trends. 93

III. Sectoral conclusions 93

CONCLUSIONS, RECOMMENDATIONS AND CORRECTIVE ACTIONS 95

# TABLE INDEX:

Table 1: Annual Budget Breakdown (MEUR) 1

Table 2: IPA Component I Yearly Disbursements 6

Table 3: IPA I Contracting and Disbursement Amounts (million €) 6

Table 4: IPA I Recovered Amounts 7

Table 6: IPA II Contracted and Finalised Projects (as of 31 December 2013) 22

Table 7: ENPI funds for the period 2007-2013 22

Table 8: IPA funds for the period 2007-2013\* (BSB ENPI Programme) 23

Table 9: Total Expenditure and Expenditure Incurred in 2013 for Projects in Implementation in EOP 33

Table 10: Conclusions/Recommendations of the 12nd EOP SMC Meeting and their status: 38

Table 11: Conclusions/Recommendations of the 13th EOP SMC Meeting and their status: 40

Table 12: RCOP Priority 1 total projects per stage (at 31st December 2013) 44

Table 13: RCOP Priority 2 total projects per stage (at 31st December 2013) 44

Table 14: Financial Execution up to 31st of December 2013 45

Table 15: Summary of Allocations in TOP for 2007-2013 55

Table 16: Contracted Projects per Types in HRD OP 67

Table 17: Total Expenditure Incurred by Final Beneficiaries and Certified Eligible in 2013 for HRD OP 68

Table 18: De-commitments for HRD OP 69

Table 19: IPARD Implementation Progress 75

Table 20: Status of Applications under Measure 101 76

Table 21: Status of Applications under Measure 103 77

Table 22: State of Measure 302 Applications 79

Table 23: Status of Projects under Implementation in IPARD (as of 31.12.2013)\*,\*\* 81

Table 24: Payments for IPARD 82

Table 25: Publicity and Information Activities of ARDSI 90

# 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 2013 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 2013 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)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Component** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **Total** |
| I- Transition Assistance &Institution Building | 256,7 | 256,1 | 239,6 | 217,8 | 231,2 | 227,5 | 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 |
| **TOTAL** | **497,2** | **538,6** | **566,4** | **653,7** | **779,8** | **860** | **902,9** | **4795,2** |

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

2013, as the transitory year between IPA I period and IPA II period, had proven to be a challenge for Turkish DIS actors, however as productive. The new setting for IPA II period has started to materialize and the implementation of IPA I in which sectoral approach was gradually introduced was carried out with success. Priority sectors and relevant lead institutions have been identified.

As of last day of the reporting period, 1457 contracts in total under the NPs of 2007, 2008, 2009, 2010, 2011 Part-I and 2011 Part-II have been signed. 2013 NP consisting of 4 sectors has not been signed by the end of this reporting period.

Along with 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. 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 while the ROM project, which was implemented between January 2011 and December 2013, has made a significant contribution to the assessment of IPA Component 1 as well as the monitoring capacity of MEU.

**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 while opportunities for future CBC programmes have been explored.

**IPA- III Regional Development**

All of the OPs under this component were revised to cover the entire IPA period from 2007 to 2013. With those revisions, the total IPA allocations for EOP, RCOP and TOP were set as 682 MEUR, 470 MEUR and 585 MEUR respectively. For the reporting period, the main focus of activities was on the absorption of funds through developing projects and improving the tendering process.

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 329 MEUR were disbursed in total until the end of 2013. On the other hand, a decommitment of 31.2 MEUR under EOP and 36 MEUR under the RCOP was realized.

**IPA –IV Human Resources Development**

Similar to the OPs under IPA III, HRDOP was also revised in 2013 to cover the period of 2007 – 2013 having a total allocation of 473,8 MEUR from IPA funds. In total, 431 grant contracts have been signed and 56 MEUR was disbursed under the component till the end of the reporting period. Financially, 12.2 MEUR of de-commitment was realized in 2013.

**IPA Component V**

The implementation of the IPARD Programme for the period of 2007-2013 commenced after the conferral of management decision bestowed through the Decision of the European Commission dated August 29, 2011, and numbered C(2011)/6079. The implementation was carried out in 20 provinces and expanded to cover 42 provinces after Decision of the European Commission dated July 25, 2013.

In 2011 and 2012, the rate of utilisation of IPARD funds was very limited. However, changes in the programme and, with the support of the Commission, measures taken to simplify the application procedures were contributed positively. The contracts signed in 2013 and disbursements significantly increased and there was no loss of funds. As of December 31, 2013, 12% of the projects contracted in eleven calls were under implementation.

**● 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 6 March 2013 and on 7 November 2013.

Component II – The only JMC Meeting of the reporting period was held in 8 October 2013.

Component III:

Environment OP: Two SMC meetings were conducted on 27 June 2013 and on 27 November 2013.

Regional Competitiveness OP: Two SMC meetings were conducted on 27 June 2013 and 28 November 2013.

Transport OP: Two SMC meetings were conducted on 26 June 2013 and 26 November 2013.

Component IV –Two SMC meetings were held on 25 June 2013 and 6 December 2013.

Component V – Two IPARD MC meetings were conducted on 20 June 2013 and 5 December 2013.

**●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 2013, 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 TOP in 2013, but decommitments under EOP, 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 2013 had significance as it was the last year of the IPA period covering 2007 – 2013 in terms of programming. Due to this, 2013 had been a transition period between the current IPA period and the IPA II period. IPA Component I 2013 programming exercise was conducted in the framework of “sectoral approach” as a preparation for the next IPA period. With this approach, the new period will focus on interventions at sector programme level rather than the interventions at project level. This approach has been gradually reflected to the implementation of IPA I during the past few years.

The preparations for the second period of IPA covering 2014-2020 increasingly continued in 2013 under the coordination of the Ministry for EU Affairs in cooperation with the relevant institutions

Under the coordination of Ministry for EU Affairs, CSP sector priorities were discussed in details through the sector working groups set up with the participation of all related institutions during 2013 and following 9 priority sectors and lead institutions were identified:

1. Democracy and Governance (Ministry for EU Affairs)

(Alignment with EU acquis, Union Programmes and Civil Society)

1. Rule of Law and Fundamental Rights, (Ministry of Justice, Ministry of Interior and Ministry for EU Affairs)
2. Environment, (Ministry of Environment and Urbanization)
3. Transport, (Ministry of Transport, Maritime Affairs and Communications)
4. Energy, (Ministry of Energy and Natural Resources)
5. Competitiveness and Innovation (Ministry of Science, Industry and Technology)
6. Employment, Human Resources Development and Social Policies, (Ministry of Labor and Social Security)
7. Agriculture and Rural Development, (Ministry of Food, Agriculture and Livestock)
8. Territorial and Cross Border Cooperation

The first draft of the CSP which was designed in the light of the consultations held with the institutions above was revised in accordance with the comments of the Commission. Second draft was sent to the Commission on 25 March 2014.

As to the implementation of the program, 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 ROM project, which was implemented between January 2011 and December 2013, has made a significant contribution to the assessment of IPA Component 1 as well as the monitoring capacity of MEU.

## 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.

461 contracts were signed within IPA 2007 Component I, 334 contracts were signed within IPA 2008 Component I, 416 contracts were signed within IPA 2009 Component I, 78 contracts were signed within IPA 2010 Component I, 4 contracts were signed within IPA 2011 Component I –Part I and 164 contracts were signed within IPA 2011 Component I –Part II as of 31/12/2013.

The contracting rate of 2008 IPA-I was realized as 93.5%. Under this Programme with a total amount of 184,9 MEUR, 172,9 MEUR was committed by the CFCU through award of 335 contracts while 11,8 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 31 December 2013, the disbursement rate in this Programme has reached 76,8%.

With the Addendum to the contracting and execution deadlines of the 2009 IPA-I Programme, three different contracting and execution deadlines were set. All of the contracting deadlines has passed, the last one being on 29 December 2013. The contracting rate of 2009 IPA-I was realized as 90.3%. Under this Programme with a total amount of 128,4 MEUR, 115,9 MEUR was committed by the CFCU through award of 416 contracts while 7,3 MEUR has remained unspent. 5,16 MEUR in total (€300.000+€4.750.000+€110.000) could not be utilized, due to the cancellation of the projects“*TR2009/0136.09-01-* *Technical Assistance for Empowerment of Women and Women NGOs in the Least Developed Regions of Turkey*” , “*TR2009/0326.01-* *Aligning Higher Education with the European Higher Education Area (EHEA)*” and *“TR2009/0136.06-02- Supply of Equipment on Strengthening Coordination of Anti-corruption Policies and Practices”*. As of 31 December 2013, the disbursement rate in this Programme has reached 51,2%.

A 12-month extension was granted for the 2010 IPA-I Programme and the contracting deadline was set as 19.09.2014. Under 2010 IPA-I, 34 projects with a total amount of 156,8 MEUR is planned to be implemented by the CFCU after Commission Implementing Decision of 17.07.2013. 9,98 MEUR which was formerly allocated for the use of DIS was transferred for the use of joint management of the Syrian project. As of 31 December 2013, 78 contracts were signed with a total amount of 50,7 MEUR 1 MEUR of EU contribution was saved from the tenders as of 31.12.2013

Under the **2011 Part-1 of IPA-I**, there are 9 projects, 7 of which are under the responsibility of the CFCU with a total amount of 23,7 MEUR and the contracting deadline with the 1-year granted extension is 26.12.2014. As of 31 December 2013, 4 contracts were awarded with a total amount of 5,97 MEUR. The contracting and disbursement rates in this Programme has reached 25,2% and 58,6% respectively.

Regarding **2011 Part-2 of IPA-I**, there are 23 projects 22 of which are under the responsibility of the CFCU with a total amount of 163,5 MEUR and the contracting deadline with the 1-year granted extension will be 26.12.2015. As of 31 December 2013, 164 contracts were awarded with a total amount of 6,4 MEUR. The contracting and disbursement rates in this Programme has reached 3,9% and 90,0% respectively.

As for the **2012 IPA-I**, the FA with a total amount of 173,3 MEUR has entered into force on 21.12.2012. 13 projects 12 of which are under the responsibility of the CFCU will be implemented under this Programme, while additional 13 projects are planned to be funded under ESEI. No contracts have been signed yet.

**2013 IPA-I** will be a new period where the programming has been made according to the sectoral approach. This programme consists of 4 sectors, 4 projects, ESEI, CSF and Union Programmes with a total budget of 269,3 MEUR. The FA for this programme has not been signed as of 31 December 2013. The tender documents of the projects are being prepared by the Beneficiary Institutions.

### 2. Progress in financial implementation:

Table 2: IPA Component I Yearly Disbursements

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Programme** | **2009** | **2010** | **2011** | **2012** | **2013** | **Total** |
| **IPA Component I** | **136,036** | **128,720** | **148,729** | **199,890** | **180,218** | **793,593** |
| *Projects* | 14,313 | 39,917 | 81,212 | 95,126 | 97,255 | 327,823 |
| *Union Programmes and Centralised Projects* | 121,723 | 88,803 | 67,517 | 104,764 | 82,963 | 465,77 |

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

|  |  |
| --- | --- |
| **Programme** |  |
| **EU Allocation (MIFF) (1)** | **FA Budget (2)** | **end of 2012** | **end of 2013** |
| **CA (5)** | **DA(6)** | **CR (5/1)** | **DR(6/1)** | **CA (7)** | **DA (8)** | **CR(7/1)** | **DR (8/1)** |
| **IPA I (a) + (b)** | **1.617,00** | **1.390,41** | **876,83** | **613,37** | **54,23%** | **37,93%** | **928,28** | **793,593** | **57,41%** | **49,08%** |
| **Projects (a)** | **1.150,70** | **924,11** | **411,12** | **230,57** | **35,73%** | **20,04%** | **462,57** | **327,823** | **40,20%** | **28,49%** |
| **Union Programmes and Centralised Projects (b)** | **466,3** | **466,3** | **465,71** | **382,81** | **99,87%** | **82,10%** | **465,71** | **465,77** | **99,87%** | **99,89%** |

According to Overview table which was sent to NAO by CFCU, the recovered amounts are given in the table below:

Table 4: IPA I Recovered Amounts

|  |  |  |  |
| --- | --- | --- | --- |
| **Contract Nr./Name** | **Last Irregularity Report Issued** | **Finanacial Status** | **Amount (€)** |
| TR0305.02/SME/025-Regional Development in TR90 NUTS II Region | 16.08.2013 | Amount has been fully recovered | 4.688,00 |
| TR0405.02/SME/568 | 25.03.2013 | Amount has been fully recovered | 26.079,00 |
| TR0604.01-02/003-Promotion of the Civil Society Dialogue Between European Union an Turkey: Professional Organizations Grant Scheme  | 08.07.2013 | Amount has been fully recovered | 2.376,00 |
| TR0601.05-01/001-FM 2006 Part II-Shelters for Women Subject to Violation | 19.07.2013 | Amount has been fully recovered | 33.779,00 |
| TR08H1.01-01/783 Promoting Youth Employment | 10.12.2013 | Amount has been fully recovered | 21.884,00 |
| TR07H1.02-01/PWE/837 Promoting Women’s Employment"Kadınların Tarımda İstihdamı Projesi (KATİP) | 16.07.2013 | Amount has been fully recovered | 13.623,68 |
| Establishment of a Reception, Screening and Accommodation System (Centres) for asylum seekers and refugees | 30.10.2013 | Amount has been fully recovered | 450.000,00 |
| Dissemination of Model Prison Practices and Promotion of the Prison Reform in Turkey (Ateliers) | 02.04.2013 | Amount has been fully recovered | 79.805,30 |
| TR0804.01-01/FWC/030Support Activities to Strengthen the European Integration Process Providing Technical Assistance for Mental Health and Drug Addiction Treatment Services in Prisons | 16.08.2013 | Amount has been fully recovered | 23.530,50 |
| TR0305.02/SME/025-REGIONAL DEVELOPMENT IN TR90 NUTS II REGION | 16.08.2013 | Amount has been fully recovered | 4.688,00 |

### 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 2014 without any reservation. Based on the outcomes of the supervision activities carried out by the NAO Office throughout the financial year 2013 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 systems 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 analysed.
* Underlying transactions are legal and regular.
* Changes in the system are properly managed as required by the relevant regulations.

During the establishment of the ASA, the relevant EC guideline and procedures in place have been applied. All necessary documents, reports, information (which is also gathered through both from desk reviews, on-the-spot controls and supervision visits), the management declarations submitted by the Ministry for EU Affairs (MEU) and the Central Finance and Contracts Unit (CFCU) have been received and analysed by the NAO Office to establish as the base for the NAO’s ASA.

“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. The number of staff has reached to a stable level. There has not been a change in the number of staff within 2013. 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.

There has been progress for the establishment of the Internal Control Unit in Ministry for EU Affairs. The long-awaited council of ministers decree was promulgated on 16th of May 2013. The relevant unit of the ministry is expected to take necessary steps for the recruitment of auditors.

The contribution of the “Technical Assistance for Result Oriented Monitoring in Turkey” (ROM) Project, which started in January 2011, has continued through 2013. During 2013, 78 monitoring missions, 27 of which were ex-post monitoring, were held by the ROM team. The monitoring reports produced from these monitoring missions were shared with all the relevant stakeholders and their feedbacks on the recommendations and findings of the reports were collected in order to be considered for the future ROM activities. The general results and findings obtained by the ROM team were also presented to the relevant stakeholders during the SMSC meetings.

In terms of capacity building, ROM project has provided comprehensive and targeted training to the responsible MEU staff. Increased involvement of MEU monitors in the monitoring process has enhanced their role in project management meetings and strengthened MEU’s monitoring activities. Acquired knowledge and skills led to increased competence of the FCD’s monitoring staff. MEU monitors actively participated to more than half of the monitoring missions in 2013 (49 out of 78). The MEU monitors have taken an active role in almost all stages of the monitoring missions from participating in the interviews to contributing to the monitoring report.

Measured by the widespread positive responses from stakeholders, it can be concluded that ROM has successfully been introduced in Turkey. This is evident from an increasing number of confirmations that ROM reports, especially the recommendations, are formally discussed in the project steering committee meetings. The project was finalised with a large scale closing event on 20 December 2013 with the participation of high level representatives of the beneficiary institutions.

Another very important element introduced in our monitoring system has been ex-post monitoring. The ex-post monitoring missions were first introduced in 2011 with the monitoring of five pilot projects. In 2013, the ex-post missions within the scope of the ROM project were continued with the ex-post monitoring of 27 completed projects from the IPA period.

Additionally, following the request from EUD, MEU organised ex-post monitoring missions to four solid waste projects from 2005 and 2006 programming years. Three of these missions (Amasya, Çanakkale and Bitlis Regional Solid Waste Management Projects) were completed in 2013 whereas the mission for Kuşadası Solid Waste Management project was delayed to the beginning of 2014. All of these missions were programmed and organised by the MEU with the participation of monitoring staff from the IPA unit of Ministry of Environment and Urbanism. The findings of the missions were shared with all relevant institutions together with the EUD and follow-up of the corrective actions will be assured.

There were four evaluation studies which were on-going or completed during the reporting year. Out of these four studies, one evaluation was initiated by MEU and the rest of them were run by EC. The evaluations can be listed as follows:

1. Thematic Evaluation on Environment in Turkey (Initiated by MEU, finalised on July 2013).
2. Ex Post Evaluation of the Assistance Provided by the EU’s Turkish Pre-Accession Instrument, 2002-2006 (Initiated by EC, finalised on October 2013).
3. IPA - Interim Evaluation and Meta-evaluation of IPA Assistance (Initiated by EC, finalised on September 2013).
4. Evaluation of European Commission Support to Private Sector Development in Turkey (Initiated by EC, finalised on November 2013).

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

In order to draw conclusions; on the continued design of the MCS, i.e. whether it is in line with the accreditation criteria (inter alia the Annex of the IPA IR) and on the functioning of the MCS, i.e. whether it functions effectively, 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.

Within this perspective;

* “Subsystem Report on Accounting Activities in CFCU” was prepared on 16 August 2013.
* “Subsystem Report on Accounting Activities in NF” was prepared on 16 August 2013.
* “Subsystem Report on Programming Activities in NIPAC” was prepared on 16 August 2013.

All of these reports were sent to related parties (EC, CAO, NAO, EUD).

AA has identified 14 findings during the subsystem audit work. 1 of these findings is of major risk level, 8 of the findings are of intermediate risk level and 5 of the findings are of minor risk level. Also 3 of the findings are related with the design of the system and remaining is related with the functioning of the system.

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.

In order to provide assurance as to the legality and regularity of the underlying transactions of IPA Component I; AA got the list of payments related with 2007, 2008, 2009 and 2010 NPs from CFCU and Declaration of Expenditures from NF.

AA has identified 18 findings during the audit of operation work. 6 of these findings are of intermediate risk level, 1 of these findings is of minor risk level and the remaining 11 findings are related with grant and not rated according to risk level.

Financial impact of the audit of operation finding was also assessed by AA. In the end a total number of 45.308,10 Euros was detected as ineligible expenditure. The AA recommended that CFCU should start a recovery process regarding subject amounts.

Based on the examination referred above covering the audit work carried out, the AA is of the opinion that the Statement of Expenditure for 2007, 2008, 2009 and 2010 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.

### 4. Assessment of the administrative capacity.

In order to enforce the **NAO supervision capacity** and perform effective monitoring over the system, a new department (Risk Management and Control - RMCD) which is in charge of on-the-spot controls was established in the NAO Office within 2012. Procedural and working arrangement of the NAO Office has also been updated in order for the further improvement of the effective supervision.

Regarding the **internal audit** issue, while CFCU has recruited an internal auditor, there is no progress regarding establishment of the internal audit unit of NIPAC Secretariat. The progress will be monitored by the NAO Office closely.

A good progress has been performed relating to implement the operational conclusions of the **monitoring** reform by the MEU. The staff capacity has strengthened tremendously in the Monitoring and Evaluation Unit which allows the MEU to perform any type of monitoring only with necessary minor adjustments and initial training. On the other hand, the MEU has launched the process for the second phase of the **ROM** Project, which is expected to start towards the end of 2014.

**The staffing capacity of the CFCU** is seen as the main concern in audit reports. Although CFCU has been able to manage its staffing capacity so far, high staff turnover still stays as a problem. In order to close its staffing gap, CFCU has launched lots of recruitment processes in 2013 and will continue to recruit. It is seen that CFCU has been able to manage the sustainability of the staff level.

Regarding the management of the rejection rates, the CFCU has a continuous progress towards the achievement of targets. The rejection rate targets in the Roadmap were revised with more realistic targets with a view of the current trends and were approved accordingly. Therefore, the CFCU has made a good progress in the management of rejection rates for a considerable number of ex-ante control areas while the rejection rate for the tender dossiers still remains high.

In order to strengthen SPOs and to take corrective actions in case of non-performing SPOs, PAO-SPO meeting was organised by CFCU on 27 March 2013 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 place and this increase the capacity of the communication between CFCU and SPOs. On the other hand, by the day-to-day correspondence with the SPOs/SPO Offices, information and guidance is provided according to the subject topic as well as monitoring visits to the project sites. Many guidance letters are sent to the SPOs by the CFCU during the life cycle of the project implementation. Therefore, there are no difficulties on the communication with the SPOs by the CFCU. The NAO Office will continue to follow-up the process.

Moreover, an audit mission had been performed by DG ELARG regarding ‘The Monitoring Arrangements for IPA I - II in Turkey’ in order to assess the design and functioning of the system set-up in Turkey within the framework of IPA I - II between 09 and 13 July 2012. Following this audit, the findings and conclusions regarding the audit was received on 21 January 2013. The responses to these findings were sent to the EC on 15 March 2013 and final conclusions of these findings have been received on 06 June 2013. Regarding this audit findings, the action plan and the draft Cooperation Protocol which is the annex of the action plan were submitted to the EC on 04 November 2013. Once the draft Cooperation Protocol becomes official with the final signatures, the findings in this report regarding monitoring arrangements are expected to be addressed.

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

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 6 March 2013 and the second one on 7 November 2013.

As a result of the decision taken at the TAIB Monitoring Committee Meeting on 6 March 2013, a single set of SMSC meetings were organised in the reporting year. The meetings took place between 30 September and 9 October 2013.

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. Following its first application in 2012, the meetings in 2013 were also planned in order to open room for sectoral level discussions. During the SMSC meetings, MEU sector monitors made presentations with a focus on selected projects contributing to opening/closing benchmarks of the related chapter(s) with each sector. Following the MEU’s presentation, the floor was open to broader discussion with the SPOs. Though this approach led to fruitful discussions in some meetings, the level of discussions at the SMSCs were observed to be less intense and open to further improvement.

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 was modified by CFCU in accordance with the revised PMR template of which the final shape was given by a working group composing of the representatives from NIPAC, NAO, CFCU and the EUD 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: <http://ec.europa.eu/europeaid/work/visibility/index_en.htm>

All projects /contract implemented under the programme comply with the **Visibility Guidelines for European Commission Projects in Turkey** alsopublished by the EU Delegation to Turkey, at <http://www.avrupa.info.tr/eu-funding-in-turkey/visibility-guidelines.html>

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.

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

The preparations for the second period of IPA covering 2014-2020 increasingly continued in 2013 under the coordination of the Ministry for EU Affairs in cooperation with the relevant institutions.

Turkey’s expectations towards the new period and our country position were also presented by the Ministry for EU Affairs to all the parties at the IPA Conference which was organised by the European Commission concerning the second period of IPA with the participation of all relevant parties on 25 January 2013 in Brussels. Throughout 2013, identification of the financing priorities of the new period has also been carried out in close cooperation with the Commission in parallel with studies regarding the legal framework of the new period. To this end, priority sectors under 5 policy areas within the scope of the new Regulation have been identified in cooperation with the relevant institutions. With a view to constituting the basis for Country Strategy Paper which will set out the financing priorities of the following 7-year period.

The first draft of the CSP which was designed in the light of the consultations held with the institutions above was revised in accordance with the comments of the Commission. Second draft was sent to the Commission on 25 March 2014.

Furthermore, within the framework of preparations for IPA II period 2014 programming, sectoral working group meetings were held at the Ministry for EU Affairs with the participation of institutions responsible for sectors in October-December 2013. During the meetings, in which the EU Delegation also participated, the institutions were informed about the programming rules and procedures concerning the new period.

In the context of efficient and rapid functioning of the process in the preparations for the new period, a “Technical Assistance Project” was prepared whose beneficiary is the Ministry for EU Affairs and also with the objective of supporting the institutions having responsibilities in the priority sectors.

## III. Sectoral conclusions

As of the end of IPA period which lasted between 2007 and 2013, vast majority of entities in Turkish administrative structure and some NGOs have accumulated knowledge and experience in project cycle management thanks to their involvement in the projects financed under IPA. In this context, the line ministries and other public institutions have undertaken certain responsibilities and provided substantial contributions to the programming and design phases. This can also be seen from the quality and maturity of the projects within years. This improvement is both resulting from the experience gained by the Turkish institutions since the inception of financial assistance and also the continuous efforts of the DIS institutions and EC on training and capacity building activities.

This year also had significance as it was the last year of the IPA period covering 2007 – 2013 in terms of programming. Due to this, 2013 had been a transition period between the current IPA period and the IPA II period. IPA Component I 2013 programming exercise was conducted in the framework of “sectoral approach” as a preparation for the next IPA period. With this approach, the new period will focus on intervention at sector programme level rather than the interventions at project level. This approach has been gradually reflected to the implementation of IPA I during the past few years.

As to the monitoring activities, 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 ROM project, which was implemented between January 2011 and December 2013, has successfully introduced the ROM methodology to our monitoring system. The outputs of the project not only created solid and comparable outputs regarding the performance of the projects and sectors but also it has clearly increased the monitoring capacity of MEU with both theoretical and on-the-job trainings. 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. All the DIS actors acknowledge the importance of ROM, and it is expected to be definitely an integral part of our monitoring activities in the future. In this vein, the preparations for a follow-up ROM project which will be implemented in 2014 onwards have already initiated.

Ex-post monitoring has also been further resorted as a complementary tool in the context of sectoral and result oriented approach. Engineered within the scope of monitoring reform study which is called also “mapping study” in 2011, ex-post monitoring was first applied to 27 projects through the ROM project in 2013. Additionally three environment projects from 2005 and 2006 programming years were subjected to ex-post monitoring initiated by the MEU. The results of these missions proved to be very valuable in order to assess the impact and sustainability of the program and to provide a detailed feedback to programming in order to see the possible positive and negative results of the decisions taken at the very beginning of the projects. It is expected that the ex-post monitoring will continue to be one of the essential elements of monitoring in the future.

In order to ensure that the management and control system works effectively, NAO Office will continue 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 continue to be followed by the Comprehensive Action Plan regularly.

The main tools to measure the direct impact of the programme are the ROM reports and completed and ongoing evaluation studies. The ROM reports reveal that the impact prospects are promising in almost 75% of the monitored projects. Moreover, ex-post monitoring shows that projects are assessed higher at the time of the ex-post mission. In terms of direct impact of the projects, the following conclusions can be deduced from ROM reports:

* Almost 75% of all projects are expected to have a substantial direct impact.
* The main problems reducing the already high impact of the projects were identified as the centralisation of services, lack of transparency and lack of cooperation with other - equally relevant - Governmental Organizations.
* Full impact can in most cases only be verified after project end, i.e. after all components are duly delivered. Therefore ex-post monitoring appears most appropriate.
* Timely adoption of drafted legislation is often not ensured during the lifetime of a project.

As to the indirect impact, which requires prospects of the projects’ contribution to the sectoral or structural changes; an even higher amount of projects (approximately 85%) are considered to have positive prospects in ROM reports. According to the ROM results, the following conclusions can be deduced on indirect impact of the programme:

* It is often not possible to assess a wider (structural) impact on sector level.
* In many cases it is observed that a wider impact, particularly of pilot projects, is not ensured due to insufficient dissemination of results.
* Wider dissemination of project results on sector or SMSC levels is necessary in order to ensure structural impact.
* In most cases, donor coordination in the field does not exist, even though for the last years numerous projects funded by various donors targeted these issues. Several similar projects are on-going simultaneously.

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:

* Despite the significant improvement in the past few years, considering the negative effect of the high staff turnover rate in the previous years and the high number of new recruits, 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.

# COMPONENT II: Cross-Border Cooperation ([[1]](#footnote-1))

## 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 CBC Programme at the Black Sea Basin

**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.

All 45 projects under the first call for proposals were already completed.

Under the second call for proposals 47 projects have started implementation, out of which 24 have already been completed as of June 2014.

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 third call for proposals was 5.570.857 Euros. 28 projects were approved for funding, contracts have been signed and implementations have started. Contracts with additional projects under the third call for proposals shall be signed as per the decision of the Joint Monitoring Committee on 18 June 2014, using the savings from projects.

Also the preparations for the 2014-2020 Program are underway in coordination with the Managing Authority and the European Commission.

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.

**ENPI CBC Programme at the Black Sea Basin**

The EU financing for the Programme for the 2007-2013 period currently amounts to EUR 28.118.955 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 38.466.383 (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.

**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 Public Administration,
* National Authorities of participating countries,
* Operating Structure in Turkey consisting of the National Authority (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 activities of 2013 that were in line with the goals set:

* Participation in the first meeting Joint Programming Committee for the future European Neighbourhood Instrument (ENI) CBC Black Sea Basin 2014-2020 on 18 April 2013 in Bucharest, Romania.
* Participation in the Annual Meeting of European Territorial Cooperation (ETC) Programmes on 23 April 2013 in Brussels, Belgium.
* Participation in the INTERACT conference on ENI CBC on 24 April 2013, Antwerp, Belgium.
* Organizing the INTERACT Technical Briefing on ENI CBC 2014-2020 on 13 June 2013 in Ankara, Turkey.
* Participation in the second meeting of the Joint Programming Committee for the future ENI CBC Black Sea Basin Programme 2014-2020 on 20 June 2013 in Constanta, Romania.
* Participation in the preparatory meeting for the future CBC Programmes 2014-2020 on 27-29 September in Halkidiki, Greece.
* Participation in the 4th Assembly of European Regions (AER) Black Sea Summit, 4-5 October, 2013 in Rize, Turkey.
* Participation in the Joint Monitoring Committee meeting in Yerevan on 8 October 2013.
* Participation in the INTERACT ENPI Annual Conference, 13 November, 2013 in Athens, Greece.
* Participation in the Joint Programming Committee meeting for the future CBC Programmes 2014-2020 on 15 November 2013 in Kavala, Greece.
* Organization of ENPI Black Sea Basin JOP Annual Conference, 5 December, 2013 in İstanbul, Turkey.

**Monitoring of the Projects**

Turkish Ministry for EU Affairs (MEU) as the National Authority (NA) and the Central Finance and Contracts Unit (CFCU) as the contracting authority forming together the Operating Structure (OS) in Turkey organize monitoring visits as well as spot visits as required, following a monitoring plan based on the risk analysis. The JMA and OS inform each other on the results of the visits by filling in monitoring visit reports. As regards the monitoring of IPA partners, MEU as the NA in Turkey has developed a new monitoring template making use of ROM approach, adopting it to CBC projects. MEU believes that not only the fulfilment of activities and regular spending of a project, but also the achievement of the results of the projects should be considered.

Therefore the new approach is intended to improve the monitoring system as a whole grasping the whole essence of the projects, not just a financial and activity based monitoring, but following whether the realized activities contribute to the results and the objectives of the specific project as well as to Programme objectives. The ROM Report used by the MEU includes five main parts, namely, Relevance and Design, Efficiency of Implementation to Date, Effectiveness to Date, Impact Prospects and Potential Sustainability. The beneficiaries interviewed have found this approach quite useful and seized the opportunity to share the challenges encountered during the implementation process. In addition, as a Contracting Authority, the CFCU Turkey carried out their own risk assessment and developed their own monitoring plan. Therefore, all projects with IPA funding under the 1st and 2nd calls for proposals are being monitored both by the NA and the CFCU with regular monitoring visits.

In 2013, the NA has paid 14 monitoring visits to the projects under the first and second call for proposals, while the CFCU has conducted 11 monitoring visits. The details of the monitoring visits are to be found below. In addition to the monitoring visits, the IPA beneficiaries are assisted on daily basis by the NA and the CFCU with their implementation and also with contract modifications. While the reports and minor modification requests are subject to the CFCU approval, following the prior approval of the NA, the major contact modifications (addenda) are also approved by the EU Delegation to Turkey based on the established DIS Rules.

**Monitoring visits**

Monitoring visits by the MEU:

* TR07C1.01-02/026: “Black Sea Cultural Animation Program: Pilot Model for Mobilizing the Common Cultural Characteristics for Creative Destination Management in the Black Sea Basin”; IPA-Beneficiary: Provincial National Education Directory, Governorship of Edirne, Turkey.
* TR07C1.01-02/086: “Research and Restoration of the Essential Filters of the Sea-REEFS”; IPA-Beneficiary: Karadeniz Technical University, Turkey.
* TR07C1.01-02/142: “MAREAS-Black Sea Joint Regional Research Centre for Mitigation and Adaptation to the Global Changes Impact”; IPA-Beneficiary: TUBITAK Marmara Research Center Earth and Marine Science Research Institute, Turkey.
* TR09C1.01-02/201: “Sharing Collectively the Competences of the Researchers to the Farmers of the Agricultural and Environment Protection -ECO AGRI”; IPA-Beneficiary: Of Chamber of Agriculture, Turkey.
* TR10C1.01-02/225: “Integrated Hotspots Management and Saving the Living Black Sea Ecosystem – HOT BLACK SEA”; IPA-Beneficiary: TÜBITAK Marmara Research Centre, Turkey.
* TR10C1.01-02/227: “University Collaboration Network at the Black Sea – UNIVER-SEA.NET”; IPA-Beneficiary: İstanbul Aydın University, Turkey.
* TR09C1.01-02/230: “Maritime Network of Education for the Development of the Maritime Culture in the Black Sea Basin”; IPA-Beneficiary: Piri Reis University, Turkey
* TR09C1.01-02/291: “Youth Action for Regional Coherence and Cooperation -YARCC”; IPA-Beneficiary: Gümüşhane Provincial National Education Directorate, Turkey.
* TR09C1.01-02/298: “Integrated Coastal Monitoring of Environmental Problems in Sea Region and the Ways of their Solution -ICME”; IPA-Beneficiary:Karadeniz Technical University, Turkey.
* TR10C1.01-02/317: “Regional Cooperation for Black Sea River Basins Environment Protection from Agricultural Polluters REPAIR”; IPA-Beneficiary: Disaster Preparedness and Earthquake Training Centre, Turkey.
* TR08C1.01-02/323: “Utilizing Stream Waters in the Suppression of Forest Fires with the Help of New Technologies”; IPA-Beneficiary: Artvin Çoruh University, Turkey.
* TR10C1.01-02/327: “Excellence in Public Sector – EXCELLENCE”; IPA-Beneficiary: Şile Municipality, Turkey.
* TR08C1.01-02/334: “Black Sea Silk Road Corridor -BSSRC”; IPA-Beneficiary: The Economists’ Association (EkP), Turkey.
* TR11C1.01-02/339“Research Networking for the Environmental Monitoring and Mitigation of Adverse Ecological Effects in the Black Sea Basin -BSB Net-Eco”. IPA-Beneficiary:

Monitoring visits by the CFCU:

- TR07C1.01-02/080:“Black Sea Eartquake Safety Net(work)-ESNET”; IPA-Beneficiary: International Blue Crescent Relief and Development Foundation, Turkey.

- TR07C1.01-02/092:“Industrial Symbiosis Network for Environment Protection and Sustainable Development in Black Sea Basin-SYM NET”; IPA-Beneficiary: Özyeğin University, Turkey.

- TR07C1.01-02/127: “BSUN Joint Master Degree Study Program on the Management of Renewable Energy Sources-Argos”; IPA-Beneficiary: Istanbul Technical University, Turkey.

- TR07C1.01-02/142: “MAREAS-Black Sea Joint Regional Research Centre for Mitigation and Adaptation to the Global Changes Impact”; IPA-Beneficiary: TUBITAK Marmara Research Center Earth and Marine Science Research Institute, Turkey.

– TR08C1.01-02/168: “OLKAS: From the Aegean to the Black Sea-Medieval Ports in the Maritime Routes of the East”; IPA-Beneficiary: İstanbul University, Turkey.

– TR11C1.01-02/211: “Integrated Land-use Management Modelling of Black Sea Estuaries (ILMM-BSE)”; IPA-Beneficiary: Hayrabolu Municipality, Turkey.

– TR10C1.01-02/225: “Integrated Hotspots Management and Saving the Living Black Sea Ecosystem – HOT BLACK SEA”; IPA-Beneficiary: TÜBITAK Marmara Research Centre, Turkey.

– TR10C1.01-02/269: “Black Sea Areal for Culture and Art (BASACA)”; IPA-Beneficiary: Çorlu Municipality, Turkey.

– TR11C1.01-02/309: “A Scientific Network for Earthquake, Landslide and Flood Hazard Prevention-SciNetNatHazPrev”; IPA-Beneficiary: Boğaziçi University - Kandilli Observatory and Earthquake Research Institute (KOERI), Turkey.

– TR09C1.01-02/333: “MANAGE.EDU: Efficient Education Management Network for LLL in the Black Sea Basin”; IPA-Beneficiary: Namık Kemal University, Turkey.

– TR08C1.01-02/334: “Black Sea Silk Road Corridor (BSSRC)”; IPA-Beneficiary: The Economists’ Association (EkP), Turkey.

**Statistics**

As the Table 1 shows, during 2013 all 19 projects (9 with IPA contracts) approved for financing under the 1st call for proposals were in implementation, out of which 13 were finalised (including 3 IPA contracts) according to contractual provisions.

The project “Black Sea Joint Regional Research Centre for Mitigation and Adaptation to the Global Changes Impact - MAREAS” was cancelled.

42 projects from 2nd call for proposals started the implementation, out of which 25 had respective IPA contracts.

Table 6: IPA II Contracted and Finalised Projects (as of 31 December 2013)

|  |  |
| --- | --- |
| **First Call for Proposals** | **Second Call for Proposals** |
| Contracted- In the Implementation Phase | Finalised | Cancelled |  Contracted-In the  Implementation Phase  |
|  19 (9 with IPA Contracts) |  13 (3 with IPA Contracts) |  1 (including IPA partner) |  42 (25 with IPA Contracts) |

Table 7 and Table 8 show the information on financial progress of the programme:

Table 7: ENPI funds for the period 2007-2013

|  |  |  |  |
| --- | --- | --- | --- |
| **Priorities** | **ENPI funds contracted (Euro)** | **ENPI funds transferred to the projects (Euro)** | **ENPI funds transferred vs. ENPI contracted funds (%)** |
| (0) | (1) | (2) | (3) = (2) / (1) |
| **Priority 1** | 12,049,063.75 | 4,624,665.99 | 38.38% |
| **Priority 2** | 11,066,199.73 | 4,556,362.45 | 41.17% |
| **Priority 3** | 2,870,685.43 | 1,238,789.07 | 43.15% |
| **Technical Assistance** | 599,749.13 | 599,749.13 | 100% |
| **TOTAL** | **26,585,698.04** | **11,019,566.64** | **41.45%** |

Table 8: IPA funds for the period 2007-2013\* (BSB ENPI Programme)

|  |  |  |  |
| --- | --- | --- | --- |
| **Priorities** | **IPA funds contracted (Euro)** | **IPA funds transferred to the projects (Euro)** | **IPA funds transferred vs. IPA contracted funds (%)** |
| (0) | (1) | (2) | (3) = (2) / (1) |
| **Priority 1** | 2,894,387.58 | 1,059,712.93 | 36.61% |
| **Priority 2** | 2,689,974.09 | 1,018,660.31 | 37.87% |
| **Priority 3** | 573,802.74 | 202,098.25 | 35.22% |
| **Technical Assistance** | 298,742.56 | 178,467.97 | 59.74% |
| **TOTAL** | **6,456,906.97** | **2,458,939.46** | **38.08%** |

\* including the amount for one IPA grant contract signed in March 2014, with IPA grant amount of 111,955.95 EURO

The final list of contracted projects under the 2nd call for proposals comprises 43 grant contracts, with a total value of 19,257,008.55 Euro, ENPI funds, and 5,112,990.54 Euro, IPA funds (1 IPA grant contract not concluded by the end of 2013).

The final list of contracted projects under both calls for proposals of the programme comprises 62 grant contracts, with a total value of 25,985,948.91 Euro, ENPI funds, and 6,046,208.46 Euro, IPA funds (1 IPA grant contract has not been signed by the end of 2013, it has been signed in March 2014, with IPA grant amount of 111,955.95 EURO).

The distribution of the contracted projects and funds, per country and per priority, cumulated for both calls for proposals, are presented below:

**Figure 1: Total number of contracted projects, per country, per priority:** 62

**Note:** The number of projects for Turkey represents the number of projects with at least 1 Turkish partner. Turkish organisations participate in the projects as IPA Financial Lead Beneficiaries / IPA partners, not as beneficiaries.

Regarding modifications incurred at the level of projects under implementation, during 2013, the ENPI Beneficiaries submitted **149** **Notifications** and IPA Beneficiaries submitted **50 Notifications**, referring mainly to budget changes up to 15%, changes of legal representatives, bank accounts or updating the Action Plans.

As concerns major changes to the projects, **13 requests for addenda** has been submitted by the ENPI Beneficiaries while **9 requests for addenda** has been submitted by the IPA Beneficiaries in 2013, regarding change in partnership, duration extension or budgetary changes.

As regards the projects reporting, **49** **progress reports / interim reports / final reports** have been submitted by the ENPI Beneficiaries while **58** **progress reports / interim reports / final reports** have been submitted by the IPA Beneficiaries in 2013 by the Beneficiaries, according to their contractual obligations.

### 2. Progress in financial implementation:

Concerning the 2008 FA, a request letter was conveyed to EUD on 29 April 2013 regarding the extension of the contracting and execution periods for 24 months. Despite the deadline for the contracting under the 2008 FA is 2 July 2014, projects financed from 2008 FA are not anticipated to be finalized until 1 April 2015. Hence, it was necessary to request the extension of 24 months for the execution and disbursement deadlines (respectively, 2 July 2016 and 2 July 2017) to the 2008 FA of the Programme considering the possible extension requests of beneficiaries. Besides, even though it is still early to state the exact extensions, assuming that all the contracts would commence latest on 1st of May, 2013 (4 contracts did not commence still as of 04.07.2013), at least 12 months for 2009 FA and at least 6 months for 2010 FA extension should also be requested for the implementation.

However, in DIS Coordination Meeting on 2 May 2013, it was decided that extension requests for 2008, 2009 and 2010 FAs should be sent all together to EUD and the relevant addenda could be enhanced with one financing decision in order to ease the burden coming up with three distinct Financing Decisions.

After the commencement of all the contracts under Second Call for Proposals and defining the extension durations of 2009 and 2010 FAs through series of consultations with the JMA and the CFCU, the MEU shall inform the EUD at the earliest convenience and then the extension request will be sent.

After the budget revision in 2009 FA (EC approval of 17.12.2012), TA component budget was transferred to Grant component. However, considering the possible extension requests of beneficiaries, a request letter was conveyed to EUD on 16 July 2013 regarding the extension of the execution and disbursement deadlines for 2008 FA (12 months), 2009 FA (12 months), 2010 FA (12 months) and 2011 FA (12 months). The extensions of the 2008 FA and 2009 FA were published in the Turkish Official Gazette numbered 29007 (bis) on the 22nd of May 2014; the extension of the 2010 FA was published in the Turkish Official Gazette numbered 29012 on the 27thof May 2014.

TA Contract concerning the 2008 FA was signed on 27.07.2011 by Ministry for EU Affairs’ Undersecretary, allocating an amount of 110.000 EUR.The contract was extended and new end date of the contract is 26.06.2014.TA amount of the 2009 FA was transferred to grant component with the Commission Decision of 17.12.2012. 2010 TA was signed 13.09.2013 and its implementation started on the same day.

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

Ministry for EU Affairs continues its role as the national authority and the CFCU as the implementing agency. Day-to-day implementation issues are communicated between these two management institutions and necessary revisions are made.

### 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 and 2013, 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.

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

N/A.

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

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

During the reporting period, the JMC had one meeting that took place in Yerevan, Armenia on 8th of October 2013. The JMC adopted at this meeting the following decisions:

The JMC,

* Approves the transfer of the amount of 963,294.92 euro ENPI (708,879.50 euro ENPI from Priority 2 and 254,415.42 euro ENPI from Priority 3) to Priority 1 of the programme representing a transfer of 9,33 % to Priority 1, 5,63 % from Priority 2 and 8,09 % from Priority 3;
* Approves the transfer of the amount of 882,244.19 euro IPA (363,620.96 euro IPA from Priority 2 and 518,623.23 euro IPA from Priority 3) to Priority 1 of the programme;
* Approves the award of grants to the first two projects with the highest scores from the reserve list of projects under the 2nd call for proposals for Priority 1: 2.1.2.73125.249/ MIS-ETC 2651 and 2.1.2.73296.282/ MIS-ETC 2617;
* Set the 31st of October 2013 as deadline for finalizing the contracting stage for the applications 2.2.3.73157.261 / MIS-ETC 1481 and 2.3.1.72416.191 / MIS ETC 1875; if the deadline is not respected, the JMA may reject the grant award for the respective projects;
* Subject to the availability of funds, approves the award of a grant to the next project with the highest score from the reserve list of projects under the 2nd call for proposals for Priority 1; if the available funds do not match the ENPI grant requested, the JMA is mandated to negotiate with the Applicant the increase of its own co-financing; if the Applicant does not agree with the option proposed, the grant is considered to be awarded to the next project with the highest score from the reserve list of projects under the 2nd call for proposals for Priority 1 and the negotiations will be continued by the JMA with the respective Applicant;
* Set the 18th of October 2013 as final deadline for the Beneficiary *National Institute of Marine Geology and Geoecology (GeoEcoMar)* of project 1.2.1.66327.142 / MIS-ETC 274 to provide commitment letters signed at ministerial level from all the participating countries in the project, binding to establish the *Black Sea Joint Regional Centre for Mitigation and Adaptation to the Impact of Global Changes Effects* as proposed in the approved application; if the commitment letters are not provided by the set deadline, the JMA shall take all the necessary measures, according with the contractual provisions, to terminate the contract.

In addition to the meeting in Yerevan, the JMA initiated written decision-making procedures to approve several documents. Following these written procedures, a number of 19 JMC Decisions were adopted during the reporting period:

1. Decision on 18th of January 2013 approving the Annual Work Plan of the programme 2013, Annual TA Budget 2013 and the Annual Information and Communication Plan 2013;
2. Decision on 31st of January 2013 approving the replacement of the IPA Financial Lead Beneficiary in the Project no. 2.2.3.72685.210, MIS-ETC 2255, title “A clean environment for our future” and transferring the activities and the budget initially assigned to Istanbul Metropolitan Municipality towards Municipality of UzunKöprü;
3. Decision on 8th of March 2013 approving withdrawal of the IPA Financial Lead Beneficiary in the project application, “Innovations in sustainable management and protection of natural areas – 4GreenInn”, reference number 2.2.2.72273.275, MIS-ETC 1458, and the revised Grant Application Form, revised Logical Framework and revised ENPI budget;
4. Decision on 3rd of April approving the replacement of the ENPI partner Alumni Academic Foundation of "Mircea cel Batran" National College (Romania) in the project application “MANAGE.EDU: Efficient Education Management Network for LLL in the Black Sea Basin”, reference number 22.3.1.73963.333, MIS-ETC 2674, and transferring the activities and the budget initially assigned to this partner to the ENPI partner “Ovidius” Highschool (Romania);
5. Decision on the 24th of April approving the extension of the implementation period of the project 1.3.166334.127 – MIS-ETC 277, title “ BSUN Joint Master Degree Study Programme on the Management of the Renewable Energy Sources- Argos” from 24 months to 27 months and the corresponding Amendments to Annex I Grant Application Form and Annex III Budget;
6. Decision of the 25th of June approving:
	* the rejection of the grant award for the project applications:
		+ “Young People as ACTIVE Promoters of Cultural Traditions in the Black Sea Area: ACTIVE”, reference number 2.3.1.72134.180, MIS-ETC 1440,
		+ “Decision support system for sustainable development in the Black Sea Region (DSS-BSR)”, reference number 2.2.1.73222.271, MIS-ETC 2613 and
		+ “Bike Routes through Black Sea Basin”, reference number 2.1.2.73129.251, MIS-ETC 2652; and
	* the award a grant to the first project with the highest score (285 - MIS ETC 2619) from the reserve list of the projects under the 2nd call for proposals for Priority 1 and
	* the extension of the validity period of the reserve list of the projects under the 2nd call for proposals from 30th of June 2013 until 31st of December 2013 and
	* to proceed with the transfer of available funds between priorities after the approval of the EC decision on the new financial table of the Programme, respecting the provisions of the ENPI Implementing Rules;
7. Decision on 26th of June 2013 approving the Annual Implementation Report for 2012 (technical and financial part);
8. Decision on 1st of July 2013 approving the extension of the implementation period of the project 1.2.3.65777.83 MIS-ETC 175 nr.5751/25.01.2012 - „Raising Public Awareness on Solid Municipal Waste Management in the North-West of the Black Sea Region (Less Waste in the North West)” from 18 to 21 months up till 2nd of November, 2013;
9. Decision on 19th of August 2013 approving extension of the implementation period of the project 1.2.2.65905.150 – MIS-ETC 247, title “Interpretative Trails on the Ground - Support to the Management of Natural Protected Areas in the Black Sea Region (InterTrails)” from 24 months to 26 months;
10. Decision on the 3rd of September approving the extension of the implementation period of the project 1.3.166334.127 – MIS-ETC 277, title “ BSUN Joint Master Degree Study Programme on the Management of the Renewable Energy Sources- Argos” from 27 months to 33 months and the corresponding Amendments to Annex I Grant Application Form and Annex III Budget;
11. Decision on the 28th of October 2013 approving the replacement of the Ukrainian partner in the grant contract 2.2.1.72761.225, MIS-ETC 2303, no. 24569/26.03.2013 - „ Integrated hotspots management and saving the living Black Sea ecosystem – HOT BLACK SEA” and transferring the activities and the budget initially assigned to Ukrainian partner Oceanological Centre under National Academy of Sciences of Ukraine with Odessa State Environmental University;
12. Decision on the 30th of October 2013 mandating JMA to take the necessary steps in order to ensure a grounded overview of the projects included on the reserve list of projects under the 2nd call for proposals and request from the next 3 projects with highest scores from Priority 1 (MIS-ETC 2627, MIS-ETC 2605 & MIS-ETC 2681) and from the remaining 2 projects from Priority 2 (MIS-ETC 2177 & MIS-ETC 1647) to provide the pre-contracting documents, to the extent the respective projects are willing to sign the grant contract if ENPI and IPA funds will become available;
13. Decision on the 28th of November 2013 approving the withdrawal of the ENPI partner Ministry of Culture of the Autonomous Republic of Crimea (Ukraine) in the project application "Black Sea People Living Histories (BSPLH )”, reference number 2.3.1.72416.191/ MIS-ETC 1875, and transferring the activities and the budget initially assigned to this partner to the Applicant UNDP (Ukraine);
14. Decision on the 29th of November 2013 approving:
	* the rejection of the grant award for the application 2.2.3.73157.261 / MIS-ETC 1481 and
	* the transfer of the amount of 492.368,99 euro (443.111,35 euro from Priority 2 and 49.257,64 from Priority 3) to Priority 1 and
	* to award a grant to the next project with the highest score from the reserve list of the projects under the 2nd call for proposals for Priority 1 (2.1.2.75810.354 / MIS-ETC 2627), with a maximum ENPI grant recommended of 519,984.00 Euro and a maximum IPA grant recommended of 217,706.40 Euro and
	* to approve the replacement of the ENPI partners Armenian State Agrarian University (Armenia) and State Department of Environmental Protection (Ukraine) in the project application “Tourism Paths of the Black Sea Region” BSB-TOUR, reference number 2.1.2.75810.354 (MIS-ETC 2627), and transferring the activities and the budget initially assigned to those partners to the ENPI partners Institute of Market and Economic-Ecological Researches of the National Academy of Science (Ukraine), respectively Gavar State University (Armenia);
15. Decision on the 3rd of December 2013 approving the replacement of the ENPI partner The National Institute of Research and Development in Tourism (Romania) in the project application “Collaborative Networks of Multilevel Actors to advance quality standards for heritage tourism at Cross Border Level (ALECTOR)”, reference number 2.1.2.73296.282, MIS-ETC 2617, and transferring the activities and the budget initially assigned to this partner to the ENPI partner The National Authority for Tourism (Romania);
16. Decision on the 9th of December 2013 approving:
	* the rejection of the grant award for the application 2.1.2.73125.249, MIS-ETC 2651 and
	* to award a grant to the next project with the highest score from the reserve list of the projects under the 2nd call for proposals for Priority 1 (2.1.2.72115.179 / MIS-ETC 2605), with a maximum ENPI grant recommended of 447,020.35  Euro and a maximum IPA grant recommended of 182,636.61 Euro and
	* to mandate JMA to take the necessary steps in order to ensure a grounded overview of the projects included on the reserve list of projects under the 2nd call for proposals and request from the next project with the highest score from Priority 1 (2.1.2.72651.232 / MIS-ETC 2339) to provide the pre-contracting documents, to the extent the respective project is willing to sign the grant contract if ENPI and IPA funds will become available;
17. Decision on the 16th of December 2013 approving the extension of the implementation period of the project 1.1.2.66884.168 – MIS-ETC 284, title “From Aegean to the Black Sea-Medieval Ports in the Maritime Routes of the East (OLKAS)” from 24 months to 27 months up till 2nd of April 2014;
18. Decision on the 17th of December 2013 approving:
	* the transfer of the amount of 242,125.71 euro from Priority 2 to Priority 1 and
	* to award a grant to the next project with the highest score from the reserve list of the projects under the 2nd call for proposals for Priority 1 (MIS-ETC 2339), with a maximum ENPI grant recommended of 390,200.70 Euro and a maximum IPA grant recommended of 146,468.33 Euro;
19. Decision on the 19th of December 2013 approving to award a grant to the next project with the highest score from the reserve list of the projects under the 2nd call for proposals for Priority 2 (2.2.3.72546.202, MIS-ETC 2177), with a maximum ENPI grant recommended of 409,842.00 Euro.

### 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.

Within the scope of 2010 TA budget a Communication Officer was planned to be hired in order to ensure the visibility of the Programme. The communication officer will be responsible for planning and organizing the purchase of visibility materials, organizing conference.

In addition to that, 26 monitoring visits were conducted in order to ensure smooth implementation of projects.

Furthermore, a beneficiary training for the projects implemented under the first and second call for proposals was organized in February, 2014.

### 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 and second call for proposals will be realized.

## III. Sectoral conclusions

The programming process of the Black Sea Basin ENI CBC Programme 2014-2020 was initiated and led by the JMA/NAs and is based on partnership, involving all participating countries and with the support of the European Commission (EC) through Technical Assistance (TA) projects, for both EU member states and partner countries in the Programme.

Preparations for the new programme were launched in April 2013 with a first meeting of the Joint Programming Committee (JPC) in Bucharest, Romania. During this meeting the Rules of Procedure of the Joint Programming Committee were approved and the first steps for the preparation of the future JOP were discussed. As being the body responsible for the elaboration and preparation of the new ENI CBC at the Black Sea Basin Programme 2014-2020, JPC has a strategic decision-making role in the programming process. The JPC comprises of national delegations from the Programme Countries. On behalf of Turkey, representatives from Ministry for EU Affairs and Ministry of Development participated in JPC meetings. As the preparations proceed, the related institutions shall be invited to participate.

The second meeting of the JPC was held in Constanta, Romania, on the 20th of June 2013. Romania was designated by the representatives of the 9 participating countries to host the Managing Authority for the future ENI CBC Black Sea Basin Programme 2014-2020. The JPC has nominated the current Audit Authority to continue its mandate for the future ENI CBC Black Sea Basin Programme 2014-2020.

The third meeting of the the JPC was held on 15th November 2013, in Kavala, Greece. The JPC decided to launch public consultations on the first version on the results of the socio-economic analyses of the eligible area (SWOT) and on the proposed thematic objectives and priorities of the future program. Furthermore, it has been decided to establish a working group (WG) made up of representatives of the potential management and control system (MCS) bodies in the participating countries and the Managing Authority to discuss the essential issues at technical level; the WG shall make proposals to be discussed and decided by JPC members. Another decision taken at the JPC meeting was to start the process of identifying the persons from the various institutions who will take part in the future working group on the management and control system.

In the course of determining the priorities of the Programme, priority areas for Turkey were determined as an output of the consultations with the Ministry of Development and related Regional Development Agencies which function in the CBC Programme Area. Regional priorities of Turkey have been determined taking into account the eligible CBC areas and are being negotiated with the managing authorities and related technical support teams in the course of preparation of the new Programmes. The priorities of Turkey, which coincide with other countries’ priorities, cross-border cooperation principles and thematic objectives laid out in the regulations, will be finalized as priorities of each relative programme. These priority areas will be matched with the ENI CBC programme priorities and objectives collected by the BSB country data and SWOT analysis of Support to the Preparation of Programs (SPP) team.

# 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 (EOP) aims to (a) improve delivery of drinking water and wastewater services, (b) improve integrated solid waste management and (c) to provide technical assistance towards these aims.

The EOP has three priorities:

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

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

Priority 2: - Improved integrated solid waste management

Measure 2.1: Increasing the quantity of recycled waste and improving final disposal

Priority 3: - Technical Assistance, has been designed to ensure effective implementation of the programme and efficient use of the IPA resources.

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 2013 was on the development of projects, on speeding up tendering procedure and Contracting to Implementation, thus increasing the absorption rate of the funds under the EOP. Considerable progress was achieved during 2013 in project preparation activities and implementation of projects. The first works contracts within the scope of Manavgat and Erdemli Projects have been completed and taken over together with the Lüleburgaz Wastewater Treatment Plant by the DoEUI. The contracts are within the defects notifications period (DNP) in accordance with FIDIC Conditions of Contract. These developments should be considered significant steps in terms of achievement of the main indicators related to the implementation of the EOP.

By the end of the 2013 reporting period, 39 projects had been nominated for IPA financing with a total indicative investment cost of € 941.5 million and eighteen projects had been let and commenced their implementation phases. Furthermore Financing Decisions for projects at Ordu, Erdemli, Doğubayazıt, Manavgat, Ceyhan, Diyarbakır W&WWTP, Amasya, Lüleburgaz, Siverek, Erzurum, Erzincan, Konya, Adıyaman, Balıkesir, Merzifon, Soma, Seydişehir, Çorum, Bulancak, Nizip, Akçaabat, Akşehir and Bartın, Polatlı and Silvan were adopted.

No new IPA Application was made to European Commission during the reporting period of 2013. However, revised IPA Application Forms according to EC comments of Diyarbakır Solid Waste Management Project, Kütahya Water and Wastewater Project, Şanlıurfa Wastewater Project were submitted. 39 projects are submitted officially to the European Commission for IPA funding up to 31 December 2013.

### 2. Progress in financial implementation:

EOP disbursement amounts for projects that are being implemented for 2013 are given below:

Table 9: Total Expenditure and Expenditure Incurred in 2013 for Projects in Implementation in EOP

|  |  |  |
| --- | --- | --- |
| **Priority axis/measure** | **Expenditure in 2013** | **Total expenditure incurred to date (between 03-09-2009 and 27.12.2013)** |
| **Total Disbursement** | **74.390.512,57** | **144.500.437,66** |
| **Priority Axis 1: total** | **62.908.399,92** | **127.501.953,99** |
| *Measure 1.1* | 62.908.399,92 | 127.501.953,99 |
|  | *Operation Number* | *Title of Operation* |  |
| 1 | *2007TR16IPO001.1-2.01* | Preparation of IPA Investment Packages - Water Sector | 3.015.724,31 | 4.109.724,31 |
| 2 | *2008TR16IPR002* | Ordu Waste Water Treatment Plant Project | 4.610.555,87 | 9.029.392,35 |
| 3 | *2009TR16IPR003* | Amasya Water and Wastewater Investment Project | 2.460.438,62 | 5.055.465,14 |
| 4 | *2009TR16IPR004* | Erdemli Water and Waste Water Project | 1.585.624,18 | 4.653.926,15 |
| 5 | *2009TR16IPR005* | Lüleburgaz Waste Water Project | 5.543.574,23 | 10.929.616,06 |
| 6 | *2009TR16IPR007* | Erzincan Water and Wastewater Project | 2.247.354,15 | 7.865.364,81 |
| 7 | *2009TR16IPR008* | Ceyhan Waste Water and Storm Water Project | 4.247.329,56 | 7.432.158,36 |
| 8 | *2009TR16IPR009* | Manavgat Drinking Water Supply Project | 4.423.231,91 | 8.096.878,88 |
| 9 | *2009TR16IPR010* | Doğubayazıt Drinking Water Supply Project | 5.952.296,97 | 18.106.955,05 |
| 10 | *2009TR16IPR012* | Diyarbakır Water and Waste Water Project | 10.169.166,42 | 21.268.184,89 |
| 11 | *2009TR16IPR013* | Erzurum Water and Waste Water Project | 5.980.210,31 | 15.502.198,47 |
| 12 | *2009TR16IPR014* | Adıyaman Wastewater Project | 3.571.189,82 | 3.571.189,82 |
| 13 | *2009TR16IPR015* | Siverek Wastewater Treatment Plant Project | 3.869.483,47 | 6.648.679,59 |
| 14 | *2009TR16IPR017* | Nizip Water Supply System | 2.382.665,37 | 2.382.665,37 |
| 15 | *2009TR16IPR019* | Bulancak Wastewater Plant Project | 2.075.797,23 | 2.075.797,23 |
| 16 | *2010TR16IPR005* | Akçaabat Wastewater Treatment Project | 773.757,50 | 773.757,50 |
|  |  |  |  |  |
| **Priority Axis 2: total** | **10.153.813,74** | **13.655.217,81** |
| *Measure 2.1* | 10.153.813,74 | 13.655.217,81 |
|  | *Operation Number* | *Title of Operation* |  |
| 1 | *2008TR16IPR001* | Balıkesir Solid Waste Management Project | 7.676.946,02 | 8.999.621,02 |
| 2 | *2009TR16IPR001* | Konya Solid Waste Management Project | 31.908,70 | 443.858,10 |
| 3 | *TR07E3.02* | TA to Prepare Integrated Solid Waste Management Projects | 2.444.959,02 | 4.211.738,69 |
| **Priority Axis 3 Technical Assistance: total** | 1.328.298,91 | **3.343.265,86** |
| *Measure 3.1* | 1.328.298,91 | 3.343.265,86 |
|  | *Operation Number* | *Title of Operation* |  |
| 1 | *2009TR16IPO001.3.01* | TA for Supporting the Management and Implementation of the ENV OP/C2-SUB1 | 21.080,83 | 33.653,36 |
| 2 | *2009TR16IPO001.3.01* | TA for Supporting the Management and Implementation of the ENV OP/C6 | 140.300,00 | 140.300,00 |
| 3 | *2007TR16IPO001.3.01 / Component 1* | TA for Capacity Building and Training for IPA CI Center and End Recipients | 1.033.122,85 | 2.771.999,99 |
| 4 | *2007TR16IPO001.3.01 / Component 2* | Direct Contracts | 3.980,00 | 100.003,00 |
| 5 | *TR07E3.05-01* | Technical Assistance for Capacity Building and Trainings for MoEF IPA CI Center |  | 91.399,28 |
| 6 | *TR07E3.06-01* | Study for Compliance Assesment Audit of Ministry of Enviroment and Foresty |  | 76.095,00 |
| 7 | *TR07E3.07-01-Lot1* | Supply of IT, Office Equipment and Furniture for MoEU department of EU Investments (LOT-1) | 114.882,00 | 114.882,00 |
| 8 | *2007TR16IPO001.3.1/FWC/002* | Technical Assistance for Organization of Sectoral Monitoring Committee Meeting in Adıyaman, Turkey /C3-SUB1Service | 14.933,23 | 14.933,23 |

Rather the major projects under implementation, other major projects were under tendering or project preparation stage within 2013. As a main milestone within 2013 for major projects, revised IPA Application Forms for projects (Diyarbakır Solid Waste Management Project, Şanlıurfa Wastewater Project and Kütahya Water and Waste Water projects) were officially submitted to the European Commission to be funded under IPA during the reporting period. Among these 39 IPA Project applications’ (34 major and 5 minor) admissibility letters were received on the cut-off date 31 December 2013.

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

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

In line with the objective of monitoring and evaluating of the EOP and projects, the DoEUI of the MoE&U, as the Operating Structure, is responsible for collecting data from different programs and projects and establishing, maintaining and regularly updating a reporting and information system to gather reliable financial and statistical information on implementation, and for monitoring and evaluation. In this regard a Management Information System (MIS) for managing the implementation of the EOP and internal works of the Department of EU Investments needs to be further developed so it can be used to support staff of DoEUI. In IMIS, physical progress of the operations is monitored through regular Progress Reports which are filed by the end recipient of assistance and submitted to the OS for control and approval. Information about the physical progress of the operation provided by the end recipients in these reports are verified through on the spot checks.

On-the-spot checks to be carried out by the OS is planned in advance in order to ensure the effectiveness, efficiency and coordination with other institutions as NAO, Audit Authority, etc. in order to avoid the duplication of efforts and optimize the coverage of the contract/ projects.

Monitoring at project and contract level is realized performing on the spot checks.

Murat Zorluoğlu was appointed as the Deputy Undersecretary of Ministry of Environment and Urbanization and Head of Operating Structure in the second quarter of 2013.

### 4. Assessment of the administrative capacity.

Within 2013, the rotation policy has been implemented for the DoEUI, and the coordinators of each units has changed in order to enable staff members to develop knowledge, new skills and a broader understanding of the operations/programs and to more effectively use our staff.

In addition to this, all staff within DoEUI was supported by the independent technical experts recruits under the Multi-Annual Implementation Plan for EOP.

The number staff was in line with the workload analysis and staff needs assessment of the DoEUI.

### 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 2013 and 27

November 2013, respectively:

***1) 12nd SMC Meeting on 27 June 2013***

12nd Sectoral Monitoring Committee meeting of the Environment Operational Programme was held on 27 June 2013 in Ankara. The meeting has started at 14:30h and was co-chaired by Deputy Undersecretary of the Ministry of Environment and Urbanisation, Mr. Murat ZORLUOĞLU, and Head of Unit of the Directorate General for Regional and Urban Policy of the European Commission, Mr. Renaldo MANDMETS.

The main topics on the agenda were as follows:

* + Opening of the Meeting
	+ Approval of Agenda and Minutes of the Last SMC Meeting
	+ Information on the progress since the last auditing visit of EC
	+ Information on audit related issues
	+ Discussion on Annual Implementation Report
	+ Information on EOP Implementation - Monitoring Report and Monitoring Sheets
	+ Updated payment forecast / payment cycle for 2013 and N+3
	+ Progress on with Operation Identification Sheets and use of TA, Visibility, New IPA Programming Period
	+ Progress in the Projects under Implementation, Minor Changes in BPAs
	+ Utilization of Savings/Contingencies under the Projects
	+ Any Other Business
	+ Planning for Next SMC Meeting and Closure

Table 10: Conclusions/Recommendations of the 12nd EOP SMC Meeting and their status:

|  |  |
| --- | --- |
| Approval of the Minutes of the 11th Sectoral Monitoring Committee and the draft agenda of the 12th Sectoral Monitoring | √ |
| Progress and corrections about the findings the last auditing visit of European Commission between 12-15 November 2012 will be sent to the European Commission in an official letter. | √ |
| When there is a revision request regarding a BPA, firstly the Commission will be approached by means of e-mail, video-conference or telephone to ensure a fast process, and application will be made by an official letter following reception of the decision. | √ |
| The European Commission will give a reply very soon after it receives the relevant official letters regarding minor or major BPA modifications. | X |
| If there is money remaining in the contract budget, this money may be transferred to another contract under the same project if the project is prepared very well and does not need extra money. If a new component is to be defined within the project, then it will be defined among the project objectives, and an official letter will be submitted to the European Commission about this modification. | X |
| Prior to official delivery of a minor modification request such as money transfer between contracts, tenders may be held and contracts may be signed and even contracts with a budget higher than what is identified for the project may also be signed on condition that the difference is covered by the Turkish side. Official letter regarding minor BPA modification will be sent to the European Commission according to the new budget after signing of contracts. | √ |

***2) The 13th SMC Meeting on 27 November 2013***

The 13th Sectoral Monitoring Meeting was held in Adıyaman on November 27, 2013 in order to monitor the Environmental Operational Programme. The meeting started at 14:00 and İsmail Raci BAYER, the Head of the EU Investments Department of the Ministry of Environment and Urbanisation, and Argyrios PISIOTIS, Team Leader of the Accession Negotiations Department for Bulgarian Region, the European Commission's Directorate General for Regional and Urban Policies of European Union Commission were the co-chairmen of the meeting.

The main topics on the agenda were as follows:

* + Opening of the Meeting
	+ Approval of Agenda and Minutes of the Last SMC Meeting
	+ Information on audit related issues
	+ Information on EOP Implementation - Monitoring Report and Monitoring Sheets
	+ Progress on with Operation Identification Sheets and use of TA, Visibility
	+ Procurement Follow Up and Cases
	+ Progress in the Projects under Implementation , BPA Modification Request
	+ Updated payment forecast / payment cycle for 2013 and N+3
	+ Evaluation of Indicators under the projects and EOP
	+ Any Other Business
	+ Planning for Next SMC Meeting and Closure

Table 11: Conclusions/Recommendations of the 13th EOP SMC Meeting and their status:

|  |  |
| --- | --- |
| The Minutes of the 12th Sectoral Monitoring Committee Meeting and draft agenda of the 13th Sectoral Monitoring Committee were unanimously accepted. | √ |
| Activities will be carried out by evaluating the qualifications of the personnel to be recruited to build the capacity of the Contracting Authority in terms of number of personnel and the personnel recruitment will be performed as soon as possible. | √ |
| The operating structure will evaluate all the projects sent to the EU Commission under the Programme and send the list of projects planned to be carried out in this IPA period to the EU Commission. | X |
| The specifications on the National and Regional Waste Management Plan Project will be prepared and sent to the EU Delegation as soon as possible and studies on the new technologies will be carried out.A tender plan in which all the physical conditions and also number of personnel are evaluated will be prepared for 2014 and submitted to the Delegation as soon as possible. Moreover, a meeting will be held with the finance unit and other units of the Delegation on the inconsistent comments and OPEX calculations. Close communication will be ensured with the Delegation during this period. | X |
| √ |
| For the project changes exceeding 10% of the project budget, the major modification rules will apply; however, the operating structure will try not to have big changes in the projects as much as possible at this stage. In addition, the requests sent to the Commission will be finalized as soon as possible. If the Commission makes a modification decision change in the financing decision, the tender will be organised with the conditional article before the decision is actually made and the contract will be signed after the decision is taken. | √ |
| A realistic tender plan will be made considering the resources such as a tender room, the number of personnel for 2014. The payment forecast will be based on the realistic tender plan and will be more conservative. | √ |
| The Environmental Operational Programme will be revised following the de-commitment of 2010 funds that will take place in the 2014. In this context, the Turkish Authorities will be able to submit a request for a modification of the financial tables as well as the indicators to EU Commission.Change request shall be submitted to the EU Commission with sufficient explanations for the revision of indicators in financing decision on project basis in BPAs.Indicators in the next financing decisions will be prepared in such a way that they will be able to measure the success of the project and simplify them as much as possible. | X |
| Next SMC meeting will be held in the last week of May. | X |

### 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 24 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.

Summary of Activities Realized &Latest Progress:

* OIS has been approved by EU Delegation (EUD) on June 17th, 2010
* 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.
* Tender dossier has been sent to the EUD on February 09th, 2012.
* EUD’s comments have been received on March 05th, 2012.
* ToR has been revised according to EUD’s comments and sent to the EUD.
* Prior Information Notice was published on December 12th, 2013.

Revision process of ToR is on-going by the end of 2013.

The all information of the DoEUI was transferred to the one new special server within Ministry of Environment and Urbanization which was provided by the supply contract under the EOP in accordance with the accreditation criteria of the Ministry.. 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. In IMIS, physical progress of the operations is monitored through regular Progress Reports which are filed by the end recipient of assistance and submitted to the OS for control and approval. Information about the physical progress of the operation provided by the end recipients in these reports are verified through on the spot checks.

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

According to the strategic plan of the DoEUI, the target number of projects under implementation should be 44 for the years 2013, respectively. Realized number was 9 for 2013.

In addition, the target number of the projects for which financing decision was taken by EC should be 31, for the years 2013, respectively in accordance with the own strategic plan of the DoEUI. Realized number was 25 for 2013.

## 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.

As it has been reported in previous Sectoral Annual Implementation Reports, four different project packages 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. Moreover there are two projects which are submitted by national public institutions and categorised as out of packages.

According to packaging approach, the first package of projects is mainly composed of the strategic projects of national public bodies; while the second package of projects consists of projects received from the target regions of the RCOP upon call for project proposals. The third package of projects is composed of projects that are financed under Measure 1.2 of the RCOP on “Creation and Development of Financing Instruments”. The fourth package of projects was developed in order to absorb the funds allocated to the programme for the 2012-2013 years and it includes projects in both Priority 1 and 2.

*Summary on performance*

Up to 31st December 2013, the RCOP operations’ portfolio comprises 63 operations. This number was 66 in the year of 2012 and 3 operations were officially withdrawn from the Programme in 2013. 51 Operations have been approved for a total budget of around 425,5 Million Euros. Out of these 51 Operations, 16 Operations are under Implementation and 35 Operations are under Tendering and Contracting phase. As for the remaining 12 Operations, programming is underway with the objective of getting these projects approved. Within the scope of the operations which are under implementation, 36 contracts with a budget of 129,7 Million Euros have been signed and around 98,2 Million Euros have been disbursed.

In this respect, as of 31st December 2013, the contracting rate for the RCOP 2007-2013 is around 24%. Approximately 76% committed amounts have been disbursed, while disbursement rate vis a vis the total budget allocated to the RCOP is 18%.

A brief summary of the progress made at 31st December 2013 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 51 operations with a budget allocation of 527.286.719 €, submitted under the first, second, third and fourth packages. Out of this 51 operations, 40 with a budget of 358.421.600 € were approved by the European Union Delegation until 31st December 2013 and 8 of them were approved during 2013. As of end of 2013, 12 operations are under implementation within this priority.

Table 12: RCOP Priority 1 total projects per stage (at 31st December 2013)

|  |
| --- |
| **Total projects per stage (at 31st December 2013)** |
| **Stages** | **No of projects** | **%** |
| 1. **Projects Under Programming** | 11 | 22% |
| 2. **Projects Under Tendering and Contracting** | 28 | 55% |
| 3. **Projects Under Implementation** | 12 | 23% |
| **Total** | 51 | 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.

10 operations worth 51.425.730 € were submitted both under the first, second and fourth package within this priority. 9 out of them with a total budget of 41.437.325€ were approved by the European Commission until 31st December 2013 and 2 of them were approved in 2013. The number of projects under implementation remains to be 2.

Table 13: RCOP Priority 2 total projects per stage (at 31st December 2013)

|  |
| --- |
| **Total projects per stage (at 31st December 2013)** |
| **Stages** | **No of projects** | **%** |
| 1. **Projects Under Programming** | 1 | 10% |
| 2. **Projects Under Tendering and Contracting** | 7 | 70% |
| 3. **Projects Under Implementation** | 2 | 20% |
| **Total** | 10 | 100% |

### 2. Progress in financial implementation:

*Financial Status*

As it can be clearly deduced from the financial execution tables below, and fully coherent with the low levels of implementation of projects that the OP has achieved in 2013, the financial execution of the Programme continues to be at an early stage, recording a total expenditure amount of 98,2 Million Euros and 22,6 Million Euros of it was disbursed during 2013. The table below provides a breakdown of financial execution by priority axis and measure.

Table 14: Financial Execution up to 31st of December 2013

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 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 |
| **Priority axis 1**Measure 1.1Measure 1.2Measure 1.3Measure 1.4 **Priority axis 2**Measure 2.1Measure 2.2**Priority axis 3**Measure 3.1Measure 3.2 | ***85,034,376.01****7,714,260.11**67,457,894.74**7,925,236.20**1,936,984.96****7,792,708.45****4,606,610.83**3,186,097.62****5,449,576.00****5,449,576.00**0,000* | ***85,034,376.01****7,714,260.11**67,457,894.74**7,925,236.20**1,936,984.96****7,792,708.45****4,606,610.83**3,186,097.62****5,449,576.00****5,449,576.00**0,00* | ***85,034,376.01****7,714,260.11**67,457,894.74**7,925,236.20**1,936,984.96****7,792,708.45****4,606,610.83**3,186,097.62****5,449,576.00****5,449,576.00**0,00* | *0.000**0.000**0.000**0.000**0.000**0.000**0.000**0.000**0.000**0.000**0,000* | ***138,483,398.3****70,880,683**29,150,041.35**22,857,382**15,595,291.69****17,436,271.3****7,960,049.8**9,476,221.4****7,620,073.2****6,453,966.8**1,166,106.3* |
| Total | ***98,276,660.46*** | ***98,276,660.46*** | ***98,276,660.46*** | *0.000* | ***163,539,742.88*** |

*Major Projects*

Until 31st December 2013, 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”, TUBİTAK submitted a major project proposal called “Establishment of Innovation Centre for Food-Innofood Centre” with a budget of 29.887.254 €. In 2013 according to the comments made by EC, 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. And revised documents were submitted to EC on 24th of September 2013 third time. After the third official submission, EC sent their comments on 9th of December 2013 and the response for related comments made by the EC were sent to EUD in same day via e-mail.

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 2011with a view to develop a fourth package of projects. 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 a result of these studies Major Project Application Form and Annexes of the project were officially submitted to EC on 28th of August 2013 by the OS. Admissibility Letter for this project was received on 25th of October by EC. In addition to that, for the further development of MPAF a workshop was organized in Samsun with the participation of relevant RCP-CID staff, EUD representatives, TA Review Team, ERA’s staff and experts and consultant from the relevant public bodies and universities on 10th -13th of December 2013. Besides, tender dossier preparation of the project components has been started simultaneously to catch up the eligible timeline for the implementation of the project and to ensure the effective implementation of the project in this period.

### 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 01/01/2013 to 31/12/2013. 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 three times in 2013 respectively on 31.05.2013, 19.09.2013 and 26.12.2013.

Furthermore, several audit missions have been carried out in 2013 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 (AA), Board of Treasury Controllers, has carried out subsystem audits 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 2012 – 30 September 2013. During 2013 AA have conducted four subsystem audits in the MoSIT, together with audit of operations and follow up of previous and current years’ audit findings. In the course of audit of operations, the main purpose is to check whether there are any errors in the legality and regularity of underlying transactions and assess the financial impact of the errors. As a secondary objective, audit of operations may lead to conclusion on system weaknesses.

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 Programming, Publicity & Visibility, Contract Management and Tendering & Contracting sub-systems on the basis of a risk assessment, and has audited both the design and the functioning of these sub-systems by means of both documentary checks and walk-through tests of a sample of operations. During these sub-system audits, 20 findings have been identified *(8 from Programming, 3 from Publicity & Visibility, 4 from Contract Management and 5 from Tendering & Contracting)* and 1 finding is of intermediate level, while other 19 findings are of minor level. 1 minor finding is currently addressed. Also 10 of the findings are related with the design of the system, 9 findings are related with the functioning and 1 finding is related with both design and functioning of the system. Consequently AA qualified “Programming”, “Publicity & Visibility”, “Contract Management” and “Tendering & Contracting” systems established by MoSIT RCP-CID 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 6 operations (The Greater Anatolia Guarantee Facility, Development of the Research & Technological Infrastructure of Gaziantep, FIRASET (Fırat Rainbow Surrounding Enterprise Taskforce, Kayseri-Erciyes Technopark Regional Innovation Center, Empowering SMEs for Networking and Inter-Regional Cooperation, Technical Assistance for RCP-CID), for which declared expenditure had been included in certified statements of expenditure submitted to the Commission during 2013. 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 2012 – 30 September 2013 that was audited, has presented fairly in all material respects. Within this scope, for the 2013, AA audited 22,431,300 € expenditure (93.77 % of the total expenditure declared to the Commission which was 23,922,468 €) and didn’t find any ineligible expenditure.

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 2013 Audit Plan, “processes regarding the implementation of the contracts” of the RCP-CID was subjected to the system and compliance audit between 15/07/2013 – 15/01/2014. The aim of the audit was to audit and evaluate processes regarding the implementation of the contracts of the RCP-CID in order to check their conformity to the PRAG rules, PIM/POG procedures, RCOP and relevant legislation. 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, 5 high, 11 medium and 5 low level findings have been detected in relation to the implementation of contracts.

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 2013.

As is known, 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, “Technical Assistance on Management Information System (MIS) for the Implementation of RCOP” was signed on 11th of November 2013 with a budget of 1,936,200 €. MIS will increase the RCP-CID’s capacity to ensure data integrity and reliability for reporting and decision making. Implementation of project is foreseen to start in the beginning of 2014.

### 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 took over tendering and contracting tasks from the CFCU following the transition period on 15th of February 2012 with the Commission Decision C(2012)788 and undertook 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 (10 EU Assistant Experts, 4 Industry and Science Assistant Experts, 2 Industry and Science Experts and 1 Civil Servant) 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 during 2013. In this regard, the total number of the RCP-CID staff has reached to 71 as of end of 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, 13 training programmes for the staff of the RCP-CID and 5 training programmes for end recipients aiming to increase their capacity in the implementation of the RCOP and projects have been carried out during the year of 2013. On the job support has been provided to all Departments of the RCP-CID. Design Team consisting of engineers and architectures has continued to help the preparation of tender dossiers of selected operations to increase the quality of tender dossiers and shorten the period for ex-ante approval. Moreover, Design Review Team has also continued to check the tender dossiers before their submission to the EUD for final approval.

Furthermore, other Technical Assistance contracts, which will strengthen the institutional capacity of the RCP-CID, are under implementation phase. “Technical Assistance Contract for Publicity, Information and Promotion of the RCOP” was signed on 22nd of July 2013 with a budget of 1,961,400 €. Kick-off meeting of the project was held on 22nd of August 2013.

Moreover as it is mentioned earlier, “Technical Assistance on MIS for the Implementation of RCOP” was signed on 11th of November 2013 with a budget of 1,936,200 €. Implementation of project is foreseen to start in the beginning of 2014.

### 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 its project generation workshops with a view to ensure complementarity between the two OPs.

### 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 2013, the 12th and 13th meetings of the SMC were held on the 27th of June 2013 and 28th of November 2013 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.

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

As it is mentioned earlier Technical Assistance Contract for “*Publicity, Information and Promotion of the Regional Competitiveness Operational Programme (RCOP)”* which is prepared within the framework of the Communication Action Plan, was signed on 22nd of July 2013 with a budget of 1,961,400 €. The duration of the operation is 36 months. The main activities comprised in the OIS are: visibility, image building, dialogue and interaction with media. Kick-off meeting of the project was held on 22nd of August 2013. During 2013, inception phase was completed, 2 workshops were organized for visual identity and design of logo, slogan and stage name were completed. Information and publicity activities carried out during the year 2013, the following provides a brief overview of them:

* The introductory meeting was held on the 29th of November 2013 in Şanlıurfa with the participation of the Minister of MoSIT Nihat ERGÜN, Deputy Head of EIF, Head of KOSGEB Mustafa KAPLAN and the representatives from EUD.
* An Operational Agreement signing ceremony for three projects (“Revitalization of History in Şanlıurfa”, “Şanlıurfa Cotton Exchange and Licensed Warehouse” and “Speciality Foods Cluster in the Southeast Anatolia Region”), representing a total budget of around 22.3 million €, was held in Şanlıurfa on the 10th of June 2013, with the participation of the Head of Operating Structure, Mr. Ayhan KARACA.
* A contract signing ceremony for Mardin Sustainable Tourism Project which has a total budget amounting around 9 million €, was held in Mardin on the 11th of June 2013.
* Regional Seminars were held between 8 May – 20 June in İzmir, Adana, Diyarbakır, Van, Ankara, Samsun, Erzurum, Konya and İstanbul under the cooperation of the Ministry of Development. During these seminars, presentations were made by the RCP-CID in order to inform stakeholders about the RCOP. In these seminars, brochures promoting the RCOP and number of promotional materials were distributed as well.
* 3rd Industry Council was held by the MoSIT on 20-22 November 2013 in Ankara. As the Operating Structure, General Directorate for EU and Foreign Affairs of MoSIT has a stand to promote RCOP and its projects. Promotional materials such as brochures, leaflets were distributed.
* “Growing Together - International Conference on EU Cohesion Policy” was held on 28th of March 2013 in Ankara by the Ministry of Development. As the Regional Competitiveness Programme Coordination and Implementation Directorate, a stand opened in order to inform stakeholders about the Regional Competitiveness Operational Programme and answer the questions of the participants. Brochures promoting the OP (both in English and Turkish) and a number of promotional materials were distributed.
* The Delegation of Tunisian Ministry of Investment and International Cooperation visited MoSIT to obtain information about Regional Competitiveness Operational Programme on 29 January 2013. During the visit of the delegation; information shared about the framework of the Regional Competitiveness Operational Programme, project selection criteria, tendering processes, implementation and financial management.
* Within the scope of RCOP web site, necessary documents were uploaded, news and necessary content were updated, approximately 50 information requests were answered via e-mail and telephone, web-site user access definitions revised for the new users.
* Publicity/Visibility training was given to the end recipients on the 18th of April 2013, as a module of the training programme on project implementation. Compliance with the EU visibility rules, publicity, logos, billboards and examples of good practices on visibility were the main topics included in the training.
* A series of kick-off meetings took place during the course of the year in order 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 are also discussed amongst other issues.
* Promotional Materials and brochures related with RCOP and Mardin Projects were prepared and distributed. (3000 RCOP Brochures, 1000 Mardin Project Brochures, 3000 notebooks, 3000 pens, outdoor informative materials-rackets, billboards).
* Press bulletins for events were prepared.

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

During the year of 2013, transferring projects from programming phase to the tendering and contracting and implementation process was accelerated in order to increase the absorption rate of the Programme. Although the implementation levels of RCOP’s operations are gradually increased in the year of 2013, generally the progress in the implementation of the Programme can be assessed as modest. 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 63 operations at different stages of implementation. 51 out of 63 were approved by the EUD/EC and within the scope of the 16 operations which are under implementation 36 contracts with a budget of 129,7 Million Euros have been signed and around 98,2 Million Euros have been disbursed up to date. Furthermore, a total of 9 contracts are expected to be signed by the end of 2014, thus increasing the number of projects under implementation up to 25.

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 1, first project is Rehabilitation and Re-Construction of Köseköy-Gebze section of Ankara-Istanbul High Speed Railway Line. Two contracts are signed for the project. The works contract was signed with Salini Costruttori S.p.A. on 14 October 2011 with an amount of 146,825,952.90 Euros. Commencement for the Works was on 25 November 2011. The Service Contract was signed with ILF-Obermayer-Optim-Neti (ION) consortium on 31 October 2011 with an amount of 6,319,760 Euros. Commencement date of the supervision was 14 November 2011 and the total duration of the contract is 56 months including 24 months of DNP.

The project has been affected by a major design change which has been necessitated by the need to make space for the construction of the future 3rd line, and also to ensure that the operation for the two lines, subject of the present Works Contract, shall not be interrupted while the 3rd line is realized in the future. It was also found that several additional works were required for the purpose of ensuring the safety and operability of the two lines. Last but most importantly, the contract foresaw that the Contractor would execute checks on the geotechnical investigation for the project, which resulted in the need for major foundation, soil improvements and slope stabilization work and interventions along the greater portion of the length of the project.

According to the Engineer’s estimation, these additional requirements would set the Contract Value to approximately 220 Million Euros. In consideration of the bilateral agreement which specifies the maximum IPA contribution to 136 Million Euros, the additional amount needed above this threshold is planned to be allocated under Turkish contribution. The completion date of the works is the 13 May 2014 according to the Contract. The Contractor will not fulfil the construction works within 900 days as agreed between the parties of the main contract because of several reasons. Time extension for the construction time will be given by the Engineer accordingly Thus contract addendum for the Service Contract will also be required accordingly. The ratio of the physical progress for Rehabilitation and Reconstruction of Köseköy-Gebze Section of the Ankara-İstanbul High Speed Train project is app. 85%.

Under Priority 1, second project is “Rehabilitation and Signalization of Irmak-Karabük-Zonguldak Railway Line Project”. Two contracts are signed for this project. The Works Contract has been signed with Yapı-Merkezi-MÖN JV on 14 December 2011. Commencement for the Works is on 25 January, 2012. The accepted contract amount is 219,969,300 €. 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.

The project is divided into two geographically separate sections: Ülkü-Zonguldak being Phase 1 and Irmak-Ülkü, Phase 2. Although the time for completion for Phase I is 25th January 2014, the physical progress for this phase is 89,1%. The design of signalling and telecommunication on the other hand are still ongoing. Only construction of the technical rooms, installation of the point machines and cable laying has taken place so far. Signalization progress is approximately 30%.

The progress of the Contractor is observed to be critically low. The major reason for this is the unimplemented time sharing (72 hours the Contractor, following 12 hours the End Recipient) provision stipulated in the Contract. Although the Contractor has not been able to fulfil the work programme due to his own arrangements, i.e the late completion of the design activities, difficulty in sub-contracting arrangements etc. the Engineer provided his fair assessment regarding the time sharing issue, for which he assesses that the Contractor has rights to claim extension of time. Unfortunately, provision of the contractual time sharing to the contractor has not taken place until the end of the reporting period. Thus, it is foreseen that a time extension will be granted to the Contractor within 2014.

On the other hand, the Contractor has succeeded to complete the majority of the open-line works and the works inside stations.

The second phase should be completed on 25th of January, 2016. The physical progress for this phase is 8%. In accordance with the work programme, the Contractor concentrated his works on the Phase I component; hence the low physical progress in this phase is as expected.

The supervision contractor team has substantially been strengthened via approval of new experts. The lack of the experts in supervision was one of the main problems within this contract. This was resulting in poor coordination among the parties, lack of supervision on site and most of all the quality of the works. By the end of the reporting period, the supervision contractor’s team is fit for purpose and the physical progress rate is 47,7%.

Under Priority 2 of Transport OP “New Construction of Filyos Port” project is considered as a major project. With this regard, MPAF of New Construction of Filyos Port Project was submitted to the European Commission in March 2011. On 19 October 2011, the EU Delegation submitted a letter to the MoTMC which generally expressed a favorable opinion regarding the Filyos Port project, but highlighted some of the reservations contained in the Assessment Report. All the documents have been revised in line with the comments in the Assesment Report which was received from EU Turkey Delegation on 19 October 2011 and re-submitted to the EU Comission on 26 March 2013. Following the admissibility letter of May 2013 on MPAF, another official letter has been received on November 27, 2013 from Commission stating that the the file was incomplete; hence it this infrastructure investment could not realistically be fully implemented by the end of eligibility period, i.e. 31 December 2017. Consequently, Commission asked for another project to be submitted.

Modernization of Samsun-Kalın Railway Line Project is planned to be realized within IPA I period as a replacement of Filyos Port Project. The Project covers the rehabilitation of infrastructure and superstructure along with installation of signaling and telecommunication systems between Samsun-Kalın (approximately 377 km) and Samsun-Tekkeköy Logistics Center (approximately 17 km). MPAF together with its annexes will be send to the EU Commission for approval in 2014, The major concern is to finalize the project at least to the provisional acceptance stage before programme closure, 31st of December, 2017.

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 and commenced on 15 November 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 on 01 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 inter modality on future TEN-T Network, while maintaining an efficient and a balanced transportation system. The physical progress of the project was %85.

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 following chapters.

### 2. Progress in financial implementation

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

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

For the works contract of “Rehabilitation and Reconstruction of Köseköy-Gebze section of Ankara-Istanbul High Speed Train Project”, by the end of 2013, 88.454.967,26€ (EU Contribution) and 15.609.700,10 €( National Contribution), totally 104.064.667,36 € payment was realized. For the supervision contract of the project, by the end of 2013, 4.079.480,36 € (EU Contribution) and 719.908,30 € (National Contribution), totally 4,799,388.66 € payment was realized.

For the works contract of “Rehabilitation and Signalization of Irmak-Karabük-Zonguldak Railway Line Project”, by the end of 2013, 59.822.146,95 € (EU Contribution) and 10.556.849,46 €( National Contribution), totally 70.378.996,41 € payment was realized. For the supervision contract of the project, by the end of 2013, 1.440.789,10 €( EU Contribution) and 254.256,90 € (National Contribution), totally 1.695.046,00 € payment was realized.

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. By the end of, 2013, 2,518.433,58 € (EU Contribution) and 444,429.46 € (National Contribution), totally 2,962,863. € payment was realized. The financial progress was %56.

Under measure 3.2, the contract of “Technical Assistance for Information and Publicity Activities” Project was signed on 1 November 2011. By the end of 2013, 895.366,41€ (EU Contribution) and 158.005,84(National Contribution) totally 1.053.372,25 € payment was realized.

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

Table 15: Summary of Allocations in TOP for 2007-2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **YEARS 2007 - 2013** | **Total Public expenditure(Euro)** | **Community Contrib.(IPA)(Euro)** | **National Public Contrib.(Euro)** | **IPA cofinancing rate (%)** |
| ***Priority Axis 1***  | ***621.902.662*** | ***528.617.263*** | ***93.285.402*** | ***85%*** |
| Measure 1.1  | ***621.902.662*** | 528,617,263 | ***93,285,402*** | 85% |
| ***Priority Axis 2***  | ***49.805.413*** | ***42,334,601*** | ***7.470.813*** | ***85%*** |
| Measure 2.1  | ***49.805.413*** | 42.334.601 | ***7.470.813*** | 85% |
| ***Technical Assistance***  | ***16.193.880*** | ***13,764,798*** | ***2,429,088*** | ***85%*** |
| 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% |
| ***Total Years 2007 - 2013***  | **687.901.965*[[2]](#footnote-2)*** | **584.716.662** | **103.185.303** | **85%** |

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

Ministry of Transport, Maritime Affair and Communications 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(EUID) 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 EUID. 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. Internal Audit Unit has carried out audits on human resources management, risk management, control environment and communication within the year 2013. Follow-up of the findings will be done bi-annually.

On the other hand, systems audit on contract management, financial management, accounting, (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 1 October 2012 and 30 September 2013.

Besides the audit activities and ensuring a proper risk management and reporting system designing and maintaining an irregularity management system is also crucial for the control environment. To that end, a staff member from QACU assigned as irregularity officer to timely report and effectively follow-up any potential case of irregularities and fraud. The irregularity officer reported 1 case to NAO through the irregularity reporting system (AFIS) within 2013 regarding the Rehabilitation and Signalization of Irmak-Karabük-Zonguldak Railway line project. The follow-up of the reported case is going on.

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 Investments (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

12th SMC was held on 26 June 2013 at Hilton Hotel, Ankara. Main issues discussed and conclusions are:

* There is no de-commitment risk for Transport OP for the year 2013.
* Information on TOP implementation has been presented by the Ministry.
* The modification request for Köseköy-Gebze Project would be processed as quickly as possible and expenditures relating to said modification request would only be eligible as of the date of the approval.
* The Commission would inform the Ministry on the admissibility of Sectoral Annual Implementation Report for 2012 after official submission.

13th SMC was held on 26 November 2013 at Double Tree by Hilton Hotel, İstanbul. Main issues discussed and conclusions are as follows:

* All conditions annexed to the Commission Decision of 12 November 2012 for the Conferral of Management for Transport OS were fulfilled in order to process the recently submitted interim payment claim.
* Information on TOP implementation has been presented by the Ministry.
* It was suggested to present the current status of the implementation more programme oriented.
* Finalization of the addendum request for the budget increase in Köseköy-Gebze project at the soonest possible time is critical.
* The identified risks regarding the Köseköy-Gebze project have been elaborated by the Commission side.
* Large number of outstanding issues in the application of Filyos Port Project and need for additional information to be provided by the Turkish side would create a capital risk for the implementation of the Programme given the limited time ahead until the closure of the Programme.
* The Commission side suggested to consider the outstanding issues for Filyos especially on environmental aspects and cost-benefit analysis and to avoid such comments for the application of Samsun-Kalın project.

### 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 6th 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 and 3 major events were realized in 2013. Eurasia Rail Fair, MoDInterational Conference Info-Zone and 11th Transportation Forum events were participated in 2013. Communication Strategy and Action Plan Report were prepared and updated before every SMC meetings. Media Monitoring activity is going on with daily clippings and monthly analysis. Research activity was initiated and visual identity was completed. The project has financially about %36 of the progress and physically about %85 of the progress of the TA project were completed with the realized activities stated above.

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

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

* + 1. Modernisation of Alayunt-Afyon-Konya Railway Line Project
		2. Modernisation of Malatya-Narlı Railway Line Project
		3. New Construction of Halkalı-Kapıkule Railway Line Project

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 2014.

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 second quarter of 2015.

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 LineProject is considered as a major project for the next programming (2014-2020) period. The EIB consultation taken place in 2012 concluded that the major changes regarding the feasibility study; especially the lack of substantial data for traffic demand analysis and the consideration of freight transport would be updated and upgraded under the Technical Assistance Contract. Within this frame, a new project implementation team has been organized at the final quarter of 2013 under the TA. This team involves a team leader (transport economist), 2 infrastructure experts, 2 experts for demand analysis, 1 expert for signaling and 1 expert for electrification. This core team will be supported by short term additional experts if necessary. It is planned that the closure of missing information and supporting numbers would be finalized in 2014. The Project’s scope will be derived from the feasibility study. The Cost/Benefit Analysis, Environmental Impact Assessment and Design works in addition to Tender Dossier preparation are to be realized within the scope of the Project.

## 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. Gap assessment/plugging studies for the programming and coordination of Components III and IV were carried out under “Technical Assistance for Capacity Improvement in the Economic and Social Cohesion (ESC) Policy Project (Phase II)”. Moreover, coordination, partnership and consultation guidelines were prepared and distributed to the relevant actors of Components III and IV. These guidelines will be benefited in the preparation stages of the next programming period.

IPA implementation is a preparatory process for EU Cohesion Policy, particularly implementation under Components III and IV. In terms of lessons learned, effective coordination among all institutions involved in the IPA management, establishment of project pipelines containing a number of good quality projects and increased institutional capacity both at central, regional and local levels are the key factors to ensure an effective implementation of IPA. In addition, regional and local institutions should play more active role in both programming and implementation stages to maximize impact of IPA. Negotiations on Chapter 22 were opened on 5 November, 2014. Action plan of Chapter 22 envisages that regional institutions will be given significant roles for the utilization of IPA funds, i.e. intermediate bodies. Till the end of 2013, development agencies (DAs) have supported beneficiaries in their regions in terms of project preparation under Regional Competitiveness OP and Human Resources Development OP. Moreover, DAs have also involved in the current IPA process as operation/project beneficiaries. Under Regional Competitiveness OP, 11 projects with the total budget of approximately 127 million Euro were developed by DAs. Under Human Resources Development OP, 14 operations with the total budget of approximately 73 million Euro were developed by DAs. Out of 14, 10 operations have been submitted to implement grant scheme programmes in NUTS II regions. DAs will play more active roles for the utilization of EU funds in their regions in IPA II period.

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 2013. In addition, improvements and modifications were made on IMIS for better functioning of the System in 2013. IMIS enables to conduct more systematic and complementary monitoring activities performed at the levels of operation, OP as well as Strategic Coherence Framework.

**Environment OP:** With the revision to the Environment OP, the total IPA allocation to the OP was increased to 682 million € for the period of 2007-2013. By the end of 2013, 39 project applications were submitted to the EC with a total budget of 942 million € including the national contribution. Out of 39, 25 projects were approved with a total budget of about 650 million € including the national contribution, and 18 of them are under contracting and implementation phase. Under these operations, 18 contracts were signed with a total budget of 520 million €. Financially, 31.2 million € were de-committed in 2013. Due to this de-commitment, Environment OP budget including national contribution has been revised and decreased to 771.8 million € and this revision has been submitted to EU Commission.

**Regional Competitiveness OP:** The total IPA allocation to the OP is approximately 470 million € for the period of 2007-2013. By the end of 2013, 63 operations have been developed under RCOP in total. Out of 63 operations, 51 were approved with a total budget of 425.5 million €. 16 of them are under implementation, and 35 of them are under tendering and contracting phase. Under these operations, 36 contracts were signed with a total budget of 129.7 million €, and 98.2 million € have been disbursed. The remaining 12 operations are under the programming phase. Financially, 36 million € de-commitment was realized in 2013.

The focus of activity during 2013 was on the finalisation 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 operations and tender dossier approval has taken place.

A number of challenges had to be confronted by the Programme in the year 2012. Although most of these problems have been solved to a large extent, thanks to the measures taken in the year of 2013; some new problems have occurred during the course of 2013.

The major problems that have been encountered at programme level in 2013 are mainly related with the delays in pre-tendering and tendering stages which lead to risk of not implementing the approved projects in the pipeline within the eligibility period of the programme and eventually to de-commitment. Within this scope, list of mature projects that can be implemented within the eligibility period and having highest added value has to be agreed between the OS and the EUD. Moreover for prioritised projects, clear timetables for each phase of tendering and contracting should be set up and signed by all relevant parties (OS, ERA, EUD). Dates identified in these timetables should be observed by all parties and it should be monitored through monthly Procurement meetings between the OS and the EUD. In case of non-compliance, necessary corrective measure(s) has to be taken including dropping relevant project and finding an alternative solution that will compensate the loss of funds. Also, Contract Notices of service contracts can be approved and published before the approval of whole tender dossier. Besides that, gradual application of the new approach can be adopted on ex-ante controls starting from 2014 to non-risky procurements which have not been launched to speed up the tendering process.

**Transport OP:** The total IPA allocation to the Transport OP is approximately 585 million € for the period of 2007-2013. By the end of 2013, 7 contracts -two of which are works and the others are service contracts- were signed under the Transport OP, with a total budget of about 324.6 million €. Under these contracts, 157.2 million € were disbursed. Financially, no de-commitment was realized in 2013.

# 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. 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 HRD multi-annual operational programme.

***Employment***

*Promoting Women Employment*

The Technical Assistance ended in March 2013 but the operation beneficiary institution İŞKUR continues to preserve outputs in a sustainable manner. İŞKUR was engaged to support new activities in line with the specific objectives of PWE. For example, job club training programmes and workshops, additional modules in gender sensitivity handbook, etc. were implemented as added value, also with the support of İŞKUR. The different tools and techniques have led to the establishment of an operational Referral Model, fostering cooperation between different institutions in women employment issues.

*Promoting Youth Employment*

Under the Promoting Youth Employment Technical Assistance Contract, a model for supporting youth entrepreneurship which is called as “Youth Entrepreneurship Support (YES) Model” was developed.

The YES Model will be composed of the four service areas namely “Promotion and Orienteering, Pre-feasibility Check, Business Planning Support, Start-Up Support”.

YES Model is a cross-policy strategy, formalized in a set of services (Promotional campaigns and Entrepreneurship days, Individual Career Orienteering, Improving Youth-Entrepreneurs Clubs, Aptitude Test, Small-groups one-day trainings, Individual Needs Analysis, Youth Entrepreneurship Training course, Coaching for assessing market readiness and developing a business plan, Specific sectoral trainings, Individual counselling by specialists on demand, Legal and administrative requirements consultancy, Financial sources identification, Legal assistance on employment, sectoral analysis, consultancy services, terms of a commercial lease, intellectual property protection, etc., Mentoring, Advertising, communication consultancy, Sales Management consultancy, Networking and National Competition/Award) to be made available to promote and support youth entrepreneurship. The services included in the YES Model are related to the needs expressed by the young people at different phases in the maturity cycle of the business start-up process.

The protocol was signed officially by relevant institutions and organisations during the national conference organised on 23rd October 2013.

*Promoting Registered Employment*

Achieved outputs at the end of the operation are as follows:

* 1200 staff of SSI, MoLSS, ISKUR, other relevant social partners trained.
* 4 Study Visit for European best practice have taken place.
* 1 On-the-job training for European best practice has taken place. Indicator could not be achieved as the counterpart institution for such a training visit could not be found.
* 45 staff from SSI trained as trainers via 2 TOT delivery.
* 3 Working Group representing the involved ministries established and in force.
* A strategy paper for Inter-ministerial cooperation prepared including a model for inter- ministerial cooperation, which is tested in selected NUTS II provinces.
* At least 1 protocol between involved ministries signed. Indicator could not be achieved due to the lack of interest from the relevant institutions.
* A common data base established with pilot external connexions, tested and system is ready to operate.
* Project identify and logo produced.
* Project Communications Plan finalised. Evidence on this achievement is included in Progress Reports Number 1.
* 8 Awareness Raising Conferences, have taken place in eligible 12 NUTS II regions.
* Project opening and final conferences have taken place in Ankara with at least 100 attendees each.
* 15000 information, 15000 flyers, 5000 project brochure, 3000 posters to promote registered employment with 3 different themes produced and disseminated.
* 3 articles to promote the benefits of registered employment produced and published.
* Promotional materials have been prepared and distributed among the target audience.
* Project website established and operational.
* Three six-monthly e-newsletter produced.
* A total of 100 ex-ante and ex-post surveys on awareness conducted.
* 1 TV spot produced and aired..
* 4 snap shot cartoon story is produced and 8000 copies published and disseminated.
* Field studies conducted and labour market analyses report produced for at least 6 provinces.
* 1000 copies of compendium produced.
* National conference of grant projects dissemination with participation of minimum 150 people organized.

Regarding the supply contracts under the operation, final acceptances of all contracts were issued in 2013.

*Increasing the Quality of Public Employment Services*

One of the most remarkable activities of the project is the model to monitor the impact of active labour market policies provided by İŞKUR.

Activity 4 of the project focuses on building a Monitoring & Evaluation (M&E) system for Active Labour Market Programmes (ALMP) of ISKUR, to be used on national, provincial and growth centre levels.

21 ALMPs of ISKUR are classified under five main groups:

* Counselling Services
* Vocational Training Programmes
* Subsidies
* Public Work Programmes
* Other Measures

The M&E system of ALMPs is very important in several aspects. First of all, this system will be an example for other institutions in Turkey, since it will be the first M&E system among programme implementing institutions in different fields. Also, provinces are going to have a chance to get more important role in the M&E system. In conclusion, in terms of both increasing the efficiency of ISKUR’s programmes and being an example to other institutions this study is a very principle step.

Regarding the other results, it should be mentioned that under result 1, the İŞKUR provincial offices had developed their own detailed Action Plans which they intended to expand and develop their services to the local labour market and the community. Moreover, the guidance services of ISKUR regarding job, vocation and public employment services were improved through trainings provided to job and vocational counsellors which were conducted under result 3. As a result of this activity, the job and vocational counsellors improved their guidance techniques to develop their relationship with their jobseeker clients and local employers. In addition to this, the visibility of İŞKUR around Turkey was increased through a wide range of communication campaigns that are described under section 2.1.

The last result area of the project (result 7) focused on the provision of internship opportunities for the staff of İŞKUR, MoLSS and social partners in EU PES Agencies. The purpose of the Policy Making Internships was to enhance the knowledge and skills of the interns in relation to employment policy making processes. The internships were an integrated part of the capacity building activities implemented by the operation including a training programme for employment policy making. The interns benefited from the exchange programmes and prepared evaluation reports after they finalized their mission in the selected countries. By this activity, the interns had a chance to evaluate the internship programme in terms of Turkey’s employment policy, İŞKUR’s role in employment and its services compared with the host institution.

***Education***

*Increasing Enrolment Rates Especially For Girls*

In 160 selected schools in the 16 project provinces family visit teams were established and as a result of burdensome work 3,828 families were visited. Out of them 2,790 were convinced to send their children back to school. In spite of burdensome work family visit was one of the most crucial actions taken in the project. Firstly, the students who could come back to school benefitted; it is improved about continuing education of the number of child through awareness created by families. The teachers benefitted as well since they had an opportunity to get know the parents of their pupils and see their living environment.

Economic reasons and especially covering the cost of the school are the main reasons of children’s non-attended to the school from their families. Education support packages were prepared in order to help students at risk and in difficult conditions. It was specified the packages content as school uniforms and stationery at the beginning of the project however it was changed these packages as a clothing because of the removing of the obligation for the uniform in schools. A total of 5,580 incentive packages (2,350 textiles, (sportswear, winter shoes and training shoes etc.) and 3,230 stationary) have been procured and distributed to the 18 provinces, including Hakkari and Iğdır which were included in some of the project activities at later stage

The approach vis-à-vis the counsellors and the function of psychological counselling in schools (including YIBOs) has had the form of as ‘personal training’. The materials, training manuals and the modules for the Student Support have been endorsed by the respective directorates in MoNE and will certainly be used in times to come.

The provincial operation coordination teams’ (POCT’s) network has been strengthened through their participation in the awareness activities. This bodes well in regards to both the sustainability of the POCTs capacities and the continuation of the project related activities. Likewise, the branch managers that are included in the process may now plan and lead the awareness projects of the project.

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

National Quality Assurance Centre was established under Ministry of National Education. Strategy Report for Quality Assurance in VET was prepared. Members of the newly established Working Groups trained on a culture of Quality Assurance. An international workshop organised on developing the VET quality development system. Relevant laws and legislation to strengthen the active collaboration analysed and revised.

***Lifelong Learning***

*Promoting Lifelong Learning*

The work of the Project can be considered as having four clusters of Results.

Results 2, 3, 4 and 11 have created the national and provincial foundations of the lifelong learning system:

* a Policy Paper, draft Law and Regulations Framework that establish a clear institutional structure at national and provincial level for the coordination and promotion of lifelong learning;
* a draft National Lifelong Learning Strategy and Action Plan that provides a clear road map and agreed priorities for the implementation of lifelong learning;
* 43 Provincial Lifelong Learning Action Plans that set out provincial priorities and measures linked to the National Strategy;
* an Action Planning Handbook that sets out the methodology for provincial action planning.

Results 6, 7, 8 and 9 were concerned with developing the qualifications and Recognition of Prior Learnings system so that: qualifications are relevant to social and labour market needs; assessment of students and the award of qualifications are based on national standards and applied consistently; prior learning is recognized and certificated; and that there are procedures for transfer of credit across qualifications.

Results 5 and 14 raised the awareness of lifelong learning in Turkey. The National LLL Web Portal (Result 5), creates a one-stop shop for Turkish citizens that provides access to information on learning and employment opportunities, RPL, vocational guidance and counselling, and monitoring and evaluation. Four spot films and a promotional film were produced and broadcast on national channels (around 440 separate broadcasts), national and local media campaigns were conducted and promotional materials were produced, including a video, an animation and a brochure to support RPL. The photography and short film competitions were generated positive publicity as well as resulting in outputs (40 photographs and 3 short films) that have been used to present lively images of lifelong learning. Around 1300 stakeholders participated in conferences and information meetings.

Results 10, 12 and 13 have been concerned with building capacity, especially at provincial level. The key areas for capacity building were the lifelong learning approach, vocational guidance and counselling, and monitoring and evaluation. Around 2600 people benefitted from these events. Another notable achievement was the signing of protocols with TOBB, TİSK and TÜSİAD on the provision of workplace training for at least 900 teachers.

***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 16: Contracted Projects per Types in HRD OP

|  |  |  |
| --- | --- | --- |
| **Contract Type** | **Total Contracted** **Amount (EU + national contribution) (€)** | **Share (%)** |
| Grant Contracts | 72.951.120,10 | % 36,79 |
| Service Contracts | 55.647.315,00 | % 28,06 |
| Grants to Individuals | 20.700.000,00 | % 10,44 |
| Direct Grant | 45.174.163,56 | % 22,78 |
| Supply Contracts | 3.649.825,67 | % 1,84 |
| Framework Contract | 184.080 | % 0,09 |
| **Total** | **198.306.504,33** | **100,00%** |

### *Summary of financial information for the expenditures realized until 31st December 2013*

For the period, 2012-2013 MoLSS executed payments amounting to € 82,065,472.96 in total.

The expenditures certified by the NAO for the whole year was amounted € 56.1 million in total, with an EU contribution amounted € 47.7 million.

According to the Commission decision as of March 2013, financial correction had to be applied for the 5 grant schemes implemented under the responsibility of the CFCU as a follow up to the audit of operations carried out by DG EMPL auditors in April 2012. In this context, in the statement of expenditure #12 for the corresponding grant expenditure certified to the Commission, financial correction of 3.5 % is applied.

The following table shows the expenditures declared to the Commission in 2013 including flat rate correction under the grant schemes:

Table 17: Total Expenditure Incurred by Final Beneficiaries and Certified Eligible in 2013 for HRD OP

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |   | **Total Public Expenditure** | **Community Contribution** | **National Public Contribution** |
|   | **2013 TOTAL** | 56.082.906,29 | 47.670.462,11 | 8.412.435,98 |
| **Priority Axis 1** | 33.638.718,83 | 28.592.910,96 | 5.045.807,87 |
| 1.1 | Promoting Women's Employment (Grant) | -99.927,00 | -84.938,01 | -14.988,99 |
| 1.1 | Promoting Women’s Employment (Grant) - Flat Rate Deducted (3.5 %) | -833.571,97 | -708.536,23 | -125.035,74 |
| 1.1 | Technical Assistance for Promoting Women’s Employment | 433.747,16 | 368.685,09 | 65.062,07 |
| 1.1 | Direct Grant “Women in Business Programme” | 30.070.320,00 | 25.559.772,00 | 4.510.548,00 |
| 1.2 | Promoting Youth Employment (Grant) | 1.773.239,83 | 1.507.253,85 | 265.985,98 |
| 1.2 | Promoting Youth Employment (Grant) - Flat Rate Deducted (3.5 %) | 1.055.571,12 | 897.235,45 | 158.335,67 |
| 1.2 | Technical Assistance for Promoting Youth Employment | 483.108,29 | 410.642,05 | 72.466,24 |
| 1.3 | Promoting Registered Employment Through Innovative Measures (Grant) | -669,27 | -568,86 | -100,41 |
| 1.3 | Promoting Registered Employment Through Innovative Measures (Grant) - Flat Rate Deducted (%3.5) | -273.239,53 | -232.253,58 | -40.985,95 |
| 1.4 | TA for Improving the Quality of Public Employment Services | 2.640.292,55 | 2.244.248,67 | 396.043,88 |
| 1.4 | Supply for Improving the Quality of Public Employment Services | 62.491,20 | 53.117,52 | 9.373,68 |
| **Priority Axis 2** | 5.169.066,94 | 4.393.706,89 | 775.360,05 |
| 2.1 | Technical Assistance for Increasing Enrolment Rates Especially for Girls | 1.438.932,70 | 1.223.092,80 | 215.839,91 |
| 2.1 | Increasing Enrolment Rates Especially For Girls (Grant) | 541.292,27 | 460.098,42 | 81.193,85 |
| 2.1 | Increasing Enrolment Rates Especially for Girls (Grant) – Flat Rate Deducted (3.5 %) | 239.090,33 | 203.226,78 | 35.863,56 |
| 2.1 | Supply of Equipment for Increasing Enrolment Rates Especially for Girls | 247.550,43 | 210.417,87 | 37.132,56 |
| 2.2 | Technical Assistance for Improving the Quality of VET in Turkey | 2.470.490,12 | 2.099.916,60 | 370.573,52 |
| 2.2 | Supply of Equipment for Improving the Quality of VET in Turkey | 773.003,36 | 657.052,86 | 115.950,50 |
| **Priority Axis 3** | 7.461.443,25 | 6.342.217,06 | 1.119.216,49 |
| 3.1 | Technical Assistance for Promoting Lifelong Learning in Turkey | 1.221.137,88 | 1.037.967,20 | 183.170,68 |
| 3.1 | Promotion of Life Long Learning (Grant) | -2.539,95 | -2.150,46 | -379,49 |
| 3.2 | Promotion of Life Long Learning (Grant) – Flat Rate Deducted (3.5 %) | -149.348,90 | -126.956,26 | -22.402,33 |
| 3.2 | Technical assistance for Increasing Adaptability Employers and employees to the Changes in Global Economy | 1.353.824,39 | 1.150.750,73 | 203.073,66 |
| 3.2 | Supply of Equipment for Increasing the Adaptability of Employers and Employees to the Changes in Global Economy | 75.159,00 | 63.885,15 | 11.273,85 |
| 3.2 | Technical Assistance for Increasing the Adaptability of Employers and Employees in Tourism Sector | 4.535.287,80 | 3.854.994,63 | 680.293,17 |
| 3.2 | Supply of equipment for the Operation Increasing the Adaptability of Employers and Employees in Tourism Sector | 144.241,00 | 122.604,85 | 21.636,15 |
| 3.2 | Supply of Equipment for Increasing the Adaptability of Tradesmen and Craftsmen | 281.142,08 | 238.970,77 | 42.171,31 |
| **Priority Axis 4** | 7.488.041,80 | 6.364.835,53 | 1.123.206,27 |
|  4.1 | Facilitating Access of Disadvantaged Higher Education Students to Labour Market Including Scholarship Support (Individual Grant)  | 7.488.041,80 | 6.364.835,53 | 1.123.206,27 |
| **Priority Axis 5** | 2.325.635,48 | 1.976.790,16 | 348.845,32 |
| 5.1 | Technical Assistance for Implementation of HRD OP | 737.817,09 | 627.144,53 | 110.672,56 |
| 5.1 | Direct Expenditure 2012 (Direct Grant of Ministry of Labour and Social Security) | 1.112.330,80 | 945.481,18 | 166.849,62 |
| 5.2 | Technical Assistance for Potential Operation and Grant Beneficiaries (HRD OP 5.2), Information and Publicity (HRD OP) | 269.044,35 | 228.687,70 | 40.356,65 |
| 5.3 | Technical Assistance for Potential Operation and Grant Beneficiaries (HRD OP 5.2), Information and Publicity (HRD OP) | 206.443,24 | 175.476,75 | 30.966,49 |

Expenditures verified under the HRD OP programme in 2013 are € 47.670.462 EUR. The verification of the costs is less than the costs stated in the MIFF allocation for the relevant year (as per n+3 rules concerning year is 2010 and the commitments to be covered by cost claims has to be € 63.400.000). The following table shows the annual allocation, verified expenditure and de-commitments.

Table 18: De-commitments for HRD OP

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | MIFFAllocation(EU Contribution) | Potential Decommitment\*(in case of noMoney spent)(A) | Annual VerifiedExpenditure(EU Contribution) (B) | 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 | -198.591 |
| **2011** | 77.600.000 | 41.530.000 | 41.960.362 | 430.362 |
| **2012** | 83.188.000 | 38.993.477 | 42.062.132 | 3.499.017 |
| **2013** |  | 63.400.000 | 47.670.462 | -12.230.521 |

\*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:

Within the framework of the risk management system based on COSO Enterprise Risk Management System, a meeting was organized on 25.07.2013 with the participation of the Unit representatives in order to improve the risk management system in the OS. Then the Risk Management Committee (RMC), composed of coordinators of the Units or their representatives, meeting was held on 09.10.2013. In this meeting, the RMC identified the strategic and operational risks of the OS in 2013 as well as determined the relevant risk responses to manage those risks and achieve the objectives. The RMC also defined the responsible staff and the deadlines for the implementation of each control activity and risk response. The following graph summarizes the final risk profile of the HRD OS as a result of the RMC decisions in 2013:



In 2013, the Internal Audit Department of the MoLSS provided the consultation to the Operating Structure on its organizational structure. The draft consultation document was prepared by the Internal Audit Department and shared with the management of the OS. The final consultation document is due January 2014.

In 2013, the Audit Authority completed following audits: two system audits on procurement and project management processes of the Operating Structure, one audit of operations including grant schemes managed by the CFCU and the follow-up of previous years’ audit findings. Final reports for these audits were issued by the Audit Authority and submitted to the NAO and the Operating Structure. As a result of these audits, the aforementioned subsystems were found by the audit bodies to be effective and functioning in line with the accreditation criteria and requirement of IPA Implementing Regulation 718/200.

### 4. Assessment of the administrative capacity

In 2013,

* 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 94 permanent staff (78 EU Expert and EU Assistant Expert) plus 18 contracted staff at the end of 2013.

The Training Strategy of the HRD OS was prepared in February 2011 for the period 2011 and 2012 and was updated for 2013.

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 2013 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 2013. 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 2013, two SMC Meetings were held. 12th SMC was held on 25th June 2013 and 13th SMC on 6th December 2013 both were organized in Ankara.

At the 12th SMC meeting, the schedule was composed of presentations of OS 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;

* the Evaluation Activities of the HRD OP implementation
* Annual Audit Activity Report for the period 1/10/2011 – 30/09/2012
* progress in the implementation of ongoing Operations,
* the outputs and results of the finalised grant schemes, including methods of effective implementation of operations and actions to avoid de-commitment,
* preparations for upcoming operations,
* the new monitoring structure,
* activities in the scope of Technical Assistance Priority Axis; capacity building activities, information and publicity activities.

In the opening session of the 13th SMC meeting, the achievements of the projects since previous SMC meeting, the positive impact of the negotiation process between the EU and Turkey on the projects and certain existing problems were mentioned briefly. The crucial importance and full ownership of the HRD OP by relevant institutions and organisations and importance of jointly continuing to make all efforts throughout the remaining years of the programme in order to avoid de-commitment risk were also emphasized.

In the context of agenda, information was provided about;

* 2014-2020 HRD OP preparations, programming activities and concept paper
* absorption of funds and the de-commitment risk,
* HRD OP Employment Priority Axis evaluation activities in the scope of Technical Assistance Priority Axis; CSAP, promotion, publicity and visibility activities
* 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.

### 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 2013:

* 11 Information days for PYE Call for Proposals were organized in Samsun, Kocaeli, Diyarbakır, Konya, Rize, Antalya, Eskişehir, Çanakkale, Gazientep, Mersin and Ankara with the participation of 1780 participants.
* 6 Information days for PRE Call for Proposals were organized in Ankara, Bursa, Trabzon, Kars, Muğla and Gaziantep with the participation of 674 participants.
* Call for Operation Information Day was held with the participation of 280 participants in February 2013
* YURTKUR Conference was held with the participation of 200 participants on 7th of March.
* Totally 9 ‘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 PYE-II and PRE Call for Proposals were published in 3.755 copies each.
* Practical Guide to Operation Preparation for Potential Operation Beneficiaries was printed in 1.000 copy to be distributed in the Call for Operation organization
* 3rd issue of the HRD Magazine was prepared both in Turkish and English; and printed in 500 copies.
* To promote the related Call for Proposals, two specific newspaper advertisements about PYE-II in Milliyet and PRE in Habertürk were designed and published.
* Call for Operation newspaper advertisement was designed and published in Habertürk
* 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

With the revision to the HRD OP, the total IPA allocation to the OP was increased to 473.8 million € for the period of 2007-2013. By the end of 2013, grant projects under 5 operations were completed. Under these grant schemes, 431 grant contracts were signed with a total budget of 81.4. With other contracts, the amount of contracts signed reached to 198.3 million € in total, and 56 million € were disbursed in 2013. Financially, 12.2 million € de-commitment was realized in 2013.

Within the concept of IPA II period, drafting the Concept Paper which set out the priorities in relevant sectors of Sectoral Operational Programme (SOP) was initiated under coordination of Ministry of EU Affairs and with the participation of relevant institutions and organizations.

Drafting the Concept Paper was launched in March 2013 and meetings were organized with the effective participation of relevant ministries and public institutions to form the first draft of the document. After completion of the first draft, the document was submitted to EU Commission in June and comments were received in August. The document was then updated in line with Commission comments and reviews of relevant institutions in the meetings organized for each sector area, and submitted to the Commission in September 2013.

Subsequent to submission of Concept Paper, preparation of Sectoral OP was initiated. In this context, data collecting and preparatory work was completed for each sector of the Programme — employment, education and social policies.

# 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. Five amendments were done in the Programme in order to increase the number of applications and the use of funds allocated for Turkey. In 2013, last Programme change was realized with commission decision on December 11, 2013.

As for IPARD implementation structures, Ministry of Food, Agriculture and Livestock (MoFAL) was designated as Managing Authority (MA), and Agriculture and Rural Development Support Institution (ARDSI) was designated as IPARD Agency.

The implementation of the IPARD Programme for the period of 2007-2013 commenced after the conferral of management decision bestowed through the Decision of the European Commission dated August 29, 2011, and numbered C(2011)/6079. The implementation was carried out in 20 provinces and expanded to cover 42 provinces after Decision of the European Commission dated July 25, 2013.

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 related to food safety, veterinary, phyto-sanitary, environmental or other standards in accordance with EU acquis,

• To contribute to the sustainable development of rural areas.

• To undertake preparatory actions towards the implementation of local development strategies and agri-environmental measures.

## 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.

Table 19: IPARD Implementation Progress

|  |  |  |
| --- | --- | --- |
| **Output Indicators** | **Realised in years 2011- 2012** | **Realised in year 2013** |
| Agricultural holdings supported for restructuring and/or upgrading to relevant community standards | Number | 61 | 527 |
| Total volume of investment (€) | 24.058.579,94 | 205.446.763,53 |
| Enterprises supported to restructure and/or to upgrade to relevant community standards | Number | 8 | 95 |
| Total volume of investment (€) | 4.209.865,47 | 64.580.142,63 |
| Micro enterprises supported to diversify and develop their economic activities | Number | 23 | 1695 |
| Total volume of investment (€) | 2.106.433,02 | 60.805.468,51 |

Source: Monitoring Tables

During the reporting period, total number of supported projects is 2.317 and a total volume investment is € 330.832.374,67. A growing interest has been observed for the last calls of 2012 and a significant increase has been recorded on the received applications and supported projects with the expansion of scope in 2013. While the number of supported projects was increased about 25 times compared to the previous year, the investment amount increased about 11 times. The highest increase was experienced in the measures of diversification and development of rural economic activities. In this measure, approximately 74 times more projects were supported compared to the previous year, the amount of investment has increased approximately 29 times.

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 101 Measure; as of December 31, 2013, the total estimated investment value of the projects of which the contracts were signed (EU + National Contribution + Beneficiary Contribution for eligible expenditures + ineligible expenditure amount) was €440.026.733. commitment of the IPARD Programme to the 657 contracted projects was €216.957.410. The IPARD Programme contribution to 386 completed and ongoing projects was €131.593.092. 412 of the supported projects belong to young farmers.

Table 20: Status of Applications under Measure 101

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Measure** | **Application** | **Rejected** | **Withdrawn** | **Contracted** | **Withdrawn at contracting stage** | **At the Stage of Process** |
| 101-1 | 915 | 37 | 362 | 332 | 18 | 166 |
| 101-2 | 1010 | 13 | 210 | 325 | 13 | 449 |
| **Total 101** | **1925** | **50** | **572** | **657** | **31** | **615** |

Source: ARDSI 31.12.2013

Examined by sub-measures, 915 applications were received under the investments in milk producing establishments sub-measure while 1010 applications were received for investments in meat producing establishments. Measure 101 received 1925 applications under the IPARD Programme.

As of 31.12.2013, Under Measure 101, 50 applications were rejected, 572 applications were withdrawn, and 657 applications were contracted. Ratio of application contracted to total number of applications is 34%. (During the contract process, the relinquished ratio is 1% and ongoing ratio is 32%.).

102 Support For The Setting Up of Producer Groups

Upon the letter of the Commission dated August 29, 2011, the measure concerning “Support for the Setting up of Producer Groups” was removed from IPARD Programme Conferral of Management Decision process.

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.

Giving the above-mentioned problems, required actions were taken by MA for the effective implementation of the measure. Within this scope, by getting comments from ARDSI, Ministry of Industry and Trade (currently Ministry of Science, Industry and Technology) and potential beneficiaries, MA has developed Eligible Activity List for the Measure concerning Support for the Setting up of Producer Groups, to be used as a basis for the evaluation of applications to be made to ARDSI. Meetings were held with the representatives of Central Union of Producer Unions in order to discuss if the budget under the measure could be used or not.

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 December 31, 2013, the total investment value of the contracts signed was €161.992.260. The IPARD Programme commitment to 119 projects which the contracts was signed is €67.870.467. The IPARD Programme contribution to 46 completed and ongoing projects was €33.220.228.

Table 21: Status of Applications under Measure 103

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Measure** | **Application** | **Rejected** | **Withdrawn** | **Contracted** | **Withdrawn at contracting stage** | **At the Stage of Process** |
| 103-1 | 125 | 12 | 31 | 50 | 4 | 28 |
| 103-2 | 89 | 7 | 26 | 33 | 0 | 23 |
| 103-3 | 67 | 1 | 9 | 25 | 1 | 31 |
| 103-4 | 23 | 1 | 10 | 11 | 0 | 1 |
| **Total 103** | **304** | **21** | **76** | **119** | **5** | **83** |

Source: ARDSI 31.12.2013

When analyzed in terms of sub-measures; 125 applications were received for processing and marketing of milk and milk products sub-measure, 89 applications were received for processing and marketing of meat and meat products sub-measure, 67 applications were received for processing and marketing of fruits and vegetables sub-measure, and 23 applications were received for the processing and marketing of fishery products sub-measure.

As of December 31, 2013, in the framework 103 measure; 21 applications were rejected, 76 applications were withdrawn, 119 beneficiaries have signed a contract. Ratio of application contracted to total number of applications is 39% (relinquish ratio is 2%, while the ongoing process ratio is 27%).

***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

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. Under the scope of the project, Beypazarı distict of Ankara was selected as pilot area for soil erosion related sub-measure practices; Polatlı district of Ankara was selected as pilot area for biodiversity related sub-measure practices and Şereflikoçhisar district of Ankara was selected as pilot area for water related sub-measure practices.

Draft procedures, check lists and templates planned to be included in the accreditation package were developed during the implementation period of the Project. Training plan, communication strategy and information materials were drafted under the scope of training and awareness-raising actions. Trainings for the staff of District Directorate of Food, Agriculture and Livestock, MA and ARDSI were delivered and Training of Trainers was organised in pilot regions. It was ensured that stakeholders who would be organizing awareness-raising meetings in Polatlı, Beypazarı and Şereflikoçhisar and would be paying field visits in pilot regions were involved into the process of design of agri-environmental measures from the very beginning. All actions needed to be finalised the measure fiche and to get accreditation for the measure have been conducted in cooperation with the Commission. In this context, a study group was formed for executing the revision works of the sub-measure “Management of soil cover and soil erosion control”. Meetings were organised with the study group formed by the university representatives, experts from agricultural economists and agronomists. Revision of sub-measure fiche was completed in 2013 and as the end of July, the sub-measure fiche was submitted to the Commission. Based on the comments from the Commission, necessary changes were made and the sub-measure fiche has been finalised.

ARDSI Ankara Coordinating Office which is responsible for the pilot districts was accredited in 2013. Studies for national legislation required for the implementation of agri-environmental measure is under progress. Agricultural Monitoring and Information System (TARBİL) was established by the Geographic Information Systems Department of General Directorate of Agricultural Reform within the Ministry of Food, Agriculture and Livestock. The system is planned to be used in ARDSI controls and it is necessary to conduct some studies for developing some necessary features.

Also, in the context of the IPARD II programme, a SEI project on Strengthening of the Institutional Capacity of the IPARD Managing Authority for the Agri-Environment Measure has been prepared and sent to the CFCU.

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 (see Section 3.5). 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 “Acquisition of skills, animation and supporting the development of local development strategies”. Within this scope, the sub-measure fiche was approved by the European Commission on September 7, 2012.

In 2013, two project proposals were developed by Managing Authority for LEADER measures;

For implementing LEADER measures aiming capacity building “Project of Capacity Improvement for Preparation and Implementation of Local Development Strategies” which shall be supported by national sources was approved by the Ministry of Development. Preparation activities in the context of the project acquisition of skills and animation of the local community, preparation of publicity and information materials, seminars, workshop, meeting organisations, pilot strategies for local development shall be supported. Within the project, one of the pilot districts İskilip potential LAG members was planning to make a study to France.

For the intention of Selecting and training of the animators “Strengthening Institutional Capacity for LEADER” SEI project proposal was submitted to CFCU in 2013. The project includes introducing the LEADER approach at local level and choosing the animators for encourage the local action groups, determination of training needs, preparation of training plans and realization of trainings activities.

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

302 Diversification and Development of Rural Economic Activities

Under Measure 302, as of December 31, 2013, contracts were signed with a total investment value of €80.570.752. The commitment of the IPARD Programme contribution to 1.790 project owners which the contracts signed is €36.253.186. The IPARD Programme contribution to 1.710 completed projects and ongoing projects is €31.230.108. 1263 of the supported projects were located in mountainous areas or forest villages, 114 belong to women and 583 belong to young farmers.

Table 22: State of Measure 302 Applications

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Measure** | **Application** | **Rejected** | **Withdrawn** | **Contracted** | **Withdrawn at contracting stage** | **At the Stage of Process**  |
| 302-1 | 6676 | 29 | 590 | 1713 | 16 | 4328 |
| 302-2 | 129 | 14 | 51 | 28 | 3 | 33 |
| 302-3 | 159 | 3 | 46 | 41 | 2 | 67 |
| 302-4 | 33 | 5 | 13 | 8 | 0 | 7 |
| **Total 302** | **6997** | **51** | **700** | **1790** | **21** | **4435** |

Source: ARDSI 31.12.2013

Examined by sub-measures, it is seen that 6676 applications were received under the sub-measure “diversification and development of farming activities”; 129 applications were received under the sub-measure “development of local products and micro enterprises”, 159 applications were received under the sub-measure “rural tourism” and 33 applications were received under the sub-measure “development of aquaculture”.

As of 31.12.2013, under Measure 302, 51 applications were rejected, 700 applications were withdrawn, and 1790 applications were contracted. Ratio of application contracted to total number of applications is 25,6% (relinquished ratio is 0,3% and ongoing evaluation process ratio is 63,4%).

The use of Technical Assistance

Within the scope of the accreditation measures, current ”Memorandum of Understanding” signed between ARDSI and MA expanded and resigned, and national accreditations audits were completed.

501 Technical Support Meeting was held in May 2013 with European Commission in Brussels.

Within the TAIEX context a workshop was held with participation of MA, ARDSI and Treasury Authorities in June 24-28, 2013.

A study group was established with Managing Authority, Rural Development Support Institution and Treasury authorities for the preparation of the meetings which was held within the 9th Devolution on January 2014 and strategies to be followed identified at the devolution. Plans were done regarding the trainings that should be done within the context of 501 Technical Support for Managing Authority and ARDSI.

### 2. Progress in financial implementation:

As of December 31, 2013, 12% of the projects contracted in eleven calls were under implementation. In the implementation phase project data is available for each sub-measure. Sub-measure 101-1 constitutes the most budget committed among the ongoing projects, followed by 101-2 and 302-1. 98% of the budgets of the ongoing projects are under the first priority axis.

Table 23: Status of Projects under Implementation in IPARD (as of 31.12.2013)\*,\*\*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority/****Measure** | **Under implementation****(no)** | **Under implementation** **(budget) (TL)** | **Under implementation** **(budget) (EUR)[[3]](#footnote-3)** | **% from allocated budget** | **Finalised (no)** | **Finalised (budget) (TL)** | **Finalised (budget) (EUR)** | **% from allocated budget** |
| **PA 1** |
| **101-1** | 109 | 132.687.646,47 | 48.383.768,40 | 21,37 | 187 | 134.228.633,94 | 51.802.873,26 | 27,78 |
| **101-2** | 88 | 70.610.662,04 | 25.747.761,83 | 199 | 117.350.288,69 | 44.563.033,28 |
| **103-1** | 23 | 46.929.552,44 | 17.112.584,76 | 18,12 | 20 | 16.538.447,86 | 6.441.608,21 | 6,87 |
| **103-2** | 19 | 36.600.525,73 | 13.346.166,03 | 12 | 10.603.260,39 | 3.912.547,13 |
| **103-3** | 16 | 19.182.722,98 | 6.994.866,90 | 8 | 5.236.091,52 | 1.909.309,91 |
| **103-4** | 2 | 3.337.696,14 | 1.217.071,23 | 6 | 6.065.876,33 | 2.397.368,83 |
| **Total PA 1** | 257 | 309.348.805,80 | 112.802.219,15 | 18,48 | 432 | 290.022.598,73 | 111.026.740,62 | 18,19 |
| **PA 2**  |
| **Total PA 2** | - | - | - | - | - | - | - | - |
| **PA 3** |
| **302-1** | 32 | 1.463.840,85 | 533.780,94 | 1,27 | 1655 | 69.293.596,15 | 25.318.275,44 | 18,02 |
| **302-2** | 1 | 298.261,25 | 108.759,21 | 24 | 5.333.669,16 | 2.113.419,37 |
| **302-3** | 9 | 3.794.655,11 | 1.383.698,63 | 26 | 7.294.285,27 | 2.700.648,39 |
| **302-4** | 2 | 339.602,08 | 123.833,90 | 5 | 702.094,43 | 270.050,34 |
| **Total PA 3** | 44 | 5.896.359,29 | 2.150.072,68 | 1,27 | 1710 | 82.623.645,01 | 30.402.393,54 | 18,02 |
| **Total programme** | 301 | 315.245.165,09 | 114.952.291,83 | 14,72 | 2142 | 372.646.243,74 | 141.429.134,16 | 18,11 |

\*Derived from data provided by ARDSI Accounting department. Allocation values are extracted from the Call for proposals. Budget values include national contribution.

\*\*Budget allocation ratios are calculated by the ratio of the 2007-2012 (EU+TR) budget measures on the basis of contracts and based on the payment figures.

A total of 124 signed contracts were terminated by various reasons. The total public contribution in projects that are cancelled was approximately 31.5 million €. This number corresponds to 9,8 % of the total contracted budget. The general reasons of termination of the contracts are the infringement of the contract by the beneficiary or the voluntary termination of the beneficiaries.

Table 24: Payments for IPARD

|  |  |  |  |
| --- | --- | --- | --- |
| **Priority/Measure** | **Payments in 2013\*****(EU + TR)** | **% from allocated budget**  | **Payments as of 2013\*\*****(EU + TR)** |
| **101-1** | 65.134.126,06 | 33,72 | 74.956.289,33 |
| **101-2** | 51.855.863,40 | 56.636.802,24 |
| **103-1** | 12.807.523,05 | 14,58 | 14.013.865,35 |
| **103-2** | 10.149.982,75 | 10.449.738,38 |
| **103-3** | 5.543.046,20 | 5.543.046,20 |
| **103-4** | 2.614.743,44 | 3.213.578,25 |
| **Total PA 1** | **148.105.285,90** | 24,27 | **164.813.319,75** |
|  |  |  |  |
| **Total PA 2** |  |  |  |
| **302-1** | 25.078.350,74 | 15,30 | 25.318.275,50 |
| **302-2** | 1.622.159,60 | 2.113.419,36 |
| **302-3** | 3.288.715,36 | 3.528.902,14 |
| **302-4** | 188.205,12 | 270.050,33 |
| **Total PA 3** | 30.177.430,83 | 15,30 | 31.230.647,33 |
| **Total programme** | **178.282.715,73** | **20,64** | **196.043.967,10** |

\*Data provided by ARDSI Accounting department. Budget allocation ratios are calculated by the ratio of the 2007-2012 (EU+TC) budget measures on the basis of contracts and based on the payment figures.

\*\*Total payments between 2007-2013.

As seen on the table above, public contribution of € 178.282.715 was made in 2013. These contributions have occurred approximately 66% under the 101 Measure and measures 103 and 302 each get share of about 17%. 25.1% of the contracted total budget was paid by the end of 2013.

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

**Audits carried out**

***Inspections of the Audit Authority***

Audit Authority realizes annual inspections concerning the verification of account details reliability given to the European Commission and the efficient operation of management and control system.

The inspection made by the Audit Authority in 2013 was realized for all IPARD bodies in 01/10/2012-30/09/2013 period. At the end of the inspection a total of 36 findings were detected. 7 of these findings were about ARDSI, 18 about MA, 11 about NAOSD/NF. No high risky finding was detected. When considered according to the significance level 34 medium risk and 2 low risk findings were detected. All IPARD bodies were submitted their action plans incorporating the measures to be taken for the findings were detected to the Audit Authority.

***NAO Supervision***

Monitoring visits to the Managing Authority and ARDSI by NAO Risk Management and Control Department were realized. In these monitoring visits where it was examined if the accreditation criteria of Managing Authority and ARDSI were continued to be met, the developments in the last one year were evaluated.

In the meeting realized with ARDSI on the February 13, 2013; NAO-ARDSI Memorandum of Understanding amendment proposals and draft text, Copy-Manipulation Analysis procedural amendment, training and consultancy activities regarding the second implementation period provinces, Audit Authority and NAO office 2012 year control findings, the last state before the Manual revision studies and verification audit, developments in the calls, the last state concerning the exception requests and former requests were discussed.

In the meeting held with the Managing Authority on July 24, 2013, the organizational structure and personnel state, publicity activities, evaluation, procedures, information systems, type project and training of consultancy firms issues were handled.

***European Commission Audits***

Conferral of Management Mission

8th Conferral of Management Mission was made to Turkey by European Commission DG AGRI J.5 Unit. The necessary preparations were completed by ARDSI for conferral of management from EU for the 17 provincial coordinating offices remaining in the second implementation period 22 provincial coordinating centres. The following issues were emphasized in the compliance audits closure presentation realized by DG AGRI J.5 Unit between 08-19 April 2013;

* Inequality of information and expertise among provincial coordination offices,
* Completion of urgent preparation of working procedures in 10.3 version, the true reflection of ARDSI amendment requests to the procedures and processing the 4th modifications in IPARD Programme to the procedures,
* “Assignment” applications which were not still finalized at the end of 2012 and which were significantly a source of concern,
* As being the areas for which urgent procedure should be developed; verification of good financial management principles (especially tractor prices) and risk management,
* An action plan for the provincial coordination offices conditionally accredited including the key dates and km stones for 12 years of period should be implemented.

The conferral of management decisions were adopted by the Commission on 28.06.2013 (for 17 PCUs) and on 25.07.2013 (for 5 PCUs). In the annex of the Commission decision for 17 PCUs, some terms and conditions which need to be addressed within given deadlines were set out for 6 PCUs of the ARDSI.

An action plan for these conditions has been prepared by the NAO Office and the ARDSI. The action plan and relevant supporting document for the terms and conditions were sent to the Commission with the letter dated 19.09.2013. In line with the action plan, both the ARDSI and the NAO Office have carried out the reinforced controls on transactions of the conditionally conferred 6 PCUs. The NAO Office has received two monitoring reports on December 2013 and February 2014 from the ARDSI, which contained information regarding the human resource capacity and control activities of the conditionally conferred 6 PCUs, reinforced controls performed by the ARDSI HQ, error rates of these PCUs.

The NAO Office reviewed these monitoring reports and prepare assessment reports including the opinions on the ARDSI monitoring reports and reinforced controls performed by the NAO Office. The NAO Office sent its Assessment Reports and ARDSI Monitoring Reports to the EC on 30.12.2013 and 13.03.2014. The NAO Office also sent its findings and recommendations detected in the reinforced controls to the ARDSI on 21.02.2014.

Clearance of the accounts of the year 2012

European Commission realized the audit for the clearance of 2012 year accounts between 01-05 April 2013 in line with Sectoral Agreement Article 53(3) and 54 and communicated the comments related with the audit with the letter dated 15th July 2013.

The action plan of all audited IPARD bodies was sent to the European Commission on the 13th September 2013.

European Court of Auditors

European Court of Auditors were realized an audit to ARDSI in the scope of Statement of Assurance related to the 2013 Financial year. ARDSI was audited in the scope of the expenditures for the period between 16 October-31 December 2012. In the letter of European Court of Auditors dated 04.07.2013 and no PF5635; 1. No irregularity was detected in the scope of the transactions audited. 2. Some points of the control processes were not found cost efficient and was evaluated as a situation which might endanger in the implementation process of IPARD programme. The responses to these findings were sent to the ECA on 05.09.2013.

In line with ECA recommendations, the ARDS has reviewed its sampling procedure for on-the-spot controls for before contracting and ex-post phase and proposed some modifications to the NAO Office. These modifications were assessed and accepted by the NAO Office and submitted to the EC.

Financial Audit

Compliance audits were carried out by European Commission DG AGRI J.4 Unit in the scope of Article 26 in Sectoral Agreement signed between Turkish Government and European Commission. All information and documents related with the four projects audited in Yozgat were prepared by ARDSI and submitted to the auditors. The audit results including findings and recommendations have been received with EC letter dated on 21.06.2013. In this letter, it is stated that the ARDSI personnel were concerned and sufficient. It is also appreciated that the implementation processes including the project application, approval, implementation and payment completed in a short span of time. They also recommended the followings:

* Examine how the quality of the work of the consultants could be improved and how the consultant could be held reliable for any financial damage;
* Improve the procedure to evaluate the independence of offers for construcion work, equipment, etc.;
* Use proportionality when applying reductions for minor administrative mistakes or construction changes made by the beneficiary;
* Insure that there is an appropriate audit trail with regard to the need and decision to carry out interim inspections. The Turkish authorities are invited to reflect if the risk of inflated construction prices could not be covered by different means, such as strict reference prices or the payment of standard amounts.

The NAO Office has submitted replies to the findings and recommendations of J.4 auditors to the DG AGRI on 22.08.2013 with supporting documents.

### 4. Assessment of the administrative capacity.

The institutional structure of the managing authority was pointed out in the clause “The Managing Authority in the Ministry of Food, Agriculture and Livestock is still in need of enhancing the efficiency and accessibility to the decision makers” in the Turkey 2013 progress report published by European Commission. In addition, the necessity to increase the efficiency of Managing Authority on the programme implementation was highlighted repeatedly in the meetings realized with European Commission and Monitoring Committee Meetings. The “Department of Managing Authority for EU Structural Adjustment” was established on December 19, 2013 with the approval no 39 for the more efficient elaboration of IPARD-II programme and more effective implementation of current IPARD Programme. The main tasks of the Department are; carrying out the secretarial works of the Monitoring Committee, preparing the rural development programme, management, monitoring, evaluation, reporting, coordinating and promoting of the activities in the programme, carrying out the activities related with the modifications in the programme. Contribution to the efficient implementation of the programme was made with restructuring the Managing Authority.

The conferral of management decisions were adopted by the Commission on 28.06.2013 (for 17 PCUs) and on 25.07.2013 (for 5 PCUs). In the annex of the Commission decision for 17 PCUs, some terms and conditions which need to be addressed within given deadlines were set out for 6 PCUs of the ARDSI.

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

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

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

“Strengthening the Statistical Capacity of the Ministry of Food, Agriculture and Livestock” Project 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.

The personnel in charge of statistics of MoFAL headquarters, 81 provincial directorate and Turkish Statistical Institute (TURKSTAT) were given trainings on “EU Agriculture Statistics, Agricultural Management Records and the use of Administrative Records” “Early Productivity Estimation”.

The olive trees were counted via the satellite images in the district of Gölmarmara of Manisa which was selected as the pilot province and the location controls with regard to this count were carried out.

The studies to ensure the integration of several registration systems used in MoFAL were maintained by establishing Agricultural Information System to be utilised in also obtaining the Agricultural Statistics.

The studies for the revision of the draft Strategy Paper in line with the Commission statements for the improvement of Agricultural Statistical System in Turkey were carried out by the Agricultural Statistics working group in the coordination of the MoEU Affairs.

***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.

It is planned to use IACS (including LPIS) for the cross checks under the measure “Preparation for Implementation of Actions Relating to Environment and the Countryside” which is also obligatory to implement for the candidate countries. However, as it has been indicated in Section 2.2, Parcel Information System established by Geographical Information Systems Department under General Directorate of Agricultural Reform in MoFAL  is forseen to be used in the cross controls of ARDSI at the first stage.

***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.

Significant contributions have been provided in terms of sustainability and implementation of FADN system in Turkey through the realized trainings, information activities and prepared procedures in the scope of this project. With the system mentioned, both the information to the farmers in terms of their annual performances could be given and the statistical information could be formed on the issues such as farmers’ incomes, production types and/or amounts for the decision making authorities. Such information will be able to be used in the next period programming studies of IPARD.

Within the scope of Farm Accountancy Data Network (FADN) the studies were carried out in order to increase the number of provinces and enterprizes to 54 and 4000 respectively. Sampling and evaluation plan were prepared and announced to the provinces included in the system via ordinance. Thanks to the plan, the enterprizes will be selected in the manner and number to represent the provinces, thereby the reporting will be carried out more reliable.

**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.

***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: (2007-2014)

Source of financing and amount of investment: JICA and national contribution (TRY 6,850,000.)

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.

Project Implementation Area: Artvin, Rize, Trabzon, Gümüşhane, Giresun and Ordu.

***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.

Project Implementation Area: The project is implemented in the provinces of Artvin, Bayburt and Erzurum (in total 18 micro basins of concern to 242 villages and 55,000 people amounting to 604.301 hectares of land; 13 basins of priority)

**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. The meetings were continued to be held in 2013.

From the lauching 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**

None of the reasons for rejection of the projects rejected during 01.01.2013 – 31.12.2013 period was due to utilisation of IPA financial assistance.

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. A cooperation protocol was signed between ARDSI and MoFAL regarding providing regular access to beneficiary database of “Programme for Supporting Rural Development Investments”. 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, mechanisms 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 stage, ARDSI ensures that double financing is prevented and the Monitoring Committes 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 convenes at least two times a year with a view to ensuring that determined strategy, objective and targets of the Programme are achieved. Monitoring Committee meetings for 2013 were held on 20th June 2013 and 05th December 2013.

During the 9th Monitoring Meeting on 20th June 2013, information was given regarding accreditation process of new provinces, the realised inspections, the realised publicity activities, IPARD-II preparations and action plan for increasing the use of fund. In addition to these subjects, it was highlighted that the TAIEX Seminars realised by means of European Commission’s support contribute to the implementation. The Multi Annual Finance Agreement (MAFA) and n+ 3 rules were also discussed. The results of 9th and 10th Calls have been discussed and declared that the most important reasons for receiving more projects at these calls were expansion to 42 provinces, starting implementation of all measures in all provinces, and including tractors as eligible expense item within the Programme. It was stated that the number of received projects was increased in the 9th call in comparison with the first 8 calls. The proposal for Programme changes were submitted to Monitoring Committee members and exchange of view regarding changing allocations between measures were carried out. Furthermore during meetings, the Annual Implementation Report and recommendations for IPARD Programme changes were approved.

In the 10th Monitoring Meeting conducted on December 05, 2013, information was given regarding changing MAFA so that it includes 2012 collections/receipts, IPARD Programme changes, measures for increasing the usage of IPARD funds, IPARD-II preparations and SEI Project implemented within this scope, 2014-2020 National Rural Development Strategy. The proposal of representative of Commission regarding changing “Regulation on Establishment of Monitoring Committee for Rural Development and Working Principals” has been discussed. Related to this subject, recommendation was made that Managing Authority shall start studies on change of relevant article of Regulation and submit to Ministry. Furthermore in the meeting the members were informed regarding Monitoring Report from July 2011 and August 2013 beside these subjects and “Communication and Publicity Action Plan 2014” and “Technical Assistance Action Plan 2014” were approved.

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

Publicity Activities Undertaken by ARDSI

In order to achieve economical benefits from the IPARD programme 105.000 application guidelines were printed to increase the project applications both in terms of quality and quantity.

Within the IPARD Programme for supporting the investments, 22.400 tendering guidelines for collecting offers were printed to regulate procedures and principles for the purpose of project procurement by the real and legal persons. Content of the guides are rules to be followed in receiving the offers with guidance notes. 35.900 application process guidelines were printed about application process the ways to be followed with related notes. 35.900 business plan preparation guidelines were printed including the important issues needs to be considered during the preparation of the business plan submission at the application.

302.550 information cards which include remarkable notices and information were printed. General information about the issues for the applicants that they may be frequently encountered included in the card.

For 2013 call periods 26.000 posters were printed. In ARDSI provincial coordinator offices and headquarters a total amount of 527.750 documents were published and distributed in 2013.

By the Provincial Coordination Officies total amount of 2.797 promotional-informational activities and approximately 18.078 media activity were realized. 72.607 people was participated in these activities and informed.

Before printing promotional and information materials 149 panels (two in the headquarters, 147 in provincial coordination offices) were organised in order to exchange opinions with consultancy companies and potential beneficiaries and brieifing them about the programme.

Awareness raising and media activities targeting beneficiaries and stakeholders and providing information regarding IPARD Programme and about ARDSI were continued in 2013 by ARDSI Headquarters. Information on promotion and information activities carried out by the Central Publicity Team are given in Table below.

Table 25: Publicity and Information Activities of ARDSI

|  |  |  |
| --- | --- | --- |
| **Date** | **Activity** | **Explanation** |
| 4 DECEMBER  | Bereket TV / Expert Opinion Program | ARDSI experts introduced IPARD support at the Expert Opinion Program. |
| NOVEMBER | Yankı Journal /Interview | The interview of president of ARDSI Mr. Kerem Akgündüz published. |
| 7-8 NOVEMBER  | Project Preparation and Implementation Training - UCCET | Training was given with the cooperation of Managing Authority and UCCET.  |
| 8-18 OCTOBER  | Bereket TV / Expert Opinion Program | ARDSI experts introduced IPARD support at the Expert Opinion Program.  |
| 20-21 SEPTEMBER  | Diyarbakır Watermelon Fest  | ARDSI Central and Diyarbakir Provincial Coordinating staff joined to the Diyarbakır Watermelon Festival for informing  |
| 16-17 SEPTEMBER | TARYAT Training  | In the training program for Mofal TARYAT staff. |
| 10-13 SEPTEMBER  | Consultant Company Training Managing Authority & ARDSI  | ARDSI experts joined the training as trainer. |
| SEPTEMBER | Anatolian Agency / News | Press release which was sent to the Anatolian Agency also sent to the determined numerous national, regional and local media sources has been published |
| SEPTEMBER | Money (Para) Journal (22-28 September 2013, No: 2013 /39) | Money (Para) Journal made cover news about “Investing time in Agriculture with the New Grant package” on their 39th issue.  |
| 30 MAY | TAGEM IPARD Briefing | ARDSI experts have given information to GDARP Authorities. |
| 15 MAY | Briefing about Government Supports  | Briefing has been given with the organization of Ankara Development Agency. |
| 13 MAY | Study Program of Saudi Arabia Delegation  | Briefing has been given within project of Strengthening the Institutions and Human Capacity to the Ministry of Agriculture delegation of Saudi Arabia |
| APRIL | AA Kastamonu News  | Press release was prepared to Anatolian Agency for promotion purposes within the 9th Invitation (news is released on many news TV Channels such as CNN Turk, Sabah, TGRT Haber) |
| 3-4 APRIL | Briefing to DGL-Denizbank Within the IPARD programme  | ARDSI experts joined the training on 3-4 April 2013 as trainers.  |
| 28 FEBRUARY-1 MARCH  | Consulting company training Managing Authority & ARDSI | ARDSI experts joined the training which was prepared by Managing Authority to Consulting Company as trainers.  |
| NOVEMBER 2012-FEBRUARY 2013 | TAIEX workshops | ARDSI managers and experts joined the 6 training between November 2012, January and February 2013 as trainers within the Management Authority TAIEX Workshops. (TACU, and meat, vegetable and fruit, milk production, milk processing, rural tourism sectors).  |
| FEBRUARY | Money (Para)Journal (10-16 Feb. 2013, Sayı: 2013 /424) | Introductions news regarding the IPARD Program supports  |

In the context of the IPARD programme, meeting the demand on knowledge of the subject for supporting the citizens and providing more quick and efficient solutions to the problems through the help of the Project Help Desk (PHD) system which is web based a large of applications were received in 2013. Besides through 444 8535 (444 TKDK) phone line questions were directly answered to owners and they were more quickly and effectively informed.

Frequently asked questions (FAQ) section on the web page includes the titles which are general issues, measures related issues, spot checks, accrual and ARDSI help desk asked questions.

Every month e-newsletter published on a web page about ARDSI activities, giving the programme information and announcements. English e-newsletter is published twice a year.

Publicity Activities Undertaken by MA

Launch meetings were held in Karaman, Nevşehir, Muş, Burdur, Ardahan, Kütahya, Aksaray, Uşak, Aydın, Ağrı, Ankara, Giresun, Çanakkale with the participations of governors, mayors, Food, Agriculture and Livestock Provincial Directors, representatives of non-governmental organizations and potential beneficiaries between January 17 - February 6, 2013.

In the context IPARD programme, two days training was organized in order to increase the number of applications and the quality of projects between February 28 - March 1, 2013. Within training information was given to the 150 consulting firm representative about IPARD Programme, sub-measures, ARDSI application package content, business planning and technical project and purchasing rules.

Within the IPARD programme, 50 interviews were conducted with the beneficiary who signed a contract with ARDSI in Trabzon, Tokat, Malatya, Kahramanmaras and Hatay between 15 - 19 April 2013. During these interviews, beneficiaries’ opinions about applications were received. The problems raised by beneficiaries in these reports were taken into account and the possible improvements were taken into consideration in Programme Modifications in 2013, procedural modification proceedings and during the performed trainings.

In the Turkish Republic of Northen Cyprus (Gazi Magosa) was provided participation to 1st Mediterranean Medical and Aromatic Plants Symposium carried out by the Eastern Mediterranean University between 17 - 20 April 2103.

IPARD 2007-2013 evaluation meeting was held with the participation of 42 Provincial Directors of MFAL and ARDSI Provincial Coordinators in Nevşehir on September 9, 2013. At this meeting, the protocol was mentioned which was signed with Department of Training, Dissemination and Publications on 2012 and also indicated that collaboration is important with ARDSI Provincial Coordination and MFAL Provincial Directorates at the publicity of IPARD activities in Provinces. For the specified meeting Undersecretary of the Ministry of Food, Agriculture and Livestock was participated by teleconference call and emphasized the IPARD programme shall be successful in collaboration with MFAL and ARDSI and also every need to be adopted.

Within the IPARD project, three days training programme was organized in order to increase the applicant number and improve the project quality between 10 - 13 September 2013 in Nevşehir. Within the training, the information regarding IPARD programme, sub measures, ARDSI application package content, business plan and technical project, and procurement rules was given to the 200 consulting company representative.

Three days training programme was organized to TARYAT Personnel for ensuring the effective participation of the IPARD process between 16 - 17 September 2013 in Nevşehir. Within the training information regarding the IPARD programme, sub measures, ARDSI application package content, business plan and technical project, and procurement rules was given to 100 MFAL TARYAT personnel.

UCCET representatives who work for IPARD in 42 provinces and ETBCN representatives were informed about the IPARD programme in Ankara in 7 - 8 November 2013.

50.000 Rural Development Programme IPARD Investor’s Guide which includes information about IPARD Programme and application conditions were printed. Total amount of 42.000 piece (MoFAL Province Directorates and ARDSI Provincial Coordinators), 1.000 piece per IPARD province, were distributed.

In 2013, three films were prepared which includes examples of good practice of IPARD programme. These films were used in all introductory meeting and downloaded to web site. By the end of 2013, 5 informative films (rural tourism, dairy processing, meat processing enterprises and milk processing enterprises) were produced; those films were also used in all introductory meeting and downloaded to web site.

English option was added to ensure the effective promotion of the IPARD programme on the generated web page (http://ipard.tarim.gov.tr/en/). Programme related information; news about applications and activities of the Managing Authority which are published was updated on the web page.

The budget for planned promotional activities is 207.000 TL (approx. € 70.000) which was used approximately 110.636 TL (approximately € 37,000) in 2013.

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

In 2011 and 2012, the rate of utilisation of IPARD funds was very limited. However, changes in the programme and, with the support of the Commission, measures taken to simplify the application procedures were contributed positively. The contracts signed in 2013 and disbursements significantly increased and there was no loss of funds. Implementation of the programme was expanded from 20 to 42 provinces and with emergence of successful projects reliability of the IPARD Programme in rural areas was increased. The publicity and training activities had positive effect on the Programme by reaching a wider audience and thereby increasing the number of acceptable project applications.

## III. Sectoral conclusions

The economy of Turkey continues to grow above the average of EU. Although the population growth rate was low to compare to previous years, a certain amount of increase in population growth rate is observed in 2013. The population in rural area continues to decrease and the rural population rate above 65 is increasing. This situation causes the decrease also in agricultural employment. The unemployment rate which is lower than in the previous years shows a small increase in 2013.

The agricultural product trade of Turkey who increases her foreign trade volume has a tendency to increase. The consumption per person increases as a result of increased agricultural production in general.

The land consolidation works that are carried out to solve the problem of divided parcels which is the biggest obstacle in front of agricultural productivity gained speed in 2012. The works continued to be carried with the same speed in 2013.

Following the modifications in the IPARD Programme of which the usage rate was low because of the reasons like late accreditation in the last years, low interest/demand and which is considered that encounters the risk of serious fund loss, demand to the programme is increased to a great extend in 2013. The Programme and procedure changes realised have contributed to simplification of the application positively. Furthermore enhancing the application to 42 provinces has increased the application number.

The demonstration effect of the projects implemented is increasing gradually. The examples of successful projects have assured the interest to Programme supports in rural area and reliability to ARDSI. The meetings/seminars/training organised by cooperation with vocational organizations and NGO’s have positive contribution to the implementation. People know from now on the IPARD Programme and the number of enterprises in EU standards in rural area has increased more and more.

The practices in 2013 are more effective in comparison with the ones in 2011 and 2012 in terms of the number of project application, number of signed contracts and money spent. The number of supported project is increased 75 times with some measures and following this no loss of fund is experienced.

M101 has achieved 7,81% and 34,13% of the targets for upgrading to or introducing Community standard in the milk and the meat sector respectively. M103 has achieved relatively modest results in the achievement of the target for Number of establishments introducing Community standards for the whole establishment: 2% in the milk sector, 11% in the meat sector, 3% in fruit and vegetable sector and 17% in the fish sector. M302 is achieving faster most of the result targets set in the “on-farm activities” subsector, where significant number of the projects are carried out by young people and hence already 56% of the target set for “number of projects presented by youth” achieved; in addition, because most of the projects are implemented in mountainous regions, the target for “number of projects in mountain regions” is overachieved at 103%.

As of end 2013, 1263 of the supported projects were located in mountainous areas/forest villages, 114 belong to women beneficiaries, and 995 belong to young farmers. Through the IPARD programme, 1709 tractors were provided to beneficiaries and with public and private contribution of €46.161.780 aid was supported to persons living in the rural areas.

In the preparation works of IPARD-II Programme the experienced gained from IPARD-I are considered.

Realising the ongoing evaluation will contribute to analyse the implementation results in a better way.

# CONCLUSIONS, RECOMMENDATIONS AND CORRECTIVE ACTIONS

As a transitory phase, the year 2013 have seen many procedural and legal changes in the legal structure of delivery of IPA assistance in Turkey and other recipient countries. Many efforts in terms of both the closure of IPA I period and identification of legal framework for IPA II period have yielded concrete results particularly at the last quarter of the reported year. As expected, the last budgetary year of IPA 2007-2013, marked significant improvements in Programme implementation that were achieved through making use of lessons learned so far whereas some setbacks have been observed.

It would be meaningful to formulate the general summary of conclusions as to implementation of IPA funds in 2013 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 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.

Despite the good rate of contracting, large amounts of decommitment were also realized in IPA III (nearly 67.2 MEUR) and IPA IV RCOP. (12.2 MEUR)

Considering the fact that fundamental changes are to be introduced in the upcoming IPA II period, the implementation 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 reports, radical changes in the overall organization of the public sector have continued to affect the relevant ministries and their project units. Newly established departments have continued to set up its roles and responsibilities that were identified and assigned to them. 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. Positive improvements continued to be seen that were achieved with the restructuring as some of the IPA units had got their solid legal basis, staff turnover rates were decreased and recruitment of new staff became easier. The available human resources were retained 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 put pressure on the agility of the decision making procedures.

One of major setbacks of the reporting period was the uncertainty of legal design for IPA II period. The new Implementing Regulation for IPA II was not ratified by the end of 2013.

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 the transition of overall system and the individual units would be properly handled, 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

1. This section does not apply for CBC programmes with Member States implemented in shared management [↑](#footnote-ref-1)
2. In line with the Financing Plan as given in Annex I of the revised Financing Agreement. [↑](#footnote-ref-2)
3. Estimated Euro equivalent of the reported budget based on the InforEuro rate in end 2013: 2.7424 [↑](#footnote-ref-3)