
President's report
Proposed loan
Republic of Türkiye
Euphrates River Watershed Rehabilitation Project
(FIRAT)

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 62.

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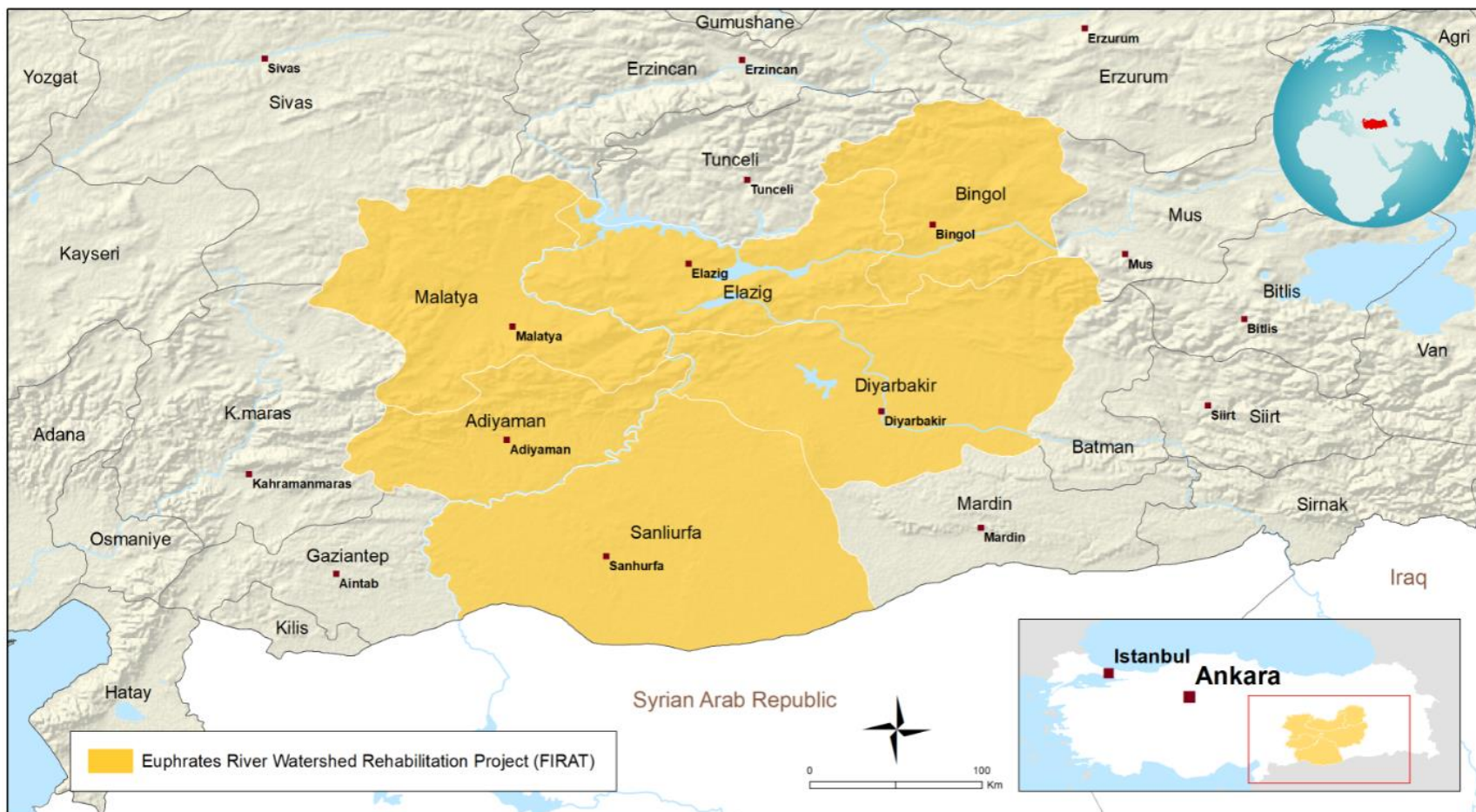
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Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 03-05-2024

Financing summary

Initiating institution:	IFAD
Borrower:	Republic of Türkiye
Executing agency:	General Directorate of Forestry within the Ministry of Agriculture and Forestry
Total project cost:	EUR 90.5 million
Amount of IFAD loan (Borrowed Resource Access Mechanism [BRAM]):	EUR 60.0 million
Terms of IFAD loan (BRAM):	Ordinary terms, category 4: Maturity period of 12.5 years, including a grace period of 3 years, subject to interest at a rate equal to the IFAD reference interest rate, including a variable spread
Cofinancier:	Global Environment Facility (GEF)
Amount of cofinancing:	EUR 1.3 million (equivalent to US\$1.4 million)
Terms of cofinancing:	Grant
Contribution of borrower:	EUR 17.9 million
Contribution of beneficiaries:	EUR 11.3 million
Amount of IFAD climate finance:	EUR 57.9 million
Cooperating institution:	Directly supervised by IFAD

I. Context

A. National context and rationale for IFAD involvement

National context

1. Since the formation of the modern state in 1923, Türkiye has progressed well economically and has become an upper-middle-income country with a GDP of US\$1.12 trillion and per capita income of US\$13,110 in 2023.
2. The agricultural sector contributed 6.2 per cent of the GDP and employed 14.6 per cent of Türkiye's labour force in 2023. Economic gains achieved over the past two decades have enabled Türkiye to lift nearly 30 per cent of its population out of poverty. However, owing to recent global shocks, and with price inflation at 71.6 per cent in June 2024 and a 10 per cent devaluation of the Turkish lira against the United States dollar in the first six months of 2024, some of these gains have recently been reversed. In general, mountainous areas, which are less connected and are more vulnerable to climate change risks, have higher rates of economic poverty and are subject to rural–urban outmigration.

Special aspects relating to IFAD's corporate mainstreaming priorities

3. In line with IFAD's mainstreaming commitments, the project has been validated as:
 - Including climate finance
 - Youth-sensitive
 - Including adaptive capacity
4. Monetary poverty is relatively high. Türkiye ranks relatively low on the Global Gender Gap Index. With over 44 per cent of the population under the age of 30, Türkiye is a young nation. The unemployment rate among young people is high: 17.5 per cent overall and 23.4 per cent for young women. As a result of rural–urban migration among the young, cities are becoming crowded with young unemployed people, while the farming population is growing older. Rapid demographic growth, urbanization and industrialization are widening sustainability gaps. Climate change is increasing the agricultural sector's exposure to climatic risks and causing the country to experience more frequent extreme weather-related events. With about 27 per cent of its population living in water-scarce areas, the level of water stress in Türkiye is substantial.

Rationale for IFAD involvement

5. Poverty rates are high in the proposed project area. In formulating the proposed project, the Government of Türkiye and IFAD have considered the impact of the two strong earthquakes that hit the region in February 2023, particularly on small-scale producers who suffered the loss of livestock and the destruction of their houses and agricultural assets, including barns and irrigation systems.

B. Lessons learned

6. Lessons distilled from recent reviews and evaluations – in particular the completion report on the Murat River Watershed Rehabilitation Project, the country strategy and programme evaluation conducted by the Independent Office of Evaluation of IFAD, the impact assessment carried out by the IFAD Research and Impact Assessment Division, the experience of the General Directorate of Forestry (OGM) within the Turkish Ministry of Agriculture and Forestry and development partners in other watersheds – fall into the following categories: (i) microcatchment planning and rehabilitation; (ii) rangeland management; (iii) water infrastructure investments; (iv) effective investment in income generation and business viability; and (v) effective project implementation. These lessons have been considered in designing the Euphrates River Watershed Rehabilitation Project (FIRAT) and will guide its implementation.

II. Project description

A. Objectives, geographical area of intervention and target groups

7. FIRAT's goal is to reduce poverty in the upland communities in the targeted microcatchment areas of the Euphrates River watershed. The project development objective is to increase the income and resilience of small-scale producers and vulnerable groups, including women and youth, in the targeted microcatchments.
8. **Target areas.** FIRAT will target remote upland areas and focus on livelihood diversification for small-scale producers in approximately 40 microcatchment areas comprising 400 forest villages spread over 39 districts in the six targeted provinces (Şanlıurfa, Malatya, Diyarbakır, Adıyaman, and certain districts in Bingöl and Elazığ not targeted under the Murat River Watershed Rehabilitation Project).
9. **Target group.** The main target group will be small-scale producers living in upland forest villages who are engaged in mixed farming as their main livelihood. These producers have few productive assets and most of them experienced asset losses or damage as a result of the February 2023 earthquakes. There will be a specific focus on vulnerable groups, in particular: (i) poor rural households practising subsistence farming; (ii) women, with a particular focus on women-headed households; and (iii) unemployed and underemployed rural youth.
10. **Target group and microcatchment selection.** The poorest households will be identified on the basis of poverty criteria, including income level (monthly income below two times the minimum wage and/or social security benefits); productive assets (less than 10 decares, or 1,000 square metres, of land; fewer than 10 cows; fewer than 100 small ruminants) and other considerations, including lack of access to water/irrigation facilities. These households will be eligible for grant support in accordance with the grant schemes under the two project components. The criteria for microcatchment selection are high levels of soil erosion and land degradation and high levels of poverty and/or low levels of socioeconomic development. In selecting microcatchments, during the first year priority will be accorded to the areas most affected by the earthquakes.
11. Total project outreach is estimated at 140,000 individuals, or 40,000 households, of which 27,000 are expected to receive multiple project services, while 13,000 households will benefit only from community-level interventions. Women will account for 40 per cent and youth for 15 per cent of project beneficiaries.

B. Components, outcomes and activities

12. The project will have the following three components:
13. **Component 1. Microcatchment planning and natural resource management.** This component will support the development of 40 microcatchment plans (MCPs), with an average of 10 villages to be included in each microcatchment area. Activities related to restoration and sustainable management of natural resources will also be included in this component. It will be underpinned by two subcomponents: (i) participatory microcatchment planning and capacity-building; and (ii) rehabilitation and sustainable management of natural resources with the aim of reducing the risks of landslides and floods, ensuring resilient and sustainable livelihoods, and reducing sediments in and prolonging the life of the Atatürk and Karakaya Dams on the Euphrates River.
14. **Component 2. Investments in sustainable land management, climate-resilient infrastructure, livelihoods and access to markets.** FIRAT will be based on MCPs and investments under the strategic investment plans in: (i) recovery of production assets and diversification of agricultural production and economic activities in rural areas; (ii) marketing and the promotion of products

from participating provinces; and (iii) public irrigation infrastructure, to be complemented by on-farm investments.

15. Component 2 has three subcomponents. Under the first, a revolving fund facility will be established with a view to improving sustainable land management, climate-resilient production infrastructure, aggregation, processing and marketing, which will support 4,800 youths in gaining access to wage employment and self-employment opportunities. The term "revolving fund" is used in this context and elsewhere in this report in recognition of the revolving element (50 per cent in an interest-free loans) of the financing mechanism.
16. Under the second subcomponent, FIRAT will focus on strengthening producers' organizations and marketing to better capture emerging market opportunities in local, domestic and/or export markets. This subcomponent may also involve investment in opportunities such as construction of fruit and vegetable and/or animal marketplaces. This will be achieved through training in governance and business management, knowledge exchange, promotion and participation in agricultural and trade events.
17. Under the third subcomponent, FIRAT will invest in creating off-farm climate-resilient water infrastructure that will enhance water use efficiency by reducing conveyance losses.
18. **Component 3. Institutional strengthening and project management.** This subcomponent will support the technical components and facilitate pathways for the efficient implementation of project interventions. Institutional strengthening will be achieved through training, exchange visits, development or updating of technical guidelines and studies, establishment or strengthening of existing partnerships and development of opportunities for South-South and Triangular Cooperation.

C. Theory of change

19. Through the effective implementation of the various investments and the adoption of climate-resilient techniques, improved soil rehabilitation and agricultural production and productivity, creation of new jobs, income diversification and improved sales and market access, small-scale producers and vulnerable groups, including women and youth, will increase their incomes and improve their resilience to natural disasters, climate events and market and economic shocks. Their well-being and livelihoods will also be enhanced. Ultimately, FIRAT will contribute to reduced poverty in the targeted upland microcatchment villages.
20. The success of the project hinges on the assumption that if provided with incentives upland communities will be willing to: (i) engage in microcatchment planning and development; (ii) adopt new climate-resilient practices; and (iii) take collective actions for improved rangeland management, aggregation and market access; (iv) young people will be willing to stay and invest in their villages if support for quality employment, including self-employment, is offered; (v) OGM will collaborate closely with other government agencies and with private sector actors, including cofinanciers and implementing partners in the region, and with Ziraat Bank; (vi) through the revolving fund window for producers' organizations and aggregators, and with additional support for strengthening market linkages, FIRAT will establish partnerships with private sector actors to enable market access for smallholder farmers living in targeted mountain areas; and (vii) grassroots organizations will be adequately strengthened so that long-term sustainability of the investments is ensured.

D. Alignment, ownership and partnerships

21. FIRAT's goal aligns fully with Sustainable Development Goal (SDG) 1 (no poverty), especially among those who have lost productive assets as a result of the earthquakes, and will contribute directly to SDG 2 (zero hunger), in particular

target 2.3 (double the agriculture productivity and incomes of small-scale food producers). FIRAT will also contribute to SDG 5 (gender equality); SDG 8 (decent work and economic growth); SDG 12 (responsible consumption and production); and SDG 13 (climate action), especially target 13.1 (strengthen resilience and adaptive capacity to climate-related hazards and natural disasters).

22. The project design is fully aligned with Türkiye's Water Efficiency Strategy and Action Plan (2023–2033), which, taking into account that agriculture accounts for 77 per cent of total water use in the country, aims at increasing irrigation efficiency from the current level of 50.4 to 60 per cent by 2030 and 65 per cent by 2050.
23. The project has been designed to contribute directly to the second strategic objective of the country strategic opportunities programme (COSOP): mainstream sustainable natural resource management into all aspects of upland agricultural production and increase upland climate change resilience. It will also contribute significantly to the first COSOP objective of enhancing market access for productive, poor smallholder farmers. The FIRAT design is expected to remain fully relevant throughout the period of COSOP 2025–2030, under which it will be implemented. The design also envisages efforts to leverage the partnership between IFAD and the Government of Türkiye and foster engagement on policy matters and effective knowledge management in order to facilitate greater scaling up of results.
24. The project design mission obtained guidance from senior officials in all relevant government departments. The design team visited all six of the provinces targeted by the project and consulted with provincial governors and all relevant regional and provincial directorates responsible for forestry, agriculture and irrigation. Development partners were also consulted. Furthermore, in-depth consultations were held with potential project beneficiaries in all six provinces, including villagers affected by the earthquakes.
25. FIRAT will harmonize its interventions with ongoing and pipeline projects supported by other development partners, particularly those promoting recovery from the earthquakes, including through support for livelihoods.

E. Costs, benefits and financing

26. Project components 1 and 2 are predominantly counted as climate finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this project is estimated at EUR 57,919,000, or 96 per cent of the total IFAD investment.

Project costs

27. Total project costs, including physical and price contingencies, are estimated at EUR 90.5 million over the seven-year implementation period. The costs for FIRAT's three components are as follows: (i) component 1 – microcatchment planning and natural resource management, 33 per cent of the total costs, or EUR 29.8 million; (ii) component 2 – investments in sustainable land management, climate-resilient infrastructure, livelihoods and access to markets, 62 per cent of the total costs, or EUR 56.5 million; and (iii) component 3 – institutional strengthening and project management, 5 per cent of the total costs, or EUR 4.1 million.

Table 1

Project costs by component and financier

(Thousands of euros)

<i>Component</i>	<i>IFAD</i>		<i>GEF</i>		<i>Beneficiaries</i>		<i>Government</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Microcatchment planning and natural resource management	16 257	54.6	860	2.9	1 257	4.2	11 426	38.3	29 801	32.9
2. Investments in sustainable land management, climate-resilient infrastructure, livelihoods and access to markets	40 448	71.6	231	0.4	10 018	17.7	5 802	10.3	56 499	62.4
3. Institutional strengthening and project management	3 325	79.5	213	5.1	-	-	646	15.4	4 184	4.6
Total	60 030	66.3	1 304	1.4	11 275	12.5	17 874	19.8	90 484	100.0

Table 2

Project costs by expenditure category and financier

(Thousands of euros)

<i>Expenditure category</i>	<i>IFAD</i>		<i>GEF</i>		<i>Beneficiaries</i>		<i>Government</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
I. Investment costs										
A. Works	19 229	65.4	-	-	-	-	10 188	34.6	29 417	32.5
B. Consultancies										
1. International consultancies	175	80.0	-	-	-	-	43	20.0	218	0.2
2. National consultancies	6 793	66.8	1 165	11.5	-	-	2 214	21.8	10 173	11.2
Subtotal	6 967	67.1	1 165	11.2	-	-	2 257	21.7	10 391	11.5
C. Training and workshops	416	89.8	22	4.8	-	-	25	5.4	463	0.5
D. Equipment and goods										
1. Equipment and materials	1 189	80.0	-	-	-	-	297	20.0	1 486	1.6
2. Goods, services and inputs	18	80.0	-	-	-	-	5	20.0	23	-
Subtotal	1 207	80.0	-	-	-	-	302	20.0	1 509	1.7
E. Grants and subsidies	27 459	70.9	-	-	11 275	29.1	0	-	38 736	42.8
Total investment costs	55 279	68.7	1 188	1.5	11 275	14.0	12 772	15.9	80 516	89.0
II. Recurrent costs										
A. Expertise support, salaries and allowances	3 765	43.1	115	1.3	-	-	4 855	55.6	8 737	9.7
B. Operating costs	984	80.0	-	-	-	-	247	20.0	1 231	1.4
Total recurrent costs	4 750	47.7	115	1.2	-	-	5 102	51.2	9 968	11.0
Total	60 030	66.3	1 303	1.4	11 275	12.5	17 874	19.8	90 484	100.0

Table 3

Project costs by component and project year

(Thousands of euros)

<i>Component</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>	<i>2031</i>	<i>Total</i>
1. Microcatchment planning and natural resource management	2 252	6 036	7 252	7 285	4 974	1 458	544	29 801
2. Investments in sustainable land management, climate-resilient infrastructure, livelihoods and access to markets	574	7 083	15 851	17 973	11 596	2 816	605	56 499
3. Institutional strengthening and project management	650	588	523	605	608	642	568	4 184
Total	3 477	13 708	23 626	25 863	17 178	4 916	1 717	90 484

Financing and cofinancing strategy and plan

28. FIRAT will be financed as follows: (i) 66.3 per cent of total costs, or EUR 60.0 million, will be covered by IFAD; (ii) 1.4 per cent, or EUR 1.3 million (equivalent to US\$1.4 million), by GEF; (iii) 19.8 per cent, or EUR 17.9 million, by the Government; and (iv) 12.5 per cent, or EUR 11.3 million, by the beneficiaries. The Government's contribution will consist of: (i) seconding part of the project staff; and (ii) waiving all taxes and duties on goods and services procured under the project (except taxes on matching grants). The rates and amounts of taxes and duties for project costs have been estimated by the project design team in consultation with the Government to determine the Government's contribution and the overall total project cost. In addition to the above, the Government will contribute towards the transaction costs of the revolving fund and any additional infrastructure investments in support of the watershed. A large part of the beneficiary contribution will be met through interest-free loans provided by the General Directorate of Forestry and Village Relations (ORKÖY) to the poor and the transitory poor under the project's matching grants programme.
29. Most FIRAT investments will be made under two expenditure categories: (i) grants and subsidies (EUR 38.73 million, 43 per cent of total costs) and (ii) works (EUR 29.41 million, 33 per cent of total costs). The allocation thus reflects the emphasis FIRAT will place on reducing poverty among the targeted upland communities through investments in restoring and regenerating livelihoods and managing natural resources productively and sustainably.

Disbursement

30. The funds will flow from IFAD to project designated accounts (DAs) to be opened at the central bank by the central project management unit, including one DA for the IFAD loan in the loan borrowing currency and the other for the GEF grant in the grant currency. Payment of expenditures will be made from the DAs using the prevailing exchange rate at the date of payment. For matching grants and interest-free loans, ORKÖY will open a separate bank account in local currency at Ziraat Bank to receive funds from the loan DA.
31. Disbursements will be made quarterly, with quarterly interim financial reports to be submitted within 45 days of the end of the preceding quarter.

Summary of benefits and economic analysis

32. Financial analysis was conducted for three types of wood-saving energy technologies, six different household-level farm models for transitory poor producers, five models for poor producers and one model each for micro, small and medium-sized enterprises and irrigated crops. The analysis indicates that all these models present a financial internal rate of return of above 25 per cent. Net present value using a 19.1 per cent discount factor is at least US\$232 for a wood-saving stove and above US\$55,000 for a milk collection centre. The benefit-cost ratio is above 1.03 in all cases and reaches up to 1.9. These figures indicate that all the models considered are financially attractive for investment by poor/transitory poor smallholder farm households and by agripreneurs.
33. Economic analysis of the project using economic prices shows the results of FIRAT to be positive, with net present value at 6 per cent social discount rate of the incremental benefits of US\$93 million and an economic internal rate of return of 18.9 per cent over a 20-year period. Even when tested against the occurrence of risk scenarios, including delays in implementation and cost overruns, the economic results remain robust and only a move to extremes makes FIRAT economically unviable. In sum, the proposed FIRAT investments are sound and worth investing in from a financial and economic perspective.

Exit strategy and sustainability

34. Supporting beneficiaries' transition from semi-subsistence agriculture to more commercialized agriculture that treats farming as a business will form a key element of FIRAT's sustainability and exit strategy. A judicious combination of off-farm investments, such as in building irrigation infrastructure, and on-farm developments enabling increased agricultural productivity should substantially increase FIRAT's sustainability prospects.
35. In terms of investments by component, a substantial proportion will be devoted to financing livelihood support activities and promoting micro, small and medium-sized enterprises which targeted households will implement and benefit from. The analyses undertaken by the project design mission show that these activities are financially sound and will generate adequate returns and therefore can be expected to be financially sustainable. The proposed financing mechanism links the beneficiaries with Ziraat Bank and, over time, will offer them opportunities to access the Bank's commercial loan products. Forestry investments under the natural resource management component will require less operational and maintenance intervention in the post-project phase. Since rangelands need more sustained intervention and careful management, substantially increased investments in improving their management, along with the adoption of a robust social mobilization methodology, have been incorporated in the design.
36. The supported climate-smart irrigation systems will be relatively simple for the beneficiaries to operate and maintain and could be managed by informal water users associations in coordination with village leaders (*mukhtars*), as is the current practice.

III. Risk management

A. Risks and mitigation measures

37. Overall, the project design team noted a strong buy-in to the project concept by a wide spectrum of stakeholders. Some gaps may occur, however, between policy development and translation into action. Moreover, in recent years IFAD projects have faced inadequate allocation of funds at the beginning of the year, mainly owing to fiscal constraints. The FIRAT design has factored in the fiscal constraints of the Government of Türkiye, and provision has been made for the allocation of funds to allow the largely uninterrupted implementation of livelihood restoration and support activities. In sum, while the risk associated with the political context is rated as substantial, its adverse impact can be kept at a manageable level.
38. Although Türkiye has undergone major transformation in public sector management, implementation challenges remain. Institutional changes or frequent turnover in the management of institutions may occur at the central, regional and provincial levels, with effects on implementation arrangements and the timely achievement of development objectives. Implementation risks will be reduced by: (i) establishing a project steering committee that will ensure coordination among project implementing partners and a smooth flow of funds; (ii) bringing in Ziraat Bank as a partner, which, on behalf of OGM, will manage an extended matching grant (MG) scheme with revised terms and will complement this with a highly concessional credit scheme; (iii) mobilizing a host of service providers to facilitate grassroots processes and institutional strengthening; and (iv) revising the MG terms in favour of the most vulnerable households with a view to substantially increasing the relevance of FIRAT for the poorest and most vulnerable households.
39. The inherent and residual risks related to financial management are assessed as substantial. The main risks might arise from delays in setting up the central project management unit or installing the accounting software or from failure to use matching grants for the intended purposes. To mitigate these risks, recruitment of key staff and accounting software set-up will be part of the prerequisites for

withdrawals that may be financed through retroactive financing. In addition, verification of a sample of matching grants will be included in the scope of the external audit.

Table 4

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Substantial	Substantial
Sector strategies and policies	Substantial	Substantial
Environment and climate context	Moderate	Moderate
Project scope	Low	Low
Institutional capacity for implementation and sustainability	Moderate	Moderate
Financial management	Substantial	Substantial
Project procurement	Moderate	Moderate
Environment, social and climate impact	Moderate	Moderate
Stakeholders	Moderate	Moderate
Overall	Moderate	Moderate

B. Environment and social category

40. The proposed environmental and social categorization for FIRAT is moderate, based on final screening using the Social, Environmental and Climate Assessment Procedures (SECAP) screening tool. The project aims to generate positive environmental and social benefits in a comprehensive manner. A primary focus of FIRAT is to rehabilitate degraded land in order to reduce soil erosion and sedimentation in downstream dams, together with improving the livelihoods of people residing in selected catchment areas.

C. Climate risk classification

41. As determined by the SECAP screening tool, the proposed climate risk categorization of the project is moderate, and a basic climate risk analysis will be required. The forecasted effects of climate change in the project area include manageable adverse impacts on surface water availability, increased occurrence of floods and prolonged periods of aridity and drought.

D. Debt sustainability

42. Overall, while Türkiye's total debt service on external debt has stabilized in recent years and the Government's efforts to curtail external financing have shown some positive effects, the careful management of debt will remain crucial to ensure sustainability and avoid potential fiscal risks. According to the latest International Monetary Fund assessment, the country's external debt is sustainable over the medium term, but is subject to risks primarily from a large real effective exchange rate depreciation.

IV. Implementation**A. Organizational framework****Project management and coordination**

43. OGM will be the lead agency for the project. Working in close coordination with the Ministry of Treasury and Finance and the Presidency of Strategy and Budget, OGM will be primarily responsible for implementation at the central level in Ankara, the regional level (regional forestry directorates) in Elazığ and Şanlıurfa and the provincial level. Relevant adjustments will be made at lower levels, as appropriate, in particular in implementing the irrigation subcomponent in view of the absence of special provincial administrations in Malatya, Şanlıurfa and Diyarbakır.

44. A project steering committee will be established at the central level and will be responsible for overall policy guidance and oversight, including approval of the project implementation manual, matching grant and interest-free loan implementation procedures, and annual workplans and budgets (AWPBs) subject to IFAD no objection.
45. The management structure for FIRAT will consist of: (i) a central project management unit (CPMU) hosted by OGM in Ankara; (ii) one regional project management unit (RPMU) within each regional forestry directorate in Elazığ and Şanlıurfa; and (iii) additional support units in Malatya, Adıyaman, Bingöl and Diyarbakır provinces, as required.

Financial management, procurement and governance

46. **Financial management.** The financial unit of the CPMU will be staffed by a qualified finance manager and an accountant.
47. The CPMU will submit to IFAD the AWPB 60 days prior to commencement of each financial year. The CPMU will record project accounts in accordance with the Cash Basis International Public Sector Accounting Standards. ORKÖY will submit monthly financial reports on the use of matching grants to the CPMU for consolidation. The main internal controls will include elements such as segregation of duties, a clear payment authorization process, supporting documents for project expenditures and reconciliation of bank accounts. The external audit will be conducted in accordance with the International Standard on Auditing by treasury comptrollers from the Ministry of Treasury and Finance.
48. **Procurement.** Based on a positive assessment of the Turkish procurement framework (Public Procurement Law No. 4734 and Public Procurement Contract Law No. 4735), and in line with experiences in previous and ongoing IFAD projects in Türkiye, FIRAT procurement will be conducted in accordance with the Turkish Public Procurement Law to the extent that its provisions are consistent with the IFAD Project Procurement Guidelines and the IFAD Project Procurement Handbook. This will apply to all funds under FIRAT. The national system will apply to all procurement, except for goods, works and related non-consulting services above the threshold for international competitive bidding, which will instead be undertaken in accordance with the IFAD Project Procurement Handbook and in line with IFAD standard procurement documents. The same will apply to all consulting services.
49. **Governance.** Türkiye's risk rating is substantial, based on the country's score of 34 on the 2023 Corruption Perceptions Index and its rank of 115 out of 180 countries. Its ranking has decreased by 14 points compared with 2022, reaching the lowest score for Türkiye to date. The average score for countries in Eastern Europe and Central Asia is 35. The implementing entities will ensure that all project activities comply with IFAD policies and standards.

Target group engagement and feedback and grievance redress

50. The project will adopt a consultative approach in planning and implementing activities, involving multiple stakeholders and applying the microcatchment planning process at the community level. Project staff will inform community members about project opportunities, eligibility criteria, terms and conditions, and feedback and complaints channels. The project staff will ensure the inclusion of women, youth, persons with disabilities and other disadvantaged social groups by holding separate discussions with them and addressing their concerns.

Grievance redress

51. FIRAT will establish an adequate grievance redress mechanism to ensure that participants are able to report any irregularities in the project planning and implementation processes. To this end, dedicated focal points will be appointed within the CPMU, RPMUs and microcatchment areas.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

52. Project planning will be guided by the MCPs to be developed by OGM and other project partners through a participatory process of assessing natural resource conditions and climate change risks and vulnerabilities in all targeted microcatchments and identifying livelihood needs in earthquake-affected areas.
53. The FIRAT monitoring and evaluation system will build on the existing system of OGM, which will be complemented by an automated management information system for planning, monitoring, analysis and evaluation of data, to be developed at the start of the project. Where applicable, data will be disaggregated by gender and age.
54. FIRAT will invest in evidence-based knowledge management to contribute to policy development processes.

Innovation and scaling up

55. FIRAT's design has incorporated lessons learned and introduced innovations when compared to the Murat River Watershed Rehabilitation Project. Its primary innovative feature is the participatory microcatchment planning process, which will lead to the preparation of microplans encompassing all key interventions to be undertaken under FIRAT. Other innovations include: (i) involvement of the General Directorate of State Hydraulics Works from the beginning of the microcatchment planning process; (ii) use of rangeland management agreements with community rangeland groups to require adoption of sustainable rangeland management measures; (iii) stepping up of technical assistance, including for youth; (iv) establishment of a structured matching grant mechanism that does not inadvertently exclude the most vulnerable from benefiting from interventions; and (v) differentiation of the grant share of matching grants for beneficiaries below and above the minimum wage income level.

C. Implementation plans

Implementation readiness and start-up plans

56. The start-up plan for the project includes: (i) establishment of the project steering committee; (ii) early mobilization of service providers for microcatchment plans; and (iii) establishment of the CPMU and RPMUs so that the processes for staff recruitment and bidding for key service providers can begin.

Retroactive financing

57. In order to ensure timely implementation of the project immediately following start-up, the Government may opt to benefit from retroactive financing to prefinance some activities using its own resources, including the recurrent costs of key CPMU staff and investment costs associated with outreach officers, socioeconomic studies, the baseline study, the purchase of a management information system and accounting software, information technology, and other office equipment and key staff. These expenditures, which are not to exceed EUR 500,000 in total, will be reimbursed by IFAD after project start-up and after the prerequisites for withdrawal are fulfilled.

Supervision, midterm review and completion plans

58. The project will be directly supervised by IFAD through annual supervision missions. IFAD and the Government of Türkiye will carry out a midterm review no later than the third year of implementation following project start-up. The project completion review will assess overall project performance and report on the relevance, efficiency and effectiveness of its implementation.

V. Legal instruments and authority

59. A financing agreement between the Republic of Türkiye and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement is attached as appendix I.
60. The Republic of Türkiye is empowered under its laws to receive financing from IFAD.
61. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

62. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of Türkiye in an amount of sixty million euros (EUR 60,000,000) from the Borrowed Resource Access Mechanism and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Negotiated financing agreement

Euphrates River Watershed Rehabilitation Project (“Fırat Nehri Havzası Rehabilitasyon Projesi-FIRAT”)

(Negotiations concluded on 4 September 2024)

Loan No: [xxx]

Project name: Euphrates River Watershed Rehabilitation Project (“Fırat Nehri Havzası Rehabilitasyon Projesi-FIRAT” or “the Project”)

The Republic of Türkiye (the “Borrower”)

and

The International Fund for Agricultural Development (the “Fund” or “IFAD”)

(each a “Party” and together the “Parties”)

Whereas:

- A.** The Borrower requested a financing in the form of one loan from the Fund for the purpose of financing the Project, as further described in Schedule 1 to this financing agreement;
- B.** It is expected that the Project will be co-financed by the Global Environment Facility (GEF);
- C.** The Borrower has undertaken to provide additional support, that may be needed to the Project; and
- D.** The Fund agreed to provide financing for the Project.

Now Therefore, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund’s General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the “General Conditions” or the “GCs”) are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a loan (the "Loan") to the Borrower (the "Financing"), which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

4. Revolving fund

i. The Project will avail of a revolving fund facility (the "Revolving Fund Facility" or "RFF") established through Orman Genel Müdürlüğü ("OGM" or "General Directorate of Forestry")'s Orman ve Köy İlişkileri Dairesi Başkanlığı ("ORKÖY" or "Department for Forest and Village Relations") to support activities under sub-components 1.2 and 2.1 of the Project.

Section B

1. The amount of the Loan is Sixty million Euro (EUR 60,000,000).

2. The Loan is granted on ordinary terms and shall be subject to interest on the principal amount outstanding of the Loan at a rate equal to the IFAD Reference Interest Rate including a variable spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of 12.5 years, including a grace period of 3 years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.

3. The Loan Service Payment Currency shall be the Euro (EUR).

4. The first day of the applicable Fiscal Year shall be 1 January.

5. Payments of principal and interest shall be payable on each 15th June and 15th December.

6. There shall be a Designated Account in Euro, for the exclusive use of the Project opened at the Central Bank of Türkiye. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.

7. The Borrower shall provide counterpart financing for the Project in the approximate amount of seventeen million eight hundred and seventy-five thousand Euro (EUR 17,875,000) equivalent for Project financing and foregone taxes, if applicable.

Section C

1. The Lead Project Agency shall be the General Directorate of Forestry (the "OGM") within the Ministry of Agriculture and Forestry (the "MoAF").

2. Implementation partners include but are not limited to the entities listed in Schedule 1, Section II, para 9 to this Agreement.

3. The Mid-Term Review shall be conducted as specified in Sections 8.03 (b) and (c) of the General Conditions.

4. The Project Completion Date shall be the 7th anniversary from entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower.

5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement regulations, to the

extent such are consistent with the IFAD Procurement Guidelines, except for the procurement of Goods, Works and related non-consulting services above the threshold for international competitive bidding (ICB) and for consulting services which shall be undertaken according to the IFAD Procurement Handbook and in line with IFAD Standard Procurement Documents (SPD).

Section D

The Fund shall administer the Loan and supervise the Project.

Section E

1. The following are designated as additional grounds for suspension of this Agreement, complementing Article XII, Section 12.01 - Suspension by the Fund of the GCs:

i. The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that this has had, or is likely to have, a material adverse effect on the Project.

2. The following are designated as additional general conditions precedent to withdrawal:

- a) The IFAD no objection to the PIM shall have been obtained;
- b) Key Project Personnel shall have been appointed as per Schedule 3, Section I, paragraph 8 of this Agreement;
- c) A fully functional accounting software shall have been established at Central Project Management Unit (CPMU) level;
- d) The Designated Account shall have been opened and the sample signatures of the persons authorised to operate the accounts shall have been delivered to IFAD; and

3. The following is designated as an additional specific condition precedent to withdrawal from the Grants & Subsidies category:

A Project Account in Turkish Lira shall have been opened at ZIRAAT Bankasi (i) to receive allocated funds; (ii) to disburse matching grants and interest-free loans to end beneficiaries; and (iii) to receive principle loan repayments from end beneficiaries.

4. This Agreement is subject to ratification by the Borrower.

5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Director General for Foreign Economic Relations
Directorate General of Foreign Economic Relations
Ministry of Treasury and Finance,
Ankara, Türkiye

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, [dated _____], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

"[Official Country name]"

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: _____

International Fund for
Agricultural Development

Alvaro Lario
President of IFAD

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit small-scale producers living in upland forest villages and engaged in a mixed farming system as their main livelihood. Specific focus will be on vulnerable groups, in particular: (i) poor rural households practising subsistence farming who have some marketable surplus and whose livelihood is negatively affected by environmental degradation, climatic shocks, and disasters; (ii) women, with a sharper focus on women-headed households; and (iii) unemployed and underemployed rural youth.
2. *Project Area.* The Project will target 6 provinces namely Şanlıurfa, Malatya, Diyarbakır, Adıyaman, and certain districts in Bingöl and Elazığ not covered in previously completed IFAD-funded projects.
3. *Goal.* The goal of the Project is to reduce poverty of the upland communities in the targeted Micro-catchments (MCs) of the Euphrates River watershed.
4. *Objectives.* The objectives of the Project are to increase the income and resilience of small-scale producers and vulnerable groups, including women and youth in the targeted MCs.
5. *Components.* The Project shall consist of the following Components:

Component 1: Micro-catchment planning and natural resources management

This component will support the development of 40 Micro-catchment Plans (MCPs) including on average 10 villages in each Micro-catchment (MC) and the implementation of natural resources restoration and sustainable management activities.

Component 2: Investments in sustainable land management, climate-resilient infrastructure, livelihoods and access to markets

This component will invest in recovery of production assets and diversification of agricultural production and economic activities in rural areas, improvement of production technologies and practices as well as aggregation and access to markets, based on the recovery needs and investment opportunities identified in the MCPs. Additional support will be provided for marketing and the promotion of products from the participating provinces while investments will be made in public irrigation infrastructure to be complemented with on-farm investments through a revolving fund/matching grant scheme.

Component 3: Institutional strengthening and Project management

(i) This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective and efficient implementation of Project interventions. Based on needs, experience, and evidence from the Project investments the component will support institutional strengthening of OGM at all levels, Provincial Development Agencies, Regional Development Administration/Development Agencies and other Project partners as needed.

(ii) The Project will have resources for institutional strengthening to facilitate MC management and development, to enhance effectiveness and to ensure that proven good

practices and lessons learned from FIRAT investments are developed and disseminated to a wider audience.

II. Implementation Arrangements

6. *Lead Project Agency* The OGM within MoAF, as Lead Project Agency ("LPA"), shall be primarily responsible for implementation working in close coordination with the Ministry of Treasury and Finance and the Presidency of Strategy and Budget.

7. *Project Steering Committee.* A Project Steering Committee (PSC) shall be established at central level with the responsibility for overall policy guidance and oversight, including approval of the PIM, matching grants manual, and annual work plans and budgets subject to IFAD no-objection.

8. *Project Management Structure.* The management structure for the Project shall consist of: (i) a Central Project Management Unit (CPMU) hosted by OGM in Ankara; (ii) one Regional Project Management Unit (RPMU) within each of the Regional Directorates of Forestry (OBMs) in Elazığ and Şanlıurfa; and (iii) additional support units in 3 provinces. Located at the OGM at central level, the CPMU will be responsible for: (a) overall Project planning, implementation, financial management, monitoring and evaluation, supervision of procurement procedures; (b) liaising with concerned government departments; (c) obtaining no objection from IFAD; (d) providing guidance and support to RPMUs; and (e) selecting, establishing, and managing partnerships with service providers. The two RPMUs will be responsible for delivering Project services and interventions in their respective target provinces. Government appointed/seconded staff will be deputed to the various levels.

9. *Implementation partners.* Implementation partners may be but are not limited to: i) the General Directorate of Combatting Desertification and Erosion (CEM) under the Ministry of Environment, Urbanisation and Climate Change; ii) the General Directorate of State Hydraulic Works (DSI); iii) the Special Provincial Administrations (SPAs); iv) IPEKYOLU, v) FIRAT and vi) KARACADAG Development Agencies affiliated with the Ministry of Industry and Technology; vii) Provincial Directorates of Agriculture and Forestry affiliated with the provincial governorates; and viii) the Republic of Türkiye's Bank of Agriculture – ZIRAAT Bankasi.

10. Monitoring and Evaluation (M&E)

(i) The M&E system of FIRAT will be built on OGM's existing system to be complemented by an automated Management Information System (MIS) for planning, monitoring, analysis and evaluation of data, which will be developed at Project inception.

(ii) The M&E system developed and managed by the CPMU will be guided by the logical framework and follow the IFAD Core Indicators (COI) measurement guidelines for periodic measurement of project results - activities, outputs, outcomes and impact - in relation to agreed targets to monitor implementation performance, AWPB execution, outreach and effectiveness of the targeting strategy, including data disaggregation by gender and age. Emphasis will be given to monitoring outreach and physical progress for each key output, as and when they are delivered, and outcomes as they emerge.

11. Knowledge Management (KM)

(i) FIRAT will invest in good quality, evidence-based knowledge management to contribute both to the implementation and to policy development processes. The KM activities will place particular emphasis on the sustained anchoring of technical and managerial knowledge among supported upland farmers and entrepreneurs in the watershed which,

apart from helping to increase productivity, will also contribute to improved visibility of Government of Türkiye and IFAD interventions and enhance post-project sustainability.

(ii) The M&E expert at the CPMU will also be responsible for KM and communication of the Project. The M&E/KM expert will be responsible for (i) the preparation of the KM and communication plan in collaboration with other M&E staff, technical specialists and implementing partners, (ii) the implementation, monitoring and periodic update of the plan as required, and (iii) ensuring production, promotion and dissemination of knowledge products to a wider audience.

(iii) A KM/Communication Plan will be developed while fully considering and responding to the knowledge and communication needs of all key stakeholders, including Project participants and implementing partners at all levels. All KM/communication activities, knowledge products and dissemination tools in the plan shall be included in the AWPB with adequate resources allocated to implement them. These initiatives will be monitored within the MIS and will form part of the Project M&E.

12. *Project Implementation Manual*. The PIM will serve as the foundation for Project execution, establishing the Strategic and Institutional Framework and providing guidance for overall planning and activity implementation. The Manual will outline effective procedures and mechanisms to ensure the achievement of the objectives detailed in the Project's design document and logframe and will be regularly updated by the Project team to reflect any changes agreed upon by the Government of Türkiye and IFAD.

Schedule 2

Allocation Table

1. Allocation of Loan Proceeds

(a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (Euro)	Percentage
I. Works	17 100 000	100% net of taxes and counterpart contribution
II. Consultancies, Training & Workshops	6 800 000	100% net of taxes and counterpart contribution
III. Equipment, Goods & Services	1 000 000	100% net of taxes
IV. Grants & subsidies	24 900 000	100% net of beneficiaries' contribution
V. Salaries, Allowances & Operating Costs	4 200 000	100% net of taxes and counterpart contribution
Unallocated	6 000 000	
TOTAL	60 000 000	

(b) The terms used in the Table above are defined as follows:

- (i) Category I "Works" includes *inter alia* costs of investments in afforestation, reforestation and soil erosion control; livestock watering facilities tied to sustainable management pilots, rangeland infrastructure, livestock handling facilities, pasture access roads under investments in rangeland rehabilitation and management, marketing facilities under strengthening producer organisations and marketing, upgrade of small-scale irrigation schemes under investments in off-farm climate-resilient water infrastructure.
- (ii) Category II "Consultancies, Training & Workshops" includes *inter alia* costs of participatory micro-catchment planning; portion of costs of sustainable management plans' community mobilisation, development and implementation; biophysical monitoring; technical assistance and trainings under the revolving fund facility; strengthening producer organisations and marketing; design and supervision of irrigation schemes; training in water use efficiency; technical assistance and trainings under institutional strengthening, policy support and Project management; and monitoring and evaluation.
- (iii) Category III "Equipment, Goods & Services" includes *inter alia* costs of investments in improvement of nurseries; animal drinking troughs; communal investments; equipment for Project coordination (including accounting software and Management Information System) and development of knowledge management and communication products.
- (iv) Category IV "Grants & subsidies" includes *inter alia* costs of financing mechanism for wood-saving energy investments for households and the

revolving fund facility (Window for poor and transitory poor producers and Window for producer organisations and aggregators).

- (v) Category V "Salaries, Allowances & Operating Costs" includes *inter alia* costs of technical experts recruited to support in implementing components 1 & 2, salaries and allowances and other operating costs for running the CPMU.

2. *Disbursement arrangements*

Retroactive financing. As an exception to section 4.08(a) (ii) of the General Conditions, specific eligible expenditures incurred as of 18 September 2024 until the date of entry into force of this Agreement shall be considered eligible up to an amount equivalent to five hundred thousand Euro (Euro 500 000) for activities relating to:

- i) Recurrent costs of key CPMU staff and investment costs associated with the outreach officer; ii) socio-economic studies of youth and women; iii) baseline study, purchase of Management Information System (MIS) and accounting software; and iv) IT and other office equipment.

Activities to be financed by retroactive financing, their respective category of expenditures and source of financing will require IFAD's prior no objection. Pre-financed eligible expenditures shall be reimbursed to the Borrower once additional conditions precedent to withdrawal specified in Section E.3 are fulfilled.

Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Financing Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Throughout Project implementation, OGM may, if so required, enter into legally binding agreements with each of the Implementation Partners, as further defined in paragraph 9 of Schedule I to this Agreement to outline the collaboration, define the roles, responsibilities and duties thereof with regards to implementation, financial management, accounting and reporting.
2. *Planning, Monitoring and Evaluation.* The Borrower through OGM shall ensure that a Planning, Monitoring and Evaluation (PM&E) system is established within twelve (12) months of the date of entry into force of this Agreement.
3. *Gender.* The Borrower through OGM shall ensure:
 - i. Equal involvement of, and benefits for women and men in the development of forest villages;
 - ii. That women and men have equal access to capacity building, training, productive assets, improved technologies and practices, financial and non-financial services;
 - iii. That women's decision-making role is strengthened;
 - iv. That reduced and equitable workloads are achieved for women; and
 - v. That women's economic empowerment through access to and control over productive and household assets is expanded.
4. *Anticorruption Measures.* The Borrower through OGM shall comply with the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
5. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower through OGM shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.
6. *Use of Project Vehicles and Other Equipment.*
 - (a) The Borrower through OGM shall ensure that: All vehicles and other equipment procured under the Project are allocated to the LPA as appropriate;
 - (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
 - (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.
7. *IFAD Client Portal (ICP) Contract Monitoring Tool.*

The Borrower shall ensure that a request is sent to IFAD to access the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower through OGM shall

ensure that all contracts, agreements, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Borrower through OGM shall ensure that contract data is updated on a quarterly basis during the implementation of the Project.

8. *Key Project Personnel*

i. Key Project Personnel shall be: the Project Manager, Finance Manager and Accountant, Monitoring and Evaluation Officer, Knowledge Management Officer, Procurement Officer, Social Inclusion and Gender Specialist, and Environment and Climate Assessment Specialist.

ii. In order to assist in the implementation of the Project, the CPMU, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, Key Project Personnel whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be seconded to the CPMU in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD.

iii. The recruitment and dismissal of Key Project Personnel are subject to IFAD's no objection. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with national labour regulations or the International Labour Organisation (ILO) International Labour Standards (whichever are more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Project circumstances.

II. SECAP Provisions

1. For projects/programmes presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

2. The Borrower shall cause OGM not to amend, vary, or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund and (ii) the requirements applicable to the original adoption of the Management Plan(s) have been complied with.

3. The Borrower shall not and shall cause OGM, all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Project-affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/or the agreed works and compensation schedule.

4. The Borrower shall cause OGM to disclose the draft and final ESIA reports and all other relevant Management Plan(s) to Project stakeholders and interested parties in an

accessible place in the Project Area, in a form and language understandable to Project-affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g., culture, disability, literacy, mobility or gender).

5. The Borrower shall cause OGM to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors, and suppliers to comply at all times with the standards, measures, and requirements outlined in the SECAP 2021 Edition and the Management Plan(s), if any, in carrying out the Project.

6. This section applies to any event that occurs in relation to: i) serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); ii) labour issues; and/or iii) issues affecting adjacent populations during Project implementation that, with respect to the relevant IFAD Project:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or created material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower shall cause OGM to:

- Notify IFAD promptly;
- Provide information on such risks, impacts and incidents or accidents;
- Consult with Project-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements;
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labour and community), health and safety (ESHS) issues that occur in the context of the Financing or within OGM's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to OGM (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities.

7. The Borrower shall cause OGM to ensure that its direct contractors, sub-contractors and suppliers respect relevant processes set out in the SECAP 2021 Edition as well as in the Management Plan(s) (if any).

8. Without limitation on its other reporting obligations under this Agreement, the Borrower through OGM shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage or the implementation of the Project proposing remedial measures. The Borrower through OGM will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

9. In the event of a contradiction/conflict between the Management Plan(s), if any, and this Agreement, this Agreement shall prevail.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility		
Outreach	1 Persons receiving services promoted or supported by the project				Project MIS	Semi-annual, Annual	M&E and Component Specialists		
	Males - Males	0	9600	24000					
	Females - Females	0	6400	16000					
	Young - Young people	0	2400	6000					
	Total number of persons receiving services	0	16000	40000					
	1.b Estimated corresponding total number of households members								
	Household members - Number of people	0	56000	140000					
	1.a Corresponding number of households reached								
	Households - Households	0	16000	40000					
Project Goal Poverty reduction of the upland communities in the targeted micro-catchments of the Euphrates River watershed	Percentage of households with reduced poverty				Income questions integrated in COI Survey	Baseline, Mid-term, Completion	CPMU, Service Providers		
		Households - Percentage (%)	0	28					70
Development Objective Increased income and resilience of small-scale producers and vulnerable groups, including women and youth, in the targeted micro-catchments	Number of households reporting increase in income from livelihood activities				COI survey	Baseline, Mid-term, Completion	CPMU, Service Providers		
		Households - Number	0	11200					28000
	Percentage of households reporting an increase in the value of household assets								
		Households reporting an increase in the value of HH assets - Percentage (%)		28	70				
	Number of households reporting 20 percentage point increase in their resilience index score				IFAD RDMT integrated in COI survey	Baseline, Mid-term, Completion	CPMU, Service Providers		
		Households - Number	0	11200					28000
	SF.2.1 Households satisfied with project-supported services				COI survey	Baseline, Mid-term, Completion	CPMU, Service Providers		
		Household members - No of people	0	42000					105000
		Households (%) - Percentage (%)	0	30					75
		Households (number) - Households	0	12000					30000
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers								
		Household members - Number of people	0	42000	105000				
		Households (%) - Percentage (%)	0	30	75				
	Households (number) - Households	0	12000	30000					
Outcome 1. Communities capable of planning and implementing sustainable management and restoration of natural resources reducing soil erosion	GEF 1 Area of land and ecosystems under restoration (Sum of GEF2 and GEF3)				GIS - remote sensing plus ground proofing	Annual	M&E Specialist	Provided with incentives, upland communities are willing to: (i) engage in their MC planning and development; (ii) adopt new climate-resilient technologies and practices; and (iii) take collective actions for improved rangeland management, aggregation and market access.	
		Hectares of land - Area (ha) - Area (ha)	0	11546					28865
	GEF 2 Areas of natural grassland and woodland under restoration					Baseline, Mid-term, Completion	CPMU, Service Providers		
		Woodland - Area (ha)	0	2436	6090				
		Natural grassland - Area (ha)	0	2400	6000				
		Pasture land and pasture - Area (ha)	0	320	800				
	Percentage of reduction in soil erosion in treated areas				Erosion monitoring system (RUSLE Erosion Model)	Baseline, Mid-term, Completion	CPMU, Service Providers		
		Reduction in soil erosion - Percentage (%)	0	10					25
	Increase in vegetative cover in restored areas				GIS - remote sensing plus ground proofing	Baseline, Mid-term, Completion	CPMU, Service Providers		
		Normalized Difference Vegetation Index (NDVI) scale - average annual growth rate - Percentage (%)		6					6
	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered				Ex-Act				

Results Hierarchy	Indicators	Means of Verification			Assumptions		
	Hectares of land - Area (ha)		6612	33060	Baseline, Mid-term, Completion CPMU, Service Providers		
	tCO2e/20 years - Number		312503	1562517			
	tCO2e/ha - Number		9.46	47.3			
	tCO2e/ha/year - Number		0.48	2.4			
	Number of women reporting reduction in workload and time spent in collecting firewood due to energy saving technologies					Qualitative assessment	
	Women reporting reduction in workload and time spent in collecting firewood - Number		1022	2555	Baseline, Mid-term, Completion CPMU, Service Providers		
Output 1.1 Participatory micro-catchment planning and capacity-building	Number of participatory micro-catchment plans (MCPs) approved				Project MIS Semi-annual, Annual M&E and Component Specialists		
	MCPs approved - Number	0	40	40			
	Villages participated - Number	0	400	400			
	People participated - male - Males	0	4800	12000			
	People participated - female - Females	0	3200	8000			
	People participated - young - Young people	0	1200	3000			
Output 1.2 Rehabilitation and sustainable management of natural resources	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks				Villagers will engage in MC planning and rehabilitation activities if they are provided with: i) awareness raising of the importance of soil erosion control and rehabilitation of vegetation cover for improving the provision of water and rangeland resources and the resilience of agroecosystems; ii) incentives of investment and capacity building in water resources for livestock and irrigation and rangelands facilities; iii) incentives of access to matching grants for investments in other livelihood activities as well as in household renewable energy and insulation.		
	Total size of groups - Number of people	0	1248	3120			
	Groups supported - Groups	0	58	144			
	Males - Males	0	749	1872			
	Females - Females	0	499	1248			
	Young - Young people	0	187	468			
	Groups headed by women - Groups	0	6	14			
	3.1.3 Persons accessing technologies that sequester carbon or reduce greenhouse gas emissions						
	Males - Males	0	438	1095			
	Females - Females	0	1022	2555			
	Young - Young people	0	145	365			
	Total persons accessing technologies - Number of people	0	1460	3650			
	Outcome 2. Improved sustainable land management and climate (and other shocks) resilient livelihoods for small-scale producers and vulnerable groups, including women and youth, through diversified production and employment opportunities	GEF 3 Areas of degraded agricultural land under restoration					GIS - remote sensing plus ground proofing Annual M&E Specialist
		Cropland including orchard - Area (ha)	0	8068		20170	COI survey Baseline, Mid-term, Completion CPMU, Service Providers
3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices							
Total number of household members		0	11216	28040			
Households - Percentage (%)		0	28	70			
Households - Households		0	3205	8012			
2.2.6 Households reporting improved physical access to markets, processing and storage facilities							
Households reporting improved physical access to processing facilities		0	1400	3500			
2.2.5 Rural producers' organizations reporting an increase in sales							
Number of Rural POs - Organizations		0	20	50			
Rural POs with women in leadership position		0	2	5			
2.2.1 Persons with new jobs/employment opportunities					COI survey and M&E system Baseline, Mid-term, Completion CPMU, Service Providers		
Males - Males		0	1620	4050			
Females - Females		0	1080	2700			
Young - Young people		0	604	1510			
Total number of persons with new jobs/employment opportunities - No of people		0	2700	6750			
1.2.3 Households reporting reduced water shortage vis-à-vis production needs					COI survey		

Results Hierarchy	Indicators	Means of Verification			Assumptions			
	Households - Percentage (%)		40	100				
	Households - Households		3948	9870				
	Total no of household members - No of people		13818	34545				
Output 2.1 Revolving fund facility (RFF) for improving sustainable land management, climate-resilient production infrastructure, aggregation, processing and marketing	Number of approved proposals for the RFF windows for poor and transitory poor producers, and for producer organizations and aggregators				Project MIS	Baseline, Mid-term, Completion	CPMU, Service Providers	Continued market demand, continued government support to up-land villages for their investment and capacity building in improving their livelihood activities, OGM establish a dynamic partnership with the RDA/DA to tap into their expertise in linking small-scale producers with private sector aggregators and markets.
	Number of approved proposals under the RFF window for poor and transitory poor producers	0	2600	6500				
	Number of approved proposals under the RFF window for producer organizations and aggregators - Number	0	100	250				
	Value of approved proposals under the RFF window for poor and transitory poor producers - Money (USD' 000)	0	15600	39000				
	Value of approved proposals under the RFF window for producer organizations and aggregators - Money (USD' 000)	0	500	1250				
	1.1.3 Rural producers accessing production inputs and/or technological packages				Project MIS	Semi-annual, Annual	M&E and Component Specialists	
	Males - Males	0	1620	4050				
	Females - Females	0	1080	2700				
	Young - Young people	0	404	1010				
	Total rural producers - Number of people	0	2700	6750				
	2.1.3 Rural producers' organizations supported				Project MIS	Semi-annual, Annual	M&E and Component Specialists	
	Total size of POs - Organizations	0	4038	10120				
	Rural POs supported - Organizations	0	68	171				
	Males - Males	0	3252	8154				
	Females - Females	0	786	1966				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated				Project MIS	Semi-annual, Annual	M&E and Component Specialists	
	Total number of facilities - Facilities	0	1311	3277				
	Market facilities constructed/rehabilitated	0	1	2				
	Processing facilities constructed/rehabilitated				Project MIS	Semi-annual, Annual	M&E and Component Specialists	
		0	1310	3275				
	Number of youth participated in mentoring and coaching							
	Male youth - Number	0	960	2400				
	Female youth - Number	0	960	2400				
Total number of youth - Number of people				Project MIS	Semi-annual, Annual	M&E and Component Specialists		
	0	1920	4800					
No of women participated in GALS training							Project MIS	Semi-annual, Annual
Number of women participated in GALS training - Females	0	800	2000					
1.1.4 Persons trained in production practices and/or technologies				Project MIS	Semi-annual, Annual	M&E and Component Specialists		
Men trained in crop - Males	0	2298	5745					
Women trained in crop - Females	0	1532	3830					
Young people trained in crop - Young people	0	575	1436					
Men trained in livestock - Males	0	983	2457					
Women trained in livestock - Females	0	655	1638					
Young people trained in livestock - Young	0	246	614					
Men trained in forestry - Males	0	480	1200					
Women trained in forestry - Females	0	320	800					
Young people trained in forestry	0	120	300					
Total persons trained in crop	0	3830	9575					
Total persons trained in livestock	0	1638	4095					
Output 2.2 Strengthening producer organisations and marketing								

Results Hierarchy	Indicators			Means of Verification			Assumptions
	Total persons trained in forestry	0	800	2000			
	2.1.2 Persons trained in income-generating activities or business management						
	Males - Males	0	1620	4050			
	Females - Females	0	1080	2700			
	Young - Young people	0	405	1013			
	Persons trained in IGAs or BM (total) -	0	2700	6750			
Output 2.3 Investments in off-farm climate-resilient water infrastructure	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated						
	Hectares of land - Area (ha)	0	3660	9150	Project MIS	Semi-annual, Annual	M&E and Component Specialists Young people are willing to stay and invest in their villages if support for quality employment including self-employment is offered. OGM manages to establish strong collaboration with other agencies and private sector actors, including co-financiers and implementing partners in the region e.g. DSI, SPAs, RDA/DA, and the Ziraat Bank.
Outcome 3. Improved institutional capacity of project stakeholders and greater visibility on effectiveness and impact of the project	Number of technical guidelines on thematic areas adopted and disseminated						
	Technical guidelines adopted and disseminated - Number	0		1	Qualitative assessment	Baseline, Mid-term, Completion	CPMU, Service Providers OGM and the rangeland service provider systematically captures lessons learned cost and benefits from community-led rangeland rehabilitation and sustainable management as the basis for developing technical guidelines as well as from other activities to improve other existing guidelines, regulations and dissemination material.
Output Institutional strengthening through knowledge generation and dissemination and development of technical guidelines on thematic areas	Number of implementing partners representatives and farmers participated in training, exchange visits or South-South and Triangular Cooperation (SSTC) opportunities						
	Number of participants in training, exchange visits or SSTC opportunities - Number of people	0	1000	2500	Project MIS	Semi-annual, Annual	M&E and Component Specialists Through gathering of evidence on benefits generated from different livelihood and natural resources rehabilitation interventions, OGM and project partners systematically identifies success stories and facilitate cross learning between NRM and producer groups and develop KM products for wider dissemination.
	Number of KM products (e.g. stories from the field on good practices and lessons learned, technical studies, publications, etc.) developed and disseminated						
	KM products developed and disseminated - Number	0	1	3	Project MIS	Annual	KM, M&E and Component Specialists

Integrated project risk matrixⁱ

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Substantial	Substantial
Fragility and Security	Substantial	Substantial
Macroeconomic	Substantial	Substantial
Governance	Substantial	Substantial
Political Commitment	Substantial	Substantial
Sector Strategies and Policies	Substantial	Substantial
Policy Development and Implementation	Substantial	Substantial
Policy alignment	Substantial	Substantial
Environment and Climate Context	Moderate	Moderate
Project vulnerability to climate change impacts	Moderate	Moderate
Project vulnerability to environmental conditions	Moderate	Moderate
Project Scope	Low	Low
Technical Soundness	Low	Low
Project Relevance	Low	Low
Institutional Capacity for Implementation and Sustainability	Moderate	Moderate
Monitoring and Evaluation Arrangements	Moderate	Moderate
Implementation Arrangements	Moderate	Moderate
Project Financial Management	Substantial	Substantial
Project External Audit	Moderate	Moderate
Project Accounting and Financial Reporting	Substantial	Substantial
Project Internal Controls	Substantial	Substantial
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
Project Budgeting	Substantial	Substantial
Project Organization and Staffing	Substantial	Moderate
Project Procurement	Moderate	Moderate
A.1 Legal, Regulatory and Policy Framework	Moderate	Moderate
A.2 Institutional Framework and Management Capacity	Moderate	Moderate
A.3 Accountability, Integrity and Transparency of the Public Procurement System	Moderate	Moderate
A.4 Public Procurement Operations and Market Practices.	Substantial	Substantial
B.1 Assessment of Project Complexity	Moderate	Moderate
B.2 Assessment of Implementing Agency Capacity	Not applicable	No risk envisaged - not applicable
Project Procurement Overall	Moderate	Moderate
Environment, Social and Climate Impact	Moderate	Moderate
Vulnerability of target populations and ecosystems to climate variability and hazards	Moderate	Moderate
Greenhouse Gas Emissions	Low	Low
Physical and Economic Resettlement	Low	Low
Community health, safety and security	Moderate	Moderate
Labour and Working Conditions	Moderate	Moderate
Indigenous People	Low	Low

Risk Category / Subcategory	Inherent risk	Residual risk	
Cultural Heritage	Moderate	Moderate	
Resource Efficiency and Pollution Prevention	Moderate	Moderate	
Biodiversity Conservation	Moderate	Moderate	
Stakeholders	Moderate	Moderate	
Stakeholder Grievances	Moderate	Moderate	
Stakeholder Engagement/Coordination	Moderate	Moderate	
Overall	Moderate	Moderate	
Country Context		Substantial	Substantial
Fragility and Security		Substantial	Substantial
<p>Risk: Regional dynamics, especially the impact of the neighbouring Syrian conflict and influx of Afghan refugees have brought about significant challenges to Türkiye. It has even led to a significant demographic shift in the country. At the same time, the geopolitical turmoil in the Middle East region has adversely affected the East and South-east parts of Turkey in the form of adverse impact on the local economies in some provinces, reduced tourism, increased unemployment, and increased security concerns. It may eventually impact trade relations and trade flow within the region.</p>		Substantial	Substantial
<p>Mitigations: Successful implementation of the new IFAD project will establish the foundations for a positive impact on targeted populations by reducing rural poverty. It is important that the success is captured early on and disseminated widely in a way that will create hope, enhance optimism and demonstrate the value of IFAD's partnership with GoT.</p>			
Macroeconomic		Substantial	Substantial
<p>Risk: Türkiye achieved impressive economic gains over the past two decades which enabled it to become an upper middle-income country with a GDP of USD 1.12 trillion and per capita income of USD 13,110 in 2023. In the recent past as Türkiye's reforms waned, productivity gains slowed, and growth became increasingly dependent on externally funded credit and demand stimulus. In this backdrop, Türkiye adopted a new economic model consisting of low interest rates as well as a complex set of regulatory measures to direct credit to selected sectors (notably exporters) and to promote greater use of the lira in the economy. The newly adopted policies instead led to significant market pressure on the Turkish Lira. This was followed by the war in Ukraine, which added to pre-existing vulnerabilities. More recently policy redirections have been sought which enabled achieving GDP growth of 11 percent in 2021 and 5.5 per cent in 2022 and 4.5 percent in 2023 and it is projected to grow at 3.1 percent in 2024. In contrast, at 65 per cent inflation remains very high- explained mainly by Türkiye's excessively loose monetary policy and the resulting exchange rate depreciation.</p>			

<p>Türkiye has large external financing needs, and its private sector is heavily indebted in foreign currency, raising risks to financial stability; weakening external demand is expected to constrain real GDP growth (foreseen growth is forecast at 4.3 per cent in 2024), which will remain relatively firm in 2025-2028. Consequently agricultural incomes diminish, poverty increases in rural and urban areas.</p> <p>Following the May 2023 elections, the government has taken further positive steps to normalise Türkiye's macroeconomic policies. This has helped improve external balance, but vulnerabilities remain with risks skewed to the downside.</p> <p>The combined effect of the economic challenges may negatively impact implementation owing to the risk in cancellations of bidding processes or reluctance of vendors to engage in IFAD projects.</p>	Substantial	Substantial
<p>Mitigations: In designing FIRAT the fiscal challenges that GoT has been facing and is likely to face in foreseeable future have been factored-in and the impact on FIRAT that is likely has been kept at a manageable level. The real value of an IFAD loan will be protected by charging project expenses directly to the USD account instead of using a local currency account. Secondly, the reimbursement of the expenditure incurred by the beneficiaries, suppliers and service providers will be made at the earliest so that the loss in value is minimised.</p>		
<p>Governance</p>	Substantial	Substantial
<p>Risk: With a score of 36 in 2023 and a somewhat declining trend since 2020, Türkiye is the 101 least corrupt nation out of 180 countries for which Transparency International reports Corruption Perceptions Index. According to the World Bank, more recently the country has shown major transformation in the public sector management as a result of the reform initiatives. However, implementation challenges remain and there are still areas where improvement is required. Institutional changes or frequent changes in the management of institutions may occur at the central, regional and provincial levels with effects on implementation arrangements and the timeliness for achieving project development objectives.</p> <p>The loss of human lives and economic activities as a result of earthquakes in February 2023 also did affect the ability of relevant stakeholders to discharge their tasks as well as the infrastructure of rural and urban areas. FIRAT's target area is close to the epicentre and its investments will need to focus on the priorities of the population in the affected areas.</p>	Substantial	Substantial
<p>Mitigations: The design of FIRAT proposes to constitute a project steering committee that apart from ensuring proper coordination among project implementing partners will also actively engage in ensuring that adequate resources, including that from the GoT, as agreed in the design document is being made available on a timely basis and project-funded activities are implemented as scheduled.</p> <p>As designed FIRAT would invest significantly in capturing lessons learnt and evidence of the project's impact on the lives of the intended target group which then can be used to communicate to relevant authorities for appropriate decision making related to the project interventions, including the recovery from earthquake.</p>		

Political Commitment	Substantial	Substantial
<p>Risk: Since FIRAT’s design parameters are fully aligned with Türkiye’s Vision for 2053, the objectives and policies propagated in the 12th National Development Plan (2024-28), the Medium Term Programme (2024-26) and sector strategies and plans such as the Strategic Plan of MoAF (2024–2028), National Climate Change Adaptation Strategy and Action Plan (2011-2023), and the Water Efficiency Strategy and Action Plan (2023-2033), political commitment for FIRAT in terms of policy pronouncement is high. There is therefore a buy-in for the project concept by a wide spectrum of stakeholders in the country and therefore the risk associated is low.</p> <p>As some gaps may be observed between policy pronouncement and translating them into actions, in recent years IFAD projects have faced issues related to inadequate allocation of funds at the beginning of the year. So far this has been tackled by requesting additional allocations during mid-year review and thereby limiting potentially detrimental consequences in terms of implementation and disbursement performance. There is clearly a potential risk that FIRAT may suffer from similar issues related to allocation and release of the funds by GoT.</p> <p>The risk identified, however, reflects more an operational issue that is related to a very high rate of inflation and consequent challenge to the government to manage budgetary resources. Türkiye is projected to achieve a much reduced inflation, current account balance, and fiscal balance by 2025 and this should ease the pressure to cut allocations for development activities including IFAD projects. In the case of FIRAT, given its focus on earthquake-affected regions, and high priority given for generating livelihood opportunities and checking youth migration, chances are that the project will be provided with adequate resources to pursue its objectives, including the execution of grant programmes.</p>	<p>Substantial</p>	<p>Substantial</p>
<p>Mitigations: During the in-country phase of the design mission, this issue was flagged with OGM and Treasury at Ankara and regional and provincial levels. OGM assured the DM that given that OGM’s annual budget envelope is much larger than annual needs of FIRAT and the urgency of providing livelihoods related support to the households in the earthquake-hit areas neither the allocation nor the release of the resources would be a problem to FIRAT.</p> <p>It is also important that the supervision and implementation support missions that are to be fielded during implementation review the status of funds allocation/ release and flag it to the higher authorities when these are found to be constraining the disbursement. In addition, high level dialogue with the central Government and local authorities will be undertaken asking for adequate budget allocations by IFAD’s Country Director and Country Programme Coordinator</p> <p>Communication and KM strategy to give visibility to IFAD effectiveness, results and impact in addressing rural poverty in Türkiye and recovery for the earthquake victims.</p>		

Sector Strategies and Policies	Substantial	Substantial
Policy Development and Implementation	Substantial	Substantial
<p>Risk: In a context of centralised governance, where strong political leadership has a clear vision on the development of relevant policies which development partners in the country are often times unable to influence, and where farmers’ organisations and other grassroots institutions are weakened as a result of loss to human lives and infrastructure as a result of the earthquake which affected part of the project area, the development and implementation of policies may not be effective or participatory enough to account for the views of the most vulnerable rural people and their organisations.</p>	Substantial	Substantial
<p>Mitigations: In line with the IFAD guidance for policy engagement, the IFAD country team will enhance the participation of smallholders and other value chain stakeholders in the policy processes, by creating a space for dialogue (e.g. the project steering committee) and by strengthening the institutional and organisational capacity of stakeholders to set their agenda and influence policy processes. The grassroots institutions will be supported more during project implementation to upgrade the productive capacity, marketing services, and production infrastructure.</p> <p>Importantly, FIRAT has allocated resources for social mobilisation and grassroots institutions development in a way that would enable participatory need identification and planning of activities within the micro catchments. This should help strengthen the voice of demand structure vis-à-vis the supply structure and ensure a more stable policy implementation regime.</p>		
Policy alignment	Substantial	Substantial
<p>Risk: The National Basin Management Strategy ended in 2023. The new "National Watershed Rehabilitation (Restoration) Strategy" (NWRS) prepared in 2023 is currently pending approval by the Turkish Presidency of the Republic and may be updated during the implementation of the project, as may be the case for the 12th National Development Plan (NDP) that will also end during the project implementation period. There is therefore a challenge in keeping the project’s alignment with these two important policy instruments over the course of the implementation of the project.</p> <p>A potential risk could also arise from the change in the matching grant policy of the GoT on which the FIRAT intervention instruments lean on heavily. This could happen if GOT’s fiscal imbalance increases substantially and GoT’s ability to support poverty alleviation programmes erodes drastically. Yet another risk could arise from the shift in policy and GOT’s refusal to invest IFAD loan for meeting on-granting to FIRAT beneficiaries.</p>	Substantial	Substantial

<p>Mitigations: The project will support gathering evidence on the success or otherwise of pro-poor approaches and their effectiveness in engaging upland communities in the conservation and development of catchment areas. These could then be used for updating the Basin Management Strategy.</p> <p>IFAD will encourage the project to facilitate dialogue between decision-makers and stakeholders, to mainstream pro-poor approaches in the new NDP and related sector policies concerning upland development using the proposed steering committee as an important platform.</p>		
<p>IFAD’s country as well as multi country office will also engage in providing support to further policy development as well as in setting country priorities for assisting the upland communities utilising the experiences from the ongoing projects funded by IFAD.</p> <p>The risk of changes in the poverty alleviation financing of GoT has been factored-in in the FIRAT design and necessary resources have been allocated for financing the key project activities. Multiple instruments will be used to reach the intended FIRAT clientele and thereby reduce the risks involved.</p>		
<p>Environment and Climate Context</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Project vulnerability to climate change impacts</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Risk: The climate risk assessment for FIRAT is moderate. According to the Think Hazard Tool, the project intervention area is susceptible to River Flood, Urban Flood, Landslide, Water Scarcity, Extreme Heat, and Wildfires.</p> <p>Recent decades have witnessed a notable acceleration in the trend of rising temperatures, with Turkey experiencing a nearly 2°C increase between 1991 and 2020. Additionally, the long-term precipitation pattern in Turkey has shown a decreasing trend, although there has been some improvement in recent years, including in the project's targeted areas. Projections indicate a heightened intensity and frequency of extreme climate events in the years to come. This poses a significant threat to both crop and livestock productivity, as well as impacting the forest productivity and biodiversity in the project area. Recognizing these climate challenges, the project aims to address and mitigate the potential adverse impacts, contributing to the overall resilience of the region in the face of changing climate conditions.</p>	<p>Moderate</p>	<p>Moderate</p>

<p>Mitigations: The project strategically focuses on promoting sustainable and resilient practices to address climate risks, including afforestation, forest rehabilitation, erosion control, and water-saving technologies. It emphasises awareness and knowledge management about climate change adaptation and mitigation in target areas, employing participatory Micro Catchment Plans (MCPs) to assess impacts and compile implementable measures. By engaging local communities in identifying challenges and prioritising high-impact strategies, the project tailors responses to unique community needs, fostering sustainable practices and building resilience. Additionally, the project empowers small-scale producers with targeted knowledge and tools for enhanced adaptability, ensuring climate change adaptation strategies are effective and promote overall ecosystem well-being.</p>		
<p>Project vulnerability to environmental conditions</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Risk: Stemming from a combination of geomorphological, climatic, and anthropogenic factors, land degradation, desertification, and drought pose significant risks to the targeted project areas, a substantial portion of the country's land faces erosion challenges. Some 59 per cent of croplands, 64 per cent of grasslands, and 54 per cent of forestlands are experiencing varying degrees of degradation. The consequences of this degradation manifest in diminished land productivity and heightened siltation levels in the Euphrates watershed and downstream dams. The lack of sufficient vegetation cover in the area exacerbates the issue of soil erosion.</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Mitigations: In line with the above considerations, the project will actively address challenges and work towards positive environmental outcomes. Specifically, FIRAT aims to reduce land degradation and desertification, contributing to the restoration and long-term sustainability of natural resources in the Euphrates micro catchments. The project will enhance agricultural practices, restore forests, and improve water and rangeland management in fragile upland ecosystems. It will also promote sustainable natural resource use through technical support and capacity building. The MCP under subcomponent 1.1 will assess environmental risks and implement measures for restoration and sustainable management of natural resources, including forests, rangelands, and croplands. Implementation will involve raising awareness among project beneficiaries about restoration and sustainable natural resource management practices.</p>		
<p>Project Scope</p>	<p>Low</p>	<p>Low</p>
<p>Technical Soundness</p>	<p>Low</p>	<p>Low</p>
<p>Risk: The project design builds on lessons learned from the Murat project and among other things it intends to enhance technical support to participating small-scale producers and the business viability of their matching grant project proposals. Outsourcing the management of MG schemes to financial institutions might pose challenges.</p>	<p>Low</p>	<p>Low</p>

<p>Mitigations: The FIRAT design team met with Ziraat Bank and held in-depth discussion with OGM's ORKOY programme managers keeping in view the need to effectively manage MG scheme with revised terms and complement this with highly concessional credit scheme. The discussion having been concluded successfully; implementation arrangement has been agreed upon satisfactorily. The MG manual has been drafted accordingly which has laid out beneficiary eligibility criteria, grant sizes and matching grant requirements disaggregated by different target groups and investment types.</p>		
Project Relevance	Low	Low
<p>Risk: The project objectives are in direct alignment with the 11th and draft 12th National Development Plan and priorities set in the Plan for the Agriculture and Rural development sectors. The interventions continue to support government and IFAD policy on poverty alleviation and remain relevant to the needs of the beneficiaries.</p> <p>The MG programme as it exists today may however be less relevant to the poorest landless households who rely on social assistance and cannot afford the 30 per cent beneficiaries' contribution plus the 18 per cent VAT. The MG programme may be attractive to a category of the priority target group made up of registered productive smallholders. The increasing costs are likely to worsen the appetite of the potential beneficiaries. These interventions are planned to be more attractive for the earthquake victims with lower contribution and more to sustain producers' agricultural businesses. The interventions under NRM activities are planned to support the development and conservation of natural resources to prevent land and forest degradation.</p>	Low	Low
<p>Mitigations: Recognizing that the MG scheme currently being implemented may not reach to the poorest and most vulnerable, the terms have been revised. In addition, additional funding has been provided to give access of the poorest and most vulnerable target group to the interest free loans which can be used to meet the equity investment requirement. FIRAT's overall design approach lays heavy emphasis on inclusion, including women and youth. Project relevance would therefore be high if equal care be taken during implementation.</p>		
Institutional Capacity for Implementation and Sustainability	Moderate	Moderate
Monitoring and Evaluation Arrangements	Moderate	Moderate
<p>Risk: The M&E function presents moderate risk in terms of coordination and good understanding of the roles and responsibilities by thematic specialists. The project will have M&E assistants in the regional offices to accelerate data collection and conduct analysis for results reporting. At the central level, OGM has proposed to engage CEM for biophysical monitoring.</p>	Moderate	Moderate

<p>Mitigations: Development of a robust M&E system in the provinces, including procurement and customization of the M&E system, and ensuring sufficient staffing for M&E functions at the central and regional levels by OGM.</p> <p>Training of relevant M&E staff on improving implementation performance and evidence-based reporting.</p> <p>To the maximum extent possible, M&E system should make geo-referencing compulsory for system robustness and for transparency. purposes.</p>		
Implementation Arrangements	Moderate	Moderate
<p>Risk: Good coordination within OGM and two regional directorates, adequate staffing and compliance with IFAD procedures are critical for good performance. Special Provincial Administrations (SPAs) are to increase the pace of procurements in Adıyaman, Elazığ and Bingöl provinces and reduce the risk of delays in the project procurement process on irrigation schemes or road construction. The increasing costs and economic downturn can put pressure on vendors and create instability in the procurements resulting in cancellation of bidding processes or reluctance of vendors to bid, as noted in other IFAD-funded projects in Türkiye.</p>	Moderate	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> ● Close follow up and continuous implementation support by the IFAD-MCO to provide timely induction and coaching to incoming staff. ● Establishment of the PSC is likely to help implementation coordination ● Continued partnership with the Ziraat Bank and bringing-in of private sector service providers is likely to enhance implementation capacity and improve transparency. ● Increased MG ratio and provision of interest free loans will loosen bottlenecks that may be created otherwise in serving the poorest and most vulnerable. 		
Project Financial Management	Substantial	Substantial
Project External Audit	Moderate	Moderate
<p>Risk: IFAD funded projects are audited by the Board of Treasury Controllers within the Ministry of Treasury and Finance. Normally, the audit reports are submitted on time (within 6 months of the year-end). However, there is always a risk of a delayed submission due to procedural delays at the Ministry of Treasury and Finance.</p>	Moderate	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> ● Clear the audit TOR at project start-up to ensure understating of audit scope and requirements ● Treasury auditors to coordinate with the CPMU and their internal management to ensure reports are ready by the deadline. 		
Project Accounting and Financial Reporting	Substantial	Substantial

<p>Risk:</p> <ul style="list-style-type: none"> • Late installation and procurement of an accounting software due to delays at institutional level within OGM. • Low reliability of the project financial reports due to lack of staff experience. • Accounting software that does not meet the project needs due to lack of experience in accounting and financial management for international funded projects. • Delayed submission of IFRs. • Risk of delayed reporting on the matching grants by the bank/ORKOY to CPMU 	Substantial	Substantial
<p>Mitigations:</p> <ul style="list-style-type: none"> • Training to the finance staff on the IFRs preparation at project start-up. • Automation of the IFRs templates in the accounting software at the time of purchase. • Project to follow accounting standards acceptable to IFAD. • Agree on the accounting software specifications with IFAD. • Finalisation of accounting software set-up at project start-up. This shall be one of the conditions precedent to first withdrawal. • Include in the agreement with the bank (Protocol) IFAD reporting requirements 		
Project Internal Controls	Substantial	Substantial
<p>Risk:</p> <ul style="list-style-type: none"> • Risks of weak internal control measures identified for matching grants scheme; noting that the project will be implemented in 6 provinces. This risk could result from untimely or incomplete reporting from ORKOY to CPMU or from not following the criteria and arrangements identified in the matching grants manual. • Risk of incomplete supporting documents for project expenditures due to lack of knowledge of required supporting documents by finance staff. • Risk of inappropriate filing system if not identified at early stages of the project. • Risk of lack of contribution and update of the PIM by PMU. 	Substantial	Substantial
<p>Mitigations:</p> <ul style="list-style-type: none"> • Finalise the finance manual section of the PIM at design. • PMU to draft and add to the internal control section so it is tailored to provide more details on the PMU internal control measures to control payments including the matching grants. • Ensure proper segregation of duties and authorization processes in place especially. • Supporting documents for project expenditures to be as per IFAD requirements. Field visits to be planned to ensure that funds are used for the intended purposes. • Establish a filing system that allows for easiness and availability of all project documents at project start-up. • Matching grant manual to be finalized before project start-up. 		
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
<p>Risk:</p> <ul style="list-style-type: none"> • Delays in opening separate DAs for IFAD loan and GEF grant at the central bank which could affect project liquidity. This could be due to delays in preparedness for project at OGM level. • Risk of Treasury Limited allocation to the project which would restrict balances withdrawn from DA. These allocations are set for all internationally funded projects in Türkiye on annual basis. • Project will be disbursing using the report based disbursement mechanism, hence there is a risk of inadequate cash forecast due to lack of cash forecast skills. 	Substantial	Substantial

<p>Mitigations:</p> <ul style="list-style-type: none"> ● Opening of separate DAs for IFAD loan and GEF grant at the central bank. This will be a condition precedent to first withdrawal. ● Provide training to finance staff on the report based disbursement mechanism at project start-up. ● Analyse cash forecasts versus actual cash outflow for each quarter to enhance cash management skills. ● PMU to work as a team to prepare the cash forecasts each quarter (procurement, project coordinator and finance) 		
Project Budgeting	Substantial	Substantial
<p>Risk:</p> <ul style="list-style-type: none"> ● Delays in the preparation and submission of the annual workplan and budget (AWPB) until the Strategic budget is issued (normally in the last quarter of the year) ● Risk of irregular monitoring of the AWPB and untimely decisions on budget variances due to irregular of preparation and submission of the variances reports to project management. ● Risk of overstated budgets that do not reflect reasonable/realistic plans due to over-ambitious planning that does not consider updates and changes at country and project level. 	Substantial	Substantial
<p>Mitigations:</p> <ul style="list-style-type: none"> ● Ensure more accurate and reasonable budget estimates. ● Monitor budget versus actual performance on a monthly basis. ● Upload the budget in the accounting software for timely and efficient monitoring. ● Analyse budget planning on annual basis to avoid committing same shortcomings for next year planning. ● Start the planning process in the third quarter of each year drafting an initial budget for the project, then aligning the budget with the allocated Strategic Budget. 		
Project Organization and Staffing	Substantial	Moderate
<p>Risk:</p> <ul style="list-style-type: none"> ● Risk that PMU is not established before start-up as per project design because of delays in planning and recruiting at institutional level within OGM. ● Insufficient finance unit structure that does not meet the project needs. ● Seconding or recruiting staff who do not have experience working on international/IFAD funded projects or are unqualified. ● Government reforms and changes that might affect the key staff such as the project director. 	Substantial	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> ● OGM to set up the PMU considering the agreed structure at design. ● Assign or recruit qualified & dedicated finance staff to work on the project finances at central level. Recruitment of key staff to be a condition precedent to first withdrawal. ● Finance staff to receive training on IFAD financial management requirements at start-up. ● Finance staff to complete IFAD's e-learning on FM course. 		

Project Procurement	Moderate	Moderate
A.1 Legal, Regulatory and Policy Framework	Moderate	Moderate
<p>Risk: Prescriptive and standardized rules, methods, documentation, and systems following National Legislation. Turkey has a well-functioning procurement framework despite absence of methods dedicated to consulting services. The national PPL have some variances from minimum IFAD requirements notably related to procurement expectations.</p>	Moderate	Moderate
<p>Mitigations: The Project will rely on Public Procurement Law and Regulations to the extent not conflicting with IFAD Rules</p> <p>Elaborate the PIM to mitigate for the absence of national PP manual and inconsistencies between national and IFADs procedures.</p> <p>For consultancies IFADs procurement procedures should be used.</p>		
A.2 Institutional Framework and Management Capacity	Moderate	Moderate
<p>Risk: The country has a solid institutional framework, however public procurement is not professionalized, there is No specific Law identify a specialized procurement function nor to clearly Define the responsibilities and competencies of a procuring entity.</p>	Moderate	Moderate
<p>Mitigations: Responsibilities and competencies of procuring entities shall be clearly defined.</p> <p>Promote empowerment of project staff and decentralization of decision making based on thresholds.</p>		
A.3 Accountability, Integrity and Transparency of the Public Procurement System	Moderate	Moderate
<p>Risk: The procurement market is functioning well, but with absence of strategic planning and key role allocations internally and externally.</p>	Moderate	Moderate
<p>Mitigations: Project capacities in strategic planning and strategic market engagement should be strengthened coupled with extensive GPN dissemination and robust staffing practices.</p> <p>Online mandatory publication, adoption of AWPB, PP in the project; continuous training and certification as well as the PIM preparation.</p>		
A.4 Public Procurement Operations and Market Practices.	Substantial	Substantial
<p>Risk: Overall, institutional setup for enhancing integrity is weak. The administrative regulations do not include clauses or provisions prohibiting practices of fraud, corruption, and other prohibited practices</p>	Substantial	Substantial
<p>Mitigations: IFAD policies, reporting hotlines, and self-certification shall be complied with IFAD Handbook and guidelines shall be adopted and applied. Audit shall be secured through an independent entity.</p>		
B.1 Assessment of Project Complexity	Moderate	Moderate
<p>Risk: Project assessed as moderately complex provided that area is geographically spread in different locations, Substantial SECAP risks, and substantial inter-dependent procurement contracts that require advanced sequencing and coordination skills.</p>	Moderate	Moderate

<p>Mitigations: The PIM should clearly elaborate interfaces, roles and responsibilities of each PMU operate in different areas along with SECAP recommendations. AWPB to include clear distinction of budget for each PMU (disaggregated and aggregate).</p>		
B.2 Assessment of Implementing Agency Capacity	Not applicable	No risk envisaged - not applicable
Project Procurement Overall	Moderate	Moderate
<p>Risk: Overall Inherent risk is "M" provided Turkey has a well-functioning procurement system supported by a structured institutional and legal framework, the use of e-tenders, and the Law of procurement, audit, complaints bodies, in additional to the successful performance of MURAT project.</p> <p>The procurement risks relate mainly to: -The inconsistencies in the procurement methods notably related to consulting and the Non consulting services. -The absence of strategic planning and key role allocations internally and externally. -The entire absence of SECAP requirements in the Public Procurement Law, and -The start up risk relate on the new procurement staff who might not be familiar with similar projects</p>	Moderate	Moderate
<p>Mitigations: Mitigation measures for shortcomings found on the national Procurement system vs. IFAD's procurement framework include IFAD policies, reporting hotlines, and self-certification shall be complied with IFAD Handbook and guidelines shall be adopted and applied; Projects will strictly adhere to AWPB and PP preparation according to IFAD templates and requirements.</p> <p>The procurement plan as well as No Objection requests will be submitted electronically via the OPEN</p> <p>Startup capacity building is important to align understanding of the PPS; continuous training (BUILDPROC and other) is needed.</p> <p>The multiple-eye principle will be adopted in CM and SECAP compliance.</p> <p>All risk mitigation measures shall be incorporated to the Procurement Implementation Manual (PIM) to secure compliance with IFAD procurement regulations.</p>		
Environment, Social and Climate Impact	Moderate	Moderate
Vulnerability of target populations and ecosystems to climate variability and hazards	Moderate	Moderate
<p>Risk: Turkey is one of the countries most susceptible to the adverse effects of climate change, including intense rainfalls, floods, storms, landslides, heatwaves, and forest fires. The provinces and communities targeted by the project confront the consequences of droughts, erratic rainfall, heatwaves, soil degradation, and forest fires.</p>		

<p>Agriculture is one of the sectors most affected by adverse effects of climate change. It is foreseen that the main impact of climate change on Turkey will be drought, desertification, decline in agricultural productivity, loss of biological diversity and ecosystem services, increase in forest fires, epidemics and pests. There are signs that climate change has already affected crop productivity and also the livestock productivity indirectly through low yields of forage crops and cereals (straw), livestock drinking water availability and rangeland productivity. However, the project supports interventions for improved resilience of the target communities and ecosystems to climate variability and hazards. The project introduces and promotes climate change adaptation and risk mitigation measures in the target areas. Introduction and promotion of integrated pest management, water harvesting and water saving technologies, cultivation of dry-tolerant non- timber forest products, sustainable pasture management and use of renewable sources of energy are some of these interventions.</p>	Moderate	Moderate
<p>Mitigations: The project supports water management activities aimed at addressing drought and unpredictable rainfall patterns, significant impacts of climate change. Measures to control soil erosion will be implemented. Furthermore, farmers will be oriented toward and supported with tools and techniques for good agriculture and climate-smart agriculture. The selection of crop and plantation species will align with the microclimate, taking climate predictions into consideration.</p>		
<p>Greenhouse Gas Emissions</p>	Low	Low
<p>Risk: FIRAT aims to contribute to carbon sequestration. Land rehabilitation activities will enhance greenery and biodiversity, leading to an increase in carbon sequestration capacity.</p>	Low	Low
<p>Mitigations: Land rehabilitation activities within FIRAT will have a positive impact on reducing greenhouse gas emissions, and the promotion of good agricultural practices will contribute to lower carbon emissions from both the agricultural and livestock sectors. It's crucial to emphasise that FIRAT will not partake in large-scale commercial agriculture and livestock activities.</p>		
<p>Physical and Economic Resettlement</p>	Low	Low
<p>Risk: FIRAT activities will be limited to government-owned barren and degraded land for land rehabilitation, and to farmers' land for agricultural and livestock support activities. There will be no physical resettlement involved.</p>	Low	Low
<p>Mitigations: No mitigation measure required.</p>		
<p>Community health, safety and security</p>	Moderate	Moderate
<p>Risk: The plantation activities supported by FIRAT will not require an influx of labour as it is expected that the vast majority of workers will be sourced from local communities, especially women and youth as was observed in the field during project design. The work is managed by the Village Forest Cooperatives present in the areas.</p>		

It is expected that for the plantation activities that will be carried out in partnership with the Forest Cooperatives, the hiring local unemployed youth will be promoted which in turn will offer them seasonal employment and wage income. These activities are undertaken on a limited scale and therefore would not have adverse impacts on community health and safety. In fact, FIRAT is likely to bring about several positive impacts through the promotion of good agricultural practices and the enhancement of biodiversity.	Moderate	Moderate
Mitigations: In the event of external workers being hired, which is unlikely, OGM and Forest Cooperatives will closely monitor plantation workers' behaviour. A code of conduct for workers to respect community culture, tradition, and safety will be developed, adopted and enforced.		
Labour and Working Conditions	Moderate	Moderate
Risk: The project activities will comply with national labour laws and international commitments regarding working conditions. During the field visits it was confirmed that there were no instances of labour discrimination or gender inequality observed. There is no possibility of child or forced labour. The works considered in the project could potentially pose Occupational Health and Safety (OSH) risks.	Moderate	Moderate
Mitigations: Although the risk is low, the procurement plan and policy will explicitly state a zero- tolerance approach toward labour discrimination and inequality. Any activities involving child or forced labour, or exacerbating gender-based violence, will not be supported or promoted. The works considered in the project could potentially pose OSH risks. The project as mitigation measure will consider: 1. Workers OHS Training Plans 2. Worker contracts inclusive of adequate labour conditions 3. Labour Management Plans		
Indigenous People	Low	Low
Risk: The project will not include IPs since targeted areas and activities are not related to IPs.	Low	Low
Mitigations: No mitigative action required.		
Cultural Heritage	Moderate	Moderate
Risk: FIRAT is not expected to have any significant impact on cultural heritage. Soil erosion control measures and plantation activities will be conducted in barren and degraded lands. Agriculture and livestock support activities will be limited to the lands currently under practice.	Moderate	Moderate
Mitigations: Considering the chance finding of cultural heritage during the land rehabilitation activities, the project will follow the national chance finding procedure.		

Resource Efficiency and Pollution Prevention	Moderate	Moderate
<p>Risk: The use of chemical fertilisers, pesticides, veterinary medicines, and inadequate waste management in agriculture and livestock pose inherent pollution risks. While the project does not endorse these practices, it acknowledges their ongoing use by farmers and provides support in areas where such practices persist. Livestock management, known to create pollution and resource consumption, will also receive attention. However, transitioning farmers entirely to organic production presents a significant challenge due to their reliance on chemical inputs for commercial farming, driven by the belief that these inputs yield quick results and are readily available in the market.</p>	Moderate	Moderate
<p>Mitigations: FIRAT will refrain from supporting or promoting the purchase of chemical inputs, instead focusing on capacitating farmers for bio inputs production and usage. Efforts will be made to reduce agricultural waste through the provision of tools, technologies, and support for aggregation, processing, and marketing facilities. Project activities are designed to prevent pollution of water resources, and regulations will be implemented for livestock medicines. The project will not promote the excessive use of medicines and antibiotics for livestock. Plantation efforts will prioritise multiple-purpose species, with an emphasis on grass and fodder, to alleviate pressure on natural resources.</p>		
Biodiversity Conservation	Moderate	Moderate
<p>Risk: The project will not pose any risks or threats to biodiversity. Drawing lessons from the MURAT project, FIRAT will prioritise biodiversity enhancement in both production and conservation-related activities. The risk is assessed as moderate since FIRAT will be involved in plantation activities, which may involve production and potentially the purchase of seedlings.</p>	Moderate	Moderate
<p>Mitigations: Enhancing biodiversity stands as a key priority for the FIRAT project, an aspect that was somewhat lacking in the MURAT initiative. For land rehabilitation, the following strategies will be implemented:</p> <ul style="list-style-type: none"> ● Species selection will carefully consider microclimates and soil types. ● Natural succession processes will be followed. ● Priority will be given to species serving multiple purposes. ● Promotion of mixed plantation methods, alongside grass plantation, will be encouraged. <p>In terms of agricultural support, FIRAT aims to:</p> <ul style="list-style-type: none"> ● Advocate for good agricultural practices such as integrated pest management and the use of bio inputs. ● Encourage mixed and intercropping techniques. ● Prioritise the selection of multipurpose crops. ● Promote the cultivation of local and indigenous crop varieties. <p>Regarding the acquisition of seedlings for plantation, OGM possesses extensive experience in nursery management and seedling production. FIRAT intends to support OGM and the private sector, particularly young individuals, in producing high-quality seedlings that meet the project's requirements.</p>		

Stakeholders	Moderate	Moderate
Stakeholder Grievances	Moderate	Moderate
<p>Risk: Although stakeholder’s grievances are not common, implementation of the matching grants or infrastructure may lead to complaints by people who feel they have been excluded from the benefits, or negatively affected by project-related activities. Grievances registered by target beneficiaries and stakeholders may not be effectively addressed or corrective measures taken by the project due to lack of information or misinformation about the systems in place.</p>	Moderate	Moderate
<p>Mitigations: - Setting up a complaints and grievance mechanism or use the current ones by the implementing agency. Periodic supervision missions will review the grievance log. - Third-party evaluation to periodically collect feedback from stakeholders and guide adjustments in implementation. - FIRAT will provide capacity building for project staff and senior government representatives from lead project executing agencies so that they can effectively engage stakeholders and provide feedback on IFAD investments. For the project, a Grievance Redress Mechanism (GRM) will be developed to provide a channel for complaints. A dedicated person (Focal Point for GRM) in the CPMU should be appointed and will be responsible to ensure recorded grievances are addressed. Stakeholders will be informed about the GRM during project sensitization sessions.</p>		
Stakeholder Engagement/Coordination	Moderate	Moderate
<p>Risk: Other investments in the Ministry of Agriculture and Forestry may overlap or compete with the activities of the Project as a result of lacking coordination, and with effects on the overall implementation performance. Elite capture may limit participation from the most vulnerable households and those groups at risk of exclusion may not be properly informed and consulted about the project and relevant activities (e.g. MCs planning process; training, grant financing).</p>	Moderate	Moderate
<p>Mitigations: Setting up a complaints and grievance mechanism or use the current ones by the implementing agency. Periodic supervision missions will review the grievance log. Third-party evaluation to periodically collect feedback from stakeholders and guide adjustments in implementation. Clarity on eligibility criteria will also result in limited elite capture. FIRAT will provide capacity building for project staff and senior government representatives from lead project executing agencies so that they can effectively engage stakeholders and provide feedback on IFAD investments. For the project, a Grievance Redress Mechanism (GRM) will be developed to provide a channel for complaints. A dedicated person (Focal Point for GRM) in the CPMU should be appointed and will be responsible to ensure recorded grievances are addressed. Stakeholders will be informed about the GRM during project sensitization sessions.</p>		

ⁱ Given the evolving context on the ground, the integrated project risk matrix will be reviewed at project start-up and regularly thereafter to more accurately align the risks and mitigation measures to the then current circumstances.