REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF TURKEY

FOR THE

SIVAS-ERZINCAN DEVELOPMENT PROJECT
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CURRENCY EQUIVALENTS

Currency unit = Turkish Lira (TRL)
USD 1.00 = TRL 1 650 000
TRL 100 000 = USD 0.06

WEIGHTS AND MEASURES

1 kilogram (kg) = 2.204 pounds (lb)
1 000 kg = 1 metric tonne (t)
1 kilometre (km) = 0.62 miles (mi)
1 metre (m) = 1.09 yards (yd)
1 square metre (m²) = 10.76 square feet (ft²)
1 acre (ac) = 0.405 ha
1 hectare (ha) = 2.47 acres

ABBREVIATIONS AND ACRONYMS

AWP/B Annual Work Programme and Budget
CBO Community-Based Organization
MARA Ministry of Agriculture and Rural Affairs
NGO Non-Governmental Organization
PDA Provincial Department of Agriculture
PMU Project Management Unit
PSC Project Steering Committee
SPO State Planning Organization
VDC Village Development Committee

GOVERNMENT OF THE REPUBLIC OF TURKEY
Fiscal Year
1 January – 31 December
MAP OF THE PROJECT AREA

Source: IFAD
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.
**REPUBLIC OF TURKEY**

**SIVAS-ERZINCAN DEVELOPMENT PROJECT**

**LOAN SUMMARY**

<table>
<thead>
<tr>
<th>INITIATING INSTITUTION:</th>
<th>IFAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER:</td>
<td>Republic of Turkey</td>
</tr>
<tr>
<td>EXECUTING AGENCY:</td>
<td>Ministry of Agriculture and Rural Affairs (MARA)</td>
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<tr>
<td>TOTAL PROJECT COST:</td>
<td>USD 30.04 million</td>
</tr>
<tr>
<td>AMOUNT OF IFAD LOAN:</td>
<td>SDR 9.25 million (equivalent to approximately USD 13.08 million)</td>
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<td>TERMS OF IFAD LOAN:</td>
<td>18 years, including a grace period of three years, with an interest rate equal to the reference interest rate per annum as determined by the Fund annually</td>
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<td>COFINANCER:</td>
<td>OPEC Fund</td>
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<tr>
<td>AMOUNT OF COFINANCING:</td>
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<td>TERMS OF CONFINANCING:</td>
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<td>CONTRIBUTION OF BORROWER:</td>
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<td>CONTRIBUTION OF BENEFICIARIES:</td>
<td>USD 2.66 million</td>
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<td>APPRAISING INSTITUTION:</td>
<td>IFAD</td>
</tr>
<tr>
<td>COOPERATING INSTITUTION:</td>
<td>United Nations Office for Project Services (UNOPS)</td>
</tr>
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</table>
PROJECT BRIEF

The project. IFAD’s strategy in Turkey supports government poverty-reduction efforts, which give priority to the development of economically depressed regions. The proposed project will cover two of the least-developed provinces in Turkey, focusing on the poorest counties of those provinces. It will seek to address the main constraints on the sustainable development of subsectors of particular relevance to rural poor people. Its emphasis will be on improved packages/practices for crop and livestock production, participatory range management, agroforestry and non-farm microenterprises and on adding value to production through processing. The project will promote the participation of beneficiaries in the identification of their main priorities and investment options, through formation of village associations and involvement of community-based organizations (CBOs) and non-governmental organizations (NGOs).

Who are the beneficiaries? The project target group is estimated at about 50,000 people (10,000 households) spread over about 200 villages, representing 12% of the rural population of the two provinces. The target group comprises the poorest people in the project area: small farmers, pastoralists and women, whose livelihood systems are based on the exploitation of local natural resources. Initial priority for project interventions will be on the poorer counties. For activities involving individual households, either for technical trials or for direct benefits, household selection will be done jointly at a village meeting by all households, ensuring that the poorer households are selected insofar as technically possible.

Why are they poor? Turkey ranks 86th of 180 countries measured by the United Nations Development Programme’s 1999 human development indicators. Regional disparities in per capita gross domestic product (GDP) are substantial, with per capita GDP in the project area equivalent to only 29% of the national GDP of USD 2,800. These disparities reflect the lower agricultural resource endowments of the eastern regions; more constrained access to technology, inputs and markets; and the lower degree of urbanization and industrialization.

What will the project do for them? The project will promote beneficiary participation through capacity-building of local institutions (development committees, cooperatives and water users’ associations, grazing associations and women farmer groups), sensitization, facilitation and skill transfer. Community institutions will be empowered to identify and prioritize community needs and regulations for sustainable natural resource management. The project will then address these needs through its programmes in agricultural production, range management and community development. It will also provide support for private and grass-roots providers of technical services, input supply and financial services, helping them to make their services available to the target group on market-based best practices.

How will the beneficiaries participate in the project? Beneficiaries will identify participants in technology demonstrations and contribute through their own participatory institutions to building and sustaining project-supported social and economic infrastructure investments. Because community institutions build consensus, they are vital for sustainable natural resource management, especially of communal resources such as grazing lands and water. They also increase the bargaining power of the rural poor with the authorities and in the marketplace.
REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE REPUBLIC OF TURKEY FOR THE SIVAS-ERZINCAN DEVELOPMENT PROJECT

I submit the following Report and Recommendation on a proposed loan to the Republic of Turkey for SDR 9.25 million (equivalent to approximately USD 13.08 million) on ordinary terms to help finance the Sivas-Erzincan Development Project. The loan will have a term of 18 years, including a grace period of three years, with an interest rate equal to the reference interest rate per annum as determined by the Fund annually. It will be administered by the United Nations Office for Project Services (UNOPS) as IFAD’s cooperating institution.

PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY

A. The Economy and Agricultural Sector

1. The Republic of Turkey occupies a unique geographical and cultural position. Its status as a secular republic, lying at the crossroads of Europe and Asia, with an almost entirely Muslim population, and its historical, cultural and linguistic links with the newly independent republics of Central Asia give the country a special geopolitical significance. In 1997, it entered into a customs union agreement with the European Union. In August 2002, the Turkish Parliament approved legislation to abolish the death penalty and to legalize education in the Kurdish language partly as a means to bring forward the date for discussions between the European Union and Turkey on accession.

2. The economy. Turkey ranks 17th of the world’s most industrialized nations, but is ranked 86th of 180 countries measured by the United Nation’s Development Programme’s (UNDP’s) 1999 human development indicators. It is a middle-income country with a gross domestic product (GDP) of USD 2,800 in 2000. Agriculture contributes 13% of GDP but employs 45% of the workforce. Income disparities are wide between the western parts of the country (GDP over USD 7,000) and the eastern parts (GDP of USD 800), mainly reflecting the lower agricultural resource endowments of the eastern regions and the concentration of manufacturing in the coastal cities and towns, and in the west.

3. The Turkish economy has experienced rapid growth and industrialization since the formation of the modern state in 1932. This growth was achieved, however, at the cost of high inflation. Economic growth slowed sharply in 1998 as the Russian financial crisis compounded the impact of the 1997 Asian crises. This resulted in reduced demand for Turkish exports, prompting capital flight. By 1999 there were some initial signs of economic recovery as international market conditions improved. The devastating earthquake that struck north-western Turkey in August 1999 seriously disrupted economic activity in the country’s industrial heartland and caused GDP to contract by 4.7%. The events of 11 September 2001 further compounded Turkey’s economic woes by reducing tourism income and demand for Turkish exports.

4. In mid-1999, the Government launched an extensive economic reform programme to redress the entrenched pattern of high inflation and restore sustained growth. It reinforced this programme in 2001. In parallel, it is attempting to modernize the state’s role in the economy and to address deep-
rooted social and environmental problems. This multifaceted programme, together with the Government’s resolve, could prepare the ground for Turkey to achieve macroeconomic stability and higher growth, modernize its institutions and make progress in reducing economic vulnerability and the remaining pockets of poverty among its population.

5. **The agricultural sector.** Agriculture’s share of GDP at factor cost at 1987 constant prices has fallen steadily over the years, from 33.5% in 1968 to 16% in 2000. During the period, industry’s share of GDP rose from about 17 to 25% (having reached as high as 37% in 1996) and that of the service sector from about 49 to 59%. Growth in agricultural production fluctuated over the last quarter of the twentieth century, but overall can be considered to have stagnated. Despite slow growth and a reduced contribution to the country’s economy, agriculture still employed 45% of the active workforce in 2000, and more than 90% of rural women in active work are in the agricultural sector.

6. Turkey is normally an exporter of agricultural commodities, but in 2000, for the first time in its history, it registered a trade deficit in agriculture and forestry products. Wheat is the major crop with production of about 18 million tonnes (t). Turkey is the world's second largest exporter of pasta and ranks third in wheat flour exports with about 10% of the world market. It also produces a wide variety of industrial crops (cotton, sugar beet and tobacco) that are supplied to local industries. In addition, its climatic diversity allows for the production of vegetables, fruits and nuts. However, there is a large gap between what is known and what farmers are doing. Research has shown that the major factors limiting increased yield within agro-ecological zones are varietal adaptation, linkages between adaptive research and extension, and integration of livestock in the farming systems.

B. Lessons Learned from Previous IFAD Experience

7. Turkey has attempted to implement five previous investment projects with IFAD loans. These projects have often been plagued by delayed starts and slow implementation.

8. **Management and coordination.** Multi-component, ‘integrated’ rural development projects involving several implementing agencies, each with its separate budget centre, have proved to be unsuccessful in the context of the bureaucratic culture of Turkey. Future interventions should avoid complex design and be more narrowly focused in the choice of activity mix.

9. **Counterpart funding.** In a situation of budgetary austerity, lack of counterpart funding has emerged as a major problem. The reason for this is that even when donor funds are available, their use is constrained by the limited spending capacity of implementing agencies due to drastic cutbacks in budgetary allocations, and restrictions on new procurement or employment of additional staff.

10. **Non-governmental organizations and community-based organizations.** Innovative solutions need to be found to encourage greater involvement of non-governmental organizations (NGOs) and community-based organizations (CBOs) not just as providers of project support services but also as proactive agents of social mobilization and change management. Because of inadequate rural infrastructure and low productivity levels in the poor provinces, the private sector generally has insufficient incentive to fill the vacuum caused by the gradual curtailment of the state's direct role in input and service provision in rural development projects. In addition, very few local, and virtually no foreign, NGOs are operating in agricultural and rural development projects and programmes, and none has been directly involved in IFAD work. In the context of rural development, CBOs are thus essentially limited to cooperatives. Many of these, however, and particularly the sales cooperatives and their unions, are state-controlled and operate at a (usually huge) deficit. Some producer cooperatives have begun to emerge as voluntary associations and may link up with large processing or retailing outlets under various types of ‘contract farming’ arrangements. Such cooperative enterprises need to be promoted more systematically.
11. **Beneficiary participation.** Policy changes have not yet been reflected in practical project implementation with regard to true participation. Consultation with the village populations has usually been only nominal, mostly through the village head (*mukhtar*). Moreover, progress has been limited in organizing farmers into water users’ associations or other forms of beneficiary groups capable of assuming an active role in decision-making processes and in project implementation.

12. **Rural finance and credit.** Experience has highlighted the difficulties the poor face in accessing formal rural financial services. To compensate for the unwillingness of the country’s major rural finance institution, the Ziraat Bank, to serve rural poor clients, the Government established a number of subsidized lending instruments, including agricultural credit cooperatives and a forest village fund (known as the Orkoy Fund). These instruments were of limited outreach, however, and proved to be financially weak and unsustainable. Furthermore, the operations of the country’s financial system have been greatly complicated by the high rates of inflation that have been a feature of Turkey’s overall macroeconomic management over the past 20 years. The high cost of commercial credit has greatly diminished the willingness and ability of farmers, especially small and poor farmers, to borrow from commercial sources. The result is that agriculture is further deprived of investment resources.

C. IFAD’s Strategy for Collaboration with Turkey

13. **Turkey’s policy for poverty eradication.** Rural poverty in Turkey is predominantly perceived in terms of regional and rural-urban disparities in economic and social development. The state planning organization (SPO) classifies provinces into five categories, ranging from highly developed (Category 1) to least developed (Category 5). This classification is based on a composite index derived from 58 economic and social indicators using a sophisticated model and the methodology of ‘principal component analysis’. The least-developed provinces are mostly located in the mountains and rangelands of eastern and south-eastern Anatolia, and include both Sivas and Erzincan provinces. The Government’s poverty-reduction strategy calls for the use of various public-sector instruments, including regional and provincial development programmes/projects, and financial and other direct and indirect incentives to attract private investments to these regions.

14. **IFAD’s strategy in Turkey.** IFAD’s country strategic opportunities paper for Turkey (2000) suggests a new strategic niche that will build not only on the opportunities created by agricultural policy changes, but also on the major strategic thrusts of the Fund’s corporate strategy, the priority areas of its regional strategy and the lessons learned from its implementation experience in Turkey. The strategy includes a focus on the poor provinces classified as Categories 4 and 5 in the SPO ranking. The target group will include rural women, livestock herders in rangelands or forest-based rural communities, and small and marginal farmers who have the potential to become commercial farmers if provided with improved technology packages. Operations will address the main constraints on the sustainable development of subsectors of particular relevance to the identified target groups. This implies emphasis on crop, livestock and rangeland management, social forestry, non-farm microenterprises and value added to farm production. Projects will promote beneficiary participation in the identification of their main priorities and investment options, through formation of village associations and the involvement of CBOs and NGOs.

15. **Project rationale.** Sivas and Erzincan provinces have a high incidence of rural poverty, suffer from environmental degradation (especially of range and forestlands) and offer few non-agricultural economic opportunities. Despite this situation, the provinces have a varied agricultural, range and forest resource base; considerable economic potential; and relatively well-developed roads and communication networks. The project will help tackle rural poverty sustainably by developing community institutions that will upgrade collective and individual capacities to facilitate access to economic opportunities and critical social and economic infrastructure. Community institutions will identify and prioritize community needs, thus ensuring that project-supported interventions are
relevant to community resource endowments and constraints. In addition, by building consensus, community institutions are vital for sustainable natural resource management, especially of communal resources such as grazing lands and water. They also increase the bargaining power of the rural poor with the authorities and within the marketplace. In an effort to increase incomes from livestock and crops, the project will address constraints on increased agriculture productivity in the project area, including low levels of technical knowledge and limited marketing opportunities. Higher income and improved food security will result from better animal health and the application of good livestock husbandry practices, rational rangeland management, increases in the yields of food and feed crops and better-organized marketing. As rural infrastructure is reasonably satisfactory, project interventions will be limited to the provision of domestic water to communities that lack it, expansion of the small irrigation area and some road improvement. Empowerment of farmers through the establishment or strengthening of community and collective organizations (cooperatives and other associations) and their full involvement in project preparation and implementation will underpin the development process.

**PART II – THE PROJECT**

**A. Project Area and Target Group**

16. The proposed project area comprises two adjoining provinces, Sivas, the easternmost province of Central Anatolia with an area of 28,600 square kilometres (km²), is by far the larger of the two provinces and is indeed the second largest province of Turkey. Erzincan, the most westerly of the provinces of Eastern Anatolia, covers an area of about 11,900 km². Sivas City is about 450 km² east of the national capital, Ankara, with Erzincan City being an additional 250 km² to the east.

17. Mean elevations in both provinces range from 1,000 to 4,000 metres (m) above sea level. The topography of Sivas is mountainous with interspersed valleys and plains. Erzincan’s topography is generally more rugged. The two provinces have an arid to semi-arid continental-type climate with hot rather than dry summers and cold humid winters. Average annual precipitation is plus or minus 400 millimetres (mm). Temperatures average from a low of -5.6°C in February to a high of +23.5°C in July. On average, snow falls 62 days per year in Sivas, but only 43 days in Erzincan. Average annual humidity in both provinces is about 60%.

18. Surface water is seasonally abundant in both provinces. The numerous streams and rivers are mainly fed by melted snow, and even many of the smaller watercourses are perennial. Greatest flows occur in April and May in most basins, with a gradual reduction taking place at the time of highest irrigation demand in July and August. The groundwater table is generally at shallow depth in the plains areas. True artesian conditions exist in many places due to the adjacent higher ground. The quality of both surface and groundwater is generally excellent for irrigation purposes.

19. Steppe and grassland cover much of the project area. A total of about 330,000 ha is classed as forest. A great part of the remaining forest, however, is considerably degraded through overuse for fuel, building materials and livestock grazing. Poplar, widely planted as a conservation crop, is common throughout much of the lower areas as small wood lots and field boundary markers.

20. The project target group is estimated at about 50,000 people (10,000 households) spread over about 200 villages. This represents 12% of the rural population of the two provinces. The target group comprises the poorest people in the project area, whose livelihood system is based on the exploitation of local natural resources. The project will give priority initially to the poorest counties of the two project provinces. These will be selected on the basis of such criteria as demonstrable poverty, a willingness to work in a participatory way, and openness to new solutions and approaches, in particular to focusing on common activities and forming groups to initiate such activities. While the above selection criteria will apply to individual villages, the project could usefully try to work with
clusters of villages within reasonable reach of one another, as some areas have low population densities and long distances between villages. For activities where individual households need to be selected, either for technical trials or direct benefits, selection will be done jointly at a village meeting by all households, ensuring, insofar as technically possible, that the poorer households are selected. According to the type of activity, priority will be given to: (i) woman-headed households; (ii) households with under 5 ha of rainfed land and up to five livestock units; (iii) landless households with less than 150 sheep and no other source of income; and (iv) households with under 4 ha of rainfed and up to 1 ha of irrigated land and up to five livestock units.

B. Objectives and Scope

21. The objectives of the project are to:

   (i) increase agricultural productivity and income levels of the rural poor in the less developed parts of Sivas and Erzincan provinces;
   (ii) expand rural employment opportunities and encourage individual and group initiatives of smallholders;
   (iii) build and strengthen self-sustaining institutions directly related to the rural poor; and
   (iv) improve living conditions of the rural poor and especially of women.

C. Components

Community and Cooperative Development

22. Community and cooperative capacity-building. Community capacity-building will assist all participating villages in establishing community institutions, such as village development committees (VDCs), cooperatives, irrigation cooperatives, grazing associations and specialist producer associations. Villagers and management committees of village institutions will receive capacity-building training in participatory methods, cooperative principles, planning, management and administration, bookkeeping and accountancy, and linkage-building with service providers for agricultural services and rural finance. This will involve training some 3,000 people in 100 villages over the life of the project. The training will comprise specially designed courses to be provided as soon as possible after identification of a participating village, and preferably during winter to avoid disruption of agricultural work. Capacity-building will lead to confidence and competence in designing and managing socio-economic development projects that will help improve living standards.

23. Cooperative development. The project will provide some 70 new and existing cooperatives with training and technical assistance. The assistance will be aimed at making these cooperatives business-oriented organizations that look after their members’ interests and deliver services that are truly needed, especially those enabling economies of scale in production, marketing and processing. Such training/skill transfer will cover how to ensure a good mix of membership from both poor and less poor households, how cooperative and farmer organizations operate, how to ensure that unreliable members are excluded from membership and how to choose suitable managers. Capacity-building will also involve improving the business and financial management skills of cooperative managers and members. The project will provide for technical assistance support to enable cooperatives and producer groups to develop solutions, strategies and action plans, particularly in the marketing of the agricultural products for which the area is renowned. Support will include exposure visits to successful cooperatives and other community-based initiatives, and linkages with market agents (wholesalers and retailers) trading in the various commodities that the area produces or inputs that it
needs. In addition, cooperatives will be assisted in establishing links with commercial sources of 
credit and other providers of needed services (insurance, transport and market information).

24. **Community and cooperative initiatives allocation.** Capacity-building among communities 
and cooperatives will lead to community confidence and competence in designing and managing 
socio-economic development projects aimed at improving living standards. Through participatory 
village development institutions, villages will be able to identify and prioritize needed village 
investments. These investments could include, inter alia, domestic water supply, feeder roads, small-

25. **Agricultural Development**

26. **Crop production and agroforestry.** The project will facilitate the testing and transfer of 
simple, low-cost technologies found to be appropriate for increasing farm income and enhancing food 
security in a given farming system through improved production of cereals, pulses, vegetables, fruit 
trees and forage crops. It will support this transfer by farmer-managed demonstrations and the testing 
of farmer-designed technologies. It will also assist communities in establishing fuelwood species, 
boundary trees, orchards and other related activities.

27. **Livestock development.** To improve the output and efficiency of animal production, the 
project will promote the development and demonstration of improved and appropriate technology 
packages for dairy producers, sheep herders and bee-keepers. Farmers will be trained in short courses, 
either in-village or at training facilities elsewhere, arranged so as to interfere as little as possible with 
routine farm work and family duties. The project will also launch an on-farm research and 
demonstration programme to assist smallholder livestock owners in obtaining higher levels of 
productivity from their animals – particularly through better feeding and management.

28. The project will also help selected communities that have access to common grazing 
grounds (rangelands) to make better and sustainable use of these resources, using as a legal basis the 
provisions of the Law on Pastures and Meadows Number 4342 (1998). It will assist Provincial 
Department of Agriculture (PDA) staff in the process of mapping, cadastral surveys and allocation, 
and will help communities develop plans for sustainable participatory management of their rangeland.
In addition, it will fund capacity-building within pasture management associations and contribute to the funding of range rehabilitation and other improvement initiatives identified in the plans.

30. The project will support the establishment of some 200 groups, each consisting of five to ten women, to engage in **income-generating activities** related to the processing of milk (100) and honey (100). It will provide group members with technical training in the activities that they decide to adopt, and in group dynamics, cooperative/associative principles, simple accounting and basic management practices. It will also assist them in identifying and then exploiting improved marketing channels, finance an in-depth marketing study for each of the major products and support follow-up activities.

**Project Management Unit**

31. The project will be implemented under the overall authority of the Ministry of Agriculture and Rural Affairs (MARA) by an autonomous project management unit (PMU) based in the administrative capital of one of the project’s provinces (Sivas). The PMU will be responsible for overall project management (disbursement, procurement, administrative affairs and contact with government and funding agencies). Implementation of project activities in each province will be the responsibility of the PDA and a number of service providers including research institutions, training firms, NGOs, and contractors for civil works. The PMU, in collaboration with the relevant PDA, will contract service providers to deliver training and technology transfer services and to construct social and economic infrastructure.

**D. Costs and Financing**

32. The project cost has been estimated over seven years, which is a period considered sufficient to allow the participatory process to proceed at the pace desired by the rural communities and for the benefits of irrigation development to be achieved. The project is assumed to start in 2004 with costs estimated on the basis of the prices prevailing in July 2002.

33. The total project cost including price and physical contingencies is estimated at USD 30.04 million over the seven-year project implementation period. About 7% of this amount represents foreign exchange costs. Total base costs are USD 27.19 million, with physical contingencies at 2% overall (USD 0.54 million) and price contingencies at 8% overall (USD 2.31 million), estimated to add a total of USD 2.85 million or roughly 10% of base costs. Investment costs are equivalent to 90% of the base costs with taxes and duties being approximately 7% (USD 2.15 million) of total costs.

34. The cost per beneficiary household over the seven-year project period is estimated at about USD 3 000 per household or under USD 600 per capita.

35. The project will be financed by IFAD, the OPEC Fund, the Government and project beneficiaries. An IFAD loan of USD 13.08 million and an OPEC Fund loan of USD 9.90 million will finance 43 and 33% of total project costs respectively. Cofinancing will cover community investments including small-scale irrigation, domestic water supply, roads and soil conservation and catchment structures. The Government will contribute USD 4.40 million or 15% of total project costs for range rehabilitation and management and for taxes (USD 2.15 million). Beneficiaries will contribute USD 2.66 million or 9% of total project costs. The beneficiary contribution will largely be in the form of labour for rural infrastructure and agroforestry development, but beneficiaries or communities will also meet the operating and maintenance costs related to all irrigation development and domestic water supply.
### TABLE 1: SUMMARY OF PROJECT COSTS

(USD million)

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<th>Components</th>
<th>Local</th>
<th>Foreign</th>
<th>Total</th>
<th>% of Foreign Exchange</th>
<th>% of Base Costs</th>
</tr>
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<td>Community and cooperative development</td>
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</tr>
<tr>
<td>Community and cooperative capacity-building</td>
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<td><strong>0.64</strong></td>
<td><strong>15.16</strong></td>
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<td><strong>56</strong></td>
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<td>Agricultural development</td>
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</tr>
<tr>
<td>Livestock development</td>
<td>3.69</td>
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<td>4.25</td>
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<td>Crop production and agroforestry</td>
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<td><strong>Subtotal</strong></td>
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<td><strong>0.88</strong></td>
<td><strong>8.58</strong></td>
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<td><strong>Total base costs</strong></td>
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<td><strong>1.84</strong></td>
<td><strong>27.19</strong></td>
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<td>Physical contingencies</td>
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<td>Price contingencies</td>
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<td><strong>Total project cost</strong></td>
<td>28.01</td>
<td><strong>2.03</strong></td>
<td><strong>30.04</strong></td>
<td><strong>7</strong></td>
<td><strong>110</strong></td>
</tr>
</tbody>
</table>

* Discrepancies in totals are due to rounding.

### TABLE 2: FINANCING PLAN

(USD million)

<table>
<thead>
<tr>
<th>Components</th>
<th>Government</th>
<th>IFAD</th>
<th>OPEC Fund</th>
<th>Beneficiaries</th>
<th>Total</th>
<th>Foreign Exchange</th>
<th>Local (Excl.) Taxes</th>
<th>Duties and Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount %</td>
<td>Amount %</td>
<td>Amount %</td>
<td>Amount %</td>
<td>Amount %</td>
<td>Amount %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community and cooperative development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Community and cooperative capacity-building</td>
<td>0.03</td>
<td>4</td>
<td>0.82</td>
<td>96</td>
<td>-</td>
<td>-</td>
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<td>Cooperative development</td>
<td>0.03</td>
<td>2</td>
<td>0.54</td>
<td>98</td>
<td>-</td>
<td>-</td>
<td>0.57</td>
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<tr>
<td>Community and cooperative initiatives allocation</td>
<td>0.66</td>
<td>4</td>
<td>3.25</td>
<td>21</td>
<td>9.45</td>
<td>61</td>
<td>15.45</td>
<td>31.5</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>0.73</strong></td>
<td><strong>4</strong></td>
<td><strong>4.61</strong></td>
<td><strong>59</strong></td>
<td><strong>9.45</strong></td>
<td><strong>44</strong></td>
<td><strong>16.87</strong></td>
<td><strong>56.2</strong></td>
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<tr>
<td>Agricultural development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livestock development</td>
<td>2.47</td>
<td>53</td>
<td>2.20</td>
<td>47</td>
<td>-</td>
<td>-</td>
<td>4.67</td>
<td>15.5</td>
</tr>
<tr>
<td>Crop production and agroforestry</td>
<td>0.61</td>
<td>13</td>
<td>3.09</td>
<td>65</td>
<td>0.45</td>
<td>9</td>
<td>4.73</td>
<td>15.8</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>3.08</strong></td>
<td><strong>33</strong></td>
<td><strong>5.29</strong></td>
<td><strong>56</strong></td>
<td><strong>0.45</strong></td>
<td><strong>5</strong></td>
<td><strong>4.90</strong></td>
<td><strong>31.3</strong></td>
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<tr>
<td>Project management unit</td>
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<td>3.18</td>
<td>84</td>
<td>-</td>
<td>-</td>
<td>3.77</td>
<td>12.5</td>
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<tr>
<td><strong>Total project cost</strong></td>
<td><strong>4.40</strong></td>
<td><strong>15</strong></td>
<td><strong>13.08</strong></td>
<td><strong>43</strong></td>
<td><strong>9.90</strong></td>
<td><strong>33</strong></td>
<td><strong>30.04</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

* Discrepancies in totals are due to rounding.
E. Procurement, Disbursement, Accounts and Audit

36. Procurement of goods and services financed by the IFAD loan will observe IFAD procurement guidelines. Civil works contracts for small-scale irrigation and village water supply and other village investments will be tendered through local competitive bidding (LCB) as their small size, scattered nature and phased construction renders them unsuitable for international procedures. LCB procedures must be acceptable to IFAD and may include pre-qualification of bidders on the basis of past performance, technical and management capability, equipment and financial stability. Procurement of goods and equipment worth less than USD 50,000 will be made on the basis of local shopping. Procurement of goods and equipment worth between USD 50,000 and 200,000 will be on a LCB basis. Civil works contracts for small-scale irrigation and village water supply will also be tendered through LCB. Employment terms for consultants will comply with IFAD guidelines and those of the cooperating institution.

37. The loan will be disbursed over a seven-year period. Disbursements by IFAD will be made against certified statements of expenditure, except for contracts over USD 50,000, which will require fully documented applications. The PMU will maintain a full set of accounts in accordance with IFAD’s requirements and internationally accepted accounting standards.

38. The Government will open and maintain a special account in the name of the project, to be held in United States dollars in a bank acceptable to IFAD. The special account will be opened with an initial deposit of USD 1.0 million and will be operated on terms and conditions acceptable to IFAD to cover all categories of expenditure. IFAD will periodically replenish the account on receipt and approval of withdrawal applications supported by satisfactory evidence that payments out of the special account were eligible for project financing.

39. All project accounts, including the special account, and all government accounts and statements of expenditure for each fiscal year will be consolidated and audited in accordance with appropriate auditing principles and practices consistently applied by auditors acceptable to IFAD. The Government will submit certified copies of audit reports to IFAD not later that six months after the end of the fiscal year.

F. Organization and Management

40. MARA will be the overall executing agency, but several activities will be implemented by contracts through various government and private institutions. A project steering committee (PSC) will include representatives of MARA, the SPO, the Undersecretariat of the Treasury, the project manager and the two provincial directors of agriculture in Sivas and Erzincan. The PSC will meet twice a year to approve the previous year’s accounts, to examine and approve the proposed annual work programme and budget (AWP/B) for the coming year, and to ensure that the required government counterpart funds are available as agreed. At both meetings, the PSC will discuss and resolve problems of coordination among the various private- and public-sector implementing institutions. Two provincial project operations committees, each composed of the deputy governor responsible for agriculture, the project manager, the provincial director of agriculture and two farmer representatives – one a man and the other a woman – will assist in coordination and problem solving at the provincial level.

41. The design of project management takes into account the need to graft within each PDA the capacity to institute effective participatory development methodologies. In the interest of rapid and flexible administration, there will be an autonomous PMU based in Sivas, where an office will be rented. It will have a small core staff consisting of a project manager, a finance and administration manager, a procurement officer, a business adviser focusing on cooperatives, and a monitoring and
evaluation specialist. Project implementation in each province will, however, be the responsibility of a specific unit or section (village development section) to be created within each PDA. In Sivas, this will consist of a village development group headed by a contracted senior village development coordinator, plus six VDCs. In Erzincan it will consist of a SVDC plus four VDCs. At least half of the VDC cadre will be women. Because of the specific skill requirements for VDCs, at least half of them are expected to be contract employees.

42. The PMU will have the authority to make and implement decisions on disbursements included in the AWP/B within the procurement guidelines for IFAD loans, hire and dismiss staff, contract public- and private-sector services, and deal directly with IFAD and its cooperating institution. The PMU will manage activities according to the rules and regulations set out in the project implementation manual that will be prepared during the first three months of implementation.

43. The cooperating institution will supervise the project at least once a year, scheduling its supervision missions to coincide with the preparation of the AWP/B. The mission will work closely with all stakeholders to gauge progress, identify constraints, and facilitate review and approval of AWP/Bs.

G. Economic Justification

44. The project will exert a strongly positive effect on household welfare. It should be understood, however, that because farm sizes are small, most households will remain poor and will still need to undertake a range of other (off-farm) income-generating activities. Uptake of the proposed project interventions will ensure food security from a household's own production and a surplus for sale. Detailed analysis of the three farm models (two irrigated and one rainfed in the valleys and uplands) confirm that the proposed interventions are generally financially attractive for participating households. Net farm incomes are predicted to increase substantially. A 1 ha irrigated holding model in the valley shows an increase in total income from USD 155 to 646 over the without-project situation. For a 1 ha irrigated farm with one diary cow, the net income increases from USD 178 to over USD 1 200. For a 2 ha rainfed farm with two dairy cows, net income increases from USD 33 to 1 330. The models show attractive returns to labour. Returns are estimated to increase from 16 to 51% for the various farm models. These incremental returns to incremental labour are considered to be satisfactory since they are all well above the prevailing nominal daily wage rate for unskilled agricultural labour. All models result in an increase in labour requirements over the without-project situation. These increases are, however, modest and can usually be absorbed easily by the household, especially as there are few opportunities for more remunerative off-farm work. At the predicted levels of uptake for the various activities, the project will generate 500 000 days of incremental work during implementation. The overall economic internal rate of return (EIRR) to the project is estimated at 16% for the base case. If the cost increases by 10%, the EIRR becomes 13%; a 10% decrease in benefits reduces it to 12%, whereas a one-year lag in benefits reduces it to 14%.

45. The participatory planning process for community development activities will enable 100 villages to establish informal VDCs, thus allowing them to determine their own development needs and priorities, and participate in planning, implementation and monitoring of activities. The project is expected to benefit women. Through training and increased access to markets, women will be able to increase their incomes. The participatory planning process for community development activities will also seek to draw women into the public life of villages and give them a voice in community affairs. Women’s role in project activities will instil confidence, increase self-reliance, evidence women’s management capabilities and, hence, enhance the credibility of women as active partners in development.
H. Risks

46. The project is designed for implementation through a community-based participatory approach, which will require close collaboration among the project, village institutions and the beneficiaries. Such modes of operation always carry institutional risks including the possibility that participation by VDCs and beneficiaries will be weak and project activities unsustainable. The project is designed to achieve tangible changes that will make a difference to people’s livelihoods. This will enable it to gain the trust and involvement of the communities and beneficiaries, and to generate a sense of ownership in project activities, which will minimize the risk of weak participation.

47. Public-sector employees, project staff, PSC committee members and communities themselves may not fully adopt the innovative participatory approach and instead fall back on the top-down and supply-driven approach that is so deeply rooted in Turkey. Project design seeks to heighten stakeholder understanding and ability to apply this approach to development through the provision of quality capacity-building at all levels.

I. Environmental Impact

48. The project is classified as Category “B” since project activities are designed to improve the use and management of natural resources and lead to a positive environmental impact.

49. The wider use of feed legumes will allow production on crop land to be intensified as legumes will mainly be grown on currently fallow land. Cropping with legumes will bring about benefits in nitrogen fixation and improve the status and structure of soil organic matter. New and rehabilitated irrigation facilities and training in improved water management will result in more efficient water use, and reduced silting and erosion. The project proposes the use of limited quantities of fertilizers to improve productivity, but these should have no negative environmental effects. Similarly the project will only recommend the use of small amounts of rapidly biodegradable herbicides and pesticides that will have little long-term effect on the environment. The integrated pest management approach will limit any potential negative effects on the environment of crop improvement packages. Further benefits will accrue through farmer training and a farmer-oriented extension service that will raise awareness of environmental matters and lead to better care and conservation of the land resource base.

50. Establishment of small agroforestry plantations and rows of trees on field boundaries will have strong positive effects on the environment including wind and water erosion control, conservation and enhancement of biodiversity and watershed catchment protection. Agroforestry will also provide an alternative source of fuelwood, thus alleviating the pressure on the natural forest. In addition, the availability of other sources of fuelwood will reduce the need to use animal manure for heating and increase its use to enhance soil fertility.

J. Innovative Features

51. The project will introduce an innovative participatory approach in a highly paternalistic bureaucratic setting. The approach is based on pro-poor targeting, and community empowerment and involvement in decision-making to ensure high and sustainable impact. The design of the proposed participatory approach is based on recent experiences with the Ordu-Giresun Rural Development Project, but with a sharper poverty focus. It introduces a two-stage targeting process, first by targeting villages predominantly inhabited by the poor, and second by assisting these communities in selecting eligible households to benefit from project interventions on the basis of their poverty and need. The project will also introduce a cost-sharing mechanism for the construction of rural infrastructure (mainly small-scale irrigation development) and for subsequent community operation and maintenance. Project interventions will be based on community action plans and an annual work programme drawn up and agreed upon by the communities.
PART III – LEGAL INSTRUMENTS AND AUTHORITY

52. A loan agreement between the Republic of Turkey and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

53. The Republic of Turkey is empowered under its laws to borrow from IFAD.

54. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV – RECOMMENDATION

55. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Turkey in various currencies in an amount equivalent to nine million two hundred and fifty thousand Special Drawing Rights (SDR 9 250 000) to mature on or prior to 1 December 2021 and to bear an interest rate equal to the reference interest rate per annum as determined by the Fund annually and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Bäge
President
SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Negotiations concluded on 2 July 2003)

1. **Annual work plans and budgets.** The PMU will prepare the AWP/Bs for each project year, which will include a detailed description of planned project activities during the coming year and the sources and uses of funds.

2. **Availability of loan proceeds.** In addition to the proceeds of the loan, the Government of the Republic of Turkey (the Government) will make funds, facilities, services and other resources as may be required from time to time available to MARA and each project party promptly to carry out the project in accordance with the loan agreement. For this purpose, the Government will make budgetary allocations for each fiscal year equal to the counterpart funds called for in the AWP/B for the relevant project year and will make such allocations available to MARA quarterly in advance. The Government will also ensure that the proceeds of the OPEC Fund loan are made available to MARA in accordance with the AWP/Bs.

3. **Suspension.** IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan account upon the occurrence of any of the events set out in the General Conditions or any of the following events:

   (a) The right of the Government to withdraw the proceeds of the OPEC Fund loan has been suspended, cancelled or terminated, in whole or in part, or the OPEC Fund loan has become due and payable prior to the agreed maturity thereof; or any event has occurred that, with notice or the passage of time, could result in any of the foregoing.

   (b) The project implementation manual, or any provision thereof, has been waived, suspended terminated, amended or modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the project.

4. **PSC.** The Government will establish a project steering committee (PSC) in a legal form acceptable to IFAD. The PSC will meet at least twice a year.

5. **Two provincial project operations committees (POC),** each composed of the Deputy Governor responsible for agriculture, the project manager, the provincial Director of Agriculture and two farmer representatives – a man and a woman – will assist in coordination and problem-solving at the provincial level. One of their most important functions will be to review and approve the list of villages selected for inclusion under the project to ensure that they are poor villages chosen in accordance with targeting criteria agreed with IFAD.

6. **PMU.** The PMU will be established within the General Directorate of Agricultural Production and Development (GDAPD) of MARA. It will be based in Sivas, with a small Ankara sub-office situated within GDAPD to deal with procurement and liaison with Ankara agencies in MARA and the Ministry of Finance. Its establishment will explicitly provide that it have freedom of action, including authority to make and implement decisions on disbursements included in the AWP/B, hire and dismiss project staff, contract for services in the public and private sectors, and deal directly with the funding agency. The PMU will report every semester to the Minister for Agriculture and Rural Affairs through the Director-General of GDAPD.
7. **Project manager.** The Government will appoint a project manager before the date of effectiveness in a legal form acceptable to IFAD, subject to the prior approval of IFAD. The project manager will have qualifications and experience acceptable to IFAD.

8. **Village development sections.** The Government will establish a village development section (VDS) in both Sivas and Erzincan provinces. The sections will be headed by a senior village development coordinator (SVDC) and staffed by VDCs, approximately 50% of whom will be women. Each VDS will report to the project manager through the provincial director of agriculture in each province. The VDS will assist village communities and cooperatives in formulating village development plans. The project will then assist them in implementation, using project resources, contributions from the benefiting communities and other public- and private-sector resources accessible for such purposes.

9. **Project implementation manual.** The PMU will prepare a draft project implementation manual as soon as practicable, but in no event later than 60 days after the date of effectiveness. The PSC will adopt the project implementation manual, substantially in the form approved by IFAD, and the PMU will promptly provide copies to IFAD. If IFAD does not comment on the draft project implementation manual within 30 days after receipt, it will be deemed approved.

10. **Community and Cooperative Initiatives Allocation (CCIA).** The PMU will prepare the detailed terms and conditions under which eligible project-area-based cooperatives would access seed capital from CCIA. They should be prepared as soon as practicable, but in no event later than 60 days after the date of effectiveness, and submitted to IFAD for approval.

11. **Net revenues.** The Government will establish procedures through the PMU, acceptable to IFAD, for handling all net revenues from credits extended to cooperatives from the seed capital of CCIA. The Government will use these net revenues to fund further seed-capital credits to project beneficiaries in accordance with the loan agreement, at least until all loan-service payments have been made in full. For the purposes of this paragraph, the term ‘net revenues’ means all repayments of principal and all payments of interest, less reasonable operating and other costs.

12. **Pest-management practices.** As part of maintaining sound environmental practices, the project parties will apply appropriate pest-management practices under the project and, to that end, the Government will ensure that pesticides procured under the project do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations (FAO), as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the World Health Organization (WHO) Recommended Classification of Pesticides by Hazard and Classification 1996-1997, as amended from time to time.

13. **Insurance of project personnel.** MARA will insure project personnel against health and accident risks to the extent consistent with its customary practice for its national civil service.

14. **Gender focus.** Each project party will ensure that all project activities are implemented within the framework of the long-term objective of achieving gender balance.

15. **Conditions precedent to withdrawal.** No withdrawals will be made in respect of expenditures for cooperative seed capital under the CCIA sub-component until the detailed terms and conditions under which eligible project area-based cooperatives will access seed capital have been approved by IFAD.
16. **Conditions precedent to effectiveness.** The conditions precedent to the effectiveness of the loan agreement are:

(a) a project manager will have been duly appointed by MARA and approved by IFAD;

(b) the PSC will have been duly established;

(c) the PMU will have been duly established;

(d) the loan agreement will have been duly signed, and the signature and performance thereof by the Government will have been duly authorized and ratified by all necessary administrative and governmental actions; and

(e) a favourable legal opinion, issued in form and substance acceptable to IFAD, by the legal adviser to the Treasury or other legal counsel approved by IFAD will have been delivered by the Government to IFAD.
# INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT  
## APPENDIX I  
### COUNTRY DATA  
#### TURKEY  

<table>
<thead>
<tr>
<th>Land area (km² thousand) 2000 1/</th>
<th>770</th>
<th>GNI per capita (USD) 2000 1/</th>
<th>3 090</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population (million) 2000 1/</td>
<td>65.3</td>
<td>GNP per capita growth (annual %) 2000 1/</td>
<td>4.9</td>
</tr>
<tr>
<td>Population density (people per km²) 2000 1/</td>
<td>85</td>
<td>Inflation, consumer prices (annual %) 2000 1/</td>
<td>54.9</td>
</tr>
<tr>
<td>Local currency</td>
<td>Turkish Lira (TRL)</td>
<td>Exchange rate: USD 1.00 =</td>
<td>TRL 1 650 000</td>
</tr>
</tbody>
</table>

#### Social Indicators  
- Population (average annual population growth rate) 1980-99 2/ | 1.9 |
- Crude birth rate (per thousand people) 2000 1/ | 21 a/ |
- Crude death rate (per thousand people) 2000 1/ | 6 a/ |
- Infant mortality rate (per thousand live births) 2000 1/ | 36 a/ |
- Life expectancy at birth (years) 2000 1/ | 69 a/ |
- Number of rural poor (million) (approximate) 1/ | n.a. |
- Poor as % of total rural population 2/ | n.a. |
- Total labour force (million) 2000 1/ | 31.3 |
- Female labour force as % of total 2000 1/ | 38 |

#### Education  
- School enrolment, primary (% gross) 2000 1/ | 107 a/ |
- Adult illiteracy rate (% age 15 and above) 2000 1/ | 15 |

#### Nutrition  
- Daily calorie supply per capita, 1997 3/ | 3 525 |
- Malnutrition prevalence, height for age (% of children under 5) 2000 1/ | 16 a/ |
- Malnutrition prevalence, weight for age (% of children under 5) 2000 1/ | 8 a/ |

#### Health  
- Health expenditure, total (as % of GDP) 2000 1/ | 5.8 a/ |
- Physicians (per thousand people) 1999 1/ | 1.2 a/ |
- Population using improved water sources (%) 1999 4/ | 83 |
- Population with access to essential drugs (%) 1999 4/ | 99 |
- Population using adequate sanitation facilities (%) 1999 4/ | 91 |

#### Agriculture and Food  
- Food imports (% of merchandise imports) 1999 1/ | 5 |
- Fertilizer consumption (hundreds of grams per ha of arable land) 1998 1/ | 892 |
- Food production index (1989-91=100) 2000 1/ | 111.3 |
- Cereal yield (kg per ha) 2000 1/ | 2 255 |

#### Land Use  
- Arable land as % of land area 1998 1/ | 31.8 |
- Forest area (km² thousand) 2000 2/ | 102 |
- Forest area as % of total land area 2000 2/ | 13.3 |
- Irrigated land as % of cropland 1998 1/ | 15.6 |

#### Economic Indicators  
- GDP (USD million) 2000 1/ | 199 902 |
- Average annual rate of growth of GDP 2/ | 5.4 |
- Sectoral distribution of GDP 2000 1/ | 16 |
- % agriculture | 16 |
- % industry | 25 |
- % manufacturing | 15 |
- % services | 59 |
- Consumption 2000 1/ | 69 |
- General government final consumption expenditure (as % of GDP) | 14 |
- Household final consumption expenditure, etc. (as % of GDP) | 17 |
- Gross domestic savings (as % of GDP) | 17 |
- Balance of Payments (USD million)  
  - Merchandise exports 2000 1/ | 27 324 |
  - Merchandise imports 2000 1/ | 53 983 |
  - Balance of merchandise trade | -26 659 |
- Current account balances (USD million)  
  - before official transfers 1999 1/ | -6 539 |
  - after official transfers 1999 1/ | -1 364 |
- Foreign direct investment, net 1999 1/ | 138 |

#### Government Finance  
- Overall budget deficit (including grants) (as % of GDP) 1999 1/ | -13.0 |
- Total expenditure (% of GDP) 1999 1/ | 38.1 |
- Total external debt (USD million) 1999 1/ | 101 796 |
- Present value of debt (as % of GNI) 1999 1/ | 52 |
- Total debt service (% of exports of goods and services) 1999 1/ | 26.2 |
- Lending interest rate (%) 2000 1/ | n.a. |
- Deposit interest rate (%) 2000 1/ | 47.2 |

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a/ Data are for years or periods other than those specified.  
1/ World Bank, World Development Indicators database  
2/ World Bank, World Development Indicators, 2001  
## PREVIOUS IFAD FINANCING

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Name</th>
<th>Initiating Institution</th>
<th>Cooperating Institution</th>
<th>Lending Terms</th>
<th>Board Approval</th>
<th>Loan Effectiveness</th>
<th>Current Closing Date</th>
<th>Loan/Grant Acronym</th>
<th>Denominated Currency</th>
<th>Approved Loan/Grant Amount</th>
<th>Disbursement (as % of Approved Amount)</th>
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</thead>
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<tr>
<td>96</td>
<td>Erzurum Rural Development Project</td>
<td>World Bank: IBRD</td>
<td>World Bank: IBRD</td>
<td>O</td>
<td>31 Mar 82</td>
<td>03 Dec 82</td>
<td>31 Dec 89</td>
<td>L - I - 96 - TU</td>
<td>SDR</td>
<td>17 200 000</td>
<td>76</td>
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<tr>
<td>143</td>
<td>Agricultural Extension and Applied Research Project</td>
<td>World Bank: IBRD</td>
<td>World Bank: IBRD</td>
<td>O</td>
<td>03 Apr 84</td>
<td>05 Sep 84</td>
<td>30 Jun 94</td>
<td>L - I - 143 - TU</td>
<td>SDR</td>
<td>9 700 000</td>
<td>65</td>
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<tr>
<td>243</td>
<td>Bingöl-Mus Rural Development Project</td>
<td>IFAD</td>
<td>UNOPS</td>
<td>O</td>
<td>14 Sep 89</td>
<td>10 Jan 90</td>
<td>31 Dec 99</td>
<td>L - I - 243 - TU</td>
<td>SDR</td>
<td>15 500 000</td>
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<td>277</td>
<td>Yozgat Rural Development Project</td>
<td>IFAD</td>
<td>UNOPS</td>
<td>O</td>
<td>13 Dec 90</td>
<td>23 Sep 91</td>
<td>31 Dec 01</td>
<td>L - I - 277 - TU</td>
<td>SDR</td>
<td>11 500 000</td>
<td>79</td>
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<td>378</td>
<td>Ordu-Giresun Rural Development Project</td>
<td>IFAD</td>
<td>UNOPS</td>
<td>O</td>
<td>14 Sep 95</td>
<td>25 Aug 97</td>
<td>31 Dec 04</td>
<td>L - I - 387 - TU</td>
<td>SDR</td>
<td>13 400 000</td>
<td>36</td>
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Note: O = ordinary.
# LOGICAL FRAMEWORK

<table>
<thead>
<tr>
<th>narrative summary</th>
<th>Verifiable indicators</th>
<th>Means of verification</th>
<th>Assumptions/risks</th>
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<tbody>
<tr>
<td><strong>Overall goal</strong></td>
<td>Sustainable reduction in poverty of rural families in two Category 4 and 5 provinces in Turkey</td>
<td>Improvement in ranking in SPO composite index of poverty</td>
<td>SPO ranking of provinces by poverty and underdevelopment every five to ten years</td>
</tr>
<tr>
<td><strong>Project objectives/purpose</strong></td>
<td>Improved livelihoods for rural poor households through higher and more stable incomes and improved food security via sustainable management of natural resources.</td>
<td>Per capita incomes increased by 20%; household food production and consumption more diverse and increased by 25%; and land, water and forest resource and agroforestry management practices improved.</td>
<td>National and provincial statistics; informal (and formal) household surveys</td>
</tr>
</tbody>
</table>
| **Outputs** | Community institutions (community development associations, cooperatives, farmers’ groups, women’s groups, producer associations, etc.) established and operational: identifying, prioritizing and meeting the needs of rural communities, both men and women, by planning, implementing and managing their own development. | • No. of community groups established  
• Stability, cohesiveness and managerially competent community organizations  
• Representation of women in membership and management bodies of community organizations  
• Range of services provided by community organizations | • Periodic project reports  
• Project monitoring and evaluation (M&E) database  
• Participatory rural appraisals  
• Participatory evaluation | • Bureaucratic mindset changes in favour of participatory development.  
• Efficient and professional service providers can be identified, e.g. NGOs to support communities in establishment of community institutions. |
| Improved rural infrastructure and other community investments sustainably managed by community organizations | • Area of additional small-scale irrigation established  
• No. of new rural water supply points established  
• No. of rural roads and access roads improved  
• No. of other social and economic investments made  
• No. of beneficiary organizations formed to operate and maintain infrastructure provided | • PMU/management information system (MIS)  
• Progress reports  
• Participating evaluation  
• Financial and procurement research | • Disbursement procedures for credit are efficient.  
• Relevant government agencies are functioning well. |
| Improved suitable crop, agroforestry and livestock technologies disseminated and adapted, leading to efficient community-oriented smallholder agricultural production | • No. of households adopting technologies  
• Improvement in productivity of crops, livestock and agroforestry  
• No. of communities adopting improved range management production  
• Increase in volume of marketed products | • PMU/MIS  
• Annual impact evaluation  
• Participating monitoring reports  
• Annual review workshops | • Marketing bottlenecks and problems are resolved. |
| Effective project coordination of implementation arrangements established and operating | • PMU adapted to new roles of coordination and implementation  
• Effective partnerships with NGOs and other service providers established | • PMU reports  
• Process evaluation studies | • Legal framework is conducive to NGO operations. |
| **Activities** | Community and cooperative development  
1. Community development  
1.1. Villagers develop, design and implement projects themselves | No. of community-initiated and -managed projects implemented | Project monitoring records | Various government agencies are willing to work on contract.  
1.2 Improved rural social infrastructure resulting in better health | No. of domestic water projects built or rehabilitated and beneficiaries concerned, improved health and reduced time spent on water collection | Impact monitoring data on water supply schemes | Villagers are willing to take responsibility for their own development. |
<table>
<thead>
<tr>
<th>Narrative summary</th>
<th>Verifiable indicators</th>
<th>Means of verification</th>
<th>Assumptions/risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.3. Improved agricultural production</strong></td>
<td>Some 1,500 ha irrigated; roads improved; ten sessions organized for cooperatives and service providers to meet (five in Sivas and five in Erzincan); management committee members of 70 cooperatives trained (75 in Sivas and 25 in Erzincan); 50 exposure visits organized to successful financial services initiatives for 45 cooperatives in Sivas and 15 cooperatives in Erzincan; 50 cooperatives successfully linked to financial service providers; 40 primary agricultural credit cooperatives assisted in capacity-building.</td>
<td>Project progress reports, cooperative records, project progress reports, supervision mission reports, records of financial service providers, physical verification.</td>
<td>Social cohesion within the villages is adequate. Subsidized credit programmes continue/expand, and the inflation rate continues to be high.</td>
</tr>
<tr>
<td><strong>2. Cooperative development</strong></td>
<td>Curriculum and training materials developed; ten VCs trained; 70 cooperative development plans prepared and implemented (45 in Sivas and 25 in Erzincan); management committee members of 70 cooperatives trained (540 in Sivas and 300 in Erzincan); 70 exposure visits organized to successful cooperatives (for 45 cooperatives in Sivas and 25 cooperatives in Erzincan); 70 cooperatives successfully linked to private-sector service providers (45 in Sivas and 25 in Erzincan).</td>
<td>Cooperative records, project progress reports, supervision mission reports, physical verification.</td>
<td>Project staff and communities do not fully adopt innovative participatory approach and fall back on top-down and supply-driven approach.</td>
</tr>
</tbody>
</table>

**Agricultural Development**

**Crop production and agroforestry**

2.1. Bottom-up problem-solving approach to increasing output in place and operative; institutionalized and advisory messages delivered more effectively.

A total of 15 diagnostic surveys undertaken, 60 adaptive research programmes in response to surveys initiated, 350 farmer-managed trials conducted; 1,950 demonstrations set up in response to diagnostic surveys; 21 meetings between research and extension organizations; one technology compendium produced; 25 television/radio programmes broadcast; 28 leaflets/pamphlets produced; 4,500 farmers trained; 410 field days at demonstration sites conducted.

Results of surveys; farmer feedback; research contract agreements; physical inspection of sites; research results; contracts with television/radio; physical presence of extension materials; project training records; project reports; supervision mission reports; farmer feedback; annual reports and journal papers.

Culture of research/extension/farmer cooperation can be improved; new and promising technologies continue to be available or can be developed.

2.2. Improved production technologies for cereals, feed crops and vegetables being used by farmers.

Improved technologies promoted by project being used by 60% (15% in Erzincan and 45% in Sivas) of target farmers in 400 villages (320 in Sivas, 80 in Erzincan); 1,950 demonstrations carried out and 410 participatory tests conducted; 600 improved home gardens (150 in Erzincan and 450 in Sivas) established; 30 farmers (ten in Erzincan and 20 in Sivas) take up small-scale vegetable seedling production as income-generating activity.

PDA and community development association (CDA) reports; physical inspection of sites; project monitoring reports, supervision mission reports; baseline and end-of-project survey reports; increased supply of fruit and vegetables on local and regional markets; increased consumption of fruits and vegetables.

Climatic conditions are favourable and availability of input is timely; marketing channels exist or can be created; prices remain attractive and profitable to farmers.

2.3. Improved soil and water conservation practices adopted by poor farmers.

About 100 low-cost water-harvesting structures built; 100 roof catchment demonstrations in place; 600 roof catchment water-harvesting structures in place; ten farmer field days held.

PDA and CDA reports; physical inspection of sites; project monitoring reports, supervision mission reports; baseline and end-of-project survey reports; benefits of conservation practices tend to be long-term and not immediately attractive to farmers. Practices demonstrating immediate gains can be introduced as a mix with longer-term measures.
<table>
<thead>
<tr>
<th>Narrative summary</th>
<th>Verifiable indicators</th>
<th>Means of verification</th>
<th>Assumptions/risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Livestock and range</strong></td>
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<tr>
<td><strong>2.4. Community agroforestry practices implemented by poor families</strong></td>
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<tr>
<td>Some 1,000 ha (750 in Sivas, 250 in Erzincan) planted to woodlots, multi-purpose trees and fodder banks</td>
<td>PDA and CDA reports; physical inspection of sites; project monitoring reports</td>
<td>Farmers are willing to participate in project activities; cooperation between MARA and Ministry of Forestry (MOF) is constructive.</td>
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<td><strong>2.5. Milk, meat and honey output from poor villages increased</strong></td>
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<tr>
<td>About 4,600 (1,150 in Erzincan and 4,450 in Sivas) farmers adopt improved and appropriate technologies for milk (cattle and sheep), meat (extensive sheep), fodder crop production and honey</td>
<td>Provincial and county statistics, PDA and CDA reports</td>
<td>Farmers are willing to adopt models; credit is available for application of technology.</td>
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<tr>
<td><strong>2.6. Value added products (cheese, butter, cream/yoghurt, clear honey) marketed</strong></td>
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<tr>
<td>Some 600 (150 in Erzincan and 450 in Sivas) processing groups (total 4,500 women/families) formed, operating effectively and marketing products</td>
<td>Physical inspection of practices; project monitoring reports; supervision mission reports; spot checks at retail outlets</td>
<td>Market exists for products, and consumers willing to pay premium prices for local produce.</td>
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<tr>
<td><strong>2.7. Bottom-up problem-solving approach to increased output being practised and effective</strong></td>
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<tr>
<td>Ten applied/adaptive research programmes in response to farmer-identified needs initiated, 200 farmer-managed on-farm trials conducted</td>
<td>Results of farmer surveys and feedback; research contract agreements; physical inspection of sites; project reports, supervision mission reports; research results published (annual reports and journal papers)</td>
<td>Suitable SPOs can be identified to facilitate the new approaches, and the international consultant can provide effective training before full-scale activities begin.</td>
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<tr>
<td><strong>2.8. Extension/advisory messages delivered more effectively</strong></td>
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<tr>
<td>Ten video/audio cassettes prepared; 132 television/radio programmes broadcast; 20 agricultural shows held; 230 production training courses held (32 200 farmer training days; 7 200 days of farmer field visits provided; 224 processing training courses for women held (31 360 training days); 4 500 women take part in large processing facility visit</td>
<td>Contracts with television/radio; contracts with PDA for agricultural shows; physical presence of extension materials; project training records; project reports; supervision mission reports</td>
<td>The output is suitably pitched to arouse the sustained interest of the poorer segment of the farming population.</td>
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<tr>
<td><strong>2.9. Rangeland production improved and natural resources and biodiversity conserved and enhanced</strong></td>
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<tr>
<td>Some 50 range sites for farmer groups assisted by project in furtherance of rangeland law application</td>
<td>Physical examination; contracts between PDA and farmer groups under rangeland law</td>
<td>PDA and SPO develop a suitable working relationship.</td>
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</tr>
<tr>
<td><strong>Project management</strong></td>
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<tr>
<td><strong>3.1. Project steering committee (PSC), and two provincial project operations committees (POCs) established and operational</strong></td>
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<tr>
<td>Project satisfactorily supervised and directed</td>
<td>Minutes of meetings; project annual and quarterly reports; supervision mission reports</td>
<td>Committees act to facilitate the efficient operation of the project and are constantly supportive of project management and of the overall modalities of project operation.</td>
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<tr>
<td><strong>3.2. Project management unit (PMU) established and operational</strong></td>
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<tr>
<td>A total of 16 professional staff recruited and trained; equipment as specified in cost tables purchased</td>
<td>Employment contracts; physical inspection; quarterly and annual reports; supervision mission reports; satisfactory staff evaluation reports</td>
<td>The Government is willing to adopt new procedures.</td>
<td></td>
</tr>
<tr>
<td><strong>3.3. Project managed effectively through routine activities, compliance with loan agreement and AWP/Bs and via supervision missions and mid-term review</strong></td>
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</tr>
<tr>
<td>Outputs of project progressively achieved; beneficiary satisfaction with project</td>
<td>Minutes of PSC and POC meetings; quarterly and annual reports; supervision mission reports; results of monitoring and evaluation activities; formal and informal beneficiary feedback</td>
<td>Relations between PDA, PMU and SPs remain cordial and constructive.</td>
<td></td>
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</tbody>
</table>
QUANTITATIVE INPUTS, TARGETS AND KEY PROJECT FACTORS

**OBJECTIVES**

The objectives of the project are to:

(i) increase agricultural productivity and income levels of the rural poor in the less-developed parts of the project area;
(ii) expand rural employment opportunities and encourage individual and group initiatives of smallholders;
(iii) build and strengthen self-sustaining institutions directly related to the rural poor; and
(iv) improve living conditions of the rural poor and especially of women.

---

**INSTRUMENTS**

The main instruments to be used in the implementation of project components are to:

- introduce participatory planning in 100 communities to develop village action plans in community infrastructure and agricultural technology transfer, thus ensuring ownership by and relevance to community;
- develop over 4,000 ha of small-scale irrigation and introduce participatory irrigation management by assisting the formation of water user’s associations to manage the developed schemes;
- develop participatory range management over common grazing lands in accordance with the new rangeland law, which gives recognized exclusive rights to communities willing to apply sustainable management practices over rangeland;
- support the establishment of new cooperatives and other farmer organizations that play a positive role in the economy of the community and engage in production, processing and marketing activities; and
- provide intensive training to community institutions, farmer associations and cooperatives to upgrade organizational and managerial skills, and empower these institutions to negotiate with the authorities and the marketplace.

---

**Annual Incremental Production at full Development**

<table>
<thead>
<tr>
<th>Crops</th>
<th>Livestock Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,576 t of wheat</td>
<td>4,600 t of meat</td>
</tr>
<tr>
<td>2,534 t of barley</td>
<td>11,200 t of milk</td>
</tr>
<tr>
<td>348 t of tomatoes</td>
<td>670 t of honey</td>
</tr>
<tr>
<td>543 t of cucumbers</td>
<td></td>
</tr>
<tr>
<td>4,940 t of potatoes</td>
<td></td>
</tr>
<tr>
<td>136 t of apples</td>
<td></td>
</tr>
<tr>
<td>1,400 t of chickpeas</td>
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</tr>
</tbody>
</table>

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**PROJECT COSTS**

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>USD million</th>
<th>USD million</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Community and</td>
<td>16.87</td>
<td>IFAD 13.08</td>
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<tr>
<td>Cooperative</td>
<td></td>
<td>OPEC Fund 9.90</td>
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<tr>
<td>B. Agricultural</td>
<td>9.40</td>
<td>Government 4.40</td>
<td>15</td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td>Beneficiaries 2.66</td>
<td>9</td>
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<tr>
<td>C. Project Management</td>
<td>3.77</td>
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</tr>
<tr>
<td>Total</td>
<td>30.04</td>
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</table>

**FINANCING**

**BENEFICIARIES**

- Total beneficiaries = 50,000 people in 10,000 households in 200 villages

**ECONOMIC ANALYSIS**

<table>
<thead>
<tr>
<th>Economic Rate of Return (ERR) = 16% base cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERR = 13% with 10% increase in costs</td>
</tr>
<tr>
<td>ERR = 12% with 10% decrease in benefits</td>
</tr>
<tr>
<td>ERR = 14% with one-year lag in benefits</td>
</tr>
</tbody>
</table>

Total cost/beneficiary = USD 600

Total share of IFAD loan/beneficiary = USD 260
### SUMMARY COST AND FINANCING TABLES

**Expenditure Accounts by Component – Base Cost (USD million)**

<table>
<thead>
<tr>
<th></th>
<th>Livestock Development</th>
<th>Crop Production and Agroforestry</th>
<th>Community and Cooperative Capacity-Building</th>
<th>Cooperative Development</th>
<th>Community and Cooperative Initiatives Fund</th>
<th>Project Management and Support</th>
<th>Total</th>
<th>%</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Investment Costs</strong></td>
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<tr>
<td>A. Civil Works</td>
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<tr>
<td>B. Vehicle, Equipment and Materials</td>
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<tr>
<td>B. Operation and Maintenance (O&amp;M)</td>
<td></td>
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<td></td>
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<tr>
<td>1. Vehicle O&amp;M</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>0.34</td>
<td>0.34</td>
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<td>-</td>
<td>0.47</td>
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<td><strong>Subtotal</strong></td>
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<td>-</td>
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<td>-</td>
<td>0.28</td>
<td>-</td>
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<td><strong>Total Recurrent Costs</strong></td>
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<td>4.25</td>
<td>0.80</td>
<td>0.53</td>
<td>13.83</td>
<td>3.46</td>
<td>27.19</td>
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<tr>
<td><strong>Total BASELINE COSTS</strong></td>
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<td>4.73</td>
<td>0.85</td>
<td>0.57</td>
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<td>3.77</td>
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<td><strong>Taxes</strong></td>
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<td>0.61</td>
<td>0.03</td>
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<td>0.66</td>
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<td>0.45</td>
<td>0.35</td>
<td>2.03</td>
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## Disbursement Accounts by Financiers

(USD million)

<table>
<thead>
<tr>
<th>Description</th>
<th>Government</th>
<th>IFAD</th>
<th>OPEC Fund</th>
<th>Beneficiaries</th>
<th>Total</th>
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<tr>
<td>1. Community and Cooperative Initiative Allocation</td>
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<td>3.16</td>
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<td>5. Technical Assistance</td>
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<td>6. Training</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>4.40</strong></td>
<td><strong>13.08</strong></td>
<td><strong>9.90</strong></td>
<td><strong>2.66</strong></td>
<td><strong>30.04</strong></td>
</tr>
</tbody>
</table>
ORGANIZATION AND MANAGEMENT

1. The Ministry of Agriculture and Rural Affairs will be the executing agency. Most activities will, however, be implemented as far as possible by contracts through various government and private institutions. Contracts will mostly be awarded on the basis of open competitive selection to ensure that the agency best able to implement a certain activity does so.

Project Coordination

2. **Steering committee and project operations committees.** A project steering committee (PSC) will include representatives of MARA, the state planning organization, the treasury, the project manager and the two provincial directors of agriculture in Sivas and Erzincan. The PSC will meet twice a year to approve the previous year's accounts, to examine and approve the proposed AWP/B for the coming year, and to ensure that any government counterpart funds required are available as agreed. At both meetings, the PSC will discuss and resolve problems of coordination among the various private- and public-sector implementing institutions. Two provincial project operations committees (POCs), each composed of the deputy governor responsible for agriculture, the project manager, the provincial director of agriculture, and two farmer representatives – one a man and one a woman – will assist in coordination and problem solving at the provincial level.

Project Management Unit

3. The design of the PMU takes into account the need to build capacity related to the design and implementation of participatory development within each PDA. In the interest of rapid and flexible administration, there will be an autonomous PMU based in Sivas, where an office will be rented. It will have a small core staff consisting of a project manager plus officers responsible for the administration of finance and procurement. In addition, there will be a business adviser focusing on cooperatives, and a monitoring and evaluation specialist. Project implementation in each province will, however, be the responsibility of a specific unit or section (village development section) within the relevant PDA. In Sivas, this will consist of a village development group headed by a contracted senior village development coordinator (SVDC), plus six VDCs. A second SVDC and four VDCs will be located in Erzincan (half of the VDC cadre will be men and half women). Because of the specific skill requirements for VDCs, it is expected that at least half of them will be contract employees.

4. The PMU will have the authority to:
   (i) make and implement decisions on disbursements included in the AWP/B within the procurement guidelines for IFAD loans;
   (ii) hire and dismiss its staff;
   (iii) contract for services in the public and private sectors; and
   (iv) deal directly with central authorities, IFAD and other external donors and IFAD’s cooperating institution.

5. The PMU will manage activities according to the rules and regulations set out in the project implementation manual that will be prepared prior to the commencement of the project. In brief, the responsibilities of the PMU will be to:
   (i) recruit PMU staff and consultants and contract service providers;
   (ii) coordinate activities with the Provincial Department of Agriculture and other government and private-sector entities;
(iii) review and consolidate the project AWP/B received from the provinces and secure their approval;
(iv) channel project resources to the various project implementing agencies and service providers in accordance with the AWP/B;
(v) monitor and supervise the use of project resources by project-implementing agencies in accordance with the AWP/B; and
(vi) ensure that the project is having the intended impact on the target group.

Gender Aspects

6. In accordance with IFAD policy and to support the objectives of the current Turkish five-year development plan, every effort will be made in project implementation to ensure an improved balance of investment and involvement in order to reduce gender disparities. The professional staff of the project will include a significant number of women, and the VDCs will have equal numbers of men and women.

7. To improve project performance with respect to gender, the project start-up workshop will include a full day at least of gender sensitization training for all project staff and for steering committee members. This kind of training will take place annually to ensure that all new staff also benefit from it, and whenever possible, line agency staff will be included. At the village level, VPC members will receive gender sensitization training as part of their technical and management training, which will help them have a more inclusive approach in their project work and in their approach to village development. A gender approach will be included in the discussions for the design of the village development plan, thus ensuring that women’s concerns are fully taken into consideration.

Village Implementation Mechanisms

8. Project activities will mainly be coordinated and managed by the VDCs employed by the project and hired at private-sector salaries. They will be based in a county central to their area of work and have an office in the county directorate of agriculture. They will report to the project director (informally as necessary and formally every three months) and will be directly supported and supervised by a SVDC.

9. On completion of the village selection process, VDCs will participate with the villagers in choosing development activities. The basic implementation principle is that activities will be decided by the villagers, who will be facilitated in preparing a list of possible project interventions at a general meeting. Choices will then be reviewed with the proposed service providers, to ensure that each activity is technically and logistically feasible. Retained activities will be entered into an AWP/B prepared by the villagers and the VDC. Draft AWP/Bs will be consolidated at project level and a pre-selection made on the basis of feasibility within the proposed contracts with service providers. A final list will then be prepared, and thereafter the VDC will initiate and coordinate activities between the village and the service providers, and ensure that implementation is satisfactory and timely.

10. VPCs will have a major role in the implementation of activities, and in particular will be responsible for:

(i) finalizing agreement between the village and the project on project interventions;
(ii) budgeting and costing village activities;
(iii) convening annual meetings of all adult villagers for preparation of AWP/Bs and evaluation of the previous year’s activities;
(iv) finalizing AWP/Bs;
(v) ensuring that the village makes the agreed contributions to activities;
(vi) monitoring performance of project contractors;
(vii) following up implementation of the activities of project service providers (SPs);
and
(viii) assessing the impact of project interventions.

Technical Assistance and Staff Training

11. Technical assistance is most needed in participatory approaches, cooperative development, financial services and impact monitoring. The community-based participatory approach will be a significant innovation in rural development in Turkey. International technical assistance related to this aspect is a total of 12 months over the project period. The person appointed will train the SVDCs and the VDCs in participatory approaches, assist them in the village selection process, provide them and village committees with further participatory training and help establish baseline data.

12. Other technical assistance needs will cover: (i) farmer-managed demonstrations; (ii) livestock extension; (iii) agroforestry technologies and methods; (iv) market analysis; and (v) M&E. Whenever possible, Turkish technical expertise will be used, unless new exposure and ideas from outside Turkey are specifically required. Technical assistance may also be needed to assist in the preparation of a project implementation manual prior to the commencement of full project activities.

Procedures for Contracting Project Service Providers

13. While a significant number of project activities can be performed by the PDA in each province (village development planning, registration and regulation of cooperatives and activities related to the implementation of the range law in respect of participatory range management), other activities (training for community and cooperative capacity-building, planning and supervision of farmer-managed demonstrations, execution of village infrastructure and undertaking of marketing studies) will be done through a number of public- and private-sector service providers and NGOs. The mechanisms for contracting service providers will be based on quality and availability. All contracts are expected to be considerably less than USD 500,000. The main contracting mechanisms will be a bidding process and a performance-based contract.
PROJECT ORGANIZATIONAL STRUCTURE

Ministry of Agriculture and Rural Affairs
General Directorate of Agricultural Production and Development

Project Steering Committee
Project Management Unit
PDA Senior Village Development Organizers

Village Development Officers
Village Development Coordinators

Beneficiaries
- Cooperatives
- Households

Planning, budgeting and reporting -- bottom up
Coordination, fund release and monitoring -- top down
MONITORING AND EVALUATION

1. On the basis of the consolidated AWP/Bs and procurement data (including contracts with service providers), the monitoring and evaluation officer will prepare a management information system database. This will be updated monthly with a record to inputs and outputs including both financial and actual activity data. Data will be disaggregated by sex wherever possible. Each project activity, date of starting and status reached will be included to provide the information necessary for impact monitoring.

Impact monitoring

2. Full impact monitoring for community capacity-building and support to cooperatives will be focused at both household and community levels in all of the 100 project villages. At the time of village selection, baseline data will be collected, including the information necessary for targeting and for assessing wealth or poverty status. These data will include relevant items of the wealth of factual data already collected and available from the village head (muhtar), and will be supplemented by any qualitative data necessary. Should any information be missing, it will be collected at this stage, giving an opportunity for VPC members to develop skills in data collection and analysis. The work will focus on the village and not the situation of individual households. The baseline data to be collected will include:

(i) community management capacity;
(ii) community basic resources such as number of livestock, grazing area, and arable land;
(iii) population changes and other social dynamics;
(iv) extent of the use of modern production technology, e.g. artificial insemination;
(v) presence (or absence) of associations and cooperatives;
(vi) past number of activities of these organizations by year;
(vii) number of villagers involved and level of involvement; and
(viii) perception of the value and usefulness of associations.

3. Changes will be incorporated each year to assess movements in overall poverty status. The assessment will be discussed at an annual evaluation meeting with community members, who will be asked to give their perceptions of the project-related changes and impact.

4. Impact monitoring of domestic water supply will be carried out on five beneficiary households for each scheme. A simple questionnaire will be completed for each village before the water supply is constructed/rehabilitated and will cover time spent collecting water, time spent doing laundry, and frequency of diarrhoea incidence particularly for children and older people. The ‘with’ water situation will be compared to the previous ‘without’ situation in each village.

5. Impact monitoring of the community and cooperative initiatives fund will be based on participatory community assessments at the time of the annual review meeting. Community members will be requested to assess achievements obtained by use of the fund and to discuss them in terms of the alternatives considered. Data to be collected consist of the number of cooperative members, capital subscribed and paid, income earned by the cooperative, dividends paid, etc.

6. Impact monitoring of a small-scale irrigation development will be carried out on a sample of five beneficiary farms per participating village. Cropping systems and yield levels prior to irrigation
will be established and outputs from the same land after irrigation will be measured each year until project completion.

7. The impact of advisory messages will be assessed through discussions at the annual evaluation meetings and also by a survey carried out in the third project year to determine:

   (i) how many farmers (men and women) watched or listened to the broadcast programmes regularly;
   (ii) how they evaluate the relevance and technical usefulness of broadcasts, and the quality and effectiveness of the pedagogic approach used;
   (iii) how many farmers (men and women) adopted one or more of the promoted practices; and
   (iv) whether the information provided to those who adopted the practices was adequate and what the results were.

8. Bringing together all these data at the annual participatory evaluation meeting, VDCs will help make an assessment of changes in the household and in the community. They will also seek to distinguish between the changes arising from project interventions and those from other sources.

**Monitoring Village Activities**

9. Each VPC will be provided with a simple form for each SP involved in village development. On these forms, the responsible VPC member will record the date of the service provision, the identity of the persons visiting, their activities and the duration of their stay, and comments considered useful for an assessment of the usefulness of the event. Data involving people will be disaggregated by sex. The VDC will periodically collect one copy of these forms, and will consolidate and forward them to the monitoring and evaluation officer at the PMU. A copy will be retained in the village in a special file on each activity and will serve as a record for future evaluation. During use, the file will be kept with the beneficiary or monitor, but after completion of the activity it will be kept with the village project committee for future reference and additions as appropriate. For field visits by villagers to field demonstrations, a list will be prepared of all those visiting, the name of their village of origin and their telephone numbers. This will allow the monitoring and evaluation officer to follow up and assess the impact of visits on farmers and to assist in the identification of adoption rates of the proposed activities.