



Investing in rural people

## **Republic of Turkey**

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### **Murat River Watershed Rehabilitation Project**

#### **Supervision report**

Main report and appendices

Mission Dates: 11-17 June 2016  
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Project No. 1623  
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Programme Management Department



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## **Abbreviations and acronyms**

ÇEM General Directorate of Combating Desertification and Erosion

FOU Field Operations Unit

LWF livestock water facilities

MCPs micro-catchment plans

MFWA Ministry of Forestry and Water Affairs

OGM General Directorate of Forestry

PPTs Regional and Provincial Forestry Directorates, Provincial Project Teams

## A. Introduction<sup>1</sup>

1. An IFAD mission supervised the Murat River Watershed Rehabilitation Project (MRWRP- IFAD Loan No. 889-TR, Grant 1418 TR) during July 11-17, 2016 that is financed by the Government of Turkey and IFAD. The mission reviewed implementation progresses and discussed opportunities and activities to further enhance Project implementation since the last mission conducted in June 2015 along with Project counterparts from General Directorate of Forestry (OGM) and General Directorate of Combating Desertification and Erosion (ÇEM) of Ministry of Forestry and Water Affairs (MFWA), Central (COU) and Field Operations Unit (FOU), and Regional and Provincial Forestry Directorates, Provincial Project Teams (PPTs). The mission had to be terminated prematurely before the field wrap-up meeting at Regional Directorate of OGM planned for July 16 and before the main Wrap up Meeting that was scheduled with upper management of OGM and ÇEM for July 19, 2016 in Ankara, in view of the current situation in Turkey.
2. The mission visited the following micro catchments (MCs): Kuşhane, Büyükçay and Hamzabey (Elazığ), and Karakütük (Muş) and met with beneficiaries and had the opportunity to see various investments on the ground. Due to security circumstances, the mission held a meeting with project staff in Bingöl but no MC visits were made.
3. The MRWDP constitutes an investment of USD 38,64 million of which USD 27,8 is covered by IFAD. The Project that became effective in 15 February 2013 scheduled for completion in February 2020. As of end of July 2016, 63 % of the implementation period (or a total of 53 out of the 84-month total implementation period) had elapsed with a disbursement rate of 33% (\$ 9 211 000) on the IFAD Loan and 11% on the IFAD grant (\$48 000). This report reflects the mission's main findings and recommendations. The mission expresses its appreciation for the cooperation, well-designed and conducted field visits and hospitality extended by the OGM at the regional level.

## B. Overall assessment of Project implementation

4. It is the mission's assessment that overall Project performance is **moderately satisfactory**. Weak M&E coupled with poor reporting practices that makes measurement of impact difficult and shortcomings in processing of procurement No Objections has weighed negatively on what is otherwise a project where the pace of implementation and quality of work are commendable, management ownership is high and disbursements at an acceptable pace.
5. The total accumulated actual expenditures, including the contributions of the Government and the beneficiaries, from the beginning of the project and up-to 30 June 16 is \$11.7 million (Loan \$9.2; Grant \$.05; Government \$1.7; and beneficiaries \$0.7) and represents 30% of the total USD appraisal amount. The total amounts of the actual expenditures and with commitments as of 30 June 16 in relation to the AWPB 2016 are (\$3.08 million and \$5.7 million respectively) and represents 30% and 48% of the total AWPB of 2016 respectively.
6. All micro-catchment plans (MCPs) have been completed and implementation continues in 15 MCs. The mission is impressed with the acceleration in the pace of implementation across all components and most activities. The perceived uptake of newly introduced activities and investments by the beneficiaries is satisfactory.

## C. Outputs and outcomes

### Component 1. Natural Resource and Environmental Management

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1 Mission composition: The mission consisted of Nedret Durutan (Team Leader and Agronomist), Michele Pirazzoli, (Rural Infrastructure Specialist), Stefania Gnoato (Targeting and Gender Specialist), Moez Makhoul (Financial Management Specialist), Youssef Brahimi (Natural Resource Management Specialist), Erhan Baysan (M&E specialist), , Aziz Al-Athwari (IFAD Finance Officer), and Cüneyt Okan (Rural Development Specialist). During the field visit the mission was accompanied by Mr. İbrahim Yüzer (Head, Department of Afforestation, OGM), Mr. Bilal Güneş (Head, Department of Soil Conservation and Watershed Rehabilitation) Mr. Ahmet Başkan (Head, Department of ORKÖY), Mr. Metin Avcıoğlu, Ali Rıza Uğurelli, Mustafa Ay from COU, Bayram Hopur and Ms. Serpil Erkmen (Specialists, ÇEM).

7. The Component outcome is an environmentally conscious community capable of planning and managing the use of its natural resources. The Component focuses on assisting the Turkish Government's institutions effort to make planning and management of natural resources more people oriented, and to build ownership and sustainability into its ambitious programme for investments in the upper watersheds of Eastern Turkey. The mission found the Component's performance to be **moderately satisfactory**, mainly due to: i) improved quality of the MC plans; ii) completing the planning for 14 MCs out of 24 compensating for backlog, and iii) on-going planning for 7 MCs selected for 2016 that would be completed in two months. Up to June 2016, the project launched 24 MCPs (Annex 1). The progress in Component 1 is given in detail in Annex 2.

8. In 2016, implementation continues in 15 MCs that was started in 2014, 2015 and 2016. For the two more MCs (Kovancılar/Elazığ and Alistan/Muş) that were supposed to be in this group, implementation was suspended due to on-going social problems. If situation remains the same, the Field Operations Unit (FOU) selected two more MCs to replace these. Out of the above 15 MCs, the (FOU) is geared to complete all the remaining work in 9 MCs (implementation started in 2014 and 2015) by the end of 2016.

9. In 2016, MC planning continues in 7 MCs (2 in Bingöl, 3 in Elazığ and 2 in Muş). Once the potential areas are determined and agreed with the local communities, while planning is still on-going, in such MCs FOU goes ahead and starts some of the planned work (e.g. terracing) under Component 2 before the planning stage is fully completed. In others, implementation would start in 2017.

10. In the same spirit it is recommended, that when new activities are defined in line with needs of villagers as well as emerging opportunities, to include them in the menu of MCP activities.

11. With regard to the quality of the MCPs, it has been agreed last year, following the recommendation of the Implementation Support Mission (ISM), to improve the quality of the MCPs through better defining the required output, tightening the TORs and early feedback to the service providers. An MC plan prepared in 2015 (Arduşen MC in Bingöl, team from a private firm) was randomly selected and reviewed. It was found that the quality was improved substantially compared to the ones prepared earlier: i) there is consistency across data and the document; ii) the problems identified and the interventions selected are well matching; iii) as it is seen in the irrigation plan, there is a tendency to move away from the "fixed menu" approach and to go towards a definition of investments based on actual field conditions e.g. public fountains or multiple use systems (combining irrigation and drinking water needs); iii) tables are well structured, informative and supporting the text; iii) maps are well prepared. It was reported that at all levels (FOU and COU) MC planning process has been closely followed and early feedback was provided to the MC planning teams.

12. The Project is at a turning point as regards its realization of its objectives. The MCPs do not yet constitute the financial and operational planning framework for the project while the AWPBs only refer to the PDR's cost tables. In this context, the mission considers the issue to restore the MCPs in their essential and intended roles as participative development planning frameworks as a major obstacle and recommends taking advantage of the forthcoming Mid Term Review (MTR) to reconcile the MCPs with the PDR in order for the MCPs to become spatial development tools. This implies first to strengthen the project team capacities related to the project planning such as: logical framework-based M&E, articulation and cross referencing between MCPs and annual work programs, division of labour between COU and FOU, etc. The mission recommends, in view of ensuring the best results for the MRT, to engage an ISM in early 2017. The draft ToRs of the proposed mission is given in Annex 3.

13. **Studies:** None of the planned studies and study tours has been conducted neither in 2015 nor in the first half of 2016. The mission underlines that the IFAD Grant is for financing the studies identified during project design based on MFWA's demand. The AWPB 2016 foresees to hire specialists for natural resource economics, to assess opportunities for carbon absorption and production of non-wood forest, and alternative energy sources. The studies need to be initiated in time for the MTR in early 2017 as well as for the organization of farmers exchange visits and study tours for project staff. The mission recommends commencing the arrangements for these visits by taking the limited time left into consideration. For the study tour of the project staff, a needs assessment

study covering the project staff of all levels would provide guidance for COU in making arrangements with international host institutions. The planning should be ready as early as possible so the organization could be made preferably for September/October, 2016.

Agreed action	Responsibility	Agreed date
MCPs, AWPBs and project cost tables have to be reconciled to develop a single M&E base for planning and implementation	FOU, COU, IFAD	March 2017

## Component 2. Investments in Natural Resources and Environmental Assets

14. The Component makes investments through activities as identified in the MCPs for rehabilitation and protection of degraded areas in public land (gazetted forest land including rangelands). The investments for the management of land, vegetation and water include: i) soil conservation investments; ii) rehabilitation of degraded forests; iii) rehabilitation and sustainable management of degraded grazing land/rangelands; and v) livestock watering structures. The performance of the component is rated as satisfactory. Progress regarding the activities under this Component is given in Annex 4.

15. **Soil conservation and rehabilitation of degraded forests:** As indicated in Annex 4, soil preparation for soil conservation purposes has already exceeded the estimated target in the PDR (9230 ha vs. 9000). It is foreseen that at completion in 2019, the actual would be well above this initial target. This also suggests that area planted that would go in parallel would also be over the target. The performance of this activity is rated highly satisfactory.

16. The mission visited and was impressed with the scale and scope of work done in Hamzabey MC in Elazığ that covers 10 villages with a total population of 3200 people (800 hhs). The hillside excavations demonstrate good control of anti-erosive techniques and use of mini excavators increases the quality of the work while reducing the time consumed: manual labour with 80 m/day vs machine with 1km/day.

17. Although the main species used in afforestation are coniferous forest species (e.g. pines, cedar), around the villages, fruit bearing species (e.g. almond) are planted to be harvested by the village communities. Fruits that are shared among the hhs pave the way for more support and cooperation for forestry activities. The mission visited an orchard on forestry land where rootstocks of wild almond were planted (20 ha) about 20 years ago. About 60% of the wild trees were grafted in March 2016 with early and high yielding disease resistant varieties producing easily marketable fruits. Grafting yields extra income for the local community while protecting the land against erosion. The mission recommends expanding this activity to forest land and private land, if the MC plans allow.

18. The tender for the manual plantations in the fall plantation will explicitly seek to contract labor from MC villages as a standard procedure. In case of no demand from locals, private companies who import labor are contracted. It is estimated that about 250 people would be employed in planting of 400.000 trees in this MC. Generally; women are preferred for tree planting. During the last supervision mission the female ratio was 40%.

19. Oak coppice is rehabilitated progressing slowly, 34% since the beginning of the Project. In 2016, although spring season is over, the achievement is only 17%. The main reasons are: i) the unfavourable weather conditions in spring that affected the plant physiology, and ii) social problems that limited the field work. By taking these into consideration, this activity is rated as marginally satisfactory.

1. **Supporting public nursery infrastructure investments.** Given that there was no interest for the 'contracted seedling production' foreseen during project preparation where funds were made available under Component 3, The OGM obtained IFAD "no objection" in August 2015 for the upgrade of the OGM own nursery in Altinova (Elazığ) in order to meet the increased demand for seedlings in the region.



20. A state-of-the art drip irrigation system in the nursery was installed on some parts of the nursery and continues to benefit additional land (20 ha). Some equipment was also purchased. This investment is proving instrumental to supply seedlings for afforestation activities with fruit bearing varieties, particularly walnuts, which constitute some 50% of the annual seedling production in the nursery. The total production from the nursery is set to increase from 6 to 10 million seedlings after a technological upgrade. Other benefits include: i) increased irrigation efficiency; ii) reduced use of inputs through fertigation; iii) faster growth rates, and iv) higher success rates. The performance of this activity is moderately **satisfactory**.

21. **Rehabilitation of grazing land.** The activity is designed to achieve rehabilitation of grazing land through the following investments: i) closure of the area temporarily; ii) livestock water facilities; and iii) communal livestock facilities.

22. **Closure of the area.** From the beginning, this activity is progressing slowly: 2016 ratio is only 6.3% while the cumulative ratio is 31%. The major reason is the objection of livestock owners in some MCs. Although they indicate their agreement at the MC planning stage, later they went back on the deal due to changing circumstances and objected closure. A reason for this could be the inadequate consultation during MC planning process. Unless the benefits and also the consequences of the closure are well understood by the villagers, renegeing on the agreement is inevitable during implementation. The performance of this activity is rated marginally satisfactory.

23. **Livestock Improvement structures on communal land.** This activity includes: i) livestock water facilities (LWFs) and ii) the communal livestock facility was added to the Component based on the recommendation of the previous supervision mission (Annex 6).

- a. **Livestock Water Facilities (LWFs).** Investments in the 2016 AWPB include the more than 100 units of galvanized steel or concrete troughs and pipes (to be installed by the villagers). The 15 units completed to date are all cast on site concrete, located near the project supported communal livestock facilities (CLFs). Thirty-one more concrete units are being contracted to complement on going investments CLFs. Pipe installation needs to be close follow up by the PPTs.

The mission reiterates that further technical options be considered in future planning of LWFs in the pastures (Annex 4). Due to the overall availability of surface or shallow water in the pastures in the project area, the option of constructing rainwater harvesting ponds through earthen embankments is not likely to be considered, hence the budget allocated in the PDR detailed cost tables for such investments can be easily used for e.g. piloting solar powered LWFs<sup>2</sup>. The performance of this activity is rated **moderately satisfactory**.

- b. **Communal Livestock Facilities (CLFs).** During the period under review, the Project has completed the installation of 15 sets of CLFs (shades, itching poles and salt lick) across 11 villages in the Project area, in addition, 5 shades with structural problems<sup>3</sup> were rebuilt in line with the 2015 supervision mission recommendations. The mission notes that since the recruitment of a Civil Engineer dedicated to the project on September 2015, the revised standards for livestock shades have been applied and constitute a noticeable improvement in terms of quality of design and construction. This activity is currently rated **satisfactory**.

### Component 3: Investments in Improved Livelihood

24. The Component's outcome is improved living conditions through supporting small-scale crop and livestock production on private land. The Project provides opportunities on a cost-sharing basis to raise the income of MC communities reinforcing the adoption of rehabilitation activities.

25. The investment menu for private land includes the following activities: i) wheat and barley productivity improvement; ii) forage crop production; iii) improvement of livestock shelters; iv) orchard establishment; v) improving vegetable production; vi) small-scale irrigation; vii) contracted seedling

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<sup>2</sup> The technology and type of installation would be the same which was piloted to feed the drip irrigation lines in the walnut orchard in the Büyükçay MC visited by the mission

<sup>3</sup> As in Karakütük MC in Mus visited by the 2015 supervision mission

production; and viii) promoting energy saving technologies. Progress made in this component is given in Annex 5. The mission rated the component as **satisfactory**.

26. **Improvement of the productivity of wheat and barley.** In 2015, 65% of the target was achieved by providing certified seeds of high yielding winter varieties (HYWVs). For 2016, implementation will start in fall with a target of 375 ha. There is a need for improvement of agronomic practices (e.g. soil tillage, seedbed preparation, fertilizer application and seeding) in cereal production. If the activity is implemented according to the technical norms, expected yield improvements would be achieved and these would reduce the need for additional land and/or number of plots to be dedicated to wheat and barley. In turn, this would enable farmer to allocate more of his land for forage crops. Average yield with HYWVs are reported as 3500 kg/ha compared to farmers' local varieties that yields about 2000 kg/ha in Kuşhane and Büyükçay MCs/Elazığ. The performance of this activity is **satisfactory**.

27. **Seed cleaning/treatment facility.** In the context of improvement of wheat and barley production, a modest seed cleaning/treatment facility was made available in Gümüşkaynak village of Büyükçay MC in Elazığ serving 9 villages (in Büyükçay and Kuşhane MCs). The mission had the opportunity to visit the facility. Farmers reported that those who cannot afford to buy cleaned and treated seed bring their crop to the facility that cleans, grades and treats it for pests and charge a small fee. The village administration is responsible for the O&M.

28. **Forage crop production.** The Project foresees the expansion of forage crops both under rainfed and irrigated conditions to support rangeland rehabilitation interventions (particularly closure) and livestock production directly. For rainfed production only 6% of the target is achieved to date (Annex 5). The activity was dormant in 2015; however, there is some movement (30 ha against 20 ha target) in 2016. More efforts are needed to create awareness and to provide training for farmers. It is particularly important to emphasize the leguminous forage crops (e.g. Hungarian vetch) under rainfed conditions in rotation with wheat and barley. This would reduce the farmers' obsession with irrigation to produce forage crops. The progress with the irrigated forage crop (alfalfa) activity is better. The cumulative achieved is 51% (financial 53%). This activity is rated as **moderately unsatisfactory**.

29. **Improvement of livestock stables.** Barn rehabilitation works were contracted since 2014 across the first 4 MCs selected for implementation, where 128 barns have been completed to date. The works consist of either raising and rebuilding the roof structure for the case of cattle barns or replacing wooden frames with permanent welded steel structures for the case of ruminant sheds. The mission had the opportunity to visit examples of one each in Büyükçay and Kuşhane MCs in Elazığ (Annex 5).

30. The demand for barn rehabilitation (particularly for cattle) remains high in the MC that has entered the implementation pipeline in 2016. The project Civil Engineer has been highly involved in carrying out measurements and technical assessments on over 600 barns proposed for upgrading and developed minimum standards to ensure the structural aspects of construction are taken in due consideration as recommended in by the 2015 Supervision mission. While having an obvious impact on the unit costs<sup>4</sup>, the revised standards constitute a noticeable improvement in terms of design and construction. As long as those who are interested in new barns can afford to contribute, the Project constructs new barns. However, the cost is the determinant; upgrading is TL20,000 while construction is TL 37,000. Nevertheless, 46 barns are already completed and 100 more due to be completed by year end, exceeds the 2016 AWPB targets. The cumulative targets for this activity need, however, to be revised at MTR to account for the revised unit costs and demand projections.

31. A representative sample of the data collected in the Beneficiary Identification Forms compiled by the Project for this activity need to be analysed by the M&E staff to start evaluating the impact of barn rehabilitation in terms of incremental incomes generated by the investments. The performance of this activity is rated satisfactory.

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4 Currently ranging between TL 20,000 and TL 37,000 for the case of a roof structure on steel columns

32. **Orchard establishment.** In the MC villages it is difficult to find orchards established with appropriate geometry and technique and with modern fruit varieties that are marketable. With the Project, modern orchards have become popular. As of June 2016, the cumulative achievement is 92% of the target with well-established orchards. As the smallholders involve more in fruit production, they would be exposed to new challenges and would need hands-on training as well as new information. It should be noted that fruit and vegetable production sectors are more dynamic in terms of creation and flow of new information compared to other sectors. This calls for also frequent training of PPTs as well as the farmers. Orchard establishment activity is rated as satisfactory.

33. **Improving vegetable production.** As indicated in the last supervision report, the interest is increasing for both greenhouse and open field vegetable production (Annex 5). The mission highly supports the Project's effort in horticultural sector that is pro-poor since the return on land, labor, water and financial resources (benefit-cost ratio) are higher compared to cereal farms that have been the traditional practice in most part of the uplands.

34. The project is effectively responding to a growing demand for investments in greenhouses in the target MCs, particularly in Elazığ and Bingöl. Prior to full scale implementation of this activity in 2016 (with 40 units covering 0.98 ha completed in the first half of the year and 55 more units at the tendering stage), the MRWRP Civil Engineer came up with a standard design for a 240m<sup>2</sup> greenhouse that is well suited to the local climate (Annex 6). A representative sample of the data collected in the Beneficiary Identification Forms compiled by the Project for this activity need to be analysed to start evaluating the impact of the greenhouses in terms of incremental incomes generated. The performance of this activity is **satisfactory**.

35. **Small-scale irrigation** covers irrigation pools, channels and drip irrigation (Annex 6).

- **Irrigation pools and channels.** In 2015, the Project has directly implemented a major irrigation project in Kuşhane MCs in Elazığ, that was initially intended to be financed by Eastern Anatolia Development Project (DAP) and designed and implemented by the Special Provincial Administrations (SPAs). The mission field visit at the site revealed that the works, including about 15 km of pipeline serving an area of 400 ha, have been completed and irrigation is being applied for the first season by the 140 targeted HH. In the cases in which a common network connects several users, the project shall provide the beneficiaries, as deemed necessary, with targeted capacity/institution building to support their development as effective O&M arrangements (currently under the responsibility of the village administrations). In principle, this would apply also to the schemes being constructed by DSI. Future monitoring of project supported investments in irrigation shall be geared to capture relevant dimensions of impact on beneficiaries' incomes and assets through an assessment of the shifts in crop patterns and of the increases in the market value of farmland with access to irrigation.
- The 2016 AWPB targets for the construction of individual irrigation pools (50-100 m<sup>3</sup>) and irrigation channels were intended as provisional sums to be mobilized only in case of failure to leverage financing from alternative sources for the development of irrigation networks in the 4 MCP that entered the implementation pipeline in 2016. Such financing (including also that for feasibility studies, design and supervision) has been reportedly secured from DSI, which has taken over irrigation works across 9 MC since the start of the project. The estimated aggregate value of works to be contracted by DSI in the project areas is estimated to be already well above USD 6 million, plus about USD 500,000 for designs which are currently on going or about to be contracted. The successful leveraging of additional funds for irrigation works in the Project MCs (from DSI and DAP) and the effective coordination of governmental agencies is seen as a major achievement of the Project management, ultimately allowing for an expansion of the overall Project outreach (either in terms of MCs or as activities within a MC) (Annex 6).
- The performance of this activity is still rated **satisfactory**, with potential further improvements in rating, pending completion of the leveraged investments in communal irrigation water systems under DSI. In case leveraging of additional resources for irrigation

will continue on this scale in the newly selected MCPs, expenditures for investments in irrigation pools and channels will only marginally increase the current low levels of 14% and 4% of the PDR allocations, respectively. This would make additional budget available for up-scaling other activities (e.g. energy saving technologies) under the Component to fully meet the demand.

- The mission reiterates that under specific site conditions, standalone irrigation systems based on solar pumping from shallow wells such as that installed in the walnut orchard on public land in Büyükçay MC/Elazığ visited by the mission may be also considered during the identification of future pilot investments in small scale irrigation on private land.
- **Drip Irrigation.** The installation of drip irrigation lines on private land during the review period has proceeded as scheduled and in line with the MCPs, about 120 ha or approximately 165 HH. The mission reiterates that a representative sample of the data collected in the Beneficiary Identification Forms compiled by the Project for this activity need to be analysed by M&E staff to start measure the impact of the improved irrigation technology in terms of incremental incomes generated by the first lot of investments, covering 8 ha completed in 2014. The performance of this activity is **satisfactory**.

**36. Promoting energy saving technologies.** This activity is designed to reduce the overall demand for fuel and excessive reliance on fuel wood and to promote the use of affordable renewable energy sources in the upland villages. The interventions comprise: i) hotwater panels; ii) insulation of village houses, and iii) energy efficient stoves for cooking/heating.

- **Hot Water Panels.** With 500 panels installed from the beginning of 2016 and 500 more to be installed across 3 MCs by year-end, this activity is well positioned to exceed its physical cumulative target of serving 1250HH already by end 2016. A sample of available Beneficiary Identification Forms compiled by the Project for this activity shows that measurable impacts of the installation of solar panels include the reduction of the cost of water heating to 25-30% corresponding to about TL 200/HH annually. The implementation is rated satisfactory.
- **Insulation of village houses.** Project support is provided for thermal insulation of village houses through the installation of extruded polystyrene boards on the outer walls covered with cement-based plaster. While the 2016 AWPB target of serving 490 HH has been already exceeded nearly by 50%, there some additional 550 HHs that will be completed by year end, ultimately resulting in a cumulative output of about 1600 HH across 10 MC, which is way in excess of the physical cumulative target of serving 625 HH set in the PDR. To this effect, the relevance of this activity is indeed beyond anticipated and an additional allocation of funding from other less performing activities should be considered. The 2015 supervision mission findings about the high appreciation for these types of investments (improving livelihoods, 40-50% reduced fuel usage, and monetary savings up to 550 TL/HH annually) have been confirmed. The activity has also been accepted into the ORKOY's menu as indicator scaling-up. It is the mission assessment that the rating of this activity be highly satisfactory.
- **Energy efficient stoves for cooking/heating** As noted by the 2015 supervision mission, due to the widespread demand and its lower than anticipated unit cost (about TL 550 per unit), this activity has already exceeded the PDR outreach target of serving 1250 HH while absorbing a fraction of the funds allocated. A total of 1100 HH benefited from the provision of energy efficient stoves since the beginning of 2016 and tend to increase twofold by year-end. Reported benefits include a 50% reduction in the cost of heating corresponding to about TL 200 /HH annually. The activity is rated as highly satisfactory.

**37. Village Bakeries.** During the review period, the project has broadened the type of eligible investments in the promotion of energy saving technologies to include the construction of communal village bakeries based on demand by women in order to reduce firewood consumption and the occurrence of health issues arising with the use of nonstandard individual baking ovens. This activity is currently under implementation at a pilot scale in 4 sites in the Karakütük MC in Mus, but has an envisaged good potential for replication to other villages pending the validation of expected outcomes (particularly on the joint management under the coordination of the village headman) through close

monitoring. The designs have been developed by the MRWRP civil engineer. The mission commends the proactive approach of the project to develop such pilots and rates the implementation of this activity **satisfactory**.

Agreed action	Responsibility	Agreed date
Include the following topics into the PPT training action plan: i) agronomic practices for wheat and barley, ii) recent innovation and developments in horticulture by Yalova Research Institute; iii) study tours to successful companies operating in livestock and horticultural crop production	FOU, COU	Early fall, 2016 and spring in 2017
Promote Hungarian vetch as forage crop under rainfed conditions in rotation with wheat	PPTs	On-going basis
Start evaluating the impact of barn rehabilitation in terms of incremental incomes generated by the investments		
If required, support users of communal irrigation networks to set up appropriate O&M systems.	FOU, COU	On-going basis
Carry out a systemic analysis of the benefits of the investments in small scale infrastructure and energy saving technologies to be further developed into relevant knowledge management products and to inform MTR	FOU, Monitoring Consultants	January 2017

## D. Project implementation progress

38. **Project Management Performance** remains moderately satisfactory. The mission complements the ownership shown by the management at OGM, particularly at the OGM Elazığ Regional Directorate in the person of the Regional Director and his staff. Despite shortcomings in training, staff morale and enthusiasm is reflected in their perceived ownership of the Project's concepts and objectives.

39. Poor uptake of M&E fundamentals and shortcomings in procurement processing continues to negatively affect performance of otherwise good overall project management, particularly in technical operations at the FOU. Results on the ground and uptake and implementation of technical interventions by the beneficiaries show that the Project is robust. The risks flagged at design of OGM's lack of experience with IFI-funded projects remain relevant and should be promptly addressed by IFAD.

40. The rationale of the AWPBs, RIMS, outcome-based reporting, considerations of gender, etc. remain elusive to the MRWRP staff in the field and in Ankara at CEM and OGM. These are a consequence of infrequent supervision, poorly executed M&E support missions and reporting perceived by the client as a time consuming formality to meet IFAD's requirements and not as a management tool. The two support missions since start-up in June 2013 and one training visit in 2015[1] to introduce the Planner have not yielded significant changes in the project management skills at OGM or CEM, in the field and Ankara.

41. Since start-up, several changes took place at the decision making levels (e.g. Project Manager, Deputy Project Manager) putting to test the identified 'frequent staff turnover' risk at Appraisal. The resultant gaps combined with poor access to consolidated information and substandard reporting is partially due these changes. The new DPM is capable and would benefit from more guidance by the COU. Project staff, including the PPTs have otherwise remained constant, an important attribute of the overall success in field implementation. The Steering Committee remains operational and meets twice yearly.

42. A fulltime M&E Officer has been hired for the FOU for the Project at field level but she has yet to receive any training on Project M&E. The staffing required fulfilling implementation requirements remain in place, pending the hiring of M&E staff for the FOU and a Data Processing Specialist for the COU.

43. The mission underlines that the workloads of the COU and FOU continue to increase along the number of MCs under implementation, to peak in 2016-17. The day-to-day management of the fieldwork, procurement at both central and field level, M&E, disbursements, overall progress etc. will put further pressure on staff. The Project would benefit from regular field visits of COU that would enable them to interact directly with beneficiaries and other staff to assess progress and identify bottlenecks first hand.

44. **Financial and accounting staffing.** The fiduciary team at central level (OGM) includes one full time staff who prepares the payment orders, the SOE and two part-time staff. There is no dedicated accountant/finance officer at the FOU where the DPD and a forest engineer are part time staff for financial monitoring. The mission recommends hiring an accountant or to second one staff from Elazığ OBM to the Project's accounting and finance tasks.

45. **Operational tools:** The staff in the field, including in Ankara are equipped with up to date information technology and office equipment while changing circumstances and technologies may require periodic review of these. The hardware and software needs of the PPTs have been met by the FOU. There are no bottlenecks for vehicles. The working premises for the PPT in Elazığ are improved with work stations for each team member.

46. **Training and Study tours:** The training needs of project staff and beneficiaries/farmers are detailed in the PIM, PDR while sections of this Aide Memoire refer to gaps identified by the mission.

47. **Farmers Training.** PPTs collaborate with the PDAs for public extension and short-term training services at no cost is incurred to the Project and therefore, there is no trace in project expenditures despite the activity being carried out. Unfortunately, to date, the Project beneficiaries have not benefitted from the systematic training predicated by design. The mission recommends that the long-delayed Training Needs Assessment (TNA) be carried out by the COU and FOU as soon as possible, preferably with support from contracted service providers for the sake of expediency and professional evaluation. The resultant program would be time-bound in an Action Plan. The mission recognizes that field activities cease over 4-5 winter (Nov-March) presenting opportunities for study tours, staff and beneficiary training in non-field activities.

48. There remains approximately USD120 000 under the IFAD Grant facility, under "Various Studies". The 2015 mission's recommendation remains valid the COU develop options study tour or topics and countries for experience sharing. These would be reviewed by IFAD.

49. **Mid-Term Review (MTR):** The 2015 IFAD Portfolio Review for Turkey has flagged the importance of MTRs and their lack/necessity in projects. Various sections of this Aide-Memoire refer to the planned MTR by an IFAD mission in the spring of 2017, before start of seasonal field activities. The mission underlines that the 2017 AWPB would still be prepared according to the agreed timetable with IFAD with the understanding that it will be provisional until finalized in line with the findings and recommendations of the MTR. The scale and scope of the mission and its ToR will be duly informed to the client. The mission recommends that an IFAD MTR Support Mission (Annex 3) be fielded at least one month prior to the MTR mission to: i) prepare the COU and FOU in identifying fundamental modifications to the Project such as activities under components as per the MCPs, Log Frame targets, project duration, etc. ii) carry out a RRA/Diagnostic Survey of works and beneficiaries using the Baseline Survey as reference.

Agreed action	Responsibility	Agreed date
Contract or second Accountant for FOU	COU/FOU	ASAP
Conduct TNA	COU/FOU	September 2016
Develop Training Program, budget and annual time bound action plan based on training needs assessment	COU/FOU	September 2016
Develop proposals for study tours	COU/FOU	Sept 2016
Prepare for MTR in 2017	COU/FOU	Sept 2016

## Monitoring and Evaluation (M&E)

50. The Status of M&E is given in detail in Annex 7. The mission appreciates the sincere efforts of the FOU to monitor activities in the field. Detailed "Beneficiary Identification Forms" (BIF) use the database at FOU to provide baseline information on livelihoods and summarize the Project's on-farm and off-farm investments. The completed baseline survey and micro-catchment plans provide important reference data for M&E.

51. The data collection system does not allow comprehensive monitoring on physical achievements at Project and micro-catchment (MC) levels. The key data available in the MC plans requires consolidation and adjustment to respond to IFAD's reporting requirements. The Project team's use of the above-mentioned forms, MC plans, baseline survey and Planner is used solely for reporting purposes and is not instrumental for planning or decision-making. In view of the chronic delays in developing a functioning M&E system and the accelerating pace of implementation, the Mission strongly recommends that one additional staff be recruited to strengthen the M&E system.

52. The Planner, an Excel workbook was developed for ease of reporting and had been recommended by IFAD and proven useful in COU and FOU to develop the AWPBs, but due to the lack of proficiency/hands on training of the staff and its inherent inflexibility, it has been inefficient in generating acceptable quality Progress Reports. There is little or no narrative detail on activities and expected outcomes to explain community participation, transparency in selecting districts, villages, smallholders and infrastructure investments, sustainability of the investments, effect of interventions on rural environment, problems encountered during the reporting period, gender mainstreaming and bottlenecks experienced.

53. Baseline survey (BS) and its Final Report were completed in 2015. The mission recommends that the BS data set be combined with the MC plans and BIF data where the database developed (in Excel) would thus allow for monitoring of project activities at MC plan, province and project level. This integrated database would be maintained by the M&E officer at the FOU following training.

54. The two-headed (OGM and CEM) responsibility for M&E continues to choke flow of information and renders reporting ineffective. The PPTs collect and confirm field data on various activities particularly for investments in improved livelihoods (i.e. change in use of firewood, livestock health, vegetable productivity).

55. A more systematic management information system (MIS) that focuses on strategic analysis, rather than on data compilation with limited transformation into information, remains a significant shortcoming. This prevents the still-nascent M&E system to go from outputs, up the monitoring scale, to outcomes. It is recommended that as primary users of the system, the M&E staff at the FOU, develop a data flow system starting from individual MCPs to project level. The mission could not detect any concrete improvements since the last supervision in summer of 2015. The performance of the M&E system is rated as **moderately unsatisfactory**.

56. The mission confirmed that the automatic erosion measurement master stations (EMS) will be installed in three MCs: two in Elazığ and Bingöl by August 2016 and one in Muş, with the location to be decided in 2017. The sites allow sampling of all activities foreseen for MC-level NRM are carried out and the physical characteristics (steady water flow, shape, slope, vegetation) of the MCs allow use of best practice to measure change in rates of erosion.

57. The Log Frame and indicators were updated by an IFAD Implementation Support Mission in mid-December 2015. This training ISM was a desk exercise carried out in Ankara only with CEM and COU staff. The mission has revisited the LF and made provisional adjustments as appropriate to compensate for the shortcomings arising from this limited interaction. The mission strongly recommends that the LF be fully reviewed at MTR with extended participation of all project staff and with ORKOY, the implementation partner with the fundamental role of improving livelihoods under C3.

Agreed Actions	Responsibility	Agreed Date
Recruit one additional M&E staff	FOU	As soon as possible
Install EMS in Bingöl and Elazığ	OGM/CEM/FOU	30 August 2016
Identify location for EMS in Muş MC	OGM/CEM/FOU	30 November 2016



Finalize comprehensive data base in MS Excel	M&E staff at FOU & COU	30 November 2016
Prepare an annual data collection and reporting plan	M&E staff at FOU & COU	30 September 2016
Update ToRs of M&E staff	M&E staff at FOU & COU	30 September 2016
Update PIM's M&E section	M&E staff at FOU & COU levels	30 September 2016
Identify training requirements and make a M&E training plan (include learned lessons and internal periodic workshops with project staff)	M&E staff at FOU & COU and PPT	30 November 2016
Update project website	COU/FOU	End of working season, 2016

58. **Targeting.** It is the mission's assessment that project targeting continues being **satisfactory** with targeting mechanisms being in place and the project reaching out to its intended target group.

59. The target group of the project, around 80000 people or 12500 households, are poor women and men living in upland villages in the selected MCs (direct beneficiaries) and other non-farming residents who also benefit from improvements to their physical environment and living standards (indirect beneficiaries). A third group of indirect beneficiaries are the general population living downstream. In line with appraisal, the project applies geographic and self-targeting to poor regions and districts in the 3 provinces, having selected, to date, 24 MCs within the Murat Watershed (the total of the appraisal target). Currently the project is implementing 17 MC plans across approximately 100 villages in the provinces of Elazig, Bingol and Mus, reaching out to some 53000 direct and indirect beneficiaries (67% of appraisal target), living in around 10000 households, a remarkable increase from 1500 household recorded in June 2015.

60. The mission ascertained that, since the last supervision, the MCs selection continues being carried out soundly, following criteria identified at appraisal (Annex 8). Within this framework, investments are demand-driven and self-targeting. Furthermore, the mission verified to what extent the participatory approach and selection process, envisaged at appraisal, are being applied in the preparation of the MC plans, and concluded that it is still largely observed. In addition, beneficiary selection criteria, which were initially developed out of an initiative of the Field Operations Unit (FOU) are still being applied and lessons are regularly recorded and used to improve targeting. Specific criteria are still being used for each type of investment implemented by the project, e.g. for forage crop production, barn rehabilitation, greenhouse establishment, honey production, nursery investment, drip irrigation system, orchard establishment, vegetable production, and energy saving investments (solar panels, heating stove, house insulation).

61. Following a recommendation from last supervision, calling for more consistency and quality amongst the MC plans, several workshops were conducted to train the forestry staff working in watershed projects and the MC planning teams by the MFWAs, a guideline was prepared by ÇEM and circulated to the field offices that would help to improve the outline of the MC plans further.

62. Project ownership and commitment continues being high at all levels with village communities accepting and understanding the importance of protecting the forest and other natural resources by adhering to the rules and principles the project is promoting while showing interest in the opportunities offered by the project, i.e. engaging in a more profitable and sustainable agricultural production. In turn, forest official and staff are showing a commendable level of understanding and consideration for farmers' requests and priorities. This reconfirms, the relevance of project design and the effectiveness of its participatory approach.

63. In terms of benefits to the target group, the project has been generating employment in the 3 provinces, with 550 workers (330 women) having being trained and recruited in afforestation activities, mobilizing around USD 11000 in salaries. Furthermore, as reported in earlier sections, field visits highlighted the positive impact of project interventions in energy saving technologies (energy efficient stoves for cooking and heating, house insulation and village bakeries) in making a difference in the livelihoods of the people living in the project area.



64. Despite these initial indications of project benefits, in order to allow further monitoring of targeting performance through benefits generated by the project, it is imperative for the project to put in place a stronger M&E system and capacity able to systematically capture incremental project benefits that go well beyond the current output level reporting system.

65. **Poverty focus.** The MC is the operational unit of the Project with planning, implementation and, despite current shortcomings, M&E being carried out at MC level. Geographic targeting based on poor NRM and degradation overlaps with poverty targeting in the poor uplands. The poverty focus of the project is on track and satisfactory. Within the MC framework, investments are demand-driven and self-targeting, with direct links to poverty-driven. The villages in the MCs are classified as “ORKOY” (forest villages) and are predominantly poor, the primary target group of the MRWRP. A secondary target group are other non-farming residents who also benefit from the investments made in communal lands improve their physical environment and living standards. The mission recommends that field data collection begin to shift focus from inputs and outputs by HH to outcomes and impact by individual, household, gender and age. All village residents benefit from the investments made on public land: forestry activities, communal facilities for livestock, bakery, fruit bearing trees in the forest and on village communal land. The poverty impact of individual/HH-level investments under Components 2 and 3 range from savings in fuel costs for heating and cooking to improvements in personal health and hygiene due to the bakeries, livestock facilities and water fountains.

66. **Gender focus.** Gender focus at implementation is **rated satisfactory**. Most activities in the project are gender neutral as they intend to deliver benefits to the whole households; however, due to the traditional gender roles on the villages, some activities such as energy saving, afforestation and horticulture are intended to target mainly women (Annex 8).

67. Gender targeting remains in line with appraisal, as well as measures and mechanisms applied to support women’s involvement and inclusion in planning and decision-making. Despite the conservative context of the project area, high commitment and support to ‘gender’ by implementing actors across all levels are reconfirmed. Notably, the proactive role of the female members of the 3 Provincial Project Teams continue to remain key in ensuring awareness and spreading of information about the project to women in the villages. The mission recommends the 3 female of the PPTs to be formally assigned the gender focal point role, in recognition of their hard work and effectiveness in addressing gender targeting. Their Terms of Reference should be revised accordingly. In line with expectations set forth by the AWPB, project cumulative data and field interactions confirmed the high participation and enthusiasm of women in project activities (Annex 8) that, like in the case of training, tend to stand at par with men. Unsurprisingly, women highest involvement is found in activities related to energy saving technology, greenhouse and open field vegetable production and orchards. As emerged during field visits, the most recent construction of pilot village bakeries undertaken by the project is being well received by women also as a socializing facility for them outside the household, in a context where there is none.

68. The recommendation to improve gender disaggregation reporting in all project activities has not been addressed by the implementing entity. Monitoring of activities through gender data disaggregation remains in need of further efforts to allow generating of reports without manual computing of data that is the current standard practice. There appear to be limited understanding on the reasons for such improvement in the M&E system and further training is recommended for the concerned staff.

69. **Youth targeting.** Rural youth in the project area continues being targeted through the beneficiary selecting criteria adopted by the project that gives a higher score to younger farmers. During the upcoming Mid Term Review, it is recommended that, through the identification and tracking of the wealth profile of beneficiaries through an improved M&E system, an assessment of whether new targeting mechanisms are required to deepen the beneficiary outreach be carried out.

70. **Smallholders’ training and gender focus.** The project is conducting training of female and male smallholders, generally at start-up and in complementarity with other project activities, based on demand and mostly on ad-hoc basis. In order to improve training effectiveness, as indicated earlier in

para: 45, the mission recommends the FOU/COU to prepare a comprehensive need assessment for smallholders training on a yearly basis and to document results and impact in farmer training through e.g. a random evaluation of trainees' change of behaviour in production.

71. In terms of training outreach, the gender focus on smallholders training continues being almost at par with male training (Annex 7). To date 496 women farmers and 624 male farmers have been trained on vegetable production under plastic cover, vegetable production in open fields, establishment/pruning/maintenance of orchards, planting with seed drill, strawberry production, forage crop production, viticulture and livestock husbandry. The objective of training smallholders will be further pursued in 2016 with the training of additional 118 women and 132 men. Furthermore, 550 workers (300 women) have been trained in afforestation practices.

72.	Agreed action	Responsibility	Agreed date
	Amend TORs of female PPT members to formally assign them the gender focal point role, in recognition of their efforts and effectiveness in addressing gender targeting.	FOU/OBM/OGM	Immediately
	Improve gender disaggregation reporting in all project activities with the support of staff training.	IFAD/FOU/OBM/OGM	Immediately
	Improve training effectiveness through the preparation of a comprehensive yearly training needs assessment for smallholders, and evaluations of their training impact.	FOU	By Sept 2016 and on a continuous basis.
	MTR to assess whether new targeting mechanisms are required to deepen the beneficiary outreach.	IFAD/FOU/OBM/OGM	MTR mission dates

**Coherence between AWPB and implementation.** the quality of AWPB is satisfactory but links with MCPs remain weak. The MCPs do not yet constitute the financial and operational planning framework for the project while the AWPBs only refer to the PDR's cost tables. Most key activities had been initiated timely. Accordingly, coherence between AWPB and implementation is **moderately satisfactory**.

73. **Partnership.** Additional funds for irrigation works in the Project MCs (from DSI and DAP) were successfully leveraged resulting in effective coordination of governmental agencies. This allows for expansion of the Project outreach (in MCs or as activities one). The SPAs also used DAP funds for small-scale irrigation. The ability of the project's design to leverage complementary financing shows IFAD's technical potential in Upper MICs. If such leveraging continues in the newly selected MCs, expenditures for irrigation pools and channels will only marginally increase from the current low levels of 14% and 4% of PDR allocations, respectively. This would make additional budget available for up scaling other activities. Participation of the DSI staff in the BC-BC-PS process for the MCPs is another benefit of this partnership.

74. In the Project provinces, the Project established partnership with Provincial Directorates of Agriculture (PDAs) for farmer training and extension services where the PDA staff provide practical training to the Project beneficiaries (Annex 7) based on the request of the FOU. PDA specialists also assist the PPTs in their queries regarding various crop production problems particularly plant diseases and pests. However, PDA is not a competent agency in providing O&M extension and training services for village infrastructure.

75. A bilingual website is available in Turkish but not updated with information on the Project. The English version is available for some general information. The mission recommends that available M&E resources be more consistently channelled to this important showcasing opportunity. The mission reminds management that Project beneficiaries know Internet therefore much about the project can be transmitted with a well-maintained website including the MCP, AWPBs and Procurement Plan (PP). Several knowledge management activities have been carried out to exchange and disseminate knowledge including Project leaflets, posters, some promotional material, and meetings. The mission recommends preparation and dissemination of such material regarding

the project and its achievements considering the staff turnover in the public agencies and the increased interest of the rural communities.

76. **Innovation and learning.** The “learning” aspects of the project are improving but overall remain only **moderately satisfactory** since linked to the unsatisfactory M&E. The demand-driven nature of the MCPs has revealed opportunities to share beneficiary-centered solutions across project provinces. The demand for bakeries in Muş is being reviewed for scaling up in Elazığ and Bingöl. The clearly proven demand for insulation and communal livestock facilities has been identified by ORKOY for possible mainstreaming into national operations. The efficient labor/profit ratio of horticulture is pro-poor and demand is high. Its returns as compared to cereal production are higher in terms of financial resources, land, water, female and youth employment. In Muş, a standalone irrigation system based on solar pumping from shallow wells for a walnut orchard on communal land is an excellent example for MCP’s demand-driven, site specific solutions for energy conservation and income generation. These may be considered also on private land during the identification of future pilot investments in small scale irrigation.

77. **Climate and Environment:** The project interventions build resilience of rural livelihoods vulnerable climate change. Increasing vegetative cover through intensive afforestation and terracing increases water infiltration and carbon sequestration and reduces surface runoff in the area with severe and very severe erosion. The Murat Watershed is a non-critical watershed for groundwater where the Project generally utilizes small springs and surface water. Improvements in the quality and quantity of irrigation positively impact climate adaptation and water efficiency, stabilize yields and increase biomass. Increased productivity and resilience through altering varieties and species (providing seeds of drought-resistant, disease tolerant high yielding wheat and barley varieties) are climate-smart activities. The livestock shades and drinking water troughs in communal livestock facilities improve resilience to hot sunny days and increase the productivity per animal while decreasing emissions. The use of solar energy for heating and cooking for reduces fossil fuel use while domestic insulation conserves fuel in winter and moderates heat in the summer. The project focus on Climate and Environment and the Quality of Natural Asset Improvement & Climate resilience are therefore rated as **satisfactory**.

## **E. Fiduciary aspects**

78. **Financial management.** The mission travelled to the FOU at Regional OGM in Elazığ, but not to the COU in Ankara. The financial management of the Project has been rated **moderately satisfactory**.

79. **Organization and staffing:** There have been no changes to the structure since last year’s supervision mission. The structure consists of three tiers, (i) COU in Ankara at OGM of MFWA; (ii) the Field Operation Unit (FOU) at OBM in Elazığ; and (iii) Provincial Level Units in Elazığ, Bingöl and Muş. In the past year, a new Deputy Project Manager at FOU was hired in the beginning of 2016 replacing the one that left, and the recruitment of Procurement Officers at Project provinces as per last year supervision mission recommendations. Financial management responsibilities rest with Deputy Project Manager of COU besides his other responsibilities and are supported by Data Entry Officer and the Strategic Planning and Budgeting Department (SPBD) of OGM operates under the MFWA.

80. **Budgeting:** The Project budget is considered part of the government budget. As part of national budget processes and on yearly basis, COU, in coordination with FOU and provincial levels units, prepares the consolidated budget with the different sources of financing around July for the subsequent financial year. The draft budget is then discussed with Ministry of Development (MoD) and subsequently with Ministry of Finance (MoF) for any possible revisions. Once the national budget is approved by parliament i.e. in December of every year, the Project receives a copy of the detailed approved budget. Whereas for IFAD approval, the Project prepared the AWPB of 2016 based on Micro-catchment plans and in accordance with IFAD’s requirements. The first version was submitted for IFAD’s approval and concurrence on 22 Dec 15 and the updated version was approved on 5 Feb 2016. The Project submitted a revised AWPB in May 16, currently pending IFAD’s approval. The

mission noted that the historical burning rate of actuals vs. budget over the past years is relatively low, in view of that, it recommends that the Project to strengthen the budgetary control through regular monitoring by management and steering committee of actuals vs. budget and take corrective action to address any significant underspent.

81. **Accumulated actual expenditures.** The total accumulated actual expenditures, including the contributions of the Government and the beneficiaries, from the beginning of the project and up-to 30 June 16 is \$11.7 million (Loan \$9.2; Grant \$.05; Government \$1.7; and beneficiaries \$0.7) and represents 30% of the total USD appraisal amount.

82. **Actual expenditures and commitments on AWPB 2016.** The total amounts of the actual expenditures and with commitments as of 30 June 16 in relation to the AWPB 2016 are (\$3.08 million and \$5.7 million respectively) and represents 30% and 48% of the total AWPB of 2016 respectively.

83. **Funds flow and Disbursement Arrangements:** The Project has two designated accounts (DA) in USD opened at the Central Bank of Turkey (CBT), one for the funds of IFAD loan and one for funds of IFAD grant. The project has also two sub-accounts in USD opened at CBT. The payments of expenditures in local currency are converted to USD by applying the prevailing exchange rate of the date of payment. No cash payment is allowed. The authorised allocation of the Loan was increased from \$2 million to \$2.5 million in November 16 to ensure sufficient liquidity. This mission however noted that WAs are not submitted systematically and therefore it recommends submission of WAs every 90 days or when 30% of the authorised allocation is exhausted whatever occurs earlier.

84. The government contributions follow directly from Treasury to suppliers and contractors bank accounts. The beneficiary contributions are deposited in advances to the identified designated bank accounts by OBM and subsequently paid by the Project to suppliers upon completions/delivery of the goods/works.

85. **Internal Controls:** The mission noted that segregation of duties exists with regard to preparing, reviewing and authoring transactions at all levels. However, the internal controls currently in place are informal in the absence of such not being documented in the PIM. **The mission therefore recommends updating the FM arrangement to the PIM to reflect budgeting processes, governance, internal controls at all levels associated with the different type of payments, accounting system, financial reporting and monitoring, records, etc.**

86. The Project procurement officer at the FOU maintains fixed assets register in Excel. The register is required to be updated regularly. It was not possible to verify whether the register exists and updated at COU. The physical count takes place annually

87. **Accounting:** Accounts are maintained on cash basis and the Financial Statements are similarly prepared. The project uses accounting software, bought for the project. The transactions are recoded in the system in the end of every month; however they are inputted timely in the government system by the Strategic Planning and Budgeting Department (SPBD). In addition, the OGM recorded the financial information on Excel sheet and in the planer recording system, developed by IFAD. The data is systematically cross referenced between the different systems. The procured accounting system is installed in standalone computer with no back-up process in place. **The mission recommends introducing systematic back-up for the system and to upgrade system to generate the required reports automatically and replace using the Excel sheets.**

88. **Financial Reporting and Monitoring:** Financial Reports are prepared and submitted to IFAD twice a year.

89. **Internal Audit:** The internal audit department of MFWA audits OGM and the project as per their work programme. The project was last audited in 2015.

90. **Disbursement.** Disbursement is rated as **moderately satisfactory** (4). Since the last supervision mission in June 15, 4 WAs have been processed on the loan amounting to \$5,262,522 of these applications 3 WAs were for replenishment to the SA for \$4,762,522 and 1 WA was for an advance of \$500,000. While on the Grant 2 WAs have been processed amounting to \$97,519 of these

1 WA was for justification and another for \$50,000 was for an advance. As at 15<sup>th</sup> July 16, the disbursement percentage, for the loan and the grant are 41.86% and 24.32% respectively.

91. **Use of SOE and adequacy of supporting documentation.** The mission reviewed a sample representing 33% of value \$1,583,964 of replenishment withdrawal applications (WA) under SOE facility, claimed since last year supervision mission. Examination was conducted at Elazig FOU. The mission found to that payments were illegible.

92. **Counterpart funds.** The counterpart fund contribution is rated **Satisfactory**, (5). The Government of Turkey contributes in cash to finance partially some of the project activities and to pay taxes and duties. In addition to its contribution towards the salaries costs of the government staff assigned to the project. Funds are allocated quarterly and flow timely.

93. **Compliance with Loan covenants:** Compliance with loan covenants has been rated as **moderately satisfactory**, (4). The Project is in compliance with Financing Agreement legal covenants with exception of mainly: (i) delay of submission of AWPB (ii) insurance cover for goods and equipment. A list of key covenants and the compliance therewith is compiled in Appendix 6.

94. **Quality and Timeliness of Audit.** Quality and Timeliness of Audit has been rated as **satisfactory** (5). Financial statements for 2014 have been audited by Undersecretariat of Treasury auditors. The auditors conducted their audit in line with International Standards of Auditing (ISA). The audit report and management letter were received few days after the due date of 30 June 2015. Auditors expressed an unqualified opinion on the financial statements, Designated Account and eligibility of expenditure claimed under SOE. The auditors' performance and financial reporting were rated satisfactory. The audit report of FY 2015 was sent by Treasury to IFAD on 1st July 16 but not received in IFAD at the time of this mission.

#### The actions required and the plan for achieving the recommendation

Agreed action	Responsibility	Agreed date
Strengthen the budgetary control through regular monitoring by management and steering committee of actuals vs. budget and take corrective action to address any significant underspent	COU/FOU	Continuous
Submission of WAs every 90 days or when 30% of the authorised allocation is exhausted whatever occurs earlier	COU	Continuous
Introduce systematic back up for the accounting system and upgrade it.	COU	30 September 2016
Update the FM arrangement to the PIM	COU	30 September 2016

95. **Procurement.** According to the letter to the borrower, national procurement regulations, to the extent consistent, with IFAD's Project Procurement Guidelines, have been adopted for this project. The procurement is mainly taking place at the field level (Elazığ, Mus and Bingöl) with clearance at Elazığ or OGM in Ankara on the basis of the threshold. The bidding documents are prepared at provincial level, and then sent to FOU in Elazığ for review and approval. For contracts when prior-review is required, the bidding documents are sent to OGM in Ankara for review before submitting them to IFAD No Objection. All the payments are done by OGM in Ankara. The Project reinforced the capacity of the procurement unit by hiring three full time procurement specialists, contracted as consultants, based in Elazığ, Mus and Bingöl, to carry out the procurement activities. The mission recommends providing targeted training to procurement staff, at central and provincial level, on IFAD Guidelines.

96. **The Letter to the Borrower (LtB).** The LtB defines the thresholds and methodologies for any kind of procurement to be used as follows: Any contract for an estimated cost higher or equivalent to (i) USD 150,000 for civil works, (ii) USD 100,000 for goods and equipment, (iii) USD 75,000 for company services and (iv) USD 30,000 for individual consultant call for IFAD's prior-review. Moreover, direct contracting, single-source selection as well as prequalified lists are equally subject to prior-

review before contract awarding. Despite this referential, the mission noticed the absence of prior-review by IFAD when required.

97. **Project Implementation Manual (PIM).** The OU/FOU prepared on March 2013 a PIM and submitted it to IFAD for approval. However, this PIM does not include a detailed description of the procurement procedures and methods that must be used for the project. There is only a short procurement module in the PIM. The mission recommends to update the PIM and to add a narrative and flow chart description of the procurement procedures and methods to be used, the thresholds for IFAD NO, the flow of information between provincial level and central level.

98. **Procurement Plan.** The preparation of procurement plan has improved significantly with adoption of a format that allows sensible procurement planning. It is generated automatically by Planner from the AWPB and appears coherent with the AWPB. Nevertheless, the dates related to the advertisement, the bid opening and evaluation, the contract signing as well as the contract completion often appeared unrealistic.

99. **Contract Register.** The mission reviewed the project register of contracts, and found it to be updated to December 31, 2015. The mission expected that the COU/FOU prepare the up-to-date registry of contract by the end of August.

100. **Procurement post review issues.** The mission selected and reviewed 10 contracts (Appendix. Table 1) for a total amount of TL2.7 million (USD1 million). Despite some missing documents, filed at regional level in Mus or Bingöl or at central level in Ankara, the mission noted that the supporting documents of the procurement are in place in Elazığ. The main findings are as follows:

- For procurement items above the prior review thresholds (see LTB), the project is not submitting for IFAD's prior-review: draft bidding documents/ TORs/RFP, bid opening and evaluation committee reports, minutes of negotiation. In order to avoid any ineligible expenditures, the COU and FOU are invited to prepare a list of contracts (already awarded and signed) that required IFAD's prior-review to be submitted to IFAD for an exceptional retroactive no-objection. In the future, the OU should ask for IFAD prior NO for all single-source selection and contracts above the threshold.
- The evaluation report quality should be improved.
- The reviewed Requests for Proposals (RfQ) did not mention the minimum score required in order for the technical qualifications. *It is recommended that future RFPs to indicate the minimum score for the technical proposal (minimum 70%).*
- The method in the PP for some contracts (to buy house insulation and for civil work) is NCB; however the method used by the project is based on short list. In addition, the project did not submit any invitation letter to the suppliers. *The mission recommends to respect the procurement methods in the PP and to send to the suppliers invitation letters, when needed.*
- The bidding documents for civil works don't include provisions for a performance guarantee. *The mission recommends including a clause in the bidding documents requiring the performance guarantee; this could be replaced by a bank guarantee valid one year after the end of the work.*
- The method in the PP for a consultancy service is NCB; this is incorrect, as NCB is not a method applicable for consulting services. Moreover, the method used by the project is based on short list. In addition, the project did not submit any invitation letter to the suppliers, and there is no technical evaluation of the offers. The project selected the less expensive offer. *The mission recommends to respecting the procurement methods in the PP, to send to the suppliers invitation letters, and to evaluate the offers technically on the basis of the criteria included in the TOR before selecting the consultant.*
- The project asked 5 contractors to submit their offers for the construction and material purchase for shade and drinking basin, on May 4, 2016 and gave them only few hours to

do it. *The mission recommends that the invitation letters shall be sent to the contractors, minimum 7 days in advance of the deadline for the submission of offers.*

**101.** In consideration of the above, the project's compliance with procurement is rated as **moderately unsatisfactory**. The mission and the OU agreed for the following action plan.

#### Action plan

Agreed action	Responsibility	Agreed date
Provide targeted training to procurement staff, at central and provincial level, on IFAD Guidelines.	COU/FOU	31 December 2016
Ask for an exceptional retroactive IFAD no objection for all contracts subject to IFAD prior review. In the future, the OU should ask for IFAD prior NO for all single-source selection and contracts above the threshold.	COU/FOU	30 September 2016
Update the PIM and add a narrative and flow chart description of the procurement procedures and methods to be used, the thresholds for IFAD NO, the flow of information between provincial level and central level ...	COU/FOU	31 December 2016
Prepare the up-to-date registry of contract by the end of August.	COU/FOU	31 December 2016
Prepare the evaluation report carefully and specially pay attention to rejected offers.	FOU	Immediate
Indicate in the ToRs a minimum score, at least 70%, to declare the consultant technically qualified.	COU/FOU	Immediate
Respect the procurement methods in the PP and send to the suppliers invitation letters, when needed.	COU/FOU	Immediate
Include a clause in the bidding tenders for the performance guarantee that could be replaced by a bank guarantee valid one year after the end of the work.	COU/FOU	Immediate
Respect the procurement methods in the PP, send to the suppliers' invitation letters, and evaluate the offers technically on the basis of the criteria included in the TOR before selecting the consultant.	COU/FOU	Immediate
Send the invitation letters to the contractors, minimum 7 days in advance of the deadline for the submission of offers.	COU/FOU	Immediate
<b>Follow up of the recommendations of the last AM</b>		
Keep a complete hard copy of the contract registry in Elaziğ.	COU/FOU	Partial complied The register of contract was updated until 31/12/2015
Submit to CPM the list of contracts requiring IFAD's prior-review for retroactive no-objection.	COU/FOU	Not complied
Together with the thorough review of the 2015 AWPB, prepare the related PP taking into consideration thresholds for methods and prior-review as per the LtB	COU/FOU	Complied with. The project needs to update the PP 2016
Prepare the Contract Register according to the C-10 and C-11 forms and systematically attach it to the withdraw applications and progress reports.	COU/FOU	Partial complied The register of contract was updated until 31/12/2015
If needed, punctually recruit consultants with an expertise in the procured good, work or service to prepare specification, bill of quantities and TOR as well as for the bid evaluation	COU/FOU	There is no need.



For any tender, systematically send feedback to bidders explaining why they were not awarded the contract	COU	Partial complied
No-objection sent to IFAD are comprehensive and documented.	COU	Partial complied

## F. Sustainability

102. Overall, the approach of the project and the sustainability of its implementation are rated as moderately **satisfactory**.

103. The challenge of the Project at entry was “the need to combine environmental protection with livelihood improvements”. The technical solutions and their use for NRM supported by well-trained field staff of the Regional Directorate in Elazığ (FOU) are well developed at OGM. The quality of works would ensure sustainability of the investments. Furthermore, ORKOY is also mandated to combine environmental protection with livelihood improvements. DSI designs and implements irrigation investments based on long term climate data and on-site seasonal flow measurement to ensure sustainability.

104. The MCP process has shown that the behavioural trade-offs required by the upland communities in how to best co-manage their natural resources (land, water, forest) when these are identified in advance and addressed accordingly; sequencing of operations and their seasonal timing constitute an important factor with investments on private land taking place in the shorter term while public benefits from rehabilitation are generated in the medium to long term.

105. **Institutional sustainability.** The transparent governance and services are likely to be pursued after the project. All implementation continues to be fully mainstreamed into existing government agencies modalities and programs. MCP approach is in use by OGM's and CEM's in other regions of Turkey.

106. **Social sustainability (Empowerment).** The participatory process (BC-BC-PS) empowers upland communities for informed decisions on communal natural resources and their rehabilitation. The Project continues to enhance the OGM's relations with these groups to jointly develop solutions to NRM while introducing income-generating modalities.

107. Although M&E system to generate higher-level results is currently limited, anecdotal evidence shows women particularly benefiting most from investments for energy conservation, small greenhouses, investments for livestock and the bakeries and village fountains

108. **Economic and financial sustainability.** All of the activities are: i) part of a standard package of best practices for restoration of degraded lands; ii) designed to promote the uptake of new solutions to NRM such as the solar hot water heaters and insulation; iii) under demand due to their high income generating potential, iv) cost saving such as insulation where year-round fuel use is substantially reduced.

109. **Technical sustainability** is assured with the robust and simple designs being under Component 3. The FOU and the PPTs work closely with the MFAL Provincial and District directorates for technical support on best practices for agricultural income generating activities. The MCP process in guides OGM's planning with participation of local communities.

110. Some of the investments require annual maintenance e.g. irrigation infrastructure, communal livestock while some others need periodical and occasional maintenance e.g. village bakeries. Their O&M responsibilities are transferred to the village administrations.

111. **Environmental sustainability.** The thorough NRM focus addresses soil erosion and deforestation while enhancing the nexus between agriculture, livestock and forestry to improve livelihood and mitigate any potential negative impact on environment.



112. **Exit strategy.** MRWRP is embedded in the Government structures and has no separate need for an exit strategy. The Project investments in natural resource rehabilitation are managed by OGM, a competent Government institution. The budget of the project is small compared to the scale of OGM operations in the Project area and nationally. OGM will continue to invest in NRM in the region with its own ample resources. Furthermore, with or without large-scale natural resource rehabilitation works in the vicinity, Government can continue to support economically non-viable villages with ad hoc infrastructural improvements to living standards and perpetual welfare transfers. The project management has leveraged substantial resources outside of those of the project to ensure plans are implemented to the maximum extent without being bound the limitations of the MRWSP's IFAD and other funds.

## G. Project Impact

113. Raw data on the outcomes of the activities and impact of the Project are available at the FOU level. Unfortunately, the progress reports' inability to extract these reflect the much-criticized ineffective and inefficient M&E system where M&E staff need training on the fundamentals of outcome and impact-level reporting including developing the native for M&E.

114. The data available at the FOU was revisited by the mission and broad outcomes and impact were derived. These singular, activity-level, examples may be extrapolated across all villages in a MC, as well as in the province and eventually at the project level.

- **Muş:** Construction of 3 irrigation ponds allowed the beneficiaries to establish strawberry fields and orchards in Karakütük and Değirmendere MCs. The high value of the crop created potential for significant profit from small plots: 12 beneficiaries who had no experience with strawberries planted previously idle 500 m<sup>2</sup> to 1000 m<sup>2</sup> last year. In 2016, most of them managed to get 1.5 tons/1000m<sup>2</sup>. The average price was 4 TL/kg at the farm gate and the gross income was as high as 6 000TL/1000m<sup>2</sup>.
- Irrigation enabled the farmers to produce alfalfa. In Karakütük MC, a total of 10.7 ha of land were planted with alfalfa. In the first year, 600kg/1000m<sup>2</sup> and in 2016 800kg/1000m<sup>2</sup> fresh biomass was harvested. On the average, this provided 3 500TL/1000m<sup>2</sup> net income for a producer who spent about 750TL/1000 m<sup>2</sup> mainly for seedbed preparation, seeding and mowing operations. It should be noted that before alfalfa, most of the land was not cultivated and the naturally growing vegetation (with very low nutritional value) was cut and used for animal feeding.
- In Karakütük MC, during 2014-2016, ten 240m<sup>2</sup> plastic tunnels were constructed mostly idle plots also under rainfed wheat and green beans, tomato, cucumber and peppers were produced. The producers were inexperienced in covered production, but one farmer of green beans produced the equivalent to 1.2 tons/da early in the season, the farm gate price was 3.5 TL/kg falling to 2.5 TL/kg toward the end of the season. When compared to the average bread wheat price of 0.95TL/kg and average yield under rainfed conditions of 200 TL/da, the profitability of the plastic tunnel production.
- **Elazığ:** Fossil fuel stoves were used for bathing, laundry etc. before solar hot water panels were provided to HHs in the Sipini MC. An average HH of 5 persons used about 1mt fuel wood, at a cost of about 1000 TL/ton. The economic benefit of the solar heating is 1000 TL/HH/month while reducing the workload of women (instead of heating water in buckets).
- **Bingöl:** Annual fuel consumption in Kuşhane MC was 2mt wood plus 1mt coal costing about 1500-2000 TL. After insulation of the house, these figures were reduced to 1mt wood, 0.5mt coal at a cost of 750-1000 TL, resulting in net income (reduced expenditure) being increased by 50%. Anecdotal evidence showed up to 70% savings.
- The villages in Çanakçı MCs had no experience of vegetable production under plastic cover. One beneficiary HH with 240m<sup>2</sup> plastic high tunnel established on previously idle land produced 2800 kg of cucumber and 450 kg tomatoes in 2016 with the seedlings provided by the Project. The gross income was 7.000 TL.

## H. Conclusion

115. Overall, the project maintained its **moderately satisfactory** rating. The participatory MC planning is progressing well and most of the technical investments are highly satisfactory and satisfactory. Some accumulated delays have been compensated and physical progress is picking up. In order to ensure smooth implementation and consolidate gains several tasks should be completed in the upcoming period: i) prepare for MTR in early 2017 in collaboration with IFAD MTR Support Mission expected one month prior to MTR; ii) carry out a systematic analysis of the benefits of the investments in small scale infrastructure and energy saving to inform MTR; iii) establish a functional M&E system that satisfies the Project and IFAD's requirements; iv) install EMS in Bingöl and Elazığ as soon as possible; v) ask for an exceptional retroactive IFAD no objection for all contracts subject to IFAD prior review; vi) start the studies (e.g. assessment of opportunities for natural resource economics, evaluation of alternative energy sources, production of non-wood forest products) that are financed by IFAD grant as soon as possible.
116. It is the mission assessment that the Project is on a sound path to achieve its objectives and positioned to further improve performance by adopting any lessons learned. Furthermore, the mission has observed that the Project is ready to adopt a more flexible approach to the identification of activities to allow the introduction of relevant innovations and respond to the needs identified in the MCPs.

## Appendix 1: Summary of project status and ratings

### Basic Facts

Country	Turkey	Project ID	1623 [1100001623]	Loan/DSF/Grant/ASAP FI No.	1000004414, 1000004415
Project	Murat River Watershed Rehabilitation Project			Top-up Loan/DSF/Grant/ASAP FI No.	
Date of Update	01-Aug-2016				
Supervising Inst.	IFAD				
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	2		
Last Supervision	22-Jul-2016	Last Implementation Support/Follow-up mission	04-Dec-2015		

USD million Disb. rate %					
Approval	13-Dec-2012			Total financing	38.48
Agreement	15-Feb-2013	Effectiveness lag	2.1	IFAD Total	28.09
Entry into force	15-Feb-2013	PAR value	-----	IFAD loan	27.66
First disbursement	27-Aug-2013			DSF grant	
MTR		Last amendment		IFAD grant	0.43
Original completion	31-Mar-2020	Last audit	27-Jul-2015	ASAP grant	0.00
Current completion	31-Mar-2020			Domestic Total	10.39
Current closing	30-Sep-2020			Beneficiaries	2.97
No. of extensions	0			National Govern	7.42
				External Cofinancing Total	

### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	3	4	2. Performance of M&E	3	3
3. Counterpart funds	5	5	3. Coherence between AWPB & implementation	4	4
4. Compliance with financing covenants	4	4	4. Gender focus	5	5
5. Compliance with procurement	3	3	5. Poverty focus	5	5
6. Quality and timeliness of audits	4	5	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Natural Resources & Environment. Management	4	4	1. Institution building (organizations, etc.)	4	4

2. Investments in NR and Environmental Assets	4	5	2. Empowerment	4	4
3. Investments in Improved Livelihoods	4	5	3. Quality of beneficiary participation	5	5
			4. Responsiveness of service providers	5	5
			5. Exit strategy (readiness and quality)	4	5
			6. Potential for scaling up and replication	5	5

#### B.5 Justification of ratings

**Counterpart funds** is rated satisfactory and are available without delay. Contributions leveraged by OGM to the Project are estimated at 22.5 million TL by DSI and 1.15 million by DAP, impressively totalling about 21% of project total value. **AWPB:** the quality of AWPB is satisfactory but links with MCPs remain weak. Most key activities had been initiated timely. Accordingly, coherence between AWPB and implementation is moderately satisfactory. **M&E:** efforts of the FOU to improve quality and accuracy have fallen short due to chronic training shortcomings. The data collected is comprehensive but the skill to convert this to information is lacking for comprehensive monitoring on physical achievements, particularly outcomes and impact is lacking, with overemphasis on physical progress and costs along OGMs own requirements.. M&E implementation support by IFAD in 2015 was poorly planned and executed and key data still require consolidation and adjustment and IFAD's reporting requirements along the RIMS and the Log Frame remain elusive for the client. **Compliance with Procurement** is rated as moderately unsatisfactory due to major shortcomings about (i) transparency of the procurement process, (ii) the value of a PP based on the AWPB that are still unrealistic due to the lack of linkages with the MCPs, (iii ) lack of prior-review by IFAD as required by the defined thresholds in the LTB; and (iv) the poor filing system of contract and supporting documentation in Elazığ. The PIM section for Procurement requires updating and detailing. **Gender focus** is rated satisfactory: Gender sensitivity is applied at all level of the project and remains in line with appraisal. In particular, the proactive PPTs, each with one female member, continue to contribute to the outreach and inclusion of women. The energy saving investments have improved the quality of life and reduced workload for women while vegetable production under cover is promising higher incomes of the target HHs. **Climate and environment** is rated satisfactory: The focus on NRM allows thorough addressing of soil erosion and deforestation while enhancing the nexus between agriculture and forestry to improve livelihood by mitigating any potential negative impact on environment while building resilience of vulnerable rural HHs to climate change. **Institution building** is rated moderately satisfactory: general buy-in has been witnessed from all the involved (public) entities particularly through their financial and technical contributions. **Empowerment** is rated moderately satisfactory: the beneficiaries met by the mission voiced measurable income and livelihood improvement and improved economic relations and contacts with other institutions.

#### Overall Assessment and Risk Profile

		Last	Current
C.1	Physical/financial assets	4	4
C.2	Food security	5	5
C.3	Quality of natural asset improvement and climate resilience	4	5
C.4	Overall <b>implementation progress</b> (Sections B1 and B2)	4	4

#### Rationale for implementation progress rating

The poor M&E system continues to make the assessment of the above indicators difficult. The physical interventions and investments for improved NRM continue to be well executed. The impact of the promotion of energy saving technologies is evidently successful with excellent savings in fossil fuels.

C.5	Likelihood of achieving the development objectives (section B3 and B4)	4	4
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#### Rationale for development objectives rating

Despite starting one year late, the physical progress made by OGM in the field is satisfactory but CEM trails with delays, now 3 years, in procurement sediment measurement stations. Activities continue to accelerate, with planning complete in 24 MCs and work ongoing in 15. All 3 provincial directorates and their PPTs are on track with the work plans and no major obstacles are foreseen to jeopardize achieving the Project's development objectives. Ownership is improving. The management's M&E shortcomings risk visibility and scaling up of good practices. The planned MTR in 2017 would develop with OGM a road map that ensures continuation of the delivery model.

C.6	<b>Risks</b> Short description of major risks for each section and their impact on achievement of development objectives and sustainability		
	Fiduciary aspects	A dedicated accountant should be assigned to FOU and further assiduity is expected on procurement (prior-reviews and contract register).	

	Project implementation progress	Technical implementation progress and quality are satisfactory. The M&E remains poor resulting in lack of verification means to assess implementation progress. The correlation between the MC plans, AWPBs and objectives targeted at design is not established. Poor coordination between CEM and OGM continues to impact as prime reason for M&E quality shortcomings.
	Outputs and outcomes	The quality of civil works has benefited from the new civil engineer. The new M&E officer at FOU needs urgent training and TA on the project's and IFAD's requirements.
	Sustainability	The project's MCP approach reinforces the OGM and CEM's efforts to mainstream the approach in other regions of Turkey. The OGMs efforts to involve DSI and DAP has improved the local coordination of investments that carry priority with the beneficiaries in the MCs such as irrigation infrastructure. The MCP process introduced new income generation activities that are successfully being replicated by ORKOY and OGM. .

#### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status	
Weak M&E	M&E needs to be reinforced (through additional staff recruitment and/or deployment). The recommended training of Field Operations Units (FOU) has not been effective and needs to be repeated.	November 2016		
Due diligence in Procurement	Due diligence needs to be improved for procurement and fiduciary issues. Additional seconded or hired staff and training is needed for the FOU for procurement.	Immediately		
AWPB shortcomings	The AWPB remain decoupled from the MCPs. Training will be conducted at COU and FOU on AWPB-MCP harmonization and reconciliation.	Start by Sept. 2016. Finalize at MTR in 2017		
Unused IFAD Grant	Ample unused funds (89%) are available under the IFAD Grant for studies identified at design necessary for successfully implementing the Project and enhancing management capacity. It is highly recommended that this opportunity be rapidly brought to use. The COU and FOU needs to present a plan to carry out the studies for review by IFAD.	Sept. 2016		

## **Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs**

Results Hierarchy	Indicators	Means of Verification		Assumptions
		Information Sources	Responsibility	
<b>Project Goal:</b>				
Rural poverty is reduced in the targeted provinces of the Murat river watershed (Muş, Elazığ, and Bingöl).	10% reduction in the share of rural people living in poverty in targeted provinces	National Statistics; UNDP MDG/ SDG Report; etc.	OGM with CEM	Government maintains and pursues pro-poor policies
<b>Project Development Objective (PDO):</b>				
Improved livelihoods and natural resources management in the upper catchment areas of the Murat watershed.	Households Assets Ownership Index in project areas <b>(RIMS-Level 3)</b>	Project baseline survey and final impact survey National statistics		
	Average annual income of targeted Households (head of HH disaggregated by gender)	Project baseline survey and final impact survey National statistics		
<b>Component 1: Natural Resource and Environmental Management</b>				
<b>OUTCOME 1:</b>		Project Progress Reports MTR	OGM with CEM	Existing village and OIM structures for decision-making allow establishing effective modalities for NRM co-management.
<b>Environmental conscious community capable of planning and managing the use of natural resources</b>	At least 30% of households heads living in targeted micro catchment areas have participated in the negotiations of the development of project supported Micro Catchment Management Plans (MCPs)			
<b>Output 1.1:</b>				
Natural Resource Management (NRM) awareness campaigns and capacity building in targeted areas	Number of trainees, disaggregated by province and gender, who received training in NRM, Number of participants, disaggregated by province and gender, participating in study visits/demonstration; <b>(RIMS 1.1.9-Level 1)</b>	Project Progress Reports	OGM with CEM	Village communities and government staff are interested in participating in NRM training and awareness activities
<b>Output 1.2:</b>				
Strengthening of technical capacities of government staff	At least 400 men and 60 women from Government staff trained in NRM <b>(RIMS 1.6.1-Level 1)</b>	Project Progress Reports	OGM with CEM	Sufficient land available and farmers interested in applying new technologies
<b>Output 1.3:</b>				
Development of participatory Micro Catchment Plans (MCPs)	At least 25 MCPs, covering the 3 provinces, are approved <b>(RIMS 1.1.13-Level 1)</b>	Project Progress Reports	OGM with CEM	
<b>Component 2: Investments in Natural Resources and Environmental Assets</b>				
<b>OUTCOME 2:</b>	... hectares of land improved through soil/water conservation methods supported by the project	Project Progress Reports	OGM with CEM	

## Appendix 3: Summary of key actions to be taken within agreed timeframes

Agreed action	Responsibility	Agreed date
<b><i>Component 1. Natural Resource and Environmental Management</i></b>		
MCPs, AWPBs and project cost tables have to be reconciled to develop a single M&E base for planning and implementation	FOU, COU, IFAD	March 2017
<b><i>Component 3: Investments in Improved Livelihood</i></b>		
Include the following topics into the PPT training action plan: i) agronomic practices for wheat and barley; ii) recent innovation and developments in horticulture by Yalova Research Institute; iii) study tours to successful companies operating in livestock and horticultural production sectors	FOU, COU	Early fall, 2016 and spring in 2017
Promote Hungarian vetch as forage crop under rainfed conditions in rotation with wheat	PPTs	On-going basis
Start evaluating the impact of barn rehabilitation in terms of incremental incomes generated by the investments		
If required, support users of communal irrigation networks to set up appropriate O&M systems.	FOU, COU	On-going basis
Carry out a systemic analysis of the benefits of the investments in small scale infrastructure and energy saving technologies to be further developed into relevant knowledge management products and to inform MTR	FOU, Monitoring Consultants	January 2017
<b><i>Project implementation progress</i></b>		
Contract or second Accountant for FOU	COU/FOU	ASAP
Conduct Training Needs Assessment (TNA)	COU/FOU	September 2016
Develop Training Program, budget and annual time bound action plan based on TNA	COU/FOU	September 2016
Prepare for MTR in 2017	COU/FOU, IFAD	September 2016



<b>Monitoring and Evaluation</b>		
Recruit one additional M&E staff	FOU	As soon as possible
Identify locations for M&E in Bingöl and Elazığ	OGM/CEM/FOU	30 August 2016
Identify location for M&E in Mus	OGM/CEM/FOU	30 November 2016
Prepare a good community-based data base in MS Excel	M&E staff at FOU & COU	30 November 2016
Prepare a summary of key actions to be taken within agreed timeframes	M&E staff at FOU & COU	30 September 2016
Prepare an annual data collection and reporting plan	M&E staff at FOU & COU	30 September 2016
Update ToRs of M&E staff	M&E staff at FOU & COU	30 September 2016
Update PIM's M&E section	M&E staff at FOU & COU levels	30 September 2016
Identify training requirements and make a M&E training plan (include learned lessons and internal periodic workshops with project staff)	M&E staff at FOU & COU and PPT	30 November 2016
Update project website	COU/FOU	End of working season, 2016
<b>Targeting, gender, poverty</b>		
Amend TORs of female PPT members to formally assign them the gender focal point role, in recognition of their efforts and effectiveness in addressing gender targeting.	FOU/OBM/OGM	Immediately
Improve gender disaggregation reporting in all project activities with the support of staff training.	IFAD/FOU/OBM/OGM	Immediately
Improve training effectiveness through the preparation of a comprehensive yearly training needs assessment for smallholders, and evaluations of their training impact.	FOU	By Sept 2016 and on a continuous basis.
MTR to assess whether new targeting mechanisms are required to deepen the beneficiary outreach.	IFAD/FOU/OBM/OGM	MTR mission dates
<b>Fiduciary aspects</b>		
Strengthen the budgetary control through regular monitoring by management and steering committee of actuals vs. budget and take corrective action to address any significant underspent	COU/FOU	Continuous
Submission of WAs every 90 days or when 30% of the authorised allocation is exhausted whatever occurs earlier	COU	Continuous
Introduce systematic back up for the accounting system and upgrade it.	COU	30 September 2016
Update the FM arrangement to the PIM	COU	30 September 2016
<b>Procurement</b>		
Provide targeted training to procurement staff, at central and provincial level, on IFAD Guidelines.	COU/FOU	31 December 2016
Ask for an exceptional retroactive IFAD no objection for all contracts subject to IFAD prior review. In the future, the OU should ask for IFAD prior NO for all single-source selection and contracts above the threshold.	COU/FOU	30 September 2016
Update the PIM and add a narrative and flow chart description of the procurement procedures and methods to be used, the thresholds for IFAD NO, the flow of information between provincial level and central level ...	COU/FOU	31 December 2016
Prepare the up-to-date registry of contract by the end of August.	COU/FOU	31 December 2016
Prepare the evaluation report carefully and specially pay attention to rejected offers.	FOU	Immediate
Indicate in the ToR a minimum score, at least 70%, to declare the consultant technically qualified.	COU/FOU	Immediate
Respect the procurement methods in the PP and send to the suppliers invitation letters, when needed.	COU/FOU	Immediate
Include a clause in the bidding tenders for the performance guarantee that could be replaced by a bank guarantee valid one year after the end of the work.	COU/FOU	Immediate
Respect the procurement methods in the PP, send to the suppliers invitation letters, and	COU/FOU	Immediate

## Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

XMURAT RIVER WATERSHED REHABILITATION PROJECT TARGETS AND PROGRESS As of June 2016																				
			Cumulative		2013			2014			2015			As of June 2016			Cumulative			
	Activities	Units	Target	('000) ABD.	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Actual	%	('000) ABD.	%
Component 1	Natural Resource and Environmental Management																			
1,1.1	Four wheel drive vehicles	Number	10	195	4	0	0	4	5	125	6	6	100	2	1	50	12	120	147	75
1,1.2	Mini van	Number	6	87.50	1	0	0	1	1	100	1	1	100	1	1	100	3	50	25	29
1,1.3	Vehicle Purchase	Number	8	300										8	0	0		0		
1,2	Office Equipment	Number	24	23.70	24	24	100										24	100	16	68
1,2.1	GIS software	Number	1	40	1	0	0	1	0	0	1	0	0					0		
1,2.2	GIS maps	Number	1	62.50	1	0	0	1	0	0	1	0	0					0		
1,2.3	Aerial imaging device	Number	1	7.50										1	1	100	1	100	3	40
1.3.1.1	GIS/Data Management Specialist 15 man days	Number	1	60	1	0	0	1	1	100	1	1	100	1	0	0	2	200	6	10
1.3.1.2	Monitoring and Physical Intervention Specialist 15 man days	Number	1	67.50	1	0	0	1	0	0	1	1	100	1	0	0	1	100	11	16
1,3,2	Micro catchment planning teams	Number	25	1875	9	2	22	12	6	50	11	5	45	9	1	11	14	56	1165	62
1.3.3.1	Planning and technical subjects workshops/year	Number	6	30	1	1	100	1	1	100							2	33		
1.3.3.2	Awareness raising campaigns	Number	25	120	9	0	0	8	1	13	8	1	13	8	1	13	3	12	27	23
1.3.3.3	Villagers exchange visits	Number	50	50	18	0	0	10	1	10	10	0	0	2		0	1	2	27	54
1.3.3.4	Multifunctional Forestry Management Plans	Number	12	10				3	0	0								0		
1.3.3.5	PPT training	Number	3	70	2	0	0	2	1	50	2	1	50	2	1	50	3	100	51	73

1.4,1	Natural Resource Economics. Man months.	Number	4	60				3	0	0	3	0	0					0		
1.4,2	Assessment of opportunities for carbon sequestration. Man months.	Number	2	30				2	0	0								0		
1.4,3	Assessment of opportunities for NWFP. Man months	Number	3	45.00				3	0	0	1	0	0	1	1	100	1	33	<b>3</b>	<b>7</b>
1.4,4	Assessment of alternative energy sources. Man months	Number	1	7.50				1	0	0								0		
1.4,5	Private / public nursery feasibility study. Man months	Number	1	15				1	0	0	1	0	0					0		
Component 2	Investments in Natural Resources and Environment																			
2.1	Civil Works/Degraded Areas, Soil and Flora Investments																			
2,1,1	Erosion Control in Degraded Areas																			
2.1.1.1	Soil preparation (erosion control)	Ha	9000	4950	1080	360	33	2160	1510	70	2880	3024	105	3850	4336	113	9230	103	<b>2012</b>	<b>41</b>
2.1.1.2	Multi-year maintenance works (erosion cont.)	Ha	24120	2653				350	250	71	3240	1510	47	4793	2834	59.1	4594	19	<b>30</b>	<b>1</b>
2.1,2	Afforestation Activities	Ha			870	345	40										345			
2.1.2.1	Afforestation of degraded forests	Ha	3000	2685	360	200	56	720	282	39	960	1020	106	650	373	57.4	1875	63	<b>1031</b>	<b>38</b>
2.1.2.2	Afforestation / follow-up works (multi-year)	Ha	8080	1535				200	78	39	1080	474	44	1134	700	61.7	1252	15	<b>25</b>	<b>2</b>

Republic of Turkey  
Murat River Watershed Rehabilitation Project Revised Supervision report  
Supervision report - Mission dates: 11-17 June 2016  
Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

2.1.2.3	Coppice rehabilitation	Ha	3000	870	360	107	30	720	134	19	960	525	55	1470	250	17	1016	34	<b>183</b>	<b>21</b>
2.1.2.4	Coppice rehabilitation / follow-up works (multi-year)	Ha	8080	727				107	0	0	1080	241	22	2228	150	6.73	391	5	<b>10</b>	<b>1</b>
2.1.2.5	Closure of degraded areas	Ha	1200	108	150	38	25	250	0	0	250	0	0	418	150	35.9	188	16	<b>2</b>	<b>2</b>
2.1.3	Rehabilitation of Pasture/Grazing Areas	Ha																		
2.1.3.1	Closure	Ha	1200	144				250	22	9	400	300	75	800	50	6.25	372	31	<b>22</b>	<b>15</b>
2.1.3.2	Livestock drinking water ponds	each	6	900				3	0	0	3	0	0	3	0	0	0	0	<b>0</b>	<b>0</b>
2.1.3.3	Livestock water troughs	each	40	250				15	5	33	20	18	90	106	15	14.2	38	95	<b>50</b>	<b>20</b>
2.1.3.4	Simple livestock shelters for communal use	each	24	48				8	5	63	16	18	113	55	15	27.3	38	158	<b>250</b>	<b>521</b>
2.2	Erosion measuring equipment	each	25	250				8	0	0	8	0	0	2	0	0	0	0	<b>0</b>	<b>0</b>
2.3	Forest guard	Person/Year	79	516				1	2	200	5	5	100	25	15	60	22	28	<b>5</b>	<b>1</b>
Component 3	Investments in Improved Livelihood																			
3.1	Developing small-scale irrigation																			
3.1.1	Water storage pools	each	250	3750				60	25	42	60	11	18	100	0	0	36	14	<b>390</b>	<b>10</b>
3.1.2	Rehabilitation of soil canals	m	25	1225				6	0	0	6	1	17	2	0	0	1	4	<b>540</b>	<b>44</b>
3.1.3	On-farm drip irrigation	Ha	127	763				20	8	40	60	64	107	50	48	96	120	94	<b>180</b>	<b>24</b>
3.2	Technical Assistance and Workshops																			
3.2.1	Demonstration programs	each	308	154				50	0	0	50	0	0	25	0	0	0	0	<b>0</b>	<b>0</b>
3.2.2	Farmers training	each	292	88				50	50	100	50	137	274	35	150	429	337	115	<b>20</b>	<b>23</b>

	programs																			
3.2,3	Visits for farmers information exchange	each	33	198				10	0	0	10	1	10	5	0	0	1	3	<b>30</b>	<b>15</b>
3.3	On-farm and off-farm investments																0			
3.3,1	Improving wheat and barley yield	Ha	1381	186				261	153	59	350	226	65	275	0	0	379	27	<b>80</b>	<b>43</b>
3.3,2	Improving livestock production																0			
3.3.2.1	Increase the production of dry fodder crops	Ha	615	154				135	8	6	300	0	0	20	30	150	38	6	<b>10</b>	<b>6</b>
3.3.2.2	Increase the production of watery fodder crops	Ha	615	277				135	37	27	300	177	59	220	100	45.5	314	51	<b>140</b>	<b>51</b>
3.3.2.3	Improve animal barns in the villages	each	2500	2500				750	108	14	750	20	3	90	46	51.1	174	7	<b>510</b>	<b>20</b>
3.3,3	Improving horticultural production																0			
3.3.3.1	Installation of orchards	Ha	180	810				24	22	92	72	59	82	180	85	47.2	166	92	<b>192</b>	<b>24</b>
3.3.3.2	Inputs for vegetable production under plastic tunnels	each	18	923				3	1	33	9	2	22	2	37	1850	40	222	<b>180</b>	<b>20</b>
3.3.3.3	Improve the production of field vegetables	Ha	49.5	27				9	3	33	27	5.2	19	6	5	83.3	13.2	27	<b>26</b>	<b>96</b>
3.3.3.4	Contracted seeding production	each	20	280				4	0	0							0	0	<b>0</b>	<b>0</b>
3.3,4	Supporting nursery infrastructure investments for seedling production																			
3.3.4.1	Irrigation systems	Ha	3	570							10	10	100	10	0	0	10	333	<b>90</b>	<b>16</b>
3.3.4.2	Meteorological observation stations	each	2	53							2	0	0	2	0	0	0	0	<b>0</b>	<b>0</b>

3.3.4.3	Seedling productions materials	each	1	510							1	0	0	1	0	0	0	0	0	0
3.3.5	Promoting energy saving technologies																			
3.3.5.1	Hot water solar panels	each	1250	2000				300	444	148	500	170	34	610	500	82	1114	89	650	33
3.3.5.2	Insulation of the village houses	each	625	938				150	231	154	450	120	27	490	720	147	1071	171	2000	213
3.3.5.3	Energy-efficient stoves to heat	each	1250	2000				300	242	81	600	80	13	530	1100	208	1422	114	228	11
3.3.5.4	Bakeries	each	50	1900										8	8	100	8	16	0	0
Component 4	Operations Unit																			
4.1	Baseline survey (reference search)	Number	1	40				1	0	0	1	1	100				1	100	50	125
4.1.1	Participation in international events / international education	Number	4	210										1	0	0	0	0		0
4.1.2	18 month assesment	Number	1	20				1	0	0							0	0		0
4.1.3	Training needs assessment of CIU+FIU	Number	1	10				1	0	0	1	0	0				0	0		0
4.1.4	Various studies, man months	Number	7	105				1	0	0	5	0	0				0	0		0
4.1.5	Project training of CIU and FIU	Number	1	15				5	1	20	1	0	0				1	100		0
4.1.6	Project Start-up Workshop (Ankara)	Number	1	10				1	0	0	1	0	0				0	0		0
4.1.7	Project Start-up Workshop (Provinces)	Number	1	7.5				1	0	0	1	0	0				0	0		0
4.1.8	Foreign language courses	Number	2	10				2	0	0	2	0	0	1	1	100	1	50	2	20
4.2	Office equipment (Computers,Printer s and photo copier)	Number		10.5													0		12	114
4.3.1	Salaries (DPM), 1		7	294				2	2	100	1	1	100	1	1	100	4	57	114	39

	ppl/years (OU&FOU)																			
4.3.2.1	Travels, allowances and flight tickets			295													0		28	9
4.3.2.2	Other operating expenses 3rd component			104			1	1	100								1		52	50
4.3.2.3	Accounting package software			20													0		13	65

## Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 5A: Financial performance by financier as at 30 June 2016 (USD '000)**

Financier	Appraisal (USD '000)	Actuals (USD '000)	Per cent actuals
IFAD loan	27791	9211	33%
IFAD grant	430	48	11%
Government	7453	1685	23%
Beneficiaries	2969	761	26%
<b>Total</b>	<b>38643</b>	<b>11705</b>	<b>30%</b>

**Table 5B: Financial performance by financier by component - Actuals from September 2013 – 30 June 2016 (USD '000)**

Component	IFAD loan			IFAD grant			Government			Beneficiaries			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
1- Natural Resource and Environmental Management	2395	1219	51	315	5	1	523	215	41	0	0	0	3233	1439	44
2- Investments in Natural Res. And Environmental Values	11698	3239	28				3818	692	18	63	11	18	15579	3942	25
3- Investments in the Improvement of Livelihood	12405	4469	36				2959	719	24	2906	750	26	18270	5938	33
4- Implementation Units	1293	285	22	115	43	37	153	58	38	0	0	0	1561	386	25
<b>Total</b>	<b>27791</b>	<b>9211</b>	<b>33</b>	<b>430</b>	<b>48</b>	<b>11</b>	<b>7453</b>	<b>1685</b>	<b>23</b>	<b>2969</b>	<b>761</b>	<b>26</b>	<b>38643</b>	<b>11705</b>	<b>30</b>



**Table 5Ca: IFAD loan disbursements (SDR, as at 15 July 2016)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	Balance	Per disbursed cent
I	CIVIL WORKS	10 194 162		2 759 493.37	7 434 668.63	27.07%
II	VEHICLES, EQUIPMENT AND GOODS	4 261 000		1 788 136.47	2 472 863.52	41.97%
III	TECHNICAL ASSISTANCE, TRAINING, STUDIES AND WORKSHOPS	2 99 1000		1 140 249.98	1 850 750.02	38.12%
IV	RECURRENT COSTS SALARIES	257 000		99 580.45	157 419.54	38.75%
V	RECURRENT COSTS OTHER OPERATING EXPENDITURE	252 000		52 333.17	199 666.83	20.77%
	Initial deposit	0		1675 438.62	-1 675 438.62	
	<b>Total</b>	<b>17 955 162</b>		<b>7 515 232.06</b>	<b>10 439 929.94</b>	<b>41.86%</b>

**Table 5Cb: IFAD grants disbursements (SDR, as at 15 July 2016)**

Category	Category description	Original Allocation	Revised Allocation	Disbursement	Balance	Per disbursed cent
III	TECHNICAL ASSISTANCE, TRAINING, STUDIES AND WORKSHOPS	280 000		30 917.74	249 082.26	11.04%
	Initial deposit	0		37 177.62	-37 177.62	
	<b>Total</b>	<b>280 000</b>		<b>68 095.36</b>	<b>211 904.64</b>	<b>24.32%</b>

**Table 5D: Financial performance by financier by component (USD '000) - Budget vs Actuals for financial year 2016 as at 30 June 2016**

Component	IFAD loan			IFAD grant			Beneficiaries			Government			Total		
	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
1- Natural Resource and Environmental Management	1156	97	8	25	0	0	0	0	0	222	15	7	1403	112	8
2- Investments in Natural Res. And Environmental Values	3805	696	18	0	0	0	23	2811	12	948	125	13	4777	824	17
3- Investments in the Improvement of Livelihood	4147	1665	40	0	0	0	744	194	26	689	246	36	5580	2105	38
4- Implementation Units	199	31	16	55	0	0	0	0	0	47	5	11	301	37	12
<b>Total</b>	<b>9307</b>	<b>2490</b>	<b>27</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>767</b>	<b>3005</b>	<b>38</b>	<b>1906</b>	<b>391</b>	<b>21</b>	<b>12061</b>	<b>3078</b>	<b>26</b>

**Table 5E: Financial performance by financier by component (USD '000) Budget vs Actuals and Commitments for Financial Year 2016 as at 30 June 2016**

Component	IFAD loan			IFAD grant			Beneficiaries			Government			Total			Commitments	Total		
	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%		Budget	Actual	and %
1- Natural Resource and Environmental Management	1156	978		25	0	0	0	0	0	222	15	7	1403	112	8	897	1403	1009	72
2- Investments in Natural Res. And Environmental Values	3805	696	18		0	0	23	2811	12	948	125	13	4777	824	17	1163	4777	1987	42
3- Investments in the Improvement of Livelihood	4147	1665	40		0	0	744	194	26	689	246	36	5580	2105	38	553	5580	2658	48
4- Implementation Units	199	31	16	55	0	0	0	0	0	47	5	11	301	37	12	51	301	88	29
<b>Total</b>	<b>9307</b>	<b>2490</b>	<b>27</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>767</b>	<b>3005</b>	<b>38</b>	<b>1906</b>	<b>391</b>	<b>21</b>	<b>12061</b>	<b>3078</b>	<b>26</b>	<b>2664</b>	<b>1206</b>	<b>5742</b>	<b>48</b>



## Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section B 2</b>	The Borrower shall pay to the Fund interest on the principal amount of the Loan outstanding.	Semi-annually, payable on each 1 June and 1 December. To be routinely monitored for compliance.	Complied with	
<b>Schedule 1 §10</b>	The project agency shall prepare a draft Project implementation Manual (PIM), which will be forwarded to the IFAD for comments and NO before being formally adopted.	Submitted to IFAD on 08/2013	Complied with	
<b>GC 4.02 (b)</b>	No withdrawal shall be made from the Loan Accounts until the first AWPB has been approved by the Fund and the Fund has determined that all other conditions specified in the Financing Agreement as additional general conditions precedent to withdrawal have been fulfilled.		Complied with	
<b>GC Section 4.04 (d)</b>	If the Borrower requests a withdrawal from the Loan Accounts for amounts to be paid thereafter for Eligible Expenditures, the Fund may, before transferring such amount to the Borrower, require that the Borrower provide evidence satisfactory to the Fund showing that previous withdrawals have been properly spent for Eligible Expenditures. The Fund may place reasonable limits on the amount that the Borrower may withdraw in advance or the overall balance of such advance withdrawals, and may require that such amounts be held in a freely convertible currency and/or be held in an account designated for that purpose in a bank acceptable to the Fund.	Continuous	Complied with	
<b>GC 4.08 (a)</b>	All expenditure under the Financing shall meet the reasonable cost of goods, works and services required for the Project and covered by the relevant AWPB and procured in conformity with the Fund's Procurement Guidelines.	Continuous	Complied with	
<b>GC 7.01 (b) (ii)</b>	Before each Project Year, the Lead Project Agency shall, if required, submit the draft Project AWPB to the oversight body designated by the Borrower/Recipient for its review. When \$10 reviewed, the Lead Project Agency shall submit the draft Project AWPB to the Fund for comments no later than sixty (60) days before the beginning of the relevant Project Year. If the Fund does not comment on the draft	no later than 60 days before beginning of each Fiscal Year	Partial Complied with	Central Unit submitted 2016 AWPB with delays i.e 22 Dec 2015

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC 7.08	The borrower shall insure all goods imported for the project.	Continuous	Partially complied with	The equipments are not insured.
GC 8.01	The project Parties maintain records and documents adequate to reflect to reflect their operations in implementing the project.	Continuous	Partially complied with	The filing in Elazig needs some improvement.
GC 8.03	MFWA, or other party so designated in the relevant Agreement, shall furnish to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably request. At a minimum, such reports shall address (i) quantitative and qualitative progress made in implementing the Project and achieving its objectives, (ii) problems encountered during the reporting period, (iii) steps taken or proposed to be taken to remedy these problems, and (iv) the proposed programme of activities and the progress expected during the following reporting period.	Continuous	Partially complied with	Quality of the progress reports requires improvement
GC 9.01	The project Parties shall maintain separate accounts and records to reflect the operations, resources and expenditures related to the project until the financing closing date.	Continuous	Complied with	
GC 9.02	MFWA shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund within four (4) months of the end of each Fiscal Year.	Continuous	Not complied with	Draft Financial statement are not delivered.
GC 9.03	The annual accounts of the project should be audited in accordance with auditing standards acceptable to the Fund and the audit report submit to the Fund within 6 months of the end of each fiscal year.	Continuous	Complied with.	2015 and 2016 audit reports were submitted with slight delay

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02	PCU to open and maintain a Project Account (in ...); GO? to make an initial deposit equivalent to USD ??????			
Section 4.02	GO? to replenish Project Account quarterly in advance			
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3			
Section 4.04	Insurance of vehicles, equipment and civil works financed			

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	from the loan proceeds to be consistent with sound commercial practice.			
<b>Section 4.05, section 11.10(b)</b>	Audit report submitted to IFAD.			
<b>Section 4.06</b>	Progress reports to be submitted to IFAD on a quarterly basis.			
<b>Schedule 4, para 7</b>	AWPB to be submitted to the Fund, for its review and comments			
<b>Schedule 4, para 8(a)</b>	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.			
<b>Schedule 4, para 16</b>	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures			

## Appendix 7: Knowledge management: Learning and Innovation

1. The poor M&E system is not conducive to active knowledge management. However, at the provincial as well as village and district level information about the project and its objectives are disseminated primarily by the PPTs, followed by the FOU management. The project would benefit from cross-fertilization from other similar upland ones in IFAD portfolio in the region as a donor and a recipient of knowledge products. The MTR should reviewed such options.
2. The demand-driven nature of the MCPs has revealed opportunities to share beneficiary-centered solutions across project provinces. The demand for bakeries in Muş is being reviewed for scaling up in Elazığ and Bingöl. The clearly proven demand for insulation and communal livestock facilities has been identified by ORKOY for possible mainstreaming into national operations. The efficient labor/profit ratio of horticulture is pro-poor and demand is high. Its returns as compared to cereal production are higher in terms of financial resources, land, water, female and youth employment. In Muş, a standalone irrigation system based on solar pumping from shallow wells for a walnut orchard on communal land is an excellent example for MCP's demand-driven, site specific solutions for energy conservation and income generation. These may be considered also on private land during the identification of future pilot investments in small scale irrigation.
3. Several knowledge management activities have been carried out to exchange and disseminate knowledge about the project, including leaflets, posters and some promotion material, and meetings. The mission recommends preparation and dissemination of promotion material regarding the project and its achievements considering the staff turnover in the public agencies and the increased interest of the rural communities.
4. A bilingual website<sup>5</sup> that is not updated is available in Turkish with information on the Project. The English version is available for some general information. The mission recommends that available M&E resources be more consistently channelled to this important showcasing opportunity. The mission reminds management that Project beneficiaries know Internet use therefore much about the project can be transmitted with a well-maintained website including the MCP, AWPBs and Procurement Plan PP. While transparency is encouraged, the mission deems inappropriate to share budget-related information on activities to be implemented by the Project. The mission underlines public dissemination of estimated costs risking jeopardizing the competitiveness of procurement for tendered activities and urgently recommends removing all references to budget for activities to be implemented. Once the necessary studies are complete and programs finalized, relevant information on the training, awareness building, study tours, locations and topics of demonstrations or examples of identified best practice should promptly be made available on the website.

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5 <http://muratnehrihavzasi.ogm.gov.tr/>