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Investing in rural people

President's Memorandum

Proposed Additional Financing to the Republic of Turkey for the Murat River Watershed Rehabilitation Project

Note to Executive Board representatives

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Abbreviations and acronyms

MC	micro-catchment
MCP	micro-catchment plan
MRWRP	Murat River Watershed Rehabilitation Project
OGM	General Directorate of Forestry

Map of project area
Republic of Turkey
Murat River Watershed Rehabilitation Project
President's Report



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



Map compiled by IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed additional financing to the Republic of Turkey for the Murat River Watershed Rehabilitation Project, as contained in paragraph 42.

Proposed Additional Financing to the Republic of Turkey for the Murat River Watershed Rehabilitation Project

I. Background and project description

A. Background

1. The present memorandum seeks the approval of the Executive Board for additional financing in the form of a loan in the amount of US\$8.2 million on ordinary terms (with a grace period of five years) for the Murat River Watershed Rehabilitation Project (MRWRP). This project was approved by the Executive Board in December 2013 with a loan of US\$27.66 million and a grant of US\$0.43 million. In line with the positive assessment by the MRWRP mid-term review conducted in September 2017 and with agreements reached with the Government, on 18 June 2018 the Republic of Turkey submitted an official request to IFAD for additional financing in the amount of US\$8.2 million and an extension of the project time frame. The objective would be to meet the strong demand for project services generated by the successful implementation, by allowing an additional 15,000 people to benefit from the project and further strengthening the sustainability of the benefits to all targeted communities in upland villages within Bingöl, Elazığ and Muş Provinces. The current project completion date is 31 March 2020, with a closing date of 30 September 2020. With the provision of the proposed additional financing, the completion and closing dates will be extended by two years, to 31 March 2022 and 30 September 2022 respectively.

B. Original project description

2. The MRWRP is IFAD's ninth investment in Turkey. The overall goal of the project is to reduce rural poverty in the vulnerable upland communities of the Murat River watershed. This is being achieved through reversing the degradation of the natural resource base and increasing incomes and enhancing livelihoods, while facilitating the creation of a strong sense of ownership on the part of the beneficiary communities to ensure the sustainability of the investments. The geographic coverage of the project is defined as the hilly parts of the Murat River watershed within the upland districts and villages of Bingöl, Elazığ and Muş Provinces in eastern Anatolia. The project is structured into three components that are designed to be mutually reinforcing so as to achieve maximum impact: (i) natural resource and environmental management; (ii) investments in natural resources and environmental assets; and (iii) investments in improved livelihoods. The expected target at design was 12,000 households or about 80,000 persons. The project target area comprises some 100 micro-catchments (MCs) of various sizes, with varying degrees of natural resource endowment and degradation and of proximity to larger settlements. The project initially intended to select about 25 MCs for implementation within the target area. The main instrument for prioritizing investments facilitated by the project implementer (the General Directorate of Forestry of the Ministry of Forestry and Water Affairs) is that of micro-catchment plans (MCPs) that are developed with the participation of all villages within the catchment areas.

II. Justification for the additional financing

3. The additional financing, together with the two-year project extension, would allow the project to develop an additional six MCPs reaching an additional 15,000 beneficiaries. The latest supervision mission confirmed the readiness of the project to implement new MCPs with the proposed additional financing in the form of the IFAD loan. To this end, the project has already taken the initial steps for development of two additional MCPs, which may already be finalized by year's end, so as to allow for investments to start already in early 2019.
4. This would allow the project interventions to be even more transformational, through accelerated efforts at strengthening individual and village management of the investments, making them more commercially viable, increasing inclusiveness and strengthening the involvement of agricultural and hydrological expertise. It would also allow the further strengthening of the project's long-term impact and sustainability by further consolidating the exit strategy. This represents an important opportunity to increase the focus on inclusive and productive management of natural resources (not least of water for livestock and irrigation), but also rangeland and fodder production, greenhouses, open-field vegetable production and orchards. The project is already implementing numerous activities in this field, but more efforts should be made at converting the MCPs and sub-plans at village level into longer-term management strategies, thus complementing the plans' current investment focus. This would make better use, for example, of the hydrological opportunities that the afforestation activities open up and would strengthen ownership at village level. Similarly, extension of the project time frame will strengthen operation and management of the investments as businesses and will allow time for more thorough market studies to assess new marketing opportunities. Lastly, it should be noted that both the original project – and activities under the proposed additional financing – are in direct support of the two strategic objectives of the COSOP 2016-2021: (i) enhancing market access for productive poor smallholder farmers, and (ii) mainstreaming sustainable natural resource management into all aspects of upland agricultural production and increasing upland climate change resilience.

A. Project implementation performance

5. The recent supervision mission undertaken jointly by IFAD and the Government of Turkey in September 2018 rated project performance as satisfactory and its implementation effectiveness as outstanding. It particularly noted the high commitment and capability of the General Directorate of Forestry (OGM) project implementation team in delivering on the expected project outputs.
6. The project has made significant progress on all of the main indicators, in terms of both physical outputs and micro-catchment planning and disbursement. As at 31 August 2018, the disbursement rate of the loan was 87.5 per cent. Notable progress has been made on physical outputs, reaching 14,800 beneficiary households (119 per cent of the appraisal target) and some 81,000 direct and indirect project beneficiaries (101 per cent of the appraisal target), of which 49 per cent women and 39 per cent youth. (Further details are provided in appendix II.)
7. Project investments in natural resources financed by the Government's own resources are about to be completed in 26 MCs (against the project target of 25, or 105 per cent achievement) covering a total area of around 266,000 hectares and involving 191 villages. With 16,154 hectares under soil conservation and erosion control and 3,818 hectares under afforestation, the project's targets in this area have now been exceeded at 179 per cent and 127 per cent respectively. Activities have generally been implemented with a high level of efficiency and technical quality, and were rated as satisfactory to highly satisfactory by the latest supervision mission.

8. The installation of a state-of-the-art drip irrigation system with automated controls and smart valves, and the construction of a cold store in the OGM nursery in Altinova, both financed by IFAD in 2017, have now been completed. The investment of 900,000 Turkish lire (TRY) from the IFAD loan has generated an estimated 30 per cent increase in seedling production (mainly for afforestation). It has had a noticeable impact on employment, with an increase of 125 full time equivalent jobs, of which 70 per cent are held by women.
9. Investments in livelihood improvements in the 26 MCs are proceeding on schedule. The project has completed construction works for the upgrading of 374 barns (75 per cent of the target) as revised at the mid-term review (MTR) and is responding effectively to the demand for investments in greenhouses. With 162 units completed to date covering 3.9 hectares, and 20 more units that will be installed before winter, 84 per cent of the budget allocation has been disbursed, achieving 73 per cent of the physical target as revised at MTR. The establishment of fruit orchards on private land is also well ahead of target (365 hectares completed or 201 per cent of target), but these have not yet entered the production cycle. The trellises for vineyards introduced by the project are already delivering benefits, with yield increases of more than 50 per cent and income increases per household of TRY 2,000 to TRY 3,000. The project has also rehabilitated and upgraded small irrigation structures, with completion of 58 concrete tanks (23 per cent of target) and 19 kilometres of pipe-laying works (76 per cent of target), thus sustaining farmers' incomes in 920 hectares of the command areas. Overall, the project is promoting greater gender equality by reaching out to poor rural women through selected investments that broadly correspond to their priorities and interests.
10. The insulation of village houses and the introduction of energy-efficient stoves for cooking/heating and solar water heaters are in high demand by beneficiaries. In total 625 houses have been insulated, 373 per cent of the initial target, and over 3,000 hot water panels and 1,000 additional energy-efficient stoves have been distributed. Evidence collected from the field shows a positive impact on livelihoods and reduced fuel consumption: about 40 to 50 per cent in insulated houses and 30 to 35 per cent in energy-efficient stoves. This ultimately results in a reduced workload for women in firewood harvesting and lowers the pressure on forest resources.
11. A core qualitative project achievement was the new dialogue platform provided by the micro-catchment planning process, during which the state OGM and forest village communities discussed and eventually agreed on the key measures related to control of soil erosion and the accompanying livelihood support interventions. This constitutes an important and innovative interface that potentially allows for better mutual understanding of different views and constraints, and to better tailor interventions that would simultaneously benefit both soil erosion control and farmers' livelihoods. Previously, soil erosion control – especially afforestation measures such as the enclosure and fencing of areas – would occasionally cause resentment and conflict with nearby villages. In the process, OGM has developed competencies for mainstreaming livelihood and agricultural aspects into its afforestation activities, thus enhancing their development impact and reducing conflicts.
12. Investments in both natural resources and in livelihood improvement have proven technically sound and show that the project has developed a good capacity for identifying and implementing a wide range of relevant activities. In addition, the project has played a catalytic role in engaging additional partners for implementation of those activities under the village plans that were beyond the scope of the project. The collaboration with the General Directorate of State Hydraulic Works (DSI) is seen as a major result of the effort by OGM's management to catalyse investments in project areas, bringing about additional

opportunities for increased production and income generation. This partnership has already resulted in parallel financing of irrigation schemes for MC plans in Muş, but needs further follow-up by OGM management in order to secure timely availability of DSI parallel financing for other provinces. This resulted in a potential leveraging of parallel financing valued in excess of US\$30 million for the development of irrigation infrastructure across 24 MCs targeted by the project.

B. Geographic area, target groups and project duration

13. The MRWRP's primary target group is poor women and men smallholders, living in upland villages in selected MCs within Bingöl, Elazığ and Muş provinces. The target outreach in the original project was of 80,000 direct beneficiaries. Secondary beneficiaries consist of the general population living downstream from the MCs supported under the project. The proposed additional financing will allow the project to reach an estimated 15,000 additional direct beneficiaries with the same poverty profile as the current target group, within the same three provinces. The proposed extension of the project closing date from 30 September 2020 to 30 September 2022 will allow the project to provide extended support for the exit strategy and hence the sustainability of benefits among beneficiaries of the original project as well.

C. Components/outcomes

14. The project has three components: (i) natural resource and environmental management (consultations, empowerment and planning); (ii) investments in natural resources and environmental assets (land, water and vegetation); and (iii) investments in improved livelihoods, empowering upland communities to maintain and benefit from the natural resource improvements.
15. The outcome of the natural resource and environmental management component is an environmentally conscious community capable of planning and managing the rehabilitation and use of natural resources. The component focuses on assisting the efforts of government institutions to make planning and management more people-oriented, and to build ownership and sustainability into its ambitious programme for afforestation and erosion control investments in the upper watersheds of eastern Turkey. The centrepiece of the project is the generation, negotiation, preparation and implementation of viable and replicable MCPs. The project promotes participatory co-management modalities under which the village communities' livelihood strategies are aligned with the sustainable use and improvement of public/shared natural resources.
16. The outcomes of the investments in natural resources and environmental assets component are reduced erosion, improved vegetative cover and a steady flow of water. Investments under this component comprise: (i) soil conservation investments, including check dams; (ii) rehabilitation of degraded forests; (iii) development of public nurseries; (iv) rehabilitation and sustainable management of degraded grazing land/rangeland; and (v) livestock watering structures as laid out in the MCPs.
17. The outcome of the investments in improved livelihoods component is that of improved living conditions through supporting small-scale crop and livestock production on private land.
18. Most activities are gender-neutral and deliver benefits to entire households. However, due to traditional gender roles in the villages, some activities mainly target women (energy saving and horticulture) and others mainly men (livestock, erosion control and public works away from the homestead). The planning process addresses these gender differences to ensure that activities affect women positively, and the monitoring and social surveys pay careful attention to changes in women's workloads and benefits from the project.

19. Material modifications to the original project components/outcomes and activities are not foreseen under the proposed additional financing. What is foreseen is their extension to additional geographic areas and direct beneficiaries.

D. Benefits, costs and financing

Project costs: Original and additional

20. The project started in 2013 with a total cost of US\$38.51 million. Over the project implementation period the Government has increased its contribution and complementary investments in the MRWRP's activities by an additional US\$8.8 million (from the US\$8.4 million originally planned, to the total estimated at mid-term of US\$17.2 million). This resulted in an augmented total project cost of US\$47.90 million. The proposed additional financing would increase total project costs to a total of US\$61.50 million, with the proportional distribution of costs between the three components largely unchanged.

Project financing/cofinancing strategy and plan: Original and additional

21. The project is currently financed by an IFAD loan of US\$27.66 million and a grant of US\$430,000 (58.6 per cent of total project costs), while the Government contributes US\$17.2 million (35.9 per cent of total costs). An amount of US\$2.7 million (5.6 per cent) is provided by the primary beneficiaries (participating farmers within the project area). With the proposed additional financing, the project would be financed by an IFAD loan of US\$35.86 million and a grant of US\$430,000 (59.0 per cent of the total project costs), while the Government would contribute US\$21.56 million (35.1 per cent of total costs). An amount of US\$3.66 million (5.6 per cent) would be provided by the primary beneficiaries.

Table 1

Project costs by component and financier

(Thousands of United States dollars)

Components	IFAD loan		IFAD grant		Government budget & taxes		Beneficiaries		IFAD loan		Government budget & taxes		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Natural resource and environmental management	2 395	67.8	315	8.9	466.4	6.6	-	-	300	8.5	54.3	0.8	-	-	3 530	5.7
2. Investments in natural resources and environmental assets	6 681	29.2	-	-	11 252.5	24.6	-	-	1 711	7.5	3 208.5	7.1	-	-	22 853	37.2
3. Investments in improved livelihood	17 504	53.9	-	-	5 334.3	8.2	2 664	8.2	5 099	15.7	904.9	1.4	992	3.1	32 498	52.8
4. Operations unit	1 081	41.2	115	4.4	131.6	2.5	-	-	1 090	41.6	205.9	4.0	-	-	2 624	4.3
Total	27 661	45.0	430	0.7	17 184.8	14.0	2 664	4.3	8 200	13.3	4 373.6	3.6	992	1.6	61 505	100.0

Disbursement profile and plan: Original and additional

22. Disbursement in the original project completion year of 2019 is foreseen to be US\$2.70 million. Disbursement of the proposed additional financing and Government contribution is expected to be prompt, with a total projected disbursement of US\$9.3 million in 2019, US\$4.9 million in 2020 and US\$2.1 million in the project completion year of 2021.

Summary of benefits and economic analysis: Original and additional

23. The original economic analysis demonstrated the benefits of natural resource rehabilitation and erosion control measures arising from reduced erosion, as measured by reduced soil loss flood/landslide damage, as well as the additional benefit of short-term employment provided each year through hiring local villagers

for afforestation and soil conservation works. Benefits from investments in improved livelihoods would stem from income-generating and/or expense-reducing activities in agricultural and livestock production, as well as decreases in household expenditures. The latter would be achieved mainly through investments in energy-saving technologies and alternative energy sources.

24. The overall economic internal rate of return (EIRR) was estimated at 8 per cent over 20 years. The economic and financial analysis has been undertaken again, looking at the overall project's costs and benefits. Eleven indicative financial models were identified to demonstrate the financial viability of the investments, and all models produced positive profitability indicators. The overall EIRR of the programme is calculated at 17.8 per cent for the base case. The sensitivity analysis shows robustness to both an increase in project costs and to a decrease in project benefits.

Sustainability

25. The Government of Turkey has the capacity to design and deliver effective remediation of the severely degraded upland watersheds of eastern Turkey, thereby improving the livelihoods of poor communities. The MRWRP is embedded within existing well-functioning government structures, which will ensure sustainability. Thorough participatory approaches and incentives in terms of investments are built into project design under the livelihood component to ensure a voluntary gradual change in communities' behaviour in managing shared natural resources, thus breaking the vicious cycle of poverty and natural resource degradation.
26. The sustainability of project benefits depends to a large extent on the institutional capacity and skills built through the project interventions, as well as through project implementation itself. A considerable capacity has already been built within the Micro-catchment Planning Teams at local level and within the General Directorate of Forestry. The latter experienced substantial institutional strengthening with implementation of this project, including in terms of how to work efficiently in close coordination between Ankara and the field and to engage meaningfully with forest villages. The involvement of specialized state agencies such as the General Directorate of Hydraulic Works assures the sustainability of the infrastructure provided. The latest supervision mission placed strong emphasis on this aspect in the exit strategy, with strategic recommendations to ensure sustainability. It should be noted that the recent merger of the General Directorate of Forestry, the General Directorate of Hydraulic Works and the Directorate of Food, Agriculture and Livestock provides opportunities for using the project as a pioneer/pilot for realizing the synergistic potential of the three institutions working together. In this context, the proposed additional financing would be an important opportunity for increasing both sustainability and the overall focus on inclusive and productive management of natural resources.
27. The sustainability of project benefits also depends on further consolidation of beneficiaries' capacities to operate and manage livelihood investments as a business, including capacities to implement sustainable rangeland management, good agronomic practices, the quality of produce and market strategies to obtain better value and profits. The additional financing would contribute to this consolidation.

III. Risks of implementing the additional financed activities

A. Project risks and mitigation: Original and additional

28. The main potential risks associated with the proposed additional financing are the same as those for the original project. These include: macroeconomic stagnation and decline after several years of strong growth; extreme events and natural disasters; scaling back of the ambitious national land rehabilitation programme; and a government retreat from its pro-poor policies focused on reducing regional income disparities. The prospects for continued economic growth remain, although recent developments in the financial situation are critical. It is expected that the existing progressive forestry and natural resource management policies will continue to be improved and enforced. Turkey is committed to tackling the degraded state of the forest lands in MCs in the eastern mountains and the attendant pockets of relatively extreme poverty. The conservation of these MCs also has high government priority, because they are tributaries to the Murat River, an important source of hydroelectric power. The socio-political advances and reforms of the past several years appear solid. Natural disasters, notably earthquakes, are notorious in eastern Turkey and have detrimental impacts on people and infrastructure, but Turkey has experienced preparedness capacity and is capable of minimizing their impact.

B. Environmental and social category: Original and additional

29. The project was initially classified as category B. Successive supervision missions have acknowledged that the activities undertaken led to the improvement of the local population's living conditions, the adoption of environmentally friendly farming practices, the reduction of soil erosion and the development and sustainable management of natural resources. The positive impact of the project on the environment will be strengthened by the new additional activities, which apply the same methodology and approach. Thus, the project remains within environment and social category B.

C. Climate risk classification: Original and additional

30. The project's climate risk classification is moderate. The project is designed to help reduce the vulnerability of the rural poor to climate risks, through natural resource management, the reduction of flood risks, improved access to water in the dry season and promotion of energy-saving technologies. These activities contribute to implementation of the National Climate Change Policy, which includes inter alia – in addition to the Intended Nationally Determined Contributions – the 10th National Development Plan and the National Climate Change Adaptation Strategy. It should be noted that the micro-catchment planning process successfully developed by the project is a direct contribution to enhancement of planning practices, as called for by the National Climate Change Adaptation Strategy.

IV. Implementation

A. Compliance with IFAD policies

31. The original project is aligned with all relevant IFAD strategies and policies in force at the time of design, including: the IFAD Strategic Framework 2011-2015; the IFAD targeting policy: Reaching the rural poor; the Gender Plan of Action 2003-2006: Mainstreaming a gender perspective in IFAD's operations; IFAD's Engagement with Middle-Income Countries; the IFAD Climate Change Strategy; the IFAD Environment and Natural Resource Management Policy; and the IFAD Policy on Supervision and Implementation Support. The design of activities under the proposed additional financing is further aligned with the IFAD Strategic Framework 2016-2025 and IFAD's Social, Environmental and Climate Assessment Procedures.

B. Organizational framework

Financial management, procurement and governance: Original and additional

32. In the ongoing project, the General Directorate of Forestry within the Ministry of Agriculture and Forestry is responsible for implementation at the central level in Ankara, at the regional level in Elazığ and at the provincial level. Operational units to support field implementation have been established within the OGM in Ankara and in Elazığ. Planning and facilitation teams are contracted from the private sector. A steering committee at the central level is responsible for overall policy guidance and oversight, including approval of the annual workplan and budget.
33. The quality of the financial management has been rated as moderately satisfactory by the last two supervision missions. The latest supervision mission, which took place in September 2018, confirmed that internal control systems remain effective. The mission found the disbursement rate to be satisfactory. Some areas for improvement were indicated for the strengthening of financial management arrangements.
34. The risks identified during the supervision mission will be mitigated through: updating the project implementation manual; upgrading the existing accounting software system (in combination with regular maintenance); carrying out effective budgetary control; and preparing financial reports/statements in accordance with acceptable accounting standards such as the International Public Sector Accounting Standards Board (IPSASB) cash basis.
35. The designated account currently used for IFAD loan financing will be maintained and will be used to receive funds under this additional financing. In order to track the income and expenditures/transactions, and to enable accurate reconciliation of the designated and project accounts, ledgers will be set up and maintained separately for receipts and expenditures for each financing source.
36. The national procurement procedures as established in the Public Procurement Law are followed to the extent that they are consistent with the IFAD Procurement Guidelines. IFAD guidelines are followed for the procurement of technical assistance and specialists. For each contract to be financed by IFAD funds, there is agreement between the borrower and IFAD in the annual procurement plan as to the types of procurement methods, the need for pre- or post-qualification, the estimated cost, the prior review requirements and the time frame. In terms of governance, all of the project's financial and material transactions are subject to Turkey's robust prevailing governance framework and comply with IFAD's exacting requirements for transparency and integrity. The good governance measures built into the project include: (i) undertaking all necessary measures to create and sustain a corruption-free environment for activities under the project; (ii) instituting, maintaining and ensuring compliance with internal procedures and controls for activities under the project, following international best practice standards; and (iii) compliance with the IFAD policy on preventing fraud and corruption in its activities and operations. This organizational framework has been reliable and efficient, and no modifications are foreseen under the proposed additional financing.

C. Monitoring and evaluation, knowledge management and learning

37. The monitoring and evaluation (M&E) system comprises both performance and impact monitoring. All M&E data are disaggregated by gender, age and province. The logical framework indicators, combined with a selection of indicators from the MCPs, form the basis of the monitoring system. OGM staff carry out evaluation of the impact of different techniques and approaches. This enables the collection and sharing of knowledge within OGM and on a broader national and international level. The main learning for the Ministry of Agriculture and Forestry comes from setting

up a system for working with upland communities to co-manage the resources. The processes of micro-catchment planning and management are documented for replication in other areas. Annual planning workshops provide a forum for documenting lessons learned and identifying promising areas for knowledge generation.

D. Proposed modifications to the project financing agreement

38. The proposed additional financing would require amendments to the project financing agreement in order to: (i) include the additional loan financing in the amount of the equivalent of US\$8.2 million; (ii) extend the project completion and closing dates by two years; and (iii) reflect the additional financing in the financing allocation table.

V. Legal instruments and authority

39. An amended project financing agreement between the Republic of Turkey and IFAD will constitute the legal instrument for extending the proposed additional financing to the borrower.
40. The Republic of Turkey is empowered under its laws to receive financing from IFAD.
41. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

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

RESOLVED: that the Fund shall provide an additional loan on ordinary terms to the Republic of Turkey in an amount of eight million, two hundred thousand United States dollars (US\$8,200,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo
President

Project cost tables

Project costs by expenditure category and financier (Thousands of US\$)

Republic of Turkey
Murat River Watershed Rehabilitation Project
Disbursement Accounts by Financiers

(US\$ '000)	IFAD		IFAD		Gov:		GOVT:		Benefici		IFAD		Gov_B		GOVT:		Benefici		Total	
	Loan 1		Grant		Budget_1		Taxes_1		aries_1		Loan 2		udget_2		Taxes_2		aries_2			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Civil works																				
1. Civil Works to improve degraded land	11,056	36.9	-	-	8,015	26.7	3,710	12.4	125	0.4	3,512	11.7	2,459	8.2	1,074	3.6	39	0.1	29,990	48.8
Subtotal Civil works	11,056	36.9	-	-	8,015	26.7	3,710	12.4	125	0.4	3,512	11.7	2,459	8.2	1,074	3.6	39	0.1	29,990	48.8
B. Vehicle, Equipment and Goods																				
1. Most vehicles, equipment and goods	10,980	48.3	-	-	1,705	7.5	2,596	11.4	2,539	11.2	3,361	14.8	-	-	593	2.6	953	4.2	22,727	37.0
2. Energy saving equipment and materials	205	82.0	-	-	-	-	45	18.0	-	-	-	-	-	-	-	-	-	-	250	0.4
Subtotal Vehicle, Equipment and Goods	11,185	48.7	-	-	1,705	7.4	2,641	11.5	2,539	11.0	3,361	14.6	-	-	593	2.6	953	4.1	22,977	37.4
C. Technical Assistance, Training, Studies and Workshops	4,630	74.7	430	6.9	126	2.0	338	5.4	-	-	572	9.2	-	-	102	1.7	-	-	6,197	10.1
D. Recurrent Costs																				
1. Salaries	399	29.0	-	-	126	9.2	0	-	-	-	713	51.8	12	0.9	126	9.1	-	-	1,376	2.2
2. Other operating costs	391	40.5	-	-	515	53.4	8	0.8	-	-	43	4.4	-	-	8	0.8	-	-	965	1.6
Subtotal Recurrent Costs	790	33.7	-	-	641	27.4	8	0.3	-	-	756	32.3	12	0.5	133	5.7	-	-	2,341	3.8
Total PROJECT COSTS	27,661	45.0	430	0.7	10,488	17.1	6,697	10.9	2,664	4.3	8,200	13.3	2,471	4.0	1,903	3.1	992	1.6	61,505	100.0

Project costs by expenditure category and component (Thousands of US\$)

	Natural Resource and Environmental Management	Investments in Natural Resources and Environmental Assets	Investments in Improved Livelihood	Operations Unit	Total
I. Investment Costs					
A. Civil Works					
Civil Works	-	-	22,087.9	7,902.2	29,990.1
B. Vehicle Rental	582.5	-	-	45.0	627.5
C. Equipment and Goods	133.7	250.0	21,925.3	40.5	22,349.5
D. Technical Assistance					
1. Technical assistance	-	2,306.5	-	439.6	2,746.1
2. Contracted staff	-	-	-	2,016.0	2,016.0
3. Studies	-	157.5	-	-	157.5
Subtotal Technical Assistance	-	2,464.0	-	2,455.6	4,919.6
E. Training and Workshops	-	350.0	-	372.5	722.5
Total Investment Costs	716.2	3,010.5	22,087.9	8,755.3	34,570.9
II. Recurrent Costs					
A. Salaries and Allowances	-	-	-	100.0	1,556.3
B. Other Operating Costs	-	-	515.5	114.5	684.6
Total Recurrent Costs	-	-	515.5	214.5	2,340.9
Total PROJECT COSTS	716.2	3,010.5	22,853.4	9,000.0	61,505.2

Logical framework

Results	Indicators					Progress 30/07/18	Revised target (with add. financing)	Means of Verification			Assumptions	Additional Target
	Name	C.I	Baseline	MTR	End Target			Source	Frequency	Responsibility		
Outreach	Number of persons receiving services promoted or supported by the project (80,000 women, 65,600 men)	1	0	-	145,600	81,004	160,600	Project M&E system	Quarterly	OGM with CEM		15,000
Goal: Rural poverty is reduced in the targeted provinces of the Murat river watershed (Muş, Elazığ, and Bingöl).	Percentage reduction in rural poverty in the targeted provinces of the Murat river watershed.	-	0	-	10%	Not available	10%	National Statistics; UNDP MDG/SDG Report; etc.	Baseline and completion	OGM with CEM	Government maintains and pursues pro-poor policies	Same
Development Objective Improved livelihoods and natural resources management in the upper catchment areas of the Murat watershed.	Percentage of HHs with improvement in Assets ownership index	-	0	-	30%	Not available	30%	Baseline and impact surveys	Baseline and completion	OGM with CEM		Same
	Percentage increase in the average annual income of targeted Households (head of HH disaggregated by gender)	-	0	-	40%		40%	Component reports	Baseline and completion	OGM with CEM		Same
Outcome 1. Environmental conscious community capable of planning and managing the use of natural resources	Percentage of households heads living in targeted micro catchment areas have participated in the negotiations of the development of project supported Micro Catchment Management Plans (MCPs)	-	0	-	30%	90%	90%	Project Progress Reports MTR	Annually	OGM with CEM	Existing village and OIM structures for decision-making allow establishing effective modalities for NRM co-management. Village communities and government staff interested in	%90

Results	Indicators					Progress 30/07/18	Revised target (with add. financing)	Means of Verification			Assumptions	Additional Target
	Name	C.I	Baseline	MTR	End Target			Source	Frequency	Respons- ibility		
											participating in NRM training and awareness activities <ul style="list-style-type: none"> Sufficient land available and farmers interested in applying new technologies 	
Outcome 2. Reduced erosion, improved vegetation and steady flow of water	Percentage increase in vegetative cover in targeted micro-catchment areas, in terms of Ha of vegetative cover	-	0	-	30%	10%	%30	Satellite images provided by ITU and analyzed by service providers contracted by the project	Annually	OGM	<ul style="list-style-type: none"> Physical conditions (soil, rainfall) and management practices (fire wood collection, livestock rearing) adequate for soil and vegetation rehabilitation. 	same
	Percentage reduction of soil erosion in targeted areas, calculated in tons/hectare/year,	-	0	-	20%	10 ton/hectare/year	20%	DSI and Project Sediment Measurement Stations in Project Provinces	Annually	CEM to collect the data from the contracted service providers		same
Outcome 3. Improved living conditions through supporting small-scale crop and livestock production on private land ¹	Percentage of persons/households reporting an increase in production	1.2.4	0	-	40%	25%	25% ²	Annual outcome survey	Annually	OGM with ORKOY	<ul style="list-style-type: none"> Villagers demonstrate an interest and are willing to invest in new management practices 	25%
	Percentage of persons/households reporting reduced water shortage vis-à-vis production needs	1.2.2	0	-	30%	16%	16% ³	Annual outcome survey	Annually	OGM with ORKOY		16%

² % of improvements would remain the same, while the number of beneficiaries will increase, therefore, the cumulative % would become lower

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