

**Government of TURKEY**

**United Nations Development Programme**

**Executing Agency:  
General Directorate of Agricultural Production and Development  
Ministry of Agriculture and Rural Affairs**

**Ministry of Agriculture and Rural Affairs  
Sivas-Erzincan Development Project (SEDP)**

**Brief Description:**

The project is designed in line with the Loan Amendment(s) of the IFAD funded Loan Agreement entitled "*Sivas Erzincan Development Project*" signed on May 6, 2004, and the *OFID* funded loan agreement entitled "*Sivas-Erzincan Development Project*" signed on May 12, 2004 between the Government of Turkey and the International Fund for Agricultural Development (IFAD); and in line with the Concept/implementation Document prepared by IFAD with close collaboration of Ministry of Agriculture and Rural Affairs, the Treasury, and the UNDP Turkey. The role of UNDP, as a service provider, is incorporated in detail in the relevant sections of the Concept/Implementation Document and the amended Loan Agreement(s) with the Government of Turkey. Such an arrangement will serve as the overall guidance and legal framework for the involvement of UNDP in the "*Sivas-Erzincan Development Project*".

UNDP's primary services to speed up the implementation are in the areas of (i) contract administration of the project staff and the consultants that recruited by the Lead Project Agency; (ii) securing flow of funds and financial management; (iii) Assisting and ensuring procurement of goods, services, and works at the field level according to the guidelines; and (iv) providing technical assistance to commission studies and surveys if needed.

As an international development organization UNDP's support will be provided based on the underlying principles and objectives of building institutional capacity and supporting national ownership with a view towards ensuring sustainable improvements in the livelihoods of rural communities. This Agreement will no longer be valid at the time at which the Ministry of Agriculture and Rural Affairs decides that the main objective for which the Agreement is entered into, namely, institutional capacity-building of the Ministry of Agriculture and Rural Affairs, has been achieved to the satisfaction of the Ministry. At such point in time, which may be prior to the expected end of the Project period, MARA will communicate this decision to UNDP and the Agreement will be terminated.

## PART I: SITUATION ANALYSIS AND NATIONAL FRAMEWORK

### I.A.1. Problem to be addressed

1. Turkey is categorized as a middle-income country. Its development status is middle ranking, with the UNDP Human Development Report 2006 placing Turkey at 92 among 177 reported countries. Based on 2002 data, 27% of the Turkish population was assessed<sup>1</sup> as living below the national poverty line (at Purchasing Power Parity exchange rates) with 9.2% having incomes of below USD 2.15 per day and 38.9% incomes below USD 4.30 per day<sup>2</sup>. Urban/rural differentials are less than might be expected, mainly due to the high levels of migration among poor rural households that have swollen the numbers of urban poor. The overall poverty rate in urban households is 22% compared with 35% in rural households, but income and consumption inequalities are only slightly higher in urban areas, with comparative Gini coefficients for income at 0.44 (urban) and 0.42 (rural). Poverty rates are higher among self-employed and unpaid family workers, particularly among those dependent upon small-scale family farms or livestock holdings.
2. While generalizations concerning rural poverty should be treated with caution, certain common characteristics include: large family size; small landholdings; overgrazing in rangelands and soil erosion in deforested areas; and limited infrastructure in remote locations. According to the 2001 Agricultural Census, around 90% of farms were owner-occupied and the remaining 10% held by tenants and sharecroppers. Two-thirds of all holdings were of less than 5 ha and it is generally accepted that there has been no subsequent significant shift in farm size, largely due to the complexities of the land tenure system and the principle of the division of inheritance.
3. The average per capita GDP of the eight poorest provinces, all located in the east or south-east of the country, is less than 30% of the national average. The classification system used by Turkey's State Planning Organisation (SPO) places Sivas and Erzincan at 53rd, and 58th respectively out of Turkey's 81 provinces. This means that Sivas and Erzincan are at the bottom of Category 4 (Underdeveloped) in the SPO system. Provinces in Categories 4 and 5 are designated by the SPO as priority areas for development assistance given their high degree of economic and social disadvantage. The United Nations Development Programme's 'Human Development Report' for 2004 gives a Human Development Index (HDI) Ranking for Sivas 46th; and for Erzincan 67th out of Turkey's 81 provinces.
4. All the socio-economic factors that are positively correlated with poverty in Turkey as a whole are highest in the eastern and southeastern regions. For example, in the southeast, family size is nearly twice the national average; the adult literacy rate is 62% compared to a national average of 83%; and the percentage of underweight children under five is 17% compared to a national average of 10%. Furthermore, in that same region, there are 60% less doctors per 10 000 inhabitants, the rural per capita level of agricultural production is 22% lower and the proportion of women in employment is only 42% of the national average.
5. Over the last 20-25 years, a pattern of substantial permanent or seasonal out-migration from Southeastern Anatolia has emerged, as people have sought to mitigate their poverty by finding employment in the economic growth centers of central and western Turkey's cities or, indeed, outside the country.
6. The new design of the Sivas Erzincan Development Project (SEDP) is innovative. It is also pursuant to reforms introduced by Government to help the country's administration to move from traditional practices towards simpler and more effective management of local development. In this context, the Ministry of Agriculture and Rural Affairs (MARA) will need to strengthen its loan management capacity through managerial support in the areas of procurement of project inputs, including goods, services, human resources and technical assistance. The aim of this service contract is to address these issues with the overall objective of achieving more timely and effective project implementation and strengthening institutional capacity. These objectives are fully in line with

<sup>1</sup> Turkey: *Joint Poverty Assessment Report*. The World Bank and State Institute of Statistics (DIE), August 8, 2005; Turkey 2004.

<sup>2</sup> The USD 2.15 and USD 4.30 poverty levels for middle income countries are considered as comparable with the USD 1 and USD 2 levels used for cross country comparisons between low-income countries.

IFAD's policy to minimize administration costs and increase the part of the expenditure that directly benefits the target group over the longer term.

## **I.A.2. Relevance to UNDP/Turkey's Country Program**

### *- Country Programme Strategies*

This project is directly in line with the objectives and programmatic priorities of UNDP's ongoing and future support to Turkey's development agenda. Within the context of its current Country Programme Action Plan (CPAP) with the Government of Turkey for 2006-2010, and the accompanying Country Programme Document (CPD), UNDP supports national authorities and civil society actors in the implementation of the Government's Five Year Development Plan, with particular priority on UNDP's support to projects that accelerate rural development, and help to reduce poverty. In this respect, the CPAP for Turkey for the period 2006 to 2010 aims at supporting national institutions in developing and implementing policies and sectoral strategies to increase the people's access to opportunities for social, economic and environmental development. Specifically, one of UNDP Turkey's priorities is to reduce social and economic disparities by increasing employment and business opportunities for the poor and socially disadvantaged people through rural development.

With regard to this specific project, there are two key indications of UNDP's priorities as highlighted in the CPAP that point to the relevance of the Sivas Erzincan Development Project (SEDP) to UNDP's priorities in Turkey. These are:

1. Providing support to key international financial institutions involved in Turkey, including IFAD, that are providing loans in Turkey in sectors such as rural development, and all other subjects "by providing implementation support to line Ministries to render the delivery of these loans more effective".
2. Supporting the Government's Rural Development Strategy, in particular, project aimed at promoting agro-based enterprises and increasing rural productivity.

As such, the aims of the Project are directly relevant to UNDP's CPAP and CPD and priorities in Turkey for 2006-2010. Additionally, throughout its Country Programme, UNDP gives priority to UNDP's five global main "drivers of development". These are: 1) building national capacities; 2) promoting national ownership; 3) nurturing an enabling policy environment; 4) promoting gender equality; and 5) forging strategic partnerships. UNDP will seek to bolster the effective application of these development drivers through dedicated programmatic interventions.

### *- Capacity Development*

Through this project UNDP Turkey will ensure that results-oriented capacity-building mechanisms are supported at the institutional as well as local and individual levels towards the achievement of project objectives. Enhancing the technical capacity of relevant institutions, including MARA, and endowing these institutions with sustainable human development principles and methodologies is critical to ensuring the long-term sustainability and national ownership of the project. As a service provider to SEDP, UNDP aims to strengthen national and local institutions by reducing capacity-gaps; support the Government's National Rural Development Strategy by strengthening MARA's national execution of this project, as well as provide international and national expertise; and organize national/international workshops, trainings and other related activities for optimal and sustainable capacity building.

### *- Gender*

According to UNDP's National Human Development Reports for Turkey, most recently in 2004, significant gender disparities exist, especially in the less developed parts of the country (notably the Southeast and Eastern Anatolia). UNDP will therefore work to ensure that through project implementation, there is an improved and strengthened effort to reduce gender disparities in the target

communities. UNDP will seek to achieve this by incorporating gender sensitivity issues in the support it provides to MARA, including recruitment and training.

### **I.A.3. Beneficiaries/Target Group**

The project's primary target groups include poorer rural men, women and youth of the provinces of Sivas and Erzincan. In order to enhance their employment opportunities – and hence incomes, the SEDP's secondary target groups will include new or established rural businesses. Businesses to be supported will be identified as sustainably profitable on the basis of supply chain analyses of those project area commodities/sub-sectors with a comparative economic advantage.

## **I. B. STRATEGY**

### **I.B.1. National Strategy**

1. Government's overall approach to solving Turkey's main economic and social problems is set out in its Long Term Strategy 2001-2023<sup>3</sup>. Government is pursuing high, sustained growth, human resource development and employment in high technology industry, infrastructure advances and regional development, coupled with transfer payments to poorer segments of society. Implementation of the Long Term Strategy aims to increase the effectiveness of Turkey as a regional power in the 2010s and as an effective state at global level in the 2020s. This is to be achieved through transforming into an information society and achieving economic as well as social restructuring in the process of full membership of the EU. Within this framework, the Medium-Term Programme 2007-2009, adopted by the Council of Ministers on 30 May 2006, is a three-year rolling programme linking longer-term objectives and priorities directly to the annual budgets of ministries and Government agencies. The primary objective of the Medium-Term Programme is "...to improve the life quality of the Turkish people, caring for all segments of the society in an environment where Turkey's socio-economic development is accelerated on the road to the EU membership."
2. The National Rural Development Strategy (NRDS) was adopted by the High Planning Council on 25 January 2006 and promulgated in the Official Journal of 4 February 2006, No. 26070. It "...covers the policies designed to diminish pressures of migration and unemployment problems (that have) emerged in urban areas due to the labor force leaving the agriculture sector during the process of sector restructuring." The document constitutes the basis for a National Rural Development Plan (NRDP) to be prepared in the coming months as one of the pre-requisites for receiving EU-Instrument for Pre-Accession (IPA) funding. The NRDS and subsequent Plan will guide the allocation of both national resources and rural development funds provided within the scope of IPA as well as the funds of other international financial and assistance institutions related to rural development.
3. Government's main purpose in rural development is to "...improve and ensure sustainability of living and job conditions of rural communities in their territories, in harmony with urban areas, based on utilization of local resources and potential and the protection of the environmental and cultural assets."<sup>4</sup> The NRDS seeks to "...increase social welfare in rural areas where human resources and quality of life are constantly developing, with a competitive production structure that creates employment opportunities ... and to eliminate disparities of socio-economic development both between regions and between urban and rural areas." It recognizes the respective importance and roles of public institutions (technical ministries and general directorates), public administrative structures (including provincial and district governorships and elected local government authorities), the private sector and civil society organizations.
4. Improvement in the performance of the agriculture sector is acknowledged as a necessary although insufficient basis for poverty reduction and socio-economic advancement in rural areas. In complementing the Agricultural Strategy, implementation of NRDS and is geared towards achieving four strategic objectives:

<sup>3</sup> *Long Term Strategy and Ninth Five-Year Development Plan (2007-2013)*. State Planning Organisation, Ankara 2006.

<sup>4</sup> *Op.cit.*

- (i) Economic Development and Increasing Job Opportunities – through competitive agriculture and food sectors and diversification of the rural economy;
  - (ii) Strengthening Human Resources, Organizational Level and Local Development Capacity – including combating poverty and improving the employability of disadvantaged groups;
  - (iii) Improving Rural Physical Infrastructure Services and Life Quality; and
  - (iv) Protection and Improvement of the Rural Environment – through adoption of environmentally friendly agricultural practices, protection and sustainable use of forest resources and the management and improvement of protected areas.
5. The objectives of the Agricultural Strategy 2006-2010<sup>5</sup> are to: (i) sustain agricultural growth; (ii) improve food security and safety; (iii) strengthen the competitiveness of farms, (iv) improve markets and strengthen farm to market linkages; (v) raise rural incomes and living conditions; and (vi) strengthen farmer organizations. The Strategy recognizes the need for agriculture to be competitive within the EU framework, but at the same time remain an important contributor to rural income and employment. The Strategy sets the framework for direct support to agriculture through a range of measures, including: (i) compensatory payments to encourage a shift towards more profitable crops; (ii) insurance payments to guard against price and production fluctuation; (iii) investment in specific development programmes, with particular emphasis on countering soil erosion; and (iv) relevant research grants and loan supports. These measures are targeted to cost in the order of but not less than 1% of GNP – equivalent to some USD 3.0 billion. While this is substantially less than the historical level of subsidies, it is more than in the last two years. While expenditure on direct income support (DIS) would be reduced by 30%, production linked premiums are to be increased and deficiency payments used to stimulate production of crops in which Turkey is not self-sufficient. One likely effect of these adjustments, directed to greater economic efficiency and hence competitiveness in the sector, is that smaller producers will gradually need to adapt to less protection by the State from price instability or insufficient demand for their produce.<sup>6</sup>

## **I.B.2 UNDP's Partnership Strategy**

UNDP is a partner in the area of rural development in Turkey, strengthened through ongoing project partnerships with MARA. UNDP's comparative advantage is anchored in IFI funded project management level experience. Coupled with this, UNDP is a critical in-country partner for the International Fund for Agricultural Development (IFAD) and plays an important role in the areas of technical assistance, fast-track and timely implementation.

As a professional service provider, UNDP will charge ISS and GMS fees to SEDP as detailed in Section V-Budget of this document.

As defined in the revised Loan Agreement and elaborated in the Concept/Implementation Document, UNDP Turkey will work to strengthen MARA's long-term institutional capacity for project management at central and provincial levels; facilitate the realization of established project activities; support effective and timely delivery

In this partnership framework UNDP's role and scope of responsibility within the project are in the following areas:

<sup>5</sup> *Agricultural Strategy 2006-2010*. Decision of the High Planning Council. No.2004/92. 30 November 2004.

<sup>6</sup> See Working Paper 1 for details of current agricultural support measures.

## ***Institutional Capacity Building and National Ownership***

The added value of UNDP Turkey's partnership is to strengthen MARA and the Project Management Units (PMUs) in the project provinces through a project framework ultimately geared towards ensuring national ownership; commitment and sustainability of institutional and field-level capacity; and achieving sustainable results in MARA. Under UNDP national execution arrangements, the Government, through the autonomous PMUs, is responsible for the realization of the objectives of this project, and for its sustainability. UNDP's and IFAD's partnership aims to strengthen MARA's effective and successful achievement of project objectives through effective operation of the PMUs.

Specifically, UNDP's partnership will work in areas that are essential to implementing the project in a timely manner; and to support overall effective project execution in the areas of: financial management; HR administration; technical assistance; studies and surveys. Through study tours, national and international conferences, seminars, training activities, and injecting a "learning by doing" approach, UNDP as a development organization will support operationalization of project objectives from the project budget and from its own resources. Capacity-building is critical to enable MARA to address the difficulties stemming from the lengthy and complex bureaucratic procedures which slow-down the smooth implementation of project activities.

## ***Recruitment of Project Management Unit's Staff and National/International Consultants***

UNDP Turkey will support the establishment of a Project Management Unit (PMU) with an overall objective of timely and cost-effective implementation of the project, with a view towards a successful impact on the target group. The PMU will be geared to facilitate efficient, effective, and transparent project management and coordination through monitoring and evaluation, recruitment, and coordination with relevant partners. Meanwhile, the recruitment process of all national/international project staff, international, short-term and long-term experts will be implemented by MARA as the national owner and the Lead Project Agency; and contracted through UNDP/Turkey.

## ***Financial Management***

### ***Flow of Funds***

UNDP Turkey will facilitate flow of funds arrangements. The Treasury would transfer funds from the Project Special Account in the Central Bank to a designated Project Account, where MARA replenishes the amount and transfers this to UNDP Turkey's account for the part that would be used through UNDP account. Payments from the Project Account would be made by UNDP for items programmed at the respective provincial levels that have been endorsed by the designated Project Coordinator as consistent with the approved Annual Work Plan and Budget (AWPB). To facilitate the procurement of smaller items, UNDP Ankara will provide PMUs with advances on quarterly basis. Disbursements will be approved by the Project Coordinator and the National Executing Agency (NEX Agency) MARA.

The services UNDP provides under this service line are bank transactions and operations, payments, documentations, filing and other similar functions.

### ***Reporting***

UNDP/Turkey will be responsible for the maintenance of financial records and the preparation of financial reports in accordance with statutory requirements in Turkey and the terms and conditions of the IFAD Loan Agreement. UNDP/Turkey is responsible to provide all required reports and data when requested by the Lead Project Agency and the Project Coordinator.

## ***Procurement According to Guidelines***

For procurement of goods, works and services, UNDP/Turkey will assist and in some cases lead in the implementation of IFAD and UNDP Procurement Guidelines encompassing competitiveness, best value for money, transparency, fairness, integrity and efficiency. The responsibility for the procurement of goods, works and services for SEDP jointly rests with the UNDP and the PMU. UNDP shall support project staff in implementing the procurement plan and processes during the submission of a no-objection contract awards to IFAD as required. Procurement process will be implemented at the field level as much as possible. For large scale procurement activities that should be implemented at the central level, UNDP Ankara will take the leadership in close collaboration with MARA HQ staff.

The methods, which are permitted for the procurement of goods, services and works for SEDP are the following:

- (i) Local Competitive Bidding,
- (ii) Direct Contracting,
- (iii) International Competitive Bidding,
- (iv) Local Shopping

### ***Procurement of Goods, Services and Works***

*Local Shopping (LS):* Procurement of goods, services and works worth less than USD 2.500, will be made on the basis of "Local Shopping", through comparison of informal price quotes obtained from potential Suppliers.

*Local Competitive Bidding:* Procurement of goods, services and works worth between USD 2.500 and USD 100.000 will be made on the basis of "Local Competition" through sending of solicitation documents to short listed prospective suppliers in Turkey.

*International Competitive Bidding (ICB):* Procurement of goods, services and works worth USD 100.000 or more will be made on the basis of 'Open International Competition' through invitation (by means of an advertisement in UN Global Marketplace, (UNGM), and UNDP web sites) of interested Offerors to request the solicitation documents from UNDP.

*Direct Contracting (DC):* Procurement of goods and services, which are contained in the 'Long Term Agreements' executed either by UNDP Turkey CO, UNDP HQ or IAPSO (Inter-Agency Procurement Services Office) might be made on the basis of 'Direct Contracting' - subject to prior review by the Fund, if needed - without a competitive process since these Long Term Agreements are signed through formal competitive bidding processes.

### ***Procurement of Consulting Services***

Selection of individual consultants who will work for the project will be realized in line with IFAD and UNDP rules and regulations. The selections will be made through a competitive process, which may be waived if the aggregate contract amount is less than 2,500 USD. For those individual consultants, selection of whom went through IFAD reviews and 'No-objection' of IFAD already exists, no additional reviews by the UNDP CO and/or UNDP HQ are needed if an agreement is signed between UNDP Turkey CO and IFAD.

The methods which are permitted for the procurement of consulting services are the following:

- (i) Quality and Cost-Based Selection
- (ii) Quality-Based Selection
- (iii) Selection under a Fixed Budget
- (iv) Single Source Selection

#### ***Prior Review by IFAD***

The award of any contract for goods estimated to cost USD 100 000 equivalent or more shall be subject to prior review by the Fund. The aforementioned threshold may be modified from time to time notified by IFAD to the Borrower.

The award of any contract for works estimated to cost USD 50 000 equivalent or more shall be subject to prior review by the Fund. The aforementioned threshold may be modified from time to time notified by IFAD to the Borrower.

The award of any contract for consulting services referred to in paragraph 7 of the Loan Agreement estimated to cost the equivalent of USD 20 000 for individuals and USD 40 000 for firms or more, shall be subject to prior review by the Fund. The aforementioned threshold may be modified from time to time as notified by IFAD to the Borrower.

#### ***Review by UNDP Committees***

- 1) Procurement of goods, services and works at 30,000 USD or higher will be subject to review of Contracts, Assets and Procurement Committee (CAP) of UNDP. Procurement of goods, services and works at 100,000 USD or higher will be subject to review of both Contracts, Assets and Procurement Committee of UNDP and Advisory Committee on Procurement of UNDP at New York Head Quarter.
- 2) Procurement of goods, services, works individual consultants/companies above 2,500 USD, for which the competitive process is waived will be subject to review of Contracts, Assets and Procurement Committee of UNDP at New York Head Quarter. Procurement of goods, services and works above 30,000 USD, for which the competitive process is waived, will be subject to review of both Contracts Assets and Procurement Committee of UNDP and Advisory Committee on Procurement of UNDP.
- 3) Selection of individual Consultants at 100,000 USD or higher will be subject to review of both Contracts, Assets and Procurement Committee of UNDP and Advisory Committee on Procurement of UNDP at New York Head Quarter. For those individual consultants, selection of whom went through IFAD reviews and 'No-objection' of IFAD already exists, no additional reviews by the UNDP Committees are needed, as per the Agreement to be signed between UNDP Turkey CO and IFAD.



## II. PROJECT COMPONENTS

### Component A: Village Improvement Programme

The component is directed to mitigating poverty at the village level and comprises two sub-components: (i) awareness raising; and (ii) investments in small-scale social infrastructure.

1. **Sub-component A1: Awareness Raising and Facilitation.** Sub-Component A1 makes extensive provision for raising public awareness of project opportunities as well as other public sector support measures (including MARA's support payments for farmers) for which the target groups may also be eligible. First, as part of this initiative, a Sensitisation Workshop for PMU staff will be held. The Workshop will: familiarise personnel with the revised project, including its gender dimensions; raise awareness of the 'integrated' approach of the project to rural poverty reduction and socio-economic development; ventilate and prioritise operational issues relating to targeting of project support and the integration of its various activities both within the project and between the project and other Government and non-Government initiatives relevant to rural poverty reduction and development; and, to the extent possible, generate a common understanding within the project on the various targeting and integration issues arising.
2. Thereafter, the PMU will commission a Targeting and Integration Study, of which the core outputs will be: (a) an assessment of the operational effectiveness and efficiency of poverty-related eligibility criteria used by other projects and programmes, in terms of their relevance, ease or difficulty of application, and cost; (b) recommendations on the eligibility criteria to be used by SEDP to target project support under its various components and sub-components; (c) an assessment of the opportunities and constraints for complementarity, coordination, networking and partnership between the project and other Government and non-Government initiatives of relevance to rural poverty reduction and development in the Project area, together with recommendations for follow-up action.<sup>7</sup>
3. Finally, in view of the importance of interrelationships with other initiatives, a Stakeholder Workshop on 'Rural Poverty Reduction' will be held with the objective of communicating the project's proposed approach and activities to representatives of such other relevant initiatives. The workshop will solicit views with respect to the targeting and integration issues identified and prioritised at the first 'internal' workshop and the findings of the Targeting and Integration Study. Provision has been made for both international and national technical assistance to support these activities.
4. **Sub-Component A2: Village Improvement Infrastructure.** Sub-Component A2 provides for investment in social infrastructure in eligible villages in accordance with priorities to be identified through a series of discussions and engineering assessments in such villages. Eligible infrastructure may include sanitation and drinking water supply systems, village road improvement and other social infrastructure supportive of wider public interests and improvement in the quality of village life. The rationale for investment will include equitability, number of benefiting households, access to public facilities and impact on downstream users in the case of water supply and sewers. A minimum beneficiary contribution to the cost of investment of 10% in cash and/or labour will be required.
5. Requests for SEDP support to improve public infrastructure in participating villages will be determined through a series of village discussions between RDCs and the existing Muhtar-Village Council, supplemented by village-wide meetings to ensure information dissemination and popular feedback. Investments are expected to focus on social infrastructure capable of benefiting a large proportion of villagers. Care will be taken to complement and avoid overlap with infrastructure activities supported by other development programmes, as well as to ensure that implementation arrangements remain congruent with those of other village-directed initiatives.

<sup>7</sup> The Appraisal Report of the recently launched Diyarbakir, Batman and Siirt Development Project (DBSDP) includes an indicative outline for such a study that may be used as a guideline for the SEDP study.

6. The procurement of larger contracts for civil works will continue to be supported by UNDP/CO with the close involvement of the Civil Engineer contracted for the project and will be in accordance with UNDP Procurement Guidelines for Works.

### **Component B: Farming Support and Agricultural Marketing**

The Farming Support and Agricultural Marketing Component is geared primarily to stimulating growth and diversification in the wider agricultural and rural economy on the basis of sound investment analysis and in a manner consistent with contemporary strategies of Government. SEDP investment measures in support of farming improvement and enterprise development in the agricultural sector revolve around the concept of Supply Chain Management (SCM). The Agricultural Marketing and Enterprise Specialists (AMESs) in the PMU will assume lead responsibility for applying the concept in their respective provinces. They, together with the eight RDCs seconded to the PMUs, will receive training in relevant techniques and procedures from an international consultant experienced in application of the approach under similar circumstances elsewhere in Europe. The consultant will also provide periodic implementation support during the first two years of the revised project.

7. **Supply Chain Management Concept.** The concept simply implies an approach to programming and investment, which: (i) recognises explicitly and analyses the effects of the, often numerous, inter-related factors influencing the viability and sustainability of businesses throughout a commodity supply chain, i.e. from production to final marketing of the end product(s); (ii) ensures comprehensive and joint prior consideration of supply chain issues by representatives of all the principal actors involved in the supply chain before investments are designed; and (iii) maintains engagement between supply chain participants throughout the subsequent period of investment and continual analysis of supply chain performance. In the context of SEDP, mutually supportive and/or complementary investment activities within a given supply chain will together comprise a Strategic Investment Programme (SIP) for the said supply chain. A SIP might encompass a potentially wide range of investments on- and off-farm as well contributions to the cost of small-scale economic infrastructure at village level that benefits the wider community and is consistent with the achievement of SIP objectives (see below).

### **SCM Implementation**

8. Introduction of the SCM approach will begin with a number of Project-commissioned preliminary surveys and studies in each province to identify the most appropriate commodities, commodity groups or sub-sectors for further development, as well as the key actors and organisations already associated with them. The initial focal sub-sectors/commodities are likely to be those that already have functional production facilities or well-established marketing arrangements. Agricultural circumstances in Sivas and Erzincan suggest that the early focus might be on supply chains for livestock sales and animal products (meat and milk products), honey and bee products, and horticultural crops (including orchard crops – fruit trees and nut trees, as well as, in more favoured localities, vegetables for the fresh produce market or for processing).<sup>8</sup> The preliminary surveys/studies will include an assessment of local production capacities, the potential comparative advantages, seasonality of supply and demand, and market access and productive potential of different locations in the Project area. The studies will be contracted out to national specialists with support from the AMESs and RDCs of the PMU.
9. **Sub-Component B1: Supply Chain Analysis.** Based on the results of the preliminary surveys/studies, the PMU will select the most promising commodities/sub-sectors for more detailed supply chain analysis. The AMESs with guidance and support from the internationally

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<sup>8</sup> The list is intended to be illustrative rather than exhaustive. When analysed further, local circumstances might suggest the inclusion of other supply chains, either from the outset or at a later stage of Project implementation when further adjustments in business and market environments have evolved.

recruited supply chain management consultant will carry out the analyses. RDCs will contribute to analyses that are relevant to their respective work areas and experience.

10. Analysis will involve a transaction mapping exercise to (i) confirm and characterise the nature of linkages between participants in the supply chain; (ii) identify transaction costs and pricing relationships at successive levels in supply chains; (iii) provide a preliminary assessment of the types of investment that could contribute towards improved trading relationships; (iv) identify existing key supply chain integrators (processors or wholesale traders) actively engaged in marketing the product(s) concerned in either of the project provinces; and (v) evaluate the overall feasibility of and anticipated requirements for enhancing supply chain performance. An integral part of supply chain analysis is a detailed consultative process between the AMESs and the stakeholders at various levels of the supply chain, to identify the opportunities for enhanced performance and any bottlenecks. Gender concerns will be dealt with explicitly during the analysis and subsequent planning/implementation of eligible investments to ensure that income and employment opportunities for women are optimally exploited.
11. A number of commercial enterprises, dealing with commodities and sub-sectors of interest to farmers in the SEDP target group, already exist in both Sivas and Erzincan provinces. In some cases, these enterprises are operating well below capacity due to a lack of supply of suitable raw materials and in other cases have a capacity to expand their operations in view of high levels of demand for their products. The supply chain management approach will be used to stimulate efficient linkages between such enterprises and farmers/farmers' organisations in the Project area, introduce measures for relevant technology transfer at farm level, facilitate support for the improved organisation of supply consistent with market requirements in terms of quality, quantity and timeliness of supply and, if necessary, assist key processors to improve the presentation of products and acquire necessary certification in order to secure increased market access for participants throughout the chain.
12. Where feasible – and without prejudice to the outcome of supply chain analysis and SIP design – the PMU will endeavour to improve linkages between farmers/farmers' organisations in the 50 villages already engaged with the project and existing commercial enterprises. However, it must be recognised that marketing opportunity and the potential commercial viability of further investment in functional supply chains will be the principal determinants of the geographical extent of backward linkages to the primary target groups in the Project area and hence the number of villages lying within the supply chains' areas.
13. Based on the results of the supply chain analyses, the AMESs, with guidance from the international consultant, will select the most appropriate commodities/sub-sectors for which a complete Strategic Investment Programme (SIP) will be developed.
14. A prepared SIP will comprise a series of location- and supply chain-specific responses and time-bound activities to be undertaken at different levels in the supply chain with support from the PMU and relevant, contracted service providers. The SIP will demonstrate the economic viability of constituent investments as well as the extent and nature of links with the primary target groups. The SIP will specify cost sharing arrangements for investment and, where appropriate, will identify requirements for commercial financing, to be secured privately by implementing partners, for complementary investments.
15. Overall implementation of the SIP is likely to involve formation of a potentially wide range of partnerships for investment-specific service provision. Support and service provisions inevitably will differ between SIPs and at different levels within the same supply chain in combinations of: (i) assistance with applying for existing forms of Government support to the sector, particularly in the future related to EU/IPA; (ii) the design and implementation of on- and off-farm activities (e.g. technology demonstrations, exchange visits, promotional events) to be undertaken at various levels by and with the stakeholders concerned; (iii) improved organisation for better market access; (iv) strengthening capacities for business management and improving technical operations

of individual farmers and farmers' organisations active in the supply chain; and (v) assistance in the preparation of business plans for SIP-related rural entrepreneurs.

16. The AMESs will receive supplementary training from various nationally recruited short-term experts or specialised agencies in a series of technical areas relevant to contemporary issues in agricultural marketing and SIP preparation. Topics will include, but not necessarily be restricted to: EU and HACCP product quality standards and regulatory procedures; quality control and food safety regulations; organic farming and regulatory practices; product branding and promotion; organisation for marketing and agri-business planning. In addition to relevant technical training, PMU funding provision includes allocations to upgrade the skills of AMESs and RDCs in facilitation techniques and village capacity building, use of computers in a development context and gender aspects of development.
17. **Sub-Component B2: Supply Chain Investments.** Activities financed under the sub-component will derive from an approved SIP and will be implemented under the overall responsibility of the AMESs. AMESs will liaise closely and on a continual basis with the RDCs, who will be the focal points for oversight and coordination of SIP-related operations at village level and with farmers' organisations.
18. Substantial provision is made in the costs for a Farming Support Fund (FSF), which will be used to contribute towards the costs of financing any technically and financially viable economic proposal made by communities and/or participants in an approved SIP, provided that the initiative has emerged from the participatory planning process, is supportive of enhanced supply chain performance in the locality and is likely to benefit large segments of the said communities. Contributions paid from the FSF will be made on a strictly cost-sharing basis. Clearly the levels of required investment may be expected to vary substantially between SIPs. The level of SEDP financing will be determined on a case by case basis during the course of SIP preparation and will be subject to IFAD no objection with reference to Project objectives, successive AWPBs and the financial status of the Project.
19. Indicative investments eligible for support from the FSF will include: purchase of improved planting materials by farmers/farmers organisations actively associated with the SIPs; commercially oriented infrastructure (e.g. livestock watering points, small scale irrigation improvement; feeder road improvement; barn refurbishment, product handling and storage facilities; and refurbishment of farmers' organisation/cooperative administrative buildings); equipment to improve quality and hygiene standards in food products; support for promotional aspects of marketing; and provision of technical training (including through demonstrations and short courses) for farmers' organisations in relevant aspects of production, storage, processing and business management for marketing.
20. Within an approved SIP, associated on-site training will be made available with SEDP financing contributions to stakeholders under three sets of conditions according to the type of stakeholder concerned. First, for smallholder primary producers, services will be provided free at the point of delivery. Second, for intermediary organisations, such as farmers associations operating on a commercial footing, technical and business management training and demonstrations will be funded to a level of 80% by the Project with the trainee organisation contributing 20% of the cost of the training. Third, at the level of the key supply chain integrators (processors), specific training, technical assistance and other services will be supported with a maximum 50% contribution from the Project. Examples of the potential topics of SIP-related stakeholder training are given in the Detailed Cost Tables of Component B.
21. Contributory grants towards the cost of commercial infrastructure at village level and for farmers' organisations will be at a level of 85%, with applicants contributing 15% of the cost.
22. Contributory grants towards the cost of supplying specialised planting materials (e.g. improved fruit tree saplings) and specialised equipment (e.g. for product handling and processing) for farmers' organisations and key integrators will also be at a level of 85% with the organisation

contributing 15% of the cost. The balance payable from clients' own resources may include payments through confirmed, privately arranged commercial loans.

23. Where appropriate, the PMU will seek to facilitate: (i) supply chain participants' access to the benefits of other relevant public services (e.g. the financing and training opportunities available through the GDOS budget; MARA budgetary support for farm inputs not associated with the SIP); (ii) contracting-in of other specialised services in line with requirements identified during the analytical and programming phases of the SCM approach; and (iii) access by supply chain participants to potential sources of commercial borrowing for business developments within the context of an approved SIP.
24. Although GDOS will not have a direct implementation role under the revised SEDP, it is expected to continue its support for the supply of animals and other material needs of cooperatives in Sivas and Erzincan provinces using its own substantial resources and established procedures, including support for cooperatives that may become associated with SEDP-sponsored SIPs.

### **Component C: Project Organization and Coordination**

25. **Project Management Unit:** The PMU will comprise a combination of contracted personnel and staff seconded from the respective Provincial Directorates of Agriculture, with the aim of absorbing within the directorates the skills and experience acquired during the course of Project implementation.
26. PMU contracted staff will fill positions that are currently unavailable in the PDA structure. After an initial probationary period, contract renewal will be on the basis of annually assessed performance. In the Sivas office of the PMU, contracted positions will include the Project Coordinator, a Procurement and Finance Officer and an Agricultural Marketing and Enterprise Specialist. Five Rural Development Coordinators seconded from the PDA will be an integral part of the Sivas office. The contracted staff in the Erzincan office will comprise an Agricultural Marketing and Enterprise Specialist – who will also serve as Deputy Project Coordinator – and a Procurement and Finance Officer. Three Rural Development Coordinators will be seconded to the office from the Erzincan PDA. The performance of all seconded staff will also be assessed annually as part of the project's ongoing management procedures.
27. The Project Coordinator will be instrumental in ensuring that project-financed activities and investments are designed through a consultative process between the PMU and the intended clients/beneficiaries in the targeted project area. The Project Coordinator will oversee preparation and implementation, by PMU personnel, of the Annual Work Plan and Budget (AWPB) in relation to the Project's objectives, design approach and available levels of financing. The consolidated AWPB for any given year will cover Project operations in both provinces, although individual activities to be undertaken will in many cases be province- or locality-specific. As noted above, the Provincial Directors of Agriculture will participate in the approval of the AWPB and will oversee and guide Project affairs through their chairmanship of quarterly progress review meetings. The meetings will focus on the practicalities of AWPB implementation in the respective directorates and, as far as possible, maintain the intended complementary and mutually supportive nature of project activities. Progress review meetings will be timed to (i) ensure that the Project Coordinator is able to attend meetings in both provinces; and (ii) provide an opportunity to review draft inputs to the Project's Quarterly Progress Reports.
28. The AWPB will describe the context in which Project investments will be carried out, illustrate the consistency of proposed activities with the Project design and highlight the manner in which activities are expected to contribute towards the achievement of Project objectives. When developing and presenting the AWPB, due reference will be made to the findings and recommendations of the SEDP Annual Progress Report and Annual Review Workshop of the preceding year's operations. AWPBs will include a mandatory procurement plan for the year presented in a form acceptable to IFAD.

### **III. MANAGEMENT ARRANGEMENTS**

#### **III.A. Execution Arrangements**

##### *National Execution*

The Sivas-Erzincan Development Project with the timeframe 2008-2012 is nationally executed under the overall authority of the Ministry of Agriculture and Rural Affairs (MARA) by an autonomous Project Management Unit (PMU)-one in each of the two project provinces-in Sivas and Erzincan.

### III.B. Provision of Government and UNDP Cost-Sharing

The Government cost-sharing to the project will be transferred to UNDP accounts via the budget of the Ministry of Agriculture and Rural Affairs, General Directorate of Agricultural Production and Development from the IFAD loan, as stipulated in the 'Schedule of Payment Transfers' hereunder.

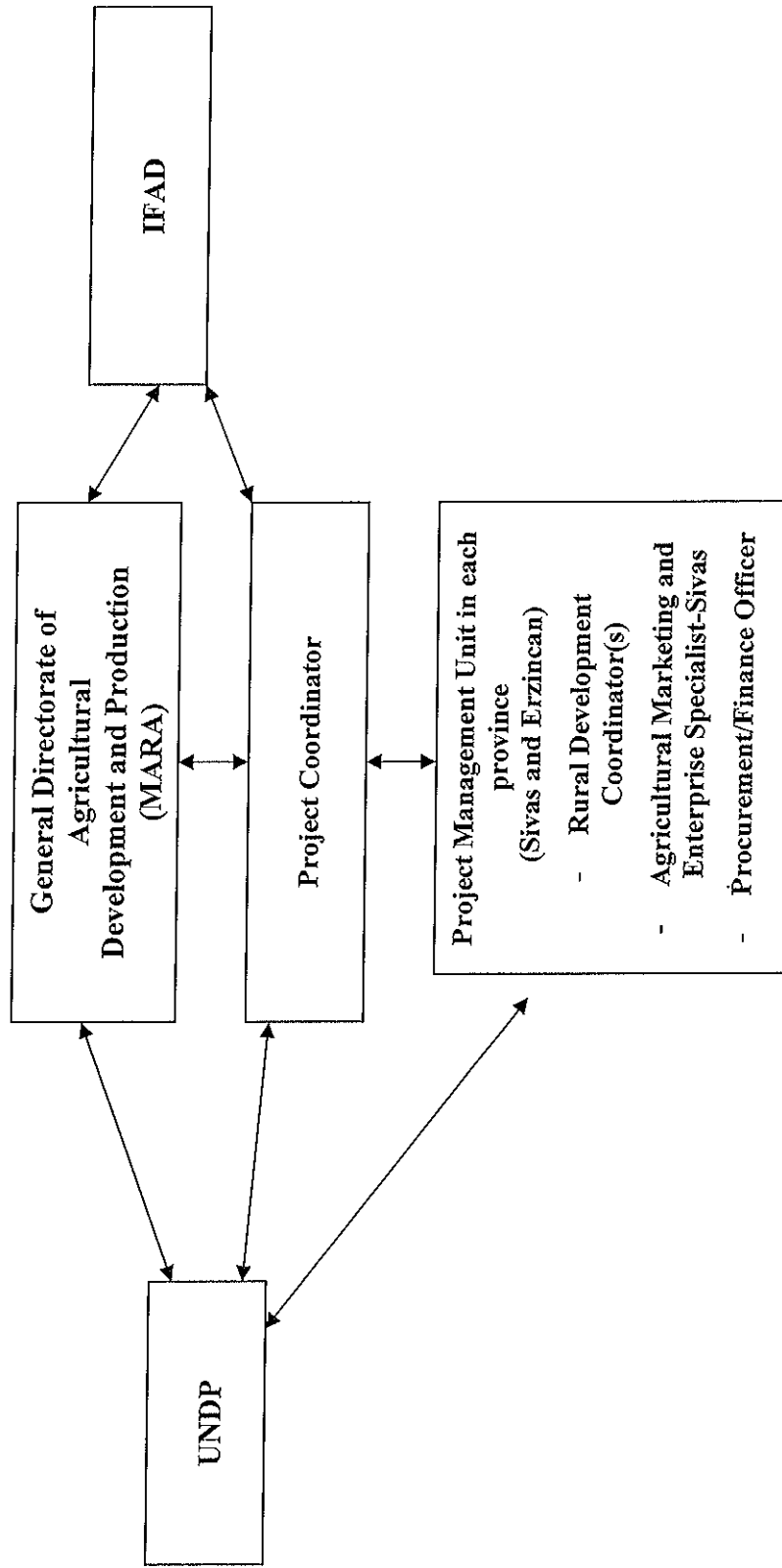
UNDP will contribute cost-sharing from its own TRAC (Targeted Resource Allocation from the Core) resources in the total amount of USD 200,000, as stipulated in the 'Schedule of UNDP Cost-Sharing Allocation' hereunder and with the clearance of Local Project Appraisal Committee (LPAC).

In principle, the UNDP cost-sharing will be utilized for activities to strengthen the capacity of MARA and the PMUs for successful achievement of Project objectives. Eligible activities to be financed include those that will reinforce the organizational capacity and knowledge-base on topics relevant to effective SEDP implementation, such as project management; strategic planning; and sharing of cross-country best practices on innovative approaches to rural development and policy tools to support rural economic growth. UNDP will provide national and international technical assistance to commission studies and surveys, and will coordinate and finance strategic capacity-building activities that are designed to support a "learning by doing" approach, such as study tours, national and international seminars, workshops, and training events.

UNDP General Management Services will be deducted from the delivery against Government cost-sharing at the annual rate of 2.4%. Implementation Support Services fee of US\$ 20,000 will be deducted on an annual basis, as stipulated in the 'Cost of Administration Support Services to Sivas Erzincan Development Project' detailed in Section V, below.

<b>Schedule of UNDP Cost-Sharing Allocation to the Sivas Erzincan Development Project (SEDP)</b>	
<b>YEAR</b>	<b>TOTAL (US\$)</b>
<b>2008</b>	<b>80,000</b>
<b>2009</b>	<b>50,000</b>
<b>2010</b>	<b>50,000</b>
<b>2011</b>	<b>20,000</b>
<b>TOTAL</b>	<b>200,000</b>

### III.C. Project Management Structure





### III.D. Measuring Results and Impact

1. The provision includes funds for: an initial benchmark assessment; annual programming workshops; a Mid-term Review; impact assessments; and a Completion Report. In addition, funds have been set aside for a Targeting and Integration Study the findings of which would be reflected in the Project's performance indicators. The identification and selection of performance indicators is also expected to be informed by the discussions, findings and recommendations of three workshops, these being: the Start-up Workshop; the 'Sensitization' Workshop; and the 'Rural Poverty Reduction' Stakeholder Workshop.
2. The Project's financial performance would be assessed primarily through annual audits.
3. The logical framework indicators combined with a relevant selection of indicators from IFAD's Results and Impact Management System (RIMS) and indicators derived from the workshops and studies mentioned above would form the core of the benchmark survey to be carried out in the first year.<sup>9</sup> The benchmark survey would be designed to capture the pre-Project situation in the area of the rural parts of the provinces of Sivas and Erzincan, with particular emphasis on defining the socio-economic status of the Project's principal target groups and the structure and performance of the Project area's rural economy. Key elements, therefore, of the assessment are expected to be: (a) socio-economic characteristics of the target groups; (b) enterprise development – number and type of enterprises, number of employees, financial parameters; and (c) status of social and economic infrastructure. It is anticipated that the benchmark assessment would combine a formal household sample survey with a more qualitative in-depth study.
4. The indicators used in the benchmark assessment would form the basis for the regular reporting on physical and financial progress, analysis of factors inhibiting or facilitating such progress and follow-up action either taken or planned. The proposed annual programming workshops would provide an opportunity for Project stakeholders to: review overall implementation progress and poverty focus; share lessons; critically reflect on results from the previous year; analyze the implications for the goal and objectives; revise the logical framework; reflect corrective action as appropriate in the forthcoming year's planning; and identify successes and means for replication.
5. A Mid-term Review would be undertaken not later than the latter part of the third year of the newly designed Project implementation. The Review would cover, among other things: physical and financial progress as measured against Project Appraisal and Annual Work Plans and Budgets (AWPBs); performance and financial management of contracted service providers; and an assessment of the efficacy of technical assistance and training programmes. In addition, it is expected that the Review would look particularly at institutional and policy change arising from Project activities, including: development status of farmers' organisations and village development associations; re-orienting of development support services to a more demand-driven and market-oriented approach; reconfiguration and development of partnerships between public and private development support services; and policy issues and development relative to women in the development process, village development associations; and the appropriateness and feasibility of expanding the Project to other provinces in the region. Review findings on implementation progress, and institutional and policy change would inform decision-making, as appropriate, on adjustments to Project components content and financing.
6. An impact assessment would be carried out either late in the fourth or early in the fifth year of Project implementation. This is likely to be the earliest point in the Project that impact can be meaningfully assessed. The template for the assessment would be the benchmark assessment since the objective would be to compare the pre-Project situation with that obtaining for to five years later.
7. All data and other materials generated at all stages of the MIS and M&E activities described in the preceding paragraphs would be disaggregated by gender to assure gender equity with regard to eventual results and impact of the Project.

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<sup>9</sup> The current RIMS indicators can be seen in the Appraisal Report.

8. During the proposed Project's lifetime, lead responsibility for the design and operation of its MIS and M&E would rest with the PMU primarily. MIS and M&E information would be communicated to the provincial Project Coordinating Committees and to the Ankara-based Project Unit as a matter of the Project's standard reporting procedures. Copies of MIS and M&E information are expected to be available to IFAD and UNDP as required.

### **III.E. Project Audit**

The audit of the Project Account will be performed by UNDP through independent external auditors annually, and submitted to the Lead Project Agency (MARA) for submission to the Fund.

## **IV. LEGAL CONTEXT**

This UNDP Project is funded from resources made available to the Government by IFAD under loan agreement entitled "*Sivas Erzincan Development Project*" signed on May 6, 2004, and the OPEC funded loan agreement entitled "*Sivas-Erzincan Development Project*" signed on May 12, 2004; and will be implemented in accordance with the provision of the Concept/implementation Document and the amended Loan Agreement(s).

The role of UNDP, as a service provider, is incorporated in detail in the relevant sections of the Concept/Implementation Document and the amended Loan Agreement(s) with the Government of Turkey. Such an arrangement will serve as the overall guidance and legal framework for the involvement of UNDP in the "*Sivas-Erzincan Development Project*".

The project document shall be the instrument envisaged in the Supplemental Provisions to the Project Document, attached hereto.

The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative only, provided he or she is assured that other signatories of the project document have no objections to the proposed changes:

- (a) Revisions in, or addition of, any of the annexes of the project document (with the exception of Standard Legal Text for non-SBAA countries which may not be altered and agreement to which is a pre-condition for UNDP assistance).

Revisions which do not involve significant changes in the immediate objectives, outputs or activities of a project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation; and mandatory annual revisions which re-phase the delivery of agreed project inputs, or reflect increased expert or other costs due to inflation, or take into account agency expenditure flexibility.

V. BUDGET

**UNDP/TURKEY - COST OF IMPLEMENTATION SUPPORT SERVICES TO SIVAS ERZINCAN DEVELOPMENT PROJECT (USD)**

**ANNUAL ISS COSTS FOR SIVAS ERZINCAN DEVELOPMENT PROJECT (USD)**

<p><b><u>Total Implementation Support Services (ISS):</u></b></p> <p>UNDP staff cost, who provides services during the implementation, travel expenditures of UNDP Staff, including DSAs and travel; UNDP/CO operational expenses (office cost; rent, utilities, furniture, computer etc.)</p>	<p>20,000</p>
<p><b>General Management Support Services (GMS)</b></p>	<p>2.4 % of ACTUAL DELIVERY OF THE YEAR</p>

**PROJECT BUDGET 01.01.2008 – 30.09.2012  
SIVAS ERZINCAN DEVELOPMENT PROJECT**

ACTIVITY / Budget category	Total (US\$)
<b>ACTIVITY 1 - Village Improvement Infrastructure</b>	<b>12,386,612.00</b>
72100 <i>Civil Works (Contractual Svs-Companies)</i>	12,386,612.00
<b>ACTIVITY 2 - Awareness Raising and Facilitation</b>	<b>950,000.00</b>
72200 <i>Vehicles</i>	324,000.00
72200 <i>Equipment</i>	610,350.00
72300 <i>Materials</i>	15,650.00
<b>ACTIVITY 3 - Technical Assistance</b>	<b>2,822,510.00</b>
71200 <i>International TA</i>	649,751.00
71300 <i>National TA</i>	1,391,650.00
72100 <i>Training and Studies</i>	781,109.00
<b>ACTIVITY 4 - Farming Support and Agricultural Marketing</b>	<b>3,252,279.00</b>
72600 <i>Farming Support Fund (Contributory Grants/Supply Chain Investments)</i>	3,252,279.00
<b>ACTIVITY 5 - Project Management and Support</b>	<b>2,440,700.00</b>
71300 <i>Project Staff Salaries &amp; Allowances</i>	265,000.00
73500 <i>Implementation Support Services (ISS)</i>	95,000.00
72000 <i>Operation and Maintenance</i>	757,220.00
74500 <i>Miscellaneous &amp; Unallocated</i>	1,323,480.00
<b>TOTAL PROGRAMMABLE BUDGET</b>	<b>21,852,101.00</b>
<b>General Management Support Services (GMS 2.4%)*</b>	<b>~522,170.00</b>
<b>UNDP Cost-Sharing (TRAC)</b>	<b>200,000.00</b>
<b>TOTAL PROJECT BUDGET (ESTIMATED)</b>	<b>22,574,271.00</b>
<p>Project budget is subject to revision and allocation between categories/activities as needed/required. Total Project Budget includes UNDP cost-sharing of USD 200,000.00 to be cleared by the Local Project Appraisal Committee (LPAC).</p> <p>* General Management Support Services Fee figure is indicative. It is calculated based on 2.4% of disbursement of Government cost-sharing through UNDP. GMS calculation is based on Total Programmable Budget and excludes ISS in the amount of USD 95,000.</p>	

Schedule of Budget Transfer for the  
Ministry of Agriculture and Rural Affairs and UNDP  
Sivas Erzincan Development Project (SEDP)

<b>DATE</b>	<b>INSTUTION</b>	<b>TOTAL (US\$)</b>
2008	Government of Turkey	2,700,000.00
2009	Government of Turkey	5,000,000.00
2010	Government of Turkey	7,000,000.00
2011	Government of Turkey	5,000,000.00
2012	Government of Turkey	2,674,271.00
<b>TOTAL</b>		<b>22,374,271.00</b>

## Annex 1

### **UNDP Partnership Framework and Distribution of Tasks and Responsibilities**

1. Reference is made to consultations between Ministry of Agriculture and Rural Affairs of Turkey, the National Executing Agent and officials of UNDP with respect to the provision of support services by the UNDP country office to the nationally executed "*Sivas Erzincan Development Project*."
2. In accordance with the provisions of the project document, the UNDP country office shall undertake the tasks and responsibilities as described below.
3. The distribution of tasks and responsibilities between MARA, PMUs in each Project Province (Sivas and Erzincan) and UNDP are as follows:

*Turkey – Sivas Erzincan Development Project*  
Annex I. Distribution of Tasks and Responsibilities

Task	Responsibility		
	MARA	PMU	UNDP
<b>Financial Administration</b>			
AWPB	Review and approval	Preparation of the AWPB	Assistant the process and having informed
Obtaining IFAD 'no objection' to AWPB		Submission of approved AWPB to IFAD	
Preparation and issuance of withdrawal applications	Preparation of the Withdrawal Application(s) and submission to IFAD		Preparation and submission to MARA of financial data and supporting documentation, if and when required
Transfer of funds	Transfer of proceeds of loan withdrawals to UNDP account		
Maintenance of separate ledger account for project funds		Maintaining of accounts for all project income and expenditure at local level	Maintaining of accounts for all project income and expenditure
Review of progress against AWPB and revision of budget	Review of quarterly progress reports	Arrangement of quarterly progress review meetings under PDA chairmanship; meetings to review and endorse the draft quarterly progress reports onwards submission to project partners.	Furnish to PMU financial data for inclusion in quarterly progress reports. Review quarterly progress reports.
Audit			Contract independent auditors in accordance with UNDP auditing guidelines, and terms and conditions of the UNDP Service Agreement and the Loan Agreement

Turkey – Sivas Erzincan Development Project

HR Management – PMU/individual consultants	MARA	PMU	UNDP
Terms of Reference	Review and approval of TOR	Preparation of draft TOR	Assistant in the preparation of draft TOR
Advertising			Write-up and placement of advertisement
Shortlist		In collaboration with MARA, evaluate applications and prepare draft shortlist. Meet with UNDP to agree on final shortlist	Receipt of applications. Forward copies to PMU, and MARA if/when required.
Selection of staff/consultants	Participate in interviews, evaluation and selection of candidates in accordance with UNDP procedures.	Participate in interviews, evaluation and selection of candidates in accordance with UNDP procedures.	Arrange and participate in interviews, evaluation and selection of candidates, if and when requested by MARA and/or PC in accordance with UNDP procedures. Preparation of report on selection process.
Obtain IFAD 'no objection' to selection (if required)		Submit report on the selection process to IFAD	
Contracting			Prepare and sign contract
Contract administration, including travel DSA, annual leave, etc.	Sign travel authorizations for Project Coordinator	Issue travel authorization to project staff and consultants	In charge of all matters of contract administration. Issue travel authorization for project coordinator and sign DSA payment.
Technical supervision and approval of consultants' output	Performance Evaluation of Project Coordinator	Project Coordinator approves performance evaluation reports and outputs and submits certificate of acceptance to UNDP	Payment of consultant contract upon receipt of certificate of acceptance. Manage all payroll functions for project staff. Assists in preparation of Project Coordinator's Performance Evaluation Report
Payment			Manage all payroll functions for staff and individual consultants



Turkey – Sivas-Erzincan Development Project

Local procurement	MARA	PMU	UNDP
Preparation of list of goods/services to be procured	Approval of the procurement plan	Preparation of the procurement plan in the AWPB	Project Administrator actively participate in all aspects of local procurement in accordance with UNDP Service Agreement Assistance.
Detailed specifications		Elaboration of detailed specifications. Submit specifications to UNDP	
Obtain IFAD 'no objection' to specifications (if required)		Submission of specifications to IFAD	
Bidding documents		Preparation of documents.	
Obtain IFAD 'no objection' to bidding documents (if required)		Submission of bidding documents to IFAD.	
Evaluation of bids and recommendation for award		Preparation of evaluation of bids and recommendation for award. Submission to UNDP.	
Obtain IFAD 'no objection' to award of contract (if required)		Preparation and submission of documentation on evaluation of bids and recommendation for award to IFAD.	
Contracting		Obtain contractor's signature. Return signed contract to UNDP together with invoice.	Preparation of contract and signature.
Supervision of works/ receipt and acceptance of goods and services		Supervision of works. Preparation of certification of receipt/acceptance and submission to UNDP together with signed contract and invoice	
Payment to supplier/contractor			Examination of documentation submitted by PMU. Effect payment
Register of contracts		Maintain register of local contracts	Enter contract details in the consolidated register of contracts and submit monthly

*Turkey – Sivas-Erzincan Development Project*

Procurement of large works and goods	MARA	PMU	updated register of contracts to IFAD
Preparation of list of goods/services to be procured	Approval of the procurement plan	Preparation of the procurement plan in the AWPB	Backstopping and quality control.
Detailed specifications		Elaboration of detailed specifications.	Examination and finalization of detailed specifications
Obtain IFAD 'no objection' to specifications (if required)		Submission of specifications to IFAD.	
Advertising (if required)			Write-up and placement of advertisement
Pre-qualification (if required)	Participation in evaluation of submissions	Participation in evaluation of submissions. Obtain IFAD 'no objection' to pre-qualification documents and final list of bidders	Preparation of pre-qualification documents. Write-up and placement of advertisement (invitation). Preparation of evaluation report and final list of bidders
Bidding documents			Preparation of documents in accordance with UNDP regulations
Obtain IFAD 'no objection' to bidding documents (if required)			Submission of bidding documents to IFAD.
Call for bids			Write-up and placement of advertisement (invitation) in accordance with UNDP regulations.
Evaluation of bids	Participation in evaluation of bids and recommendation for award.	Participation in evaluation of bids and recommendation for award.	Receipt and evaluation of bids in accordance with UNDP regulations. Preparation of evaluation report and recommendation for award
Obtain IFAD 'no objection'			Submission of evaluation report and recommendation for award to IFAD.
Contracting			Negotiation, preparation and conclusion of contract.
Register of contracts			Enter contract details in the register of contracts. Submit to IFAD monthly updated register of contracts

*Turkey – Sivas-Erzincan Development Project*

Inspection and shipment	Inspection of goods and equipment (if required)	Inspection of goods and equipment	Inspection of goods and equipment,
Supervision of works		Supervision of works and consulting services	Contract management for the large scale civil works
Receipt and acceptance of goods/ acceptance of works and services		Issue to UNDP certification of receipt/acceptance	Issue to contractor certification of receipt/acceptance
Payment			Effect payment upon receipt of certification from PMU

Notes:

\* PMU including Project Coordinator; Rural Development Coordinators; Finance and Procurement Officers, and Agricultural and Marketing Enterprise Specialists, and other auxiliary staff.

\*\* The consultants who have less than three months contracts will not have per diem. The project staffs that have more than three months contracts are to be paid a travel allowance according to the UN rules and regulations but based on 60% reduced UN per diem rates, and may be subject to other provisions to be included in their contractual arrangements.

## Annex II

### **NOTE on TERMS OF REFERENCE – KEY PERSONNEL**

The Terms of Reference for key personnel are detailed in the Concept/Implementation Document and may be subject to revision based on consultation with Project partners and the emerging needs of SEDP. All SEDP recruitments of personnel will be conducted in line with UNDP/IFAD rules and procedures through transparent and competitive processes. The services of short-term personnel to be recruited competitively would be procured in accordance with IFAD and UNDP Guidelines for Procurement of Consulting Services.

Other project staff or national/international consultants can be recruited when and per the SEDP requirements, as identified by the PMUs.

### **Annex III: Supplemental Provisions**

#### **STANDARD LEGAL TEXT FOR NON-SBAA COUNTRIES**

This project document shall be implemented within the legal framework of inter alia the Revised Standard Agreement concerning Technical Assistance between the Government of Turkey and the United Nations Development Programme signed by the parties on 21 October 1965. In particular, the provision of Article V, paragraph 1, obligating the Government to apply the provisions of the Convention of Privileges and Immunities shall be deemed to apply mutatis mutandis to technical assistance carried out in accordance with this project.

**COUNTRY: TURKEY**

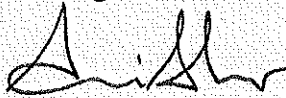
**Expected Outcomes:** Rural development measures are implemented in the Project area to raise incomes and enhance rural living standards; foster the emergence of a more competitive and diversified rural economy and expand employment opportunities; and improve social and productive infrastructure.

**Expected Output:** Rural physical infrastructure in the less-developed parts of the Project area are improved; competitive agriculture commodities and sub-sectors are supported through strategic investment planning to strengthen the rural economy, improve markets and farm-to-market access; and encourage individual and group initiatives of smallholders.

**Implementing partner:** UNDP  
**Project Period:** 2008-2012  
**Project Title:** Sivas Erzincan Development Project  
**Project Duration:** 4.9 YEARS  
**Management Arrangement:** NEX (Ministry of Agriculture and Rural Affairs)

<b>Total Budget for Period 2008-2012 (USD)</b>	<b><u>22,574,271.00</u></b>
Allocated resources:	
• Ministry of Agriculture and Rural Affairs (Government)	22,374,271.00
• UNDP – TRAC 1.1.1	200,000.00
• GMS Fee	522,170.00

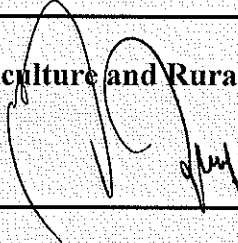
**Agreed by Ministry of Foreign Affairs on behalf of the Government of Turkey:**



**H. Avni AKSOY**  
Head of Department  
Multilateral Economic Affairs

25 Mart 2008

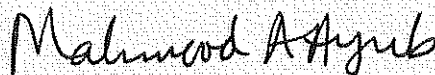
**Agreed by Ministry of Agriculture and Rural Affairs:**



**Ali KARACA**  
Genel Müdür

31.03.2008

**Agreed by UNDP:**



31.03.2008

