

# Republic of Turkey

## Sivas-Erzincan Development Project Project Performance Assessment

### Executive Summary

1. **Background.** In September 2013, the IFAD-supported Sivas–Erzincan Development Project (SEDP) in Turkey was completed after eight and a half years of implementation. The Independent Office of Evaluation of IFAD (IOE) undertook a project performance assessment (PPA) to assess results and impact and generate findings and recommendations for the design and implementation of ongoing and future operations in the country. This assessment is based on a review of existing documentation and an in-country mission carried out in July 2014.
2. **The project.** SEDP was designed as a US\$30.0 million IFAD-funded intervention to be implemented over an eight-year period. The project piloted an attempt to use pro-poor agricultural value chains to: 'tackle rural poverty sustainably by developing community institutions that will upgrade collective and individual capacities to facilitate access to economic opportunities and critical social and economic infrastructure.' The specific objectives of SEDP were to: (i) increase agricultural productivity and income levels of the rural poor in the less developed parts of Sivas and Erzincan provinces; (ii) expand rural employment opportunities and encourage individual and group initiatives of smallholders; (iii) build and strengthen self-sustaining institutions directly related to the rural poor; and (iv) improve the living of the rural poor and especially of women.
3. The SEDP was implemented across the adjoining provinces of Sivas and Erzincan in Anatolia. At the time of the project, these areas suffered from environmental degradation and experienced high levels of rural poverty and out migration with small-scale and emerging farmers having no access to large-scale international agricultural development interventions. The target group comprised the poorest people in the project area and was estimated at about 50,000 people (10,000 households) spread over approximately 200 villages, or 12 per cent of the rural population of the two provinces.
4. The original project consisted of two operational and one project management component, namely: (i) community and cooperative development; (ii) agricultural development; and (iii) project management. Low disbursement performance of the project (11 per cent by May 2007), and the development by the Government of Turkey in 2006 of the National Agricultural Strategy and National Poverty Reduction Policy made an extensive re-design necessary. After the re-design in August 2007 the two operational components, village improvement and farming support and agricultural marketing altered significantly the targeting provisions of the project.

#### **Assessment summary**

5. **Changing priorities.** Altogether, the re-designed objectives reflected the original design propositions, yet they were less relevant in the new political, economic and social context. The value chain perspective could have been emphasized to better shape activities under the re-designed component 2. The general directions of the original project design were partially relevant. Issues resulted from: (i) changing priorities of the Government for agricultural development, no longer based on promoting cooperatives support; and (ii) a lack of clear, uniform and simple project implementation responsibilities and arrangements.
6. **Opportunities missed.** Overall the project achieved most of its re-stated objectives including an increase in agricultural productivity and income levels in the

less developed parts of the project area as a result of new irrigation schemes and dairy-related activities. The objective to expand rural employment opportunities and encourage individual and group initiatives of smallholders was only partially effective. As focus shifted away from cooperative development, opportunities were missed to exploit large cooperative networks. With regard to the dairy value chain, eligibility criteria excluded poorer people. The improvement of the social and productive infrastructure was on the whole effective and investments provided by SEDP reached a large segment of poor people and resulted in construction and/or rehabilitation/upgrading of irrigation schemes, sewerage systems, roads, village bakeries and other infrastructure, benefitting over 100,000 beneficiaries. However, the incentive structure proved inadequate to recruit well-qualified project staff.

7. **Efficiency.** Overall costs amounted to US\$30.04 with total actual cost at completion US\$28.07 million. The original project design covered 10,000 direct beneficiary households which, assuming an average household size of five is approximately 50,000 people. The cost ratio measured in costs per beneficiary is comparatively high due to a large extent to the project financing communal infrastructure, with benefits accruing to the wider village population. No concrete numbers of overall beneficiaries can be provided given the late and incomplete putting in place of properly functioning M&E systems which hindered the satisfactory measurement of project performance and analysis of project results. Notwithstanding, an effort was made by IFAD and the Government to provide a comprehensive analysis of the project's main results and shortcomings.
8. **Impact on rural poverty.** For village level infrastructure activities supported under SEDP, this impact was, overall, satisfactory. For component 2 activities and some of the priority value chains supported, the impact differed widely; quite a few of these activities did not reach poorer farmers to the extent planned in project design. With regard to dairy farming interventions, while the PPA acknowledges that the dairy value chain has achieved positive gains and increased incomes, this would apply mostly to better off farmers. There is little evidence of expanding rural employment opportunities to benefit poorer households. While there is no question that better-off, medium size farmers have benefitted from project interventions, there is evidence that backward linkages with poorer producers, aimed at employment and income generation for poorer households, did not work in full. Few jobs were created through the milk collection networks, but not to the expected extent. On the whole, in regard to gender equality and women's empowerment, more could have been done to ensure full and equal access, in particular to land, which increased in value as a result of new irrigation schemes.
9. **Sustainability, innovation and scaling up.** Continued government support enhances to some extent prospects of sustainability. On the other hand, sustainability has been negatively affected by limited integration of existing structures. The introduction of irrigation systems represented an innovative approach in the two provinces. The PPA found no evidence of scaling up by the Government of positive features introduced by SEDP in national policies and domestically-financed programmes.
10. **Performance of partners.** IFAD's performance is rated as moderately unsatisfactory as it failed to address two major project design features (i) the implications of the value chain approach to rural poverty outreach and targeting; and (ii) inadequate staffing levels proposed. Action was taken once it became clear that the originally designed SEDP did not perform adequately. The Government viewed SEDP as its own initiative, since it was fully involved in the re-design phase, but failed to respond to the need for adequate incentives to attract high calibre staff. United Nations Development Programme's role as service provider in the areas of financial and human resource management was seen as useful by all concerned.

## Conclusions

11. IFAD-supported investments in Turkey will need to take into consideration the fact that, in future, agricultural and rural development will to a much larger extent focus on post-harvest infrastructure and the processing and marketing of agricultural produce. Effective synergy between SEDP and the IPARD (Instrument for Pre-Accession Assistance in Rural Development) programme, a European Union-financed access programme for agricultural development led to one significant and positive SEDP project effect i.e. in the large Sivas province the approval rate for dairy related value chain support is one of the highest in the country. There are opportunities for future agricultural value chain based assistance in Turkey as this sector remains surprisingly unexploited.

## Recommendations

12. **Fine tuning the SEDP model.** In replicating the SEDP model, M&E must be given priority along with adequate knowledge management, including the transfer of high-level technical expertise in several technical and 'soft skill' areas including, but not limited to, targeting, gender and community development. An ambitious project design requires support staff in the field to properly guide villagers in activities that are mainly new to them, and to provide training and coaching to local trainers, as well as trainers of trainers.
13. **Build on existing structures vs. parallel ones.** Future design of projects based on the SEDP model should place major emphasis on existing markets and market players, ensuring direct collaboration with such players rather than building up parallel structures that are difficult to manage and maintain after project closure. The role of information technology in measuring, monitoring and aggregating data and contributing to better market functioning should be emphasized in the future.
14. **Potential of value chain approach.** The piloted value chain approach has the potential to contribute usefully to the future investment portfolio of IFAD in Turkey. It is recommended to retain and further strengthen this theme with particular focus on (i) the inclusiveness of project-supported value chains; and (ii) careful determination of the selection of the type of value chains and modes of support (production-related or financial).
15. **Managing the learning process.** Emerging learnings from SEDP, Ardahan-Kars-Artvin Development Project and Diyarbakir, Siirt and Batman Rural Development Programme (IFAD) value chain support should be systematically monitored and an emerging model of IFAD support for inclusive agricultural value chains be drawn up based on the experience derived from this pool of projects with a focus on value chain.
16. **Strategic Investment Plans as planning and management tool.** The Strategic Investment Plan route as 'business plan' for an entire value chain is useful. In future, all opportunities that this instrument affords should be utilized, in particular with regard to market and competitor analysis and specification of technical and logistical details of value chains to be supported, value chain actors and intermediate products.
17. **Reinforcing value chains with appropriate value chain financing instruments.** Even though Turkey has a well-developed banking sector, there are still unutilized potentials in strengthening value chains with appropriate financial instruments. IFAD should consider supporting innovative and very diverse value chain financing instruments that are currently gaining importance in Near East and North African countries, including Turkey. Future IFAD-funded interventions should include appropriate instruments and arrangements ensuring that the poorest beneficiaries in the target group are granted access to such financing.