

United Nations Development Programme
Country: Turkey
Project Document

Project Title: "Towards an Industrial Symbiosis Programme in Iskenderun Bay Area"

UNDAF Outcome(s): Outcome 1: By 2010, strengthen individual and institutional capacity for both democratic and environmental governance at local and central levels.

Outcome 1.1. Increased individual collective and institutional capacity for participation at all levels of decision making. **Outcome 1.2.** Mechanisms for the implementation and monitoring of international norms and standards on human rights strengthened. **Outcome 1.3.** Strengthened management and protection of ecosystems for sustainable development.

Expected CP Outcome(s):

(Those linked to the project and extracted from the CP)

Strengthen the conservation and sustainable use of natural resources.

Expected Output(s):

(Those that will result from the project)

Output 1. Preliminary identification of potential benefits of the Industrial Symbiosis (IS) for individual companies and to the Iskenderun Bay region is assessed; **Output 2.** Assessment of the key factors that can assist or hinder the development and desired functioning of an IS network in the region; **Output 3.** Identification of the local, national, and international stakeholders (including companies, local administrators and regulators, policy makers, business associations, research organizations, community representatives, financiers, etc.) who can play a key role in the development of an IS network in the region; **Output 4.** Awareness raising for relevant stakeholders on IS programme; **Output 5.** Develop organizational, administrative, methodological framework for project implementation and identify the partners willing to mobilize resources for the implementation of a main IS programme in the region; **Output 6.** Fully fledged project document with detailed outcomes, outputs, activities, indicators, logframe, budget, work-plan, monitoring & evaluation, the TORs of key national and international experts and management arrangements developed and submitted to the donor partners for approval and endorsement.

Executing Entity:

Adana Chamber of Industry

Implementing Agencies:

UNDP Turkey

Brief Description

The project at hand is a preparatory assistance (feasibility and business plan study) with the objective to design an IS Programme window to be implemented by a dedicated consortia formed by local, national and international public and private parties – Iskenderun Region Industrial Symbiosis (IS-REIS) Consortia. The end result of the twelve study will be a full-fledged project document that aims to target the private, governmental and non-governmental sectors in Iskenderun Bay through IS implementation plan designed for the sectors currently working in the regional and also for sectors foreseen to be established as well.

Programme Period:	12 months	Total resources required	USD 120,000
Key Result Area (Strategic Plan)	Sustainable Development	GMS (7%)	USD 7,600
Atlas Award ID:		Total allocated resources:	
Start date:	15 December 2008	BTC Co.	USD 100,000
End Date:	15 December 2009	Government Cost Sharing (SPO)	USD 20,000
PAC Meeting Date	28 November 2008		
Management Arrangements	NEX		

Agreed by Ministry of Foreign Affairs (MFA) (Government):

[Signature]

H. Avni AKSOY
 Head of Department

Ankara

25 Mart 2009

Agreed by (ADASO), (Executing Entity):

[Signature]

Multilateral Economic Affairs

Gazi YILMAZ

Adana

Genel Sekreter

10 Nisan 2009

Agreed by (UNDP):

[Signature]

I. SITUATION ANALYSIS

In recent decades there has been increasing emphasis on environmental and social performance of industrial activities, in addition to conventionally dominant economic ones. As a natural outcome, various strategies and tools aiming to improve environmental and social profile of organisations have been developed. Today, in the western world these are widely applied by the industry as well as other organisations. Majority of such approaches - such as environmental management systems, pollution prevention/cleaner production programmes, waste minimisation or energy efficiency schemes, and so on - place the main focus on activities internal to companies and on which they have direct control. Although highly important and often very effective, these approaches can only improve the environmental performance to a certain degree. Harvesting additional improvements requires looking beyond the boundaries of individual companies and often needs inter-organisational cooperation.

Consequently, approaches that go over-the-fences have also been developed and receive increasing attention. Among these, one of the main categories is populated by those that concentrate on a specific product and its different life-cycle stages. Life Cycle Assessment studies, environmental supply chain management practices, eco-labeling or extended-producers-responsibility schemes, and voluntary and mandatory end-of-life management initiatives are examples from this category. The other category, on the other hand, includes approaches that make use of geographic proximity and shared natural as well as socio-economic environments. The concept of Industrial Symbiosis, or synonyms like "eco-industrial parks" or "industrial ecosystems" fall into this second category.

In its broadest sense Industrial Symbiosis (IS) can be defined as cooperative interactions among two or more industrial activities that improve the viability of all involved parties. It departs from a recognition that in areas where a diverse range of economic activities are present in close proximity to one-another, in addition to what can be achieved through internal measures in individual organizations, a significant potential for improving resource-productivity exists in inter-organizational interfaces and these can be harvested through collaborative actions. In practice, such actions usually involve exchange of energy carriers, water, and material resources; shared development and utilization of processing and logistics infrastructures, and; sharing of knowledge and human resources. Organizations and activities linked with such synergistic linkages collectively form an IS network.

Having synergistic exchanges of waste and by-product streams between companies is not a new idea in itself, as such connections have had organically developed and been active throughout the history of industrial world (See Desrochers 2001, and 2002 for examples). Today, however, we have a much more advanced understanding of:

- the sizable business and environmental benefits linked to such networks - as demonstrated by a number of operational examples around the globe, including a relatively better-known one located in the Danish town of Kalundborg (see Box 1).
- the ad-hoc development patterns, the limited industrial diversity, and considerably long time-frames associated with the organic development of such networks are inefficient and result in partial capturing of the potential in a region;
- effective interventions that accelerate the evolution of such networks and that systematically guide their development.

Consequently, inspired by their proven benefits and encouraged by above-stated understanding, today the concept of IS is increasingly adopted as an integral part of regional industrial development strategies - usually through IS programmes. In this context, an IS programme can be defined as a means of systematically identifying new, cooperative, and innovative business opportunities among different economic activities located in an area, which can provide economic, environmental and social benefits both to the individual activities and to the regions as a whole. Besides fostering further measures to improve business and environmental performance within companies, IS programmes place the main focus on uncovering potentials for additional benefits that in many cases can be realized only by cooperative action. Examples of such programmes can be found, among others, in the UK, Sweden, Norway, Netherlands, Australia, Canada, the US, Japan, China, Austria, Germany, Italy, India and many others.

The proposed Industrial Symbiosis Programme (IS) addresses the priority area of "Enhancing Capacity of Private Sectors, Governmental and Nongovernmental partners in the Iskenderun Bay to implement Sustainable Development measures in their production and daily activities".

At present, the achievement of Millennium Development Goals (MDGs) in Turkey, in particular MDG 1 (Eradicate extreme poverty and hunger), MDG 3 (Promote gender equality and empower women) and MDG 7 (Ensure environmental sustainability) are threatened by non compliance with sustainable measures. The core

objective of the Industrial Symbiosis Programme is to develop sustainable measures for managing natural resources used as inputs for the private and governmental partners' production in the Iskenderun Bay. This will be achieved by mainstreaming IS methods into the local partners production development framework, building capacity in national and regional institutions, develop the institutional capacity to sustain the piloted IS models in Iskenderun Bay.

II. STRATEGY

Implementation of an IS programme in the Iskenderun Bay is of particular importance due to a set of reasons. As a start, the region is already experiencing serious environmental and social stress due to the extent and nature of industrial activity. With projected expansions of the industrial base, this situation is likely to worsen. There appears to be a will both from private and public parties to improve resource use efficiency and thereby improve both economic, social and environmental performance, but there is little clarity on the effective ways of achieving such results. On the other hand, both the existing diversity of economic activities of the region and the nature of projected new developments illuminate sizeable potential for efficiency gains through collective action. Such collective action, on the other hand, appears unlikely to happen in the short run, without the canalization effect of a dedicated body. The timing for such catalysation is right for Iskenderun Bay and this project aims to initiate this practice.

Social stress also presents non-technical risks for investors in the region. Poor environmental management and its consequent social impacts on livelihoods as well as poor management of social impacts of operations (i.e. employment, local procurement, corporate responsibility) is highly risky for sound business environment and sustainability of operations. Thus it is also desirable for investors to develop benchmarks and collaboration towards sustainable business.

UNDP was the implementing agency of the project of "Integrating Sustainable Development Principles into sectoral policies", while SPO was the main beneficiary of the project. The project overall objective was to integrate sustainable development principles into sectoral policies. Five sectors were analyzed and strategies were proposed. These sectors were: energy, urbanization, science and technology, forestry and fisheries. There are ongoing capacity building activities supported by Millennium Development Goals Fund – "MDG F 1680 Enhancing the Capacity of Turkey to Adapt to Climate Change" project focusing on the improvement of the negotiation skills of the Government of Turkey to participate in the international climate change negotiations. The project also aims to develop capacity for managing climate change risks to rural and coastal development in Turkey. This will be achieved by mainstreaming climate change adaptation into the national development framework, building capacity in national and regional institutions, piloting community-based adaptation projects in the Seyhan River Basin, and integrating climate change adaptation into all UN agencies in Turkey. Furthermore, UNDP Turkey also helped Turkey to develop projects in the area of energy efficiency in industry, building and appliances. Other areas of intervention of UNDP Turkey in the field of environments are biodiversity, land degradation, organic farming and access to clean water.

The results of these and other planned/ongoing projects could be used while implementing the proposed project.

III. RESULTS AND RESOURCES FRAMEWORK

The project at hand is a preparatory assistance (feasibility and business plan study) with the objective to design an IS Programme window to be implemented by a dedicated consortia formed by local, national and international public and private parties – Iskenderun Region Industrial Symbiosis (IS-REIS) Consortia. The end result of the three-month study will be a full-fledged project document that aims to target the private, governmental and non-governmental sectors in Iskenderun Bay through IS implementation plan designed for the sectors currently working in the regional and also for sectors foreseen to be established as well. The project will be implemented in selected pilot areas and will be carried out by the IS-REIS consortia. As such, this will be a pilot downscaling operation for the Iskenderun Bay, using the IS structures and systems. Through project preparation and implementation is expected to provide business development skills training to relevant partners. The business plan will also explore and identify the ways to improve the entrepreneurial skills of the target population, i.e. other private, non-private and NGOs sectors.

The overall outcome of the project is to develop a project document "Towards an Industrial Symbiosis Programme in Iskenderun Bay Area".

The proposed phase of the project will have the following outputs as deliverables:

Output 1. Preliminary identification of potential benefits of the Industrial Symbiosis (IS) for individual companies and to the Iskenderun Bay region is assessed;

Activity 1.1. Project Team selection and Steering Committee Established.

Activity 1.2. Preparatory Assistance's workplan developed and agreed.

Activity 1.3. Assessment of the technical, economic, informational, political, and motivational characteristics of the region based on the matrix below:

<i>Domain</i>	<i>Examples of Factors</i>	<i>Potential Influence</i>
Technical	Physical, chemical & spatial attributes of in- & out-put streams. Compatibilities between needs & capacities. Availability of reliable & cost efficient technologies.	Number & diversity of potential symbiotic linkages. Extent of environmental, economic & social gains. Extent of investment & effort required to develop and maintain synergies
Economic	Costs of virgin inputs. Value of waste & by-product streams. Transaction & opportunity costs. Size of capital investment & discount rates.	Extent of economic advantage & competitiveness gained. Need for alternative finance.
Political	Overarching environmental and social policies. Nature and implications of relevant laws and regulations. Relevant fiscal elements (taxes, fees, fines, levies, subsidies, and credits).	Direct development & innovation. Incentives for preferred developments Render synergies illegal. Add to transaction costs.
Informational	Access to relevant info. Availability of timely and reliable information from a wide spectrum of areas to the right parties. Continued review of info.	Possibilities to identify synergies. Possibilities to operationalise synergies. Risk perception of companies
Social	Policies of investors and companies on resettlement, local employment and procurement, social impact management and community investment etc.	Opportunities for improving the impact of the sector in the bay on the livelihood of local communities
Motivational / Organisational	Trust. Openness. Environmental Maturity. Level of social interaction and mental proximity. Local availability of decision-making power. Organisational history. Nature of interaction among industry, policy makers, and regulators. Social embeddedness (degree of familiarity).	Presence/creation of the necessary institutional framework for collaboration. Development of synergies. Maintenance of synergies. Risk Perception.

Output 2. Assessment of the key factors that can assist or hinder the development and desired functioning of an IS network in the region;

Activity 2.1 Identify the major industrial activities - that are either already operational in the area or are planned - and investigate their relevant characteristics such as geographic location, size, main conversion techniques, relevant in- and out-puts.

Activity 2.2. Assess the current and future interrelationships among the industrial, socio-economic and natural systems of the region.

Activity 2.3. Identify synergistic relations and assess their potential benefits for the businesses, environment, and local communities. The synergistic relations will not be limited to solely linking conventional production processes or developing business-to-business interactions but it will look into options for development of new and innovative businesses, products, and processes as well as mutually beneficial business-to-community relations.

Activity 2.4. Identify key stakeholders and initiate relevant communications among the stakeholders.

Output 3. Identification of the local, national, and international stakeholders (including companies, local administrators and regulators, policy makers, business associations, research organizations, community representatives, financiers, etc.) who can play a key role in the development of an IS network in the region;

Activity 3.1. Stakeholders' analysis.

Activity 3.2. A multi-stakeholder workshop with local, national, and international participation.

Output 4. Awareness raising for relevant stakeholders on IS programme;

Activity 4.1. IS communication strategy developed.

Activity 4.2. Various communication products, such as leaflets and a project web-site, that will help raise the profile of the programme in the relevant local, national and international domains developed.

Activity 4.3. International experiences shared through stakeholders' meetings on IS networks, including the development methods used, the benefits such networks provide, and the challenges.

Activity 4.4 Secure commitment from a critical mass of key stakeholders for the main IS programme.

Output 5. Develop organizational, administrative, methodological framework for project implementation and identify the partners willing to mobilize resources for the implementation of a main IS programme in the region.

Activity 5.1. Identify the overarching objectives of the IS programme in the region.

Activity 5.2. Geographic and thematic prioritization in the development of synergistic relations.

Activity 5.3. Stakeholders' analysis: whose involvement in the programme should be targeted in the short-, medium-, and longer-terms.

Activity 5.4. Develop the details of a methodological approach to be followed in the implementation of the IS programme.

Activity 5.5. Identify the level of details of the data collection, processing, and analysis procedures and tools.

Activity 5.6. Institutional assessment of organizational structure and desirable members of the programme coordination body is identified.

Activity 5.7. Develop strategies for engaging key local, national and international stakeholders into the programme, as well as the terms for such engagement.

Output 6. Fully fledged project document with detailed outcomes, outputs, activities, indicators, logframe, budget, work-plan, monitoring & evaluation, the TORs of key national and international experts and management arrangements developed and submitted to the donor partners for approval and endorsement.

Activity 6.1. Draft Project document prepared including logframe, workplan, budget, monitoring & evaluation, TORs of key experts, management arrangements.

Identification of target beneficiaries and pilot implementation sites:

- Income generation level of target group as well as the level of economic activity/opportunities available.
- The size of the private sectors' branches and profile of private sectors including the size of operations, human resources structure, revenue, etc.

- Economic viability of the region/province
- Affirmative action for involvement of women.
- The governorship of Adana: This organisation has access to a lot of data that would of relevance to perform the targeted assessments. In addition, the Major is supportive of the idea and has the power to influence the involvement of a diverse range of relevant actors in the necessary interactions.
- Local Chambers of Industry and Commerce: These organisations have established ties with industrial and commercial activities of the region - which will be among the key stakeholders of the programme - and therefore will play a crucial role in reaching out these entities.
- Free Trade Zone Management: Built on 4,500,000 square metres, the size of the Adana Yumurtalik Free Trade Zone makes it one of the largest free trade zones in Turkey and the world. It is the first and only Turkish free trade zone designed to serve heavy industry. Therefore the Free Trade Zone management and the companies in it can play a crucial role in this project.
- Cukurova Development Agency: Innovative developments will be at the core of an IS programme. In line with their mandate, both identification of relevant creative idea and providing support to the realisation of these would be among the potential roles that the newly established Regional Development Agency can play.
- Local Municipalities: Clearly, a fertile area for the development of synergistic linkages will fall on the interface between municipal and private undertakings in the area. The municipal bodies will also play a key role with regards to planning and permitting related issues.

IV. MANAGEMENT ARRANGEMENTS

The overall management of the project will be performed by the Project manager (PM) guided by a Project Steering Committee (PSC) and supported by Project Management team (PMT) and Project partners (PP). The Project manager's responsibilities will cover the supervision of all operational matters related to project implementation on a daily basis, including taking the relevant management decisions, and guidance of the work of the assistant, national and international experts (described in details in Chapter X "Terms of Reference for Project staff").

PMT consists of Project Manager (PM), international and national experts.

The Project Manager will take part in the establishment of the Project steering committee to guide the project implementation. The PSC will review project progress every three months, or whenever necessary, and give guidance at key milestones. Apart from the Project manager, the PSC will include representatives of the UNDP, the Project partner and any other important stakeholders. The time and place of the meetings shall be set by mutual agreement of PSC members. At the PSC meetings or at any other time UNDP and the Donor may mutually agree to modify the scope, content, timing, cost and estimated budget of the Project. Any agreed modifications to the Project having an impact on this Agreement shall be signed by the authorized representatives of UNDP and the Donor.

The Project Manager will agree on the exact composition of the PSC together with the Project Partners and UNDP. The PM supported by the PA will ensure the efficiency of the PSC meetings, through preparing agendas, minutes of meetings, and providing logistics. Draft minutes of meetings of the PSC will be made available to all its members within five working days after the meeting. The composition of the PSC may be changed during the execution of the project in agreement with the Project partners and UNDP. Each Steering Committee meeting will take place in the premises of the BTC Co. and/or UNDP in Ankara, Turkey.

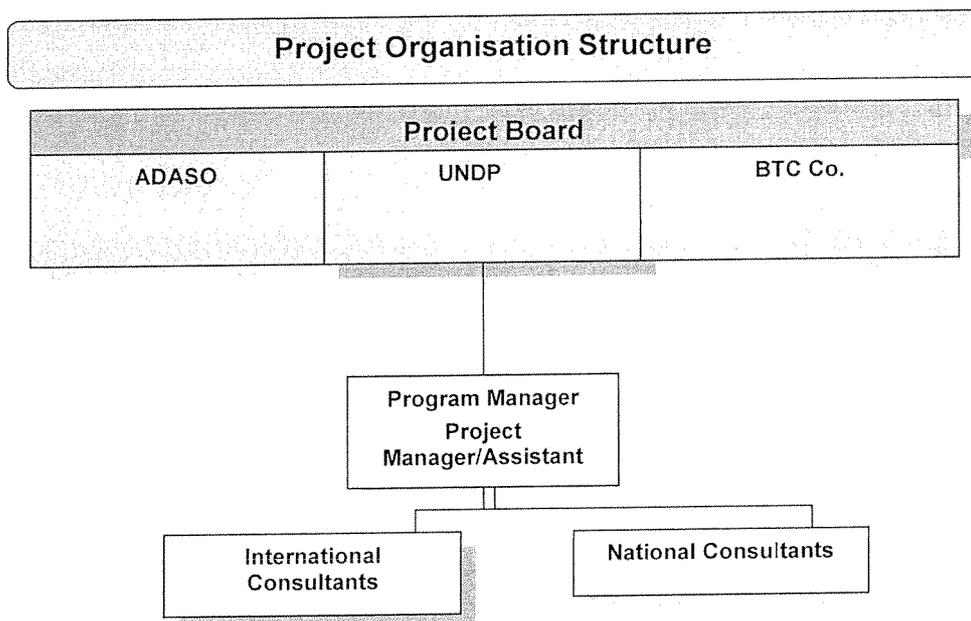
The Project Manager shall be present (in accordance with the duration of the project components) at the steering committee meetings.

Adana Chamber of Industry (ADASO), will be the leading executing agency for the project and will be responsible for overall coordination and execution of the project's components. Other relevant ministries and municipalities such as the Ministry of Industry and Trade, and State Planning Organization will ensure the technical support to project implementation.

The PM together with the Adana Chamber of Industry (ADASO), executing agency of the project and BTC Co. will decide on the necessity of translation of particular documents developed during the project implementation in local or English languages.

Strategic decisions affecting the implementation of the project will be taken by the UNDP in consultation with the Project partners. Whenever necessary the PSC will be involved in the decision process.

UNDP shall have the sole responsibility for the supervision, management and execution of the Project and shall keep Donor informed of the progress of Project activities through the Steering Committee meetings and through regular reporting. The selection and recruitment of consultants, consulting firms, experts, staff and other suppliers of services shall be the responsibility solely of UNDP and shall be carried out in accordance with its usual procedures and shall not be tied by nationality. UNDP shall ensure that only such personnel as are properly qualified, skilled and experienced in their respective professions are employed in the performance of this Project.



V. ANNUAL WORK PLAN

Year: 2008

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME Nov. 2008 - Nov. 2009			RESPONSIBLE PARTY	Funding Source	PLANNED BUDGET				
		Nov. 08	March 09	July 09			Oct. 09	Budget Description	Amount (US\$)		
Preparation of a business plan and a feasibility study for launching of the IS in Iskenderun Bay. Baseline:0 Targets: Endorsement of the business plan for IS operations targeting private sectors, governmental and nongovernmental partners, by UNDP and BTC Co. Related CP outcome:	1. Fielding of the technical team, in consultation with the relevant partners. 2. Site visits to the pre-selected provinces and private sector partners completed. 3. Data analysis completed 4. Preparation of communication tools, editing and printing communication materials and awareness raising activities with local partners. 5. Continuous monitoring of the field studies, workshops, and project document preparation.	X				UNDP/BTC	BTC Co. UNDP	National Experts (300USD/day*30 days) International Experts (600USD/day*20 days) Travel (national and international, DSA included)	9,000 12,000 8,000		
			X	X			UNDP/BTC	BTC Co.	In situ client surveys Meeting/Workshops (10m/w*20USD/part* workshops*40 participants)	7,000 8,000	
						X		UNDP/BTC	BTC Co.	Field Survey Data collection and analysis (Lump Sum contracts)	10,000 15,000
								UNDP/BTC	BTC Co.	Communication tools, printed material, workshops.	9,400
						X		UNDP/BTC	BTC Co.	Travel Project management (2000USD/month) General management (equipment, miscellaneous)	2,000 24,000 2,200

	6. Presentation of the Business Plan and feasibility study to BTC Co. and UNDP, and finalization upon receipt of comments. Resource Mobilization ensured.			X	UNDP/BTC	Final project document preparation (600USD/day*3 days) Resource mobilization	1,400 3,000
GMS (7%)							7,600
TOTAL							120,000

Schedule of payments

Amount (in US Dollars)

Upon signature of the Cost-sharing agreement

40.000,00 USD

Upon completion of the field survey (outputs 1,2,3,4,5)

40.000,00 USD

Delivery of final business plan (for 2nd phase)

agreed by BTC Co
20.000,00 USD

BTC Co. is exempt from payment of Turkish Value Added Tax. In no event will the Donor be liable for or pay VAT in connection with this Agreement. The Donor has facilitated the extension by the Turkish Government of the BTC Host Government Agreement (published on 10 September 2001 number 24166 repeated edition in the Official Gazette) to include the Regional Development Initiative. In the event BTC Co. is assessed or held liable for the reporting, filing and payment of any taxes or any related fines, penalties and interests imposed on any consultant, expert, staff and other supplier of services retained by UNDP to carry out the Project, BTC Co. shall be entitled to deduct from the Contribution any amount necessary to meet such obligation.

Any payments that remain unexpended after such commitments and liabilities have been satisfied will be transferred to the 2nd Phase of the project implementation in consultation with BTC Co..

VI. MONITORING FRAMEWORK AND EVALUATION

The monitoring and the evaluation of the Project will be carried out in accordance with the principles and procedures designed by UNDP and BTC Co. jointly through monitoring and reporting systems as below:

- The project will be monitored by UNDP Turkey regularly and the Project Board periodically.
- On a quarterly basis, UNDP will prepare Progress and Financial Reports to be reviewed by the Project Board. Financial and technical reporting formats will be provided by the Donor. At the request of the BTC Co., UNDP staff will be available to meet with BTC representatives as required.
- Upon completion of the project, UNDP will submit a terminal report to BTC Co., laying out the progress of the project as well as financial status.
- BTC Co. is also subject to external monitoring, auditing on the project implementation. (i.e. Lenders, SRAP Panel etc) costs of which are covered by BTC Co. Therefore UNDP will provide support during these monitoring activities.
-

The Project Manager in conjunction with the BTC Co. and UNDP team will be responsible for the preparation and submission of the following reports that form part of the monitoring process.

FINAL REPORT

A Project Final Report will be prepared immediately following the Final Workshop. It will include a detailed results achieved during the twelve month implementation of the project, with special emphasis on the indicators identified in the logical framework.

When finalized the report will be circulated to project counterparts who will be given a period of 15 days, in which to respond with comments or queries.

Monthly meetings will be hold between BTC Co. and PMU.

Montly reports will be prepared by PMU submitted to BTC Co. for review and approval.

QUARTERLY PROGRESS REPORTS

Short reports outlining main updates in project progress will be provided quarterly to BTC Co. and UNDP Country Office by the project team.

VII. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the Supplemental Provisions (below) and all CPAP provisions apply to this document.

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

1. Revisions in, or addition of, any of the annexes of Programme Support Document (with the exception of Standard Legal Text for non-SBAA countries which may not be altered and the agreement to which is a pre-condition for UNDP assistance);
2. Revisions which do not involve significant changes in the Project Support Objectives, activities or outputs for the Project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to the inflation; and Mandatory annual revisions which rephrase the delivery of agreed project inputs or increased expert or other costs due to inflation or to take into account agency expenditure flexibility.

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.

The Donor, BTC Co. shall have no liability under the agreement of this project other than the obligation to make the contribution agreed with UNDP. BTC Co. shall have no liability against any claims of whatsoever nature arising from or in connection with the Project or any other activities carried out by UNDP or its personnel (including its employees, affiliates, agents and contractors and any volunteers engaged in its activities) under or in connection with this project.

VIII. ANNEXES

RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in UNDAF:			
Partnership Strategy:			
Project title and ID (ATLAS Award ID):			
INTENDED OUTPUTS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Outcome 1: By 2010, strengthen individual and institutional capacity for both democratic and environmental governance at local and central levels.</p> <p>Outcome 1.1. Increased individual collective and institutional capacity for participation at all levels of decision making.</p> <p>Outcome 1.2. Mechanisms for the implementation and monitoring of international norms and standards on human rights strengthened.</p> <p>Outcome 1.3. Strengthened management and protection of ecosystems for sustainable development.</p>	<p>Activity 1.1. Project Team selection and Steering Committee Established.</p> <p>Activity 1.2. Preparatory Assistance's workplan developed and agreed.</p> <p>Activity 1.3. Assessment of the technical, economic, informational, political, and motivational characteristics of the region based.</p>	<p><i>UNDP/BTC</i></p>	<p>National Experts International Experts Project Manager Meeting / Workshops Travel In situ client surveys Management Services <i>(estimated costs presented in the Annual Workplan)</i></p>
<p>Output 2. Assessment of the key factors that can assist or hinder the development and desired functioning of an IS network in the region;</p>	<p>Activity 2.1 Identify the major industrial activities - that are either already operational in the area or are planned - and investigate their relevant characteristics such as geographic location, size, main conversion techniques, relevant in- and out-puts.</p> <p>Activity 2.2. Assess the current and future</p>	<p><i>UNDP/BTC</i></p>	<p>National Experts International Experts Project Manager Meeting / Workshops Travel In situ client surveys Management Services</p>

<p>Output 3. Identification of the local, national, and international stakeholders (including companies, local administrators and regulators, policy makers, business associations, research organizations, community representatives, financiers, etc.) who can play a key role in the development of an IS network in the region;</p>	<p>interrelationships among the industrial, socio-economic and natural systems of the region.</p> <p>Activity 2.3. Identify synergistic relations and assess their potential benefits for the businesses, environment, and local communities. The synergistic relations will not be limited to solely linking conventional production processes or developing business-to-business interactions but it will look into options for development of new and innovative businesses, products, and processes as well as mutually beneficial business-to-community relations.</p> <p>Activity 2.4. Identify key stakeholders and initiate relevant communications among the stakeholders.</p>		<p><i>(estimated costs presented in the Annual Workplan)</i></p>
<p>Output 3. Identification of the local, national, and international stakeholders (including companies, local administrators and regulators, policy makers, business associations, research organizations, community representatives, financiers, etc.) who can play a key role in the development of an IS network in the region;</p>	<p>Activity 3.1. Stakeholders' analysis.</p> <p>Activity 3.2. A multi-stakeholder workshop with local, national, and international participation.</p>	<p>UNDP/BTC</p>	<p>National Experts International Experts Project Manager Meeting / Workshops Travel In situ client surveys Management Services <i>(estimated costs presented in the Annual Workplan)</i></p>
<p>Output 4. Awareness raising for relevant stakeholders on IS programme;</p>	<p>Activity 4.1. IS communication strategy developed.</p> <p>Activity 4.2. Various communication products, such as leaflets and a project website, that will help raise the profile of the programme in the relevant local, national and international domains developed.</p> <p>Activity 4.3. International experiences shared through stakeholders' meetings on IS networks, including the development methods used, the benefits such networks provide, and</p>	<p>UNDP/BTC</p>	<p>National Experts International Experts Project Manager Meeting / Workshops Travel In situ client surveys Management Services <i>(estimated costs presented in the Annual Workplan)</i></p>

	<p>the challenges.</p> <p>Activity 4.4 Secure commitment from a critical mass of key stakeholders for the main IS programme.</p>		
<p>Output 5. Develop organizational, administrative, methodological, and financial guides for the initiation and implementation of a main IS programme in the region;</p>	<p>Activity 5.1. Identify the overarching objectives of the IS programme in the region.</p> <p>Activity 5.2. Geographic and thematic prioritization in the development of synergistic relations.</p> <p>Activity 5.3. Stakeholders' analysis: whose involvement in the programme should be targeted in the short-, medium-, and longer-terms.</p> <p>Activity 5.4. Develop the details of a methodological approach to be followed in the implementation of the IS programme.</p> <p>Activity 5.5. Identify the level of details of the data collection, processing, and analysis procedures and tools.</p> <p>Activity 5.6. Institutional assessment of organizational structure and desirable members of the programme coordination body is identified.</p> <p>Activity 5.7. Develop strategies for engaging key local, national and international stakeholders into the programme, as well as the terms for such engagement.</p>	<p>UNDP/BTC</p>	<p>National Experts International Experts Project Manager Meeting / Workshops Travel In situ client surveys Management Services <i>(estimated costs presented in the Annual Workplan)</i></p>
<p>Output 6. Fully fledged project document with detailed outcomes, outputs, activities, indicators, logframe, budget, work-plan, monitoring & evaluation, the TORs of key national and international experts and management arrangements.</p>	<p>Activity 6.1. Draft Project document prepared including logframe, workplan, budget, monitoring & evaluation, TORs of key experts, management arrangements. Prepare and ensure resource mobilization for project implementation.</p>	<p>UNDP/BTC</p>	<p>Project Manager Meeting / Workshops Travel</p>

SITUATION ANALYSIS

Turkey as Distribution Hub for the West

Turkey represents the most promising target market for gas in southwest Asia. Its potential suppliers are just as eager to supply their gas to Turkey as Turkey is to receive it, and it is unlikely for all gas pipeline projects to win the Turkish gas market race unless connections to the European gas market are created.⁵ Western Europe energy consumption increased by 8.5 quadrillion Btu between 1992 and 2001. The increase was led by natural gas, 4.9 quadrillion Btu, petroleum, 2.0 quadrillion Btu, and nuclear electric power, 1.3 quadrillion Btu, which together more than offset a 1.3 quadrillion Btu decrease in coal consumption. In 2030 Europe will have to import 95% of its oil and gas consumption if production methods and consumption habits remain the same as today.⁶ Turkey's energy policy overlaps with EU's energy security policy and thus opens a further area for cooperation between Turkey and the EU. Greece, for instance, agreed with Turkey to transfer natural gas from the Caspian and Eurasian region to Europe, through Turkey and Greece.

Turkey'S Energy Transmission Infrastructure

There are several existing oil and gas pipelines going through Turkey: the Ceyhan-Kirikkale Crude Oil Pipeline, for instance, transporting approximately 25 million barrels oil per year, the Batman-Dörtyol Crude Oil Pipeline which goes from the Batman area to the Bay of Iskenderun, carrying about 24 million barrels crude oil annually and the Iraq-Turkey Crude Oil Pipeline, running from Kirkuk, Iraq, to Ceyhan, Turkey, transporting 286 million barrels of oil in 2000. Much of Turkey's future oil supply will come via the Baku-Tbilisi-Ceyhan Pipeline, carrying 1 million barrels of oil per day. Several new pipelines, e.g. the Trans-Caspian Gas Pipeline, and extensions of existing pipelines, e.g. as the extension of the Iran Natural Gas Pipeline in future connecting Greece with Turkey, are planned or under construction. The pipeline structure connecting the Caspian Sea basin reserves with the Mediterranean and European countries, will offer the most direct, cheapest, technologically and environmentally best option for transporting oil as well as gas over Turkey to Europe.

As it is also reflected in several high level officials such as Hatay Governor Ahmet Kayhan, Iskenderun Bay will turn into an energy bay [1], which will also bring major development for the region, but also may result into unsustainable development unless the necessary planning and implementation is foreseen and endorsed by the local communities, private sector partners and government. Similarly, President Recep Tayyip Erdogan and Minister of Energy and Natural Resources stated in various platforms that the Iskenderun Bay will be an energy center,. In October 2007, Turkish Government declared an area in Ceyhan district as "Special Energy Zone" for future investments.

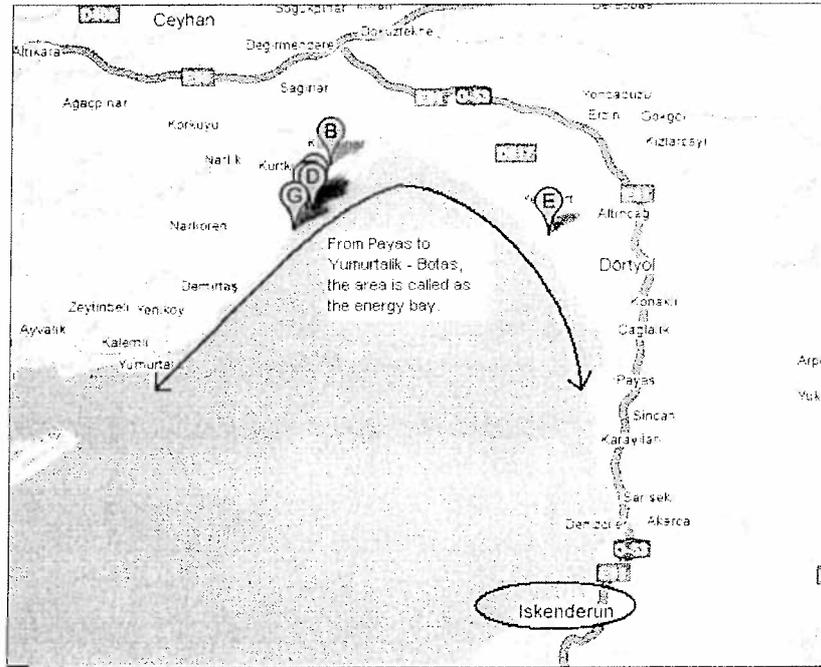


Figure 1: A snapshot from the regional map, taken from Google Maps.



Figure 2. Geographical location of Iskenderun Bay, taken from Google Maps.

[1] <http://www.ekogundem.org/news/423.html>

[2] http://www.kirikhan.net/article_view.php?aid=3971

NATIONAL INSTITUTIONAL CONTEXT

Although the action for sustainable development may not be explicitly stated in their mandates, the ministries and institutions presented below have roles in the formulation and implementation of sustainable development policies.

The **Under-Secretariat of the State Planning Organization** (SPO, www.dpt.gov.tr) attached to the Prime Ministry prepares five-year national development plans, its annual programmes and annual investment plans. Turkey is currently implementing its 8th Five Year Plan (2001-2005) and preparatory work for the 9th Five Year Plan will be launched soon. The SPO also prepares sectoral plans with due emphasis on economic and social policy issues, and approves all investment projects requiring public financing, and external finance (credit, grant and technical assistance). The SPO has the responsibility for ensuring the necessary coordination for the preparation and realization of yearly investment programmes with direct implications for local administrations. In line with the National Program for EU Accession, the SPO has also prepared the first National Development Plan (2004-2006) that incorporates targets according to NUTS classification criteria of the EU.

The **Ministry of Environment and Forestry** (MoEF) was established in 2003 by merging the Ministry of Environment and the Ministry of Forestry. The alliance of the two ministries unites the powers of the two former ministries to protect and improve the environment and forestlands in the country. Moreover, the alliance is also anticipated to establish the essential links among the socio-economic aspects of forestry and its nature conservation dimensions in the framework of sustainable livelihoods in forest areas, national parks, conservation areas, etc.

The Ministry holds a particular importance regarding the environmental dimension of sustainable development. With support from UNDP, it has played a significant coordinating role in the preparatory process for the World Summit on Sustainable Development (WSSD), and acquired a comprehensive vision of sustainable development and its three pillars as well as the experience of coordinating the national stakeholders to integrate sustainable development in various policy fields.

The **Ministry of Industry and Trade** is responsible for developing industrial policies for Turkey, taking account of economic and technological developments. It plays an important role in implementation of EU industrial sector legislation and policies. Strengthening of Small and Medium Enterprises (SMEs) and role of women in the industrial sector are some of its sustainable development initiatives.

Municipalities are the main local authorities responsible to promote and implement sustainable development principles at community level. They have particular role in informing citizens, ensuring local democracy in decision-making and implementing good governance practices at local level. Their power to prepare local development plans reinforces their potential contribution to sustainable development.

Local administrations, NGOs, Business Community and the Universities are the essential stakeholders for implementing sustainable development policies. Current mechanisms need to be enhanced for their widespread and active involvement in policy formulation and implementation processes.

World Business Council for Sustainable Development (WBCSD) is to provide business leadership as a catalyst for change toward sustainable development, and to support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues. The World Business Council for Sustainable Development (WBCSD) is a CEO-led, global association of some 200 companies dealing exclusively with business and sustainable development. The Council provides a platform for companies to explore sustainable development, share knowledge, experiences and best practices, and to advocate business positions on these issues in a variety of forums, working with governments, non-governmental and intergovernmental organizations. Members are drawn from more than 35 countries and 20 major industrial sectors. The Council also benefits from a global network of about 55 national and regional business councils and regional partners.

HEATH, SAFETY AND ENVIRONMENT, INTEGRITY

BTC Co's safety policy states no harm to people, no accidents and no damage to the environment. UNDP acknowledges the same principles. For practical purposes in the performance of this Agreement UNDP shall ensure that the project implementing agency, project staff and all the activities within the project adhere to BTC's HSE rules.

UNDP undertakes all precautions necessary to avoid conflicts of interests and shall inform BTC immediately of any situation, giving rise to or likely to give rise to any such conflict.

As a matter of corporate policy, BTC Co. expressly prohibits receipt or payment of bribes (including facilitation payments) from or to any party in relation to activities arising from this agreement. BP has adopted Code of Conduct titled "Our Commitment to Integrity" which is available at www.bp.com. UNDP ensures adherence to the Conduct in execution of this agreement.

PUBLICITY

BTC Co. shall:

- (a) Obtain the prior written approval of UNDP to use UNDP name, likeness, logo, trademarks, service marks or graphic depictions.
- (b) Not cause UNDP name, likeness, logo, trademarks, service marks, graphic depictions or reputation to be devalued in any way whatsoever.

BTC Co. intends to publicize its support for the Project in three principal areas:

- (a) Communication with the staff of BTC Co and its participants world-wide in internal newspapers, internet and magazines;
- (b) Publications of BTC Co and its shareholder/participants;
- (c) Statements in various public arenas world-wide from time to time; and
- (d) Communication with the Turkish Government and other Turkish organisations.

UNDP shall:

- (a) Obtain the prior written approval of the Donor to use the names or logos of the BTC Co's and the above-mentioned shareholders/participants
- (b) Not cause the BTO Co's name nor that of its shareholder/participants, logos or reputations to be devalued in any way whatsoever.
- (c) Acknowledge the support of BTC Co in its internal and external literature where relevant.

Unless BTC Co. requests otherwise, any notice or publication by UNDP concerning the Project, including at a conference or seminar, must specified that the Project has received funding from BTC Co.

Both Parties shall agree to the form, content and timing of any press release regarding the Project. UNDP will inform BTC Co. in advance about any planned major public event of the Project such as a presentation of survey results, public-private roundtable or other event which involves media presence.

Any publication, defined as mass-printed reports, brochures, leadlets, websites or other printed matter which is disseminated to a broad audience to be produced by UNDP related to this Project will carry the following wording: 'This document has been produced with the support of the Regional Development Initiative, funded by BTC Co and its Participants ((BP, Azerbaijan BTC Limited, Statoil, Total, Chevron, ITOCHU, Hess, ENI. ConocoPhililips and INPEX.) The views expressed here/n can therefore in no way be taken to reflect the official opinion of the Oil & Gas Companies mentioned above.' This requirement will not be applicable in situations where the format of the document does not allow for the entire

wording to be presented, such as in slide presentations or any materials, such as newspaper articles, written about the Project by third parties.

All written material UNDP delivers to BTC Co. may be distributed as needed within BTC Co., but may not be distributed to third parties without UNDP's written consent. BTC Co. will not represent UNDP's views on any matter, or use UNDP's name in any written material for third parties, without UNDP's written consent. Similarly UNDP will not represent the BTC Co.'s views on any matter or use the BTC Co.'s name in any written material for third parties without the written consent of BTC Co.

UNDP carries out the Project activity on its own behalf, provides any Project information and deliverables in a neutral and impartial manner, without inducing any party to comply with the Project information and avoiding any perceived conflicts of interest.

