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COMMISSION DECISION

C(2009)5041 of 29 June 2009

on a Multi-annual Indicative Planning Document (MIPD) 2009-2011 for Turkey

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)¹, and in particular Article 14 (2) (a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 creates a coherent framework for Community assistance for candidate countries and potential candidate countries. Article 6 (1) of that Regulation requires that the assistance shall be provided on the basis of multi-annual indicative planning documents established by country in close consultation with the national authorities. On 25 July 2008, the Commission adopted the MIPD 2008-2010 for Turkey²
- (2) Article 6 (5) of Regulation (EC) No 1085/2006 requires that Multi-annual Indicative Planning Documents, which are established following a three-year perspective, shall be reviewed annually.
- (3) In accordance with Article 6 (3) of Regulation (EC) No 1085/2006, assistance for countries listed in Annex I to that Regulation shall be based on the European Partnerships and cover the priorities and overall strategy resulting from a regular analysis of the situation in the country and on which preparation for further integration into the European Union must concentrate.
- (4) Turkey is listed in Annex I to Regulation (EC) No 1085/2006.
- (5) The Council adopted on 28 January 2008 the Accession Partnership with Turkey³.
- (6) This Decision is in accordance with the opinion of the IPA Committee set up under Article 14 of Regulation (EC) No 1085/2006,

¹ OJ L 210, 31.7.2006, p.82

² C/2008/3812

³ Council Decision 2008/157/EC (OJ L 51, 26.2.2008, p.4)

HAS DECIDED AS FOLLOWS:

Sole article

The Multi-annual Indicative Planning Document (MIPD) for the years 2009-2011 for Turkey attached to the present Decision is hereby adopted.

Done at Brussels,

For the Commission

Member of the Commission

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Instrument for Pre-Accession Assistance (IPA)

**Multi-annual Indicative Planning Document
(MIPD)**

2009-2011

Turkey

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Executive Summary

Turkey benefits from all five components of the **Instrument for Pre-Accession Assistance (IPA)**¹ including: (IPA-I) the Transition Assistance and Institution Building component; (IPA-II) the Cross-Border Cooperation component which applies to border regions between beneficiaries from candidate and potential candidate countries and between them and EU Member States; (IPA III, IV and V) the Regional, Human Resources and Rural Development components.

Within the **Institution Building** component, the focus of assistance in the area of the political criteria will be on the institutions that are directly concerned by the reforms: the judiciary and the law enforcement services. A second priority will be support for the continued development of civil society organisations. Among the issues to be addressed, priority will be given to human rights and fundamental freedoms; gender issues; and the fight against corruption. As concerns the adoption and implementation of the *acquis communautaire*, the main areas of activity, reflecting the volume of legislation to be transposed and implemented as well as the investments required, will be: agriculture and food safety; justice, freedom and security (particularly border management; migration and visa policy; and international cooperation among law enforcement agencies); and environment. The promotion of civil society dialogue will be implemented through grants supporting cooperation between EU and Turkish civil society organisations and by the co-financing of Turkey's participation in Community programmes, notably the education and youth programmes.

Preparations for the implementation of the Territorial Cooperation objective of the EU structural funds will be addressed by the **Cross-border Cooperation** component. Budgetary allocations will be divided between bilateral cross-border programmes with Member States and participation of Turkey in the ENPI Black Sea Basins programme.

EC assistance shall also help to prepare the beneficiary country for participation in *Community's cohesion policy and rural development instruments* from day one of accession. This objective will be implemented under the three IPA components: regional development, human resources development and rural development. In view of the limited funds available, sectoral and geographical concentration of funds will be sought.

The Regional Development and the Human Resources Development components will pursue the objectives of the revised Lisbon Strategy, while bearing in mind the state of Turkey's economic development. This will necessitate focusing interventions on the provision of the more fundamental physical, business and human infrastructure, before actions concerned with the technological frontier can be addressed.

- The **Regional Development** component supports three Operational Programmes (OPs): Environment, Transport, and Regional Competitiveness. Within the Environment OP, the main priorities are in the water, waste water and solid waste management sectors. Within the Transport OP, priority is given to rail, ports and links with TEN-T and multi-modal transport. Finally, within the Regional

¹ Council Regulation (EC) No 1085/2006 of 17 July 2006, Official Journal L210, page 82.

Competitiveness OP the priorities are to support business investment, to enhance SMEs competitiveness and to upgrade their technological basis.

- *The Human Resources Development* component supports a single OP addressing three major areas of intervention: employment, education and social inclusion, to be implemented by four priority axes: attracting and retaining more people in employment, enhancing investment in human capital, increasing adaptability of workers and promoting an inclusive labour market.

The *Rural Development* component sets out three priority axes: adaptation of the agricultural sector and implementing of Community standards, preparatory actions for agri-environment measures and Leader and development of the rural economy. While the IPARD Programme will start to implement axis 1 and 3 priorities from the beginning, the implementation of preparatory actions for agri-environment and Leader type measures requires an intensive capacity-building process during 2009 to be followed by implementation as of 2010.

The present MIPD for 2009-2011 is based on an indicative financial envelope of €2002 million.

Section 1

Assessment of past and on-going assistance

1.1 INTRODUCTION

IPA assistance in the period 2009-2011 will build on assistance provided under the Turkey pre-accession instrument (2002-2006), the MEDA programme (1996-2001), as well as the lessons learnt from programming and implementing IPA programmes under the MIPD 2007-2009 and MIPD 2008-2010, as they become available. In particular, IPA will also make use of the institutions, the strategies, and the pipeline of infrastructure projects prepared in conformity with EU standards that have been developed and supported under preceding programmes. The experience acquired regarding Turkish institutions operating within the Decentralised Implementation System, their strengths and weaknesses in the implementation of EC assistance programmes will be an essential guide for the design of future programmes. Turkey has been implementing EC financial assistance since 2003 under the Decentralised Implementation System (accredited in October 2003) with the European Commission Delegation performing an ex-ante control function on tendering and contracting.

The revised MIPD takes the recommendations of the 2008 progress report into account and is consistent with the revised 2008 Accession Partnership. It also takes account of the National Programme for the Adoption of the Acquis, adopted on 31 December 2008.

1.2 OVERVIEW OF PAST AND ONGOING ASSISTANCE (EC AND OTHER ASSISTANCE) INCLUDING LESSONS LEARNED

1.2.1 Overview of EC past and on-going assistance

As of 01 September 2008, some €1.66 billion out of a total of €2.04 billion of EU grant financing is being managed in Turkey for projects committed between 1996 and 2008 inclusive, of which some €1.16 billion through Decentralised Implementation System (DIS) structures. The budgets of open programmes allocated to Turkey are 72.6% contracted and 60.4% disbursed (81% contracted and 67.4% disbursed if one includes the closed programmes), reflecting still considerable delays in implementation. Although considerable progress was made in this context, the Commission considers that further measures should be taken to strengthen DIS institutions and procedures and to move to the full decentralisation of the programmes, with the waiver of ex-ante controls by the Commission services, as soon as possible.

Assistance under the MEDA programme (1996-2001), under the Turkey pre-accession assistance instrument (2002-2006) and under IPA component I in 2007-2008 has covered most areas relevant for **Institution Building**. The promotion of human rights and the rule of law has been addressed through a number of projects aimed at the police and gendarmerie services, the armed forces (Turkish General Staff), the judiciary, and civil society. Assistance has been provided for alignment with and implementation of the *acquis communautaire* in the sectors indicated in the table in Annex 2. Satisfactory alignment has been achieved in a limited number of areas related to the internal market *acquis communautaire*, other sectors,

especially those requiring important administrative capacity or substantial investments (such as agriculture, environment, border management), are still in very early stages of harmonisation. The development of strategies for alignment in key intervention sectors (environment, transport, agriculture, border management, migration) has been advanced. Although **Civil Society Dialogue** has not been a sector of intervention for the pre-accession programmes until 2005, support to civil society, because of its close links to the fulfilment of the Copenhagen political criteria, has been a priority of pre-accession assistance since the late 1990s. Exchanges on a significant scale with the EU have been supported through Turkey's participation in Community Programmes such as Socrates, Leonardo da Vinci and Youth, and through grants such as the Jean Monnet scholarships. Therefore, actions to be financed under IPA in this area will be building on rather well established foundations. Turkey has also actively participated in the Fifth and Sixth Community Research Framework programmes. Connecting research results to uses in society remains a challenge, not only in Turkey.

Under the Turkey-Bulgaria 2004-06 **cross-border cooperation** (CBC) programme, a Joint Programming Document has been adopted and joint structures established. The Programme's budget (EU contribution) on the Turkish side is €15 million for the 2004-2006 period, matched by an equivalent amount of Phare CBC funds on the Bulgarian side. A first multi-annual Bulgaria-Turkey CBC programme under IPA 2007-2009 was adopted on 20 December 2007. The objective of the Turkish-Bulgarian IPA CBC Programme is to help the border region between Turkey and Bulgaria to overcome development problems resulting from its relative isolation and to support the development of co-operative networks on both sides of the border.

Reflecting the relatively good developed state of transport infrastructure in Turkey, EU support for infrastructural investments has focussed almost exclusively on environmental infrastructure. **Regional development** activities, focussing on less developed regions of Turkey, have been supported through a number of programmes. These have been successful in mobilizing capacity building efforts, but they have been hindered by a rather centralised and non-participatory approach to regional development in Turkey, and lack of administrative capacity at local level. Furthermore, the utilisation of grant schemes, without sufficient strategic focus, has also been unfavourable to the sustainability of the interventions. As concerns support to SMEs, a number of successful instruments have been developed, including the establishment of a number of Business Centres and the establishment of loan instruments catering to small enterprises. Under IPA, three multi-annual Operational Programmes (Environment, Transport and Regional Competitiveness) have been adopted on 30 November 2007 and 7 December 2007, with financial envelopes covering years 2007-2009.

In the area of **employment**, a large-scale programme of grants in support of an Active Labour Market Strategy, managed by the Turkish Employment Service (ISKUR), has established a good basis for further interventions. Support has been made available to provide policy advice and to strengthen the public employment services. As concerns education, substantial support (165 million €) has been provided under EU programmes in the area of basic education and vocational education and training. This assistance has included policy advice, curriculum development, as well as equipment and infrastructure investments. Sustainability has been put at risk at some stage by institutional weaknesses and coordination difficulties, however this situation has improved. Support is also available for promoting human resources development in secondary and higher VET education, strengthening the vocational qualifications system as well as for institution building support to the Ministry of National Education. In the field of social exclusion, the focus of EC assistance has been efforts for the eradication of child

labour. Support is also provided for strengthening the Social Security Institution, for women's entrepreneurship and for the solution of economic and social integration problems of cities with large inward migration. An Operational Programme (Human resources Development) under IPA for the period 2007-2013, with a financial envelope for the years 2007, 2008 and 2009, has been adopted on 7 December 2007.

Pre-accession assistance in the **agriculture sector** primarily focuses up to now on alignment with the *acquis communautaire*, development of administrative capacity, and notably the eradication of endemic animal diseases, rather than economic support to agricultural holdings or to the food processing industry. The regional development programmes have also provided support for the economic development of rural areas. Several projects have been implemented during 2007 and 2008 to support the building up of structures and administrative capacity for the implementation of component V. Thus, the management structures for component V have been effectively supported with regard to the drafting of the related Programme and have been trained on EU rural development policy issues. The institution building project for the component V Agency was instrumental to training staff and establishing the administrative and payment procedures but had to be adjusted to the lengthy staff recruitment procedures, due to which certain activities could not be carried out as initially planned. Additionally, the agricultural sector analysis mainly financed under the pre-accession assistance has provided an excellent statistical and content basis for a focus on the most pressing needs with regard to modernisation and Community standard implementation under the IPARD Programme. A Rural Development Programme for the period 2007-2013 under IPA has been endorsed by the Rural Development Committee in December 2007 and adopted by the Commission on 25 February 2008. Subsequent to approval by the Rural Development Committee in July 2008, the Programme was modified by Commission Decision from 24 October 2008 to take account of the extended financial scope and procedural changes

Country summary evaluation reports of Turkey have shown that EU financial assistance has become more effective over time even though the level of effectiveness has been undermined by late contracting and weaknesses in implementation. The overall impact of the EC financial assistance is improving but remains limited in certain areas due to shortcomings in project design, poor coordination between stakeholders, complex implementation arrangements, organisational deficiencies, and inadequate beneficiary resources and skills.. The reader is referred to the Annual Country Evaluation Summary Reports for further information about the performance of EC assistance to Turkey.

In relation to preparations for IPA implementation, Turkey's focus in 2008 has been on the negotiation of a Framework Agreement with the Commission, identification and preparation of projects for implementation under multi-annual programmes and setting up implementation systems and structures for conferral of decentralised management. The ratification of the IPA Framework Agreement on 24 December 2008 and the conferral of decentralised management under component I (on 29 October) and Turkey's participation in ENPI Black Sea basin programme under component II (on 3 December 2008) allowed for the signing of the first IPA Financing Agreements on 24 December for the National Programme 2007 component I and on 31 December for the 2007 programme for Turkey's participation in ENPI Black Sea basin programme. The preparations for decentralised management under components III and IV were significantly delayed, the submission of the application package took place only in October 2008. As a result the conferral of decentralised management of the programmes may only be concluded mid 2009. Regarding component V, preparations for fully decentralised management are also considerably delayed and Turkey does currently not foresee to complete the national accreditation process before mid-2009. Conferral of management is therefore not

expected to take place before beginning of 2010. These delays have significantly shortened the actual implementation period which is indeed limited under the so called N+3 rule set out by the Financial Regulation.

1.2.2 Overview of relevant IFI, multilateral and bilateral past and ongoing assistance

In areas such as the Copenhagen political criteria, social policy, or migration and asylum, the EU pre-accession programme has established a fruitful cooperation with a number of UN Agencies (UN Population Fund, UN High Commission for Refugees, UNDP, UNFPA, UNICEF, ILO), as well as with the Council of Europe. It is foreseen to continue this cooperation under IPA 2009-2011. However, Turkey is encouraged to develop structures to absorb more standard forms of Institution Building assistance such as twinning.

Collaboration with IFIs and bilateral donors has focussed on (1) support to the private sector, (2) infrastructure investments and (3) support for sectoral restructuring.

As concerns support for the private sector, a Small Enterprise Loan Fund (I and II) has been established with the participation of the Council of Europe Development Bank and KfW in the second phase, and has laid a solid basis on which to develop further interventions in the sector. The SME Finance Facility has also been implemented in Turkey through KfW and the European Investment Bank.

Regarding the financing of infrastructural investments, there has been extensive cooperation with the European Investment Bank. On one hand, the Commission has financed technical assistance in support of EIB operations in Turkey through the FEMIP facility, and on the other it has co-financed a number of infrastructure projects, particularly in the environment (water) sector. Since 2005 AFD is active both in the SME and the municipal sectors, and in the latter is not constrained by requirements of sovereign guarantees. KfW has been supporting projects in the field of environmental infrastructure.

In the area of sectoral restructuring, technical assistance financed from EU pre-accession funds for the restructuring of the Turkish railways has been coordinated with a World Bank loan in the sector. Similarly, integrated rural development programmes co-financed by national and international funds (EU-MEDA, WB, OPEC, IFAD, UNDP, FAO, IDB and JICA, etc.) have been implemented in Turkey since the 1970s at provincial or regional level. Recently the cooperation with the World Bank and the FAO has been intensified in the area of rural development, notably in the frame of the WB Agriculture Reform Implementation Project and the FAO's milk sector study that has helped to target support under component V of IPA. Similar synergies between loan and grant financing for sectoral restructuring may be considered in the social security and education sectors. The WB lending programme also includes a number of Policy Loans (Public Sector Development, Employment Generation Development) that are complementary to IPA interventions. In 2007, Turkey received from the World Bank a "Competitiveness and Employment Development Policy Loan", amounting to €367 million. The loan will be used to improve the investment conditions, reform of the labour market, strengthening credit and financial markets, innovation, technology, education and improving the skills of the labour force.

Bilateral cooperation in the field of social policy and employment between Turkey and the Member States, such as the projects for increasing the employability of the people with disabilities, strengthening the labour inspection system and women's participation in the labour market, supported by the Netherlands, continued.

In general cooperation with IFIs has functioned well and assistance is complementary. In the private sector there is a strong demand for loan financing of projects. In the public sector demand has been kept in check by restrictions on borrowing resulting from the economic recovery plan agreed with the IMF. In future, attention should be given to establishing procedures to facilitate the joint financing of projects. In view of the large costs of alignment in certain sectors, notably the environment, developing a coherent programming to make optimal use of the available sources of loan financing and to ensure their effective coordination with IPA grant financing will constitute a major challenge in the referenced period. On its board of governors meeting in October 2008, the EBRD decided to extend its activities to Turkey. EBRD plans to provide investments to Turkey up to €500 million by the end of 2010. The EBRD will support the further development of Turkey's private sector and will particularly focus on financing of micro and small and medium enterprises.

The Commission organised a donor coordination conference in October 2008 where the Commission and Member States, together with the IFIs and non-EU donors, agreed to an active and affirmative approach concerning the need for enhanced donor coordination. It was agreed that the Multi-Annual Indicative Planning Documents could become a strategic instrument for donor coordination and that the consultation on the 2009-2011 MIPDs will be used as key tool to determine areas of common interest and possibilities for sector coordination and division of labour. The results and plans for action stemming from such consultation will be reported at the next donor conference in Albania in April 2009.

1.2.3 Lessons learned

The interim evaluations (Phare 1999-2002) and ex-post evaluation (Phare 1999-2001) of EU pre-accession assistance have highlighted a number of lessons that may be drawn for future assistance. The evaluations of EU pre-accession assistance to Turkey (2003-2006) lead to similar conclusions, and in particular risks associated with:

- absence of adequate **planning documents and sectoral strategies** resulting in weaknesses in needs analysis;
- insufficient attention to **horizontal public administration reforms** in the support for the development of administrative and judicial capacity; and
- weaknesses in **programme management** resulting from understaffing and instability of the DIS institutions

Planning documents and sectoral strategies

The structure itself of the IPA programmes, including the present MIPD and the strategic planning (namely the Strategic Coherence Framework for components III and IV covering the period 2007-2013 and the 2007-2009 multi-annual programmes, all prepared by the national authorities and agreed by the Commission as well as the National Rural Development Strategy and the agricultural sector analyses for component V) and multi-annual programming developed for components III-V as well as sectoral strategies (e.g. environment), partly answer to the need for improved strategic planning. While a considerable effort financed under the Turkey pre-accession instrument 2002-2006 and IPA 2007 (see section 1.2.1 above) was made, strategic planning in Turkey needs to be improved in a number of sectors. Consequently, further IPA resources will be allocated for the development of sectoral analyses and strategies, needs assessments and investment plans as appropriate. The establishment of such a strategic framework will be a precondition for IPA financing.

Horizontal public administration reforms

The sustainability of many institution building activities may be imperilled by the inconsistent implementation of horizontal reforms. Lack of progress on public administration reforms and those related to reforms of governance runs the risk of undermining the achievements on economic reforms and on the *acquis communautaire*. In Turkey, this issue is particularly relevant, as the country is in the process of implementing potentially far-reaching reforms of the public administration, including the decentralisation of some state structures and the introduction of increased local democracy and public participation. Consequently, institution building projects will not be programmed if their successful implementation is highly dependent on an on-going reform of the public administration.

Programme Management

The experience in Turkey, as in many other candidate countries, has been that sufficient attention has not been devoted to the structures needed for Decentralised Implementation. While considerable efforts have been made in 2008/early 2009 in establishing solid DIS implementation structures leading to the conferral of management under IPA, agreement on successive annual IPA programmes will depend on the Turkish authorities' commitment to the continued forceful implementation of the pre-accession strategy, giving attention to the establishment of adequate administrative structures for programme implementation, in order that EU financial supports are used in the most effective manner. In addition, the Phare Interim Evaluation recommends the introduction of a better coordination of delivery mechanisms (the IPA framework regulation is a response to this) and rigorous enforcement of conditionalities. A limited number of pre-conditions will be formulated concerning the financing of certain elements of IPA, in order to ensure that the framework necessary for the effective and sustainable implementation of EC assistance is established. These generally concern the preparation and adoption of legislation or investment strategies, sector analyses or the establishment and accreditation of appropriate institutions.

Section 2

Pre-accession assistance strategy for the period 2009-2011

2.1 INTRODUCTION

Further to the conclusions of the European Council of December 17, 2004, the EU follows a pre-accession strategy in relation to Turkey that is based on three elements: continued monitoring of Turkey's progress in relation to the Copenhagen political criteria, a rigorous conduct of the accession negotiations, and the promotion of an EU-Turkey Civil Society Dialogue. The revised Accession Partnership of 2008 takes these elements into account. This will now serve as the basis for programming in the referenced period.

The accession negotiations were opened with Turkey on October 3, 2005. A screening of the 33 chapters of EU legislation that begun shortly thereafter has been completed for the majority of chapters. The screening process, through its identification of gaps between Turkish legislation and the *acquis communautaire*, and the negotiation of specific chapters (x of which have been opened by April 2009), including any benchmarks for their opening or closing, will inform the programming of pre-accession assistance in the area of legislative harmonisation and development of administrative capacity.

In June 2005, the Commission adopted a Communication on the civil society dialogue between the EU and Candidate Countries. This should help to promote dialogue between civil society, in a broad sense, in the EU and Turkey, in order to address issues and concerns relating to enlargement. IPA will finance a number of actions to promote this dialogue, particularly within Turkey.

The present document builds on experience with the preparation and implementation of the MIPD 2007-2009 and MIPD 2008-2010 namely through IPA component I annual programming in 2007 and 2008 and components II, III, IV and V multi-annual programming in 2007. A draft of the revised MIPD 2009-2011 was communicated to the Turkish authorities on 10 November 2008, a meeting was held in Ankara on 18 November 2008 and further additional written comments were received on 4 December 2008. In addition, the draft revised MIPD was consulted with the embassies of Member States in Ankara, with IFIs, bilateral and international organisations and with Turkish NGOs active in a variety of areas in December 2008.

These consultations revealed a broad level of support for the priorities of the MIPD and the comments received provided useful inputs for adapting specific aspects of the document.

2.2 STRATEGIC OBJECTIVES AND CHOICES FOR IPA ASSISTANCE OVER THE PERIOD 2009-2011

2.2.1 Strategic objectives for IPA assistance over the period 2009-2011

The aim of IPA assistance is to support Turkey in its preparation for EU membership. In this regard, Turkey has made considerable progress in recent years, as set out in the Commission's

successive Progress Reports. Despite these positive developments, however, much remains to be done. The pace of the political reforms has slowed in the last years and implementation of the reforms remains uneven. In relation to the economic criteria, the Progress Report recognises that Turkey is a functioning market economy and recommends that Turkey take further decisive steps towards structural reforms. As regards the ability to adopt and implement the EU legal order, the *acquis communautaire*, considerable further efforts are needed to align legislation in many areas. This will require strengthening of administrative and judicial capacity, and, in a number of sectors, meeting EU norms will also require considerable investments. Concerning the Civil Society Dialogue, the state of mutual knowledge is particularly weak with regard to Turkey and misconceptions and concerns more widespread than in the case of other candidate countries.

Regarding economic and social development, the objectives Turkey intends to pursue are set out in the 9th Development Plan (2007-2013): increasing competitiveness; increasing employment; strengthening human development and social solidarity; ensuring regional development; and increasing the quality and effectiveness of public services. Although the scope of actions foreseen is much broader than that which can be addressed by EC assistance, these objectives are well aligned with EU policies, notably structural and rural development policies.

From both EU and Turkish policy documents, it is clear that, in preparing for accession to the EU, but even independently of its accession bid, Turkey needs to manage a number of complex and inter-related processes. Some of these processes, such as the consolidation of macro-economic stability, do not present a need for EC assistance. However, for a number of others, actions undertaken in the frame of IPA can assist Turkey in advancing them during the pre-accession phase.

Strategic objectives can be grouped under 6 axes:

Axis 1 – Political criteria: support to institutions that are directly concerned with political reforms; and supporting the further development of civil society to enable its increased participation in political, cultural and economic development;

Axis 2 – Ability to assume the obligations of Membership: support to the adoption and implementation of the *acquis communautaire* in priority in areas with voluminous legislative alignment and high investment needs;

Axis 3 – Civil Society Dialogue: counteracting the negative perceptions of Turkish membership of the EU in certain segments of EU public opinion and reciprocally negative perceptions of the EU in certain segments of Turkish public opinion; strengthening of ties with neighbouring countries, especially EU Member States;

Axis 4 – Socio-economic development: increasing the competitiveness of the Turkish economy and convergence with the economy of the EU; reduction of glaring regional socio-economic disparities; improvement of living conditions (water, waste, transport); increasing employment, and particularly female employment; enhancing investment in human capital and lifelong learning strategies; improving social inclusion; modernisation and restructuring of the agricultural sector, leading to the attainment of a sustainable share of the population deriving its livelihood from agriculture, while simultaneously mitigating the effects of rapid urbanisation; and improving the protection of the environment.

Axis 5 – Cross-border cooperation: co-operation among neighbouring regions to enhance economic and social development;

Axis 6 – Supporting activities: project preparation and implementation, as well as reinforcing institutional capacity for the management of IPA and EU structural and rural development funds.

Within the objectives listed above, priority will be given to those that are most directly linked to the accession process. In particular, the pursuit of the socio-economic development objectives must be closely linked to specific EU policies, namely the introduction into the Turkish national framework of EU cohesion and rural development instruments.

Addressing issues connected with human resources and the movement of persons (education reform, employment policy, labour market flexibility, mutual recognition of diplomas, research cooperation, visa and migration policy, Civil Society Dialogue on migration-related issues), represent a particularly acute need due to their sensitivity in EU-Turkish relations.

A number of cross cutting themes will be integrated into all components of the IPA programme in Turkey. These are: (1) equal opportunities for men and women, (2) environmental protection, (3) participation of civil society, (4) geographic and sectoral concentration, (5) concerns of minority and vulnerable persons, and (6) good governance. These are discussed further in Annex 4.

2.2.2 Strategic choices for IPA assistance over the period 2009-2011

In translating the objectives set out in section 2.1 into specific strategic choices for assistance within the 3-year horizon of this document, a number of elements need to be taken into consideration. These include sequencing, programme maturity, absorption capacity, alternative sources of financing, and the synergies that may be developed with the activities of other donors. In many cases, these issues can only be assessed at the programming stage. Nevertheless some general choices can already be identified. In view of the scarcity of IPA funds in relation to Turkey's economic development needs, particular attention is paid in this section to the choices guiding interventions in this area.

Given the relatively long, and at present unspecified time-scale for Turkey's accession (not before 2014), assistance in the 2009-2011 period will give priority to sectors where: (1) the volume of legislation to be harmonised is particularly large – and, within these sectors, on the introduction of the requisite framework legislation – (2) harmonisation requires costly investments, that must be spread over many years, and (3) a track record of implementation will be required prior to accession.

By contrast, institution building related to policies in which Turkey will not participate before accession, may be deferred to a later programming period. Similarly, institution building in sectors where (1) substantial evolution of the *acquis communautaire* may be expected, (2) Turkish public administration reform may lead to institutional or staffing instability and imperil sustainability will be deferred. The latter issue is particularly relevant in the case of Turkey, as the country is in the process of implementing potentially far-reaching reforms of the public administration, including the decentralisation of some state structures and the introduction of increased local democracy and public participation.

Turkey is a beneficiary of IPA multi-country programmes, and, where this is justified by economies of scale, interventions will be planned under the corresponding MIPD.

On the basis of the above considerations and the lessons learned from previous and on-going assistance, the following strategic choices can be identified:

Progress towards fully meeting the Copenhagen political criteria

Assistance will be provided to consolidate the reforms that have been adopted and to improve their implementation on the ground. Priority will therefore be given to supporting the institutions - within the judiciary, the law enforcement services and key parts of the public administration - that are directly concerned by the reforms. A second priority will be support for the continued development of civil society organisations in their role as motor for, and guarantors of, the reforms.

Adoption and implementation of the *acquis communautaire*

The priority areas for support will be agriculture (particularly meeting veterinary and phytosanitary norms); environment; justice, freedom and security; and obligations stemming from the Customs Union agreement.

Of particular importance within the Institution Building component will be activities needed to support and accompany the implementation of components II, III, IV, and V. Technical assistance directly linked to the development and implementation of projects and the management of programmes that should be financed under each of these components will be financed under the same component. However, other assistance and capacity building provided to the institutions involved in the implementation of components II, III, IV, and V will be covered under component I, providing it is *acquis*-related and reflects Accession Partnership priorities. As regards *Rural Development*, this implies that all support to public institutions (inspectors, agencies, laboratories etc) whose functioning is necessary for the correct implementation of measures under component V will be covered under component I. Support for improvement of the investment climate under component I will complement actions supporting SMEs under component III.

Promotion of an EU-Turkey Civil Society Dialogue

The promotion of the Civil Society Dialogue will target, in particular, groups and organisations that are interested and influential in the process of Turkey's integration. This includes media, youth, academic institutions, local authorities, professional organisations, social partners, cultural organisations/centres and NGOs. Continuing a well-established form of assistance, a second priority within this objective will be support for Turkey's participation in Community programmes and agencies. It is expected that the contacts that will be facilitated under IPA will help counteract the negative perceptions of the Turkish EU-accession process that exists in certain segments of public opinion.

Introduction of EU structural and rural development instruments

Within the overall objective of adoption and implementation of the *acquis communautaire*, a specific priority is the introduction into the Turkish national framework of EU cohesion and rural development instruments. The introduction of EU territorial cooperation policy will be addressed by component II and will aim to strengthen ties with neighbouring countries, especially EU Member States. The introduction of EU regional, human resources and rural development instruments will be supported under components III, IV, and V, with the aim of assisting Turkey to address the needs of its economic development, such as increasing competitiveness; convergence with the EU; reduction of regional disparities; improvement of

living conditions (water, waste, transport), increasing employment; enhancing basic education and training as well as workers' skills; improving social inclusion; and restructuring of agriculture as well as fostering the sustainable development of rural areas.

The volume of funds available under the IPA budget for Turkey is not sufficient to have a direct macro-economic impact on Turkey's development. It is essential therefore to ensure a strong sectoral and geographical concentration of IPA, in order to achieve impact in the areas of intervention. However, even with a high degree of concentration, the direct impact of IPA will be limited. In analogy with the criteria utilised in the definition of Convergence regions within the EU, the 2007-2009 MIPD foresaw that the elements of IPA which follow an intervention logic based on cohesion considerations should be concentrated on the NUTS II regions² having a per capita income below 75% of the Turkish national average³. This concentration criterion concerns the Regional Competitiveness OP under Component III and the Human Resources Development OP under Component IV. Considering that the priorities and objectives set out in the 2008 Accession Partnership regarding the areas covered by IPA Regional Development and Human Resources Development components consolidate and expand the priorities set out in the previous period, assistance under the MIPD 2008-2010 maintained this approach which will in principle also continue under the MIPD 2009-2011. However, in the period 2010-2013, depending on the Community priorities set out in the accession partnership for the relevant period and lessons learnt from the implementation of the current operational programmes, initiating the extension of support to regions that fall above the 75% threshold may be considered, notably in the areas of innovation, R&D and information society.

Taking account Turkey's specific economic situation where rural development needs to be considered in the framework of Turkey's overall economic development policy, the synergy between structural, employment and rural development policies needs to be encouraged. In this context, Turkey should ensure complementarity and coherence between actions to be financed by components III, IV, and V on a given territory and in a given field of activity. The monitoring of IPA- funded actions should be established in a manner that will permit regular and precise reporting on the geographical concentration of funds.

During a transition period which should be as short as possible, components III and IV will be implemented under decentralised management with ex-ante controls, the nature of which will be specified in the Commission decision on the conferral of management powers. The Turkish authorities should aim to achieve the necessary standards of functioning of the management and control systems, in accordance with the relevant Community and national rules, with a view to achieve decentralisation without ex-ant controls.

Component V and the related IPA Rural Development Programme will be implemented by the Beneficiary Country in the framework of a fully decentralised implementation system from the start. Subsequent to a national accreditation process, management of Component V funds will be conferred to the Beneficiary country by Commission decision.

Promoting cross-border cooperation

² The current classification of NUTS type regions is considered provisional and may require review in future.

³ Based on the latest available Eurostat regional statistics for Turkey.

Closely linked to the introduction of structural instruments, the promotion of cross-border cooperation includes enhancing bilateral or transnational/multilateral co-operation among local/regional authorities, associations, NGOs and enterprises from neighbouring regions to enhance economic and social development of eligible border regions.

Monitoring and evaluation arrangements will be established in line with provisions of the IPA Implementing Regulation.

2.3 MULTI-ANNUAL PLANNING BY COMPONENT

The indicative budgets, by year and programme component, in million € (current prices) are given below. Because the Rural Development component will be implemented in the framework of a fully decentralised system that will take some time to be set up and accredited, the financial allocations for component V will follow a phasing-in approach.

The structures and modalities for the implementation, monitoring and evaluation of the programmes are set out in the IPA Implementing Regulation.

*Table 2: The Turkey Multi-Annual Indicative Financial Framework**

Component	2009	2010	2011	Total
I – Institution Building	233.2	211.3	230.6	675.1
II – Cross-border cooperation	9.4	9.6	9.8	28.8
III – Regional Development	182.7	238.1	291.4	712.2
IV – Human Resources Development	55.6	63.4	77.6	196.6
V – Rural Development	85.5	131.3	172.5	389.3
Total	566.4	653.7	781.9	2002

** Figures are in current prices, million €*

Component I

Transition Assistance and Institution Building

1. OBJECTIVES AND CHOICES

Since interventions in the area of Institution Building often require mainly technical assistance (that is less costly investments and for which there is limited absorption capacity within a given recipient institution) the number of intervention areas identified in this section is commensurate with the indicative budget, and it is comparable with the scope of interventions programmed in the 2002-2008 period. Considering the current situation described in the Progress Report, taking account of the revised Accession Partnership and depending on project maturity and on the outcome of projects under on-going programmes, the objectives and priorities for assistance under the Institution Building component will be:

Addressing the Copenhagen political criteria by supporting those institutions directly concerned by political reforms:

- Judiciary: Support the national reform strategy for the judiciary; Comprehensive training for the consistent interpretation of legal provisions related to human rights and fundamental freedoms; Strengthening the independence, impartiality and efficiency of the judiciary; Enhance the efficiency of the juvenile justice system; Training of judges in judicial cooperation on civil matters; Enhancement of opportunities for effective defence such as access to legal aid and qualified interpretation services; Strengthening of legal and judicial protection of religious freedoms; as well as of minorities and vulnerable groups, in view of addressing all types of discrimination;
- Law enforcement services: Training of law enforcement agencies on human rights issues; Implementation of measures adopted in the context of the “zero tolerance” policy against torture and ill-treatment; penal and prison reform; enhance accountability of law enforcement services; actions towards greater effectiveness of the law enforcement services in particular with a view to support the functioning of the judicial system; training on combating domestic violence;
- Public administration: Modernisation of the civil service as well as strengthening of local government; Support for the fight against corruption and protection of EU financial interests (including the development of a comprehensive anti-corruption strategy); Support to the implementation of the new Law on Foundations in line with the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR) and the case law of the European Court for Human Rights (ECtHR); Implementation of the Regulation on Principles of Ethical Behaviour for Civil Servants; Promotion of civilian control of the military in line with practice in EU Member States; Support to human rights boards in the provinces; Support for the establishment of an Ombudsman system and office; Support for the establishment of a Gender Equality Body; Establishment of and support to shelters and other protective mechanisms for women at risk of violence and training of relevant personnel;

- Civil society: Facilitation of the domestic development of civil society and its involvement in the shaping of public policies; Reinforcement of social dialogue and trade union rights; Measures contributing to stabilisation of the situation in the Southeast; Support the awareness of the general public, and men in particular, concerning gender issues; Enhance the implementation of the minimum standards of care and protection of children living outside parental care; Support to the establishment of an independent National Preventive Mechanism for monitoring places of detention foreseen in the Optional Protocol to the UN Convention against Torture; Rehabilitation services for victims of torture and ill-treatment; Promotion of cultural diversity, cultural heritage and minority rights; Support for the social inclusion of the vulnerable persons, including the Roma

Transposition and implementation of the *acquis communautaire* notably in priority areas with voluminous legislative alignment and high investments needs:

- Agriculture (including notably veterinary and phytosanitary issues, rural development, as well as the fisheries sector): Administrative structures to operate Common Agricultural Policy, particularly in the area of rural development, and Common Fisheries Policy instruments; Animal identification and registration; Eradication of main animal diseases, continuing on-going programmes related to the eradication of rabies, FMD and the control of avian influenza; Implementation of EU health and food safety related standards in food production and food-processing establishments, in particular targeting sectors and sub-sectors identified under component V; Implementation of residues and zoonosis control programmes; Veterinary and phytosanitary border controls;
- Environment: Adoption of a revised programme for transposition and implementation of the *acquis communautaire*; ratification and implementation of multilateral environmental agreements; transposition of framework legislation, international environmental conventions, and legislation on nature protection, water quality, air quality, waste management (including of hazardous waste), environmental impact assessment and other horizontal requirements, chemicals and GMOs, climate change, strengthening of the relevant institutions;
- Justice, freedom and security: Integrated border management, including training of border police and inter-agency cooperation; Visa policy and practice; Migration and asylum policy, especially as regards training and the administrative capacity as well as streamlining of asylum procedures; Fight against organised crime, drugs; Protection of personal data;
- Obligations stemming from the Customs Union agreement: State aid monitoring; Steel sector restructuring; Implementation of the customs code, Administrative capacity of the customs administration, Development of IT systems for the exchange of data with the EU and its Member States, Protection and enforcement of intellectual and industrial property rights;

In addition to the above priorities, Institution Building support may also be provided in the following areas of the *acquis communautaire*, with more modest budgetary allocations: Free Movement of Goods (support for quality assurance at testing and calibration laboratories); freedom of establishment and freedom to provide services (mutual recognition of professional qualifications, postal services); free movement of capital (alignment in capital movements and

payments, alignment and implementation in the area of anti-money laundering); free movement of persons (including initiatives enhancing the possibility for Turkish job seekers to find information on job opportunities available in the EU Member States, and to acquire the required skills level); Public procurement; Company law (alignment and implementation); Banking supervision; prudential and supervisory standards in the non-bank financial sector; Information society and media (electronic communications, Audiovisual Media Services Directive); Transport policy (all modes); Energy (independence of regulatory authorities, competitive electricity and gas markets, including third party access and cross border trade, promotion of energy efficiency and renewable energies, particular attention is given to supporting nuclear safety and radioactive waste management in line with European standards); Taxation (alignment in excise duties and VAT, anti-avoidance and anti-evasion measures, exchange of electronic data with the EU and its Member States); Statistics (in particular national accounts, macro-economic, demographic, labour market, regional, agricultural and business statistics); Social policy and employment (social dialogue, child labour, , health and safety at work, strengthening relevant administrative and enforcement structures, inspection capacity); Health Policy; Regional policy (legislative and administrative framework to absorb EC pre-accession funds); financial control; and measures to improve the efficiency for participation in Community Programmes and Agencies.

Promotion of the EU-Turkey Civil Society Dialogue

As set out in its *Communication*, the Commission does not intend to define the issues that may be addressed in the frame of the Civil Society Dialogue. Therefore this priority is less amenable to detailed programming.

– ***Cooperation and contacts among media, youth, academic institutions, local authorities, professional organisations, social partners, and NGOs***

Activities may address a broad range of issues such as human rights, including freedom of religion, gender issues, the fight against all types of discrimination, as well as cultural diversity, and intercultural dialogue. The support provided also seeks to contribute to the strengthening of civil society in Turkey to ensure that it becomes a strong and active partner in the dialogue. Where pertinent, scholarships, awards and prizes may also receive financial support.

– ***Support for Turkey's participation in Community programmes and agencies***

Turkey currently participates in the majority of Community Programmes and Agencies, and it is expected that this trend will continue in the next programming period. Of particular relevance for the Civil Society Dialogue are the Education and Youth programmes, which enjoy a high rate of absorption.

Supporting activities

This will include a facility to support project preparation and implementation, as well as reinforcing institutional capacity for the management of IPA and EC structural funds.

2. EXPECTED RESULTS BY THE END OF THE COVERED PERIOD AND MEASURABLE INDICATORS

Given the complexity of the needs to be addressed, often requiring extensive and intensive training programmes presenting absorption challenges for the recipient institutions, one cannot expect that they will all have been fully addressed by the 2009–2011 annual programmes, nor that they will have been resolved by the close of the 2011 programme. Nevertheless, many of them are short term priorities of the Accession Partnership, it is expected that Turkey will have made considerable progress within this time frame. In particular,

- Implementation of human rights reforms has advanced significantly. For instance:
 - The interpretation by the judiciary of legislation related to human rights and fundamental freedoms being in line with the ECHR and the case law of the ECtHR has significantly improved;
 - Applications for human rights violations by law enforcement agencies have significantly decreased and are followed-up appropriately at administrative level and by the judiciary;
 - An Ombudsman system is in place and Turkey established an independent National Preventive Mechanism for monitoring places of detention, as foreseen in the Optional Protocol to the UN Convention Against Torture.
- The judiciary's impartiality and independence has been strengthened and functions more effectively, i.e. the duration of trials is reduced and access to justice has improved.
- Public administration reforms, including modernisation of the civil service as well as strengthening of local government, will be well advanced, reducing significantly the risks to the sustainability of further assistance in relevant *acquis communautaire* areas;
- A comprehensive strategy and action plan as well as a coordinating mechanism and an integrated set of measures for fighting corruption will be in place and progressively implemented at central and decentralised levels;
- Progress will be achieved as regards awareness on gender equality. Women are protected from domestic violence, i.e. the number of shelters for victims of domestic violence has significantly increased throughout the country. Laws on domestic violence are enforced, i.e. the number of cases successfully prosecuted;
- Procedures will be in place for a more effective consultation of civil society in the preparation and implementation of legislation;
- Transposition of the *acquis communautaire* will be largely completed in the area of the Internal Market, Customs Union, Consumer and Health Protection, and be well advanced in other major areas of EU legislation such as Agriculture, Competition and Environment. In relation to the area of justice, freedom and security, a road map detailing targets and timelines for Integrated Border Management will have been prepared and implementation underway. A (revised) Action Plan on Asylum and

Migration will have been prepared and implementation will be under way. Turkey will also be able to start establishing a credible track record of implementation in the areas of the *acquis communautaire* prioritised above, particularly as concerns state aids;

- The EU-Turkey Civil Society Dialogue should be well established among all the target groups and have acquired a measure of visibility in Turkish public opinion.

The principal means for assessing the achievement of these results will be the annual Progress Reports that are themselves based on a wide consultation of sources and organisations. No exhaustive/complete list of indicators can be provided here; examples of basic indicators as used in the Progress Reports include: cases of human rights violations; access to justice; efficiency of the judiciary; adoption and implementation of legislation as mentioned in the Accession Partnership; number of staff hired/trained.

3. FINANCIAL INDICATIONS

Political Criteria	15-25%
<i>Acquis communautaire</i> Implementation	45-65%
Civil Society Dialogue	20-35%
Supporting programmes	3-5%

When adopting annual programmes, due account shall be taken of the progress made in implementation of programmes of preceding years. In particular, failure to meet contracting targets for projects related to the political criteria which is not attributable to unforeseeable events may result in a decrease of the overall allocation.

Component II

Cross Border Co-operation

1. CURRENT IPA PROGRAMMES

1.1 Bulgaria – Turkey cross- border co-operation programme

Under the leadership of the Bulgarian Ministry of Regional Development and Public Works, which is the Managing Authority of the programme, Bulgaria and Turkey prepared in 2007 a bilateral cross-border cooperation programme for the period 2007-2009. This Cross-border Programme, which was adopted by Commission Decision on 20 December 2007 is an evolution of the strategy underpinning the Joint Programming Document Bulgaria – Turkey 2004-2006. The overall strategic goal of the Programme is to *achieve balanced sustainable development build upon the key strengths of the Bulgaria-Turkey cross-border co-operation area in contribution to stronger European co-operation and integrity*. Two programme Monitoring Committees were held in 2008.

1.2 Participation of Turkey in the ENPI Black Sea basin programme

Under the leadership of the Romanian Ministry for Development, Public Works and Housing, which is to become the Managing Authority of the programme, the ten⁴ Black Sea basin countries have prepared in 2007 a sea basin cooperation programme under the ENPI programme for the period 2007-2013. The Commission decision on IPA funding for the participation of Turkey in this ENPI Black Sea basin programme was adopted on 20 December 2007.

No other IPA cross-border programmes have been prepared so far involving Turkey. IPA funds are also available for bilateral cross-border cooperation with Greece and Cyprus and, in addition, to support the participation of Turkey in the ENPI Mediterranean Sea Basin programme and the ERDF trans-national programmes where Turkey is eligible (“South–East Europe” programme and “Mediterranean” programme). Turkey has indicated that it does not intend to participate in the latter three programmes, at present.

The Multi-Annual Financial Framework establishes an indicative allocation of funds for cross–border co–operation at borders with current and prospective Member States. Existing cooperation should be continued, and new cooperation developed on all eligible borders, in line with the objective of fostering good relations and promoting social and economic integration. In view of the restricted budgets, particular attention should be given to the concentration of resources.

⁴ Armenia, Azerbaijan, R. Moldova and Georgia (whole territory), Bulgaria, Greece, Romania, Russia, Turkey and Ukraine (regions closest to the basin)

2. OBJECTIVES AND PRIORITIES, EXPECTED RESULTS PER PROGRAMME BY THE END OF THE COVERED PERIOD AND MEASURABLE INDICATORS

2.1 Bulgaria – Turkey cross- border co-operation programme

The specific objectives of this programme are:

- Boost sustainable economic development in the co-operation area based on comparative advantages
- Improve social development and promote social cohesion among people and communities
- Improve the quality of life by the efficient use of common natural resources as well as protection of natural, cultural and historical heritage

In order to achieve its specific and global objectives, the programme proposes to operate along two main thematic priority axes, with a further priority axis dedicated to supporting the implementation of the programme (technical assistance priority).

Priority Axis 1 – Sustainable social and economic development

This priority aims to increase the overall competitiveness of the cross border economy and to improve social development and social cohesion. Areas of intervention are social development and social cohesion (human resource development), increasing competitiveness of the economy (business development and entrepreneurship) and improving the small-scale infrastructure.

Priority Axis 2 – Improvement of the quality of life

This second priority will be targeted at cooperation for protection of nature and specific fields of environment, protection of historical and cultural heritage as well as provision of assistance in emergency cases. Activities supported inter alia include development of small-scale infrastructure and restoration of historical buildings, as well as capacity building for sustainable use of natural resources, cultural and historical heritage.

The objectives and priorities of the programme will be extended after 2009 in a revision of the 2007-2009 cross- border co-operation programme.

2.2 Participation of Turkey in the ENPI Black Sea basin programme

The overall objective of the programme is to achieve stronger regional partnerships and cooperation.

In doing so, the programme aims to contribute to its key wider objective: “a stronger and sustainable economic and social development of the regions of the Black Sea Basin”.

The programme’s three specific objectives are:

- (1) Promoting economic and social development in the border areas
- (2) Working together to address common challenges

(3) Promoting local, people-to-people cooperation

These three specific objectives will be pursued by means of three priorities, which together form the programme's approach to achieve these objectives:

- (1) Cross border support to partnership for economic development based on common resources
- (2) Networking resources and competencies for environmental protection and conservation
- (3) Cultural and educational initiatives for the establishment of a common cultural environment in the basin

3. EXPECTED RESULTS

The expected results for component II are as follows:

- The projects related to economic and social development are expected to support the economic contacts of the neighbouring regions by encouraging initiatives for entrepreneurship and cooperation between the institutions of the partner countries, to improve infrastructure on a small-scale and to support education and vocational training;
- Environment problems of the neighbouring regions, including issues such as river basin management, flood protection and fire prevention, are expected to be addressed;
- Cultural resources of the border region are expected to be protected and promoted;
- Cooperation networks and people to people contacts will be established.

A series of indicators, applicable to each of the programmes and programme priorities, has been developed by the participating countries and will allow progress to be evaluated in the course of programme implementation. It is expected that concrete results will be measured in terms of cross-border movement of people and goods, new social networks, new tourist destinations, pollution levels, etc.

4. INDICATIVE FINANCIAL ALLOCATION PER PROGRAMME

The IPA funds to be allocated to CBC programmes are as follow:

<i>CBC programmes</i>	<i>IPA funds 2009</i>	<i>IPA funds 2010</i>	<i>IPA funds 2011</i>
Turkey – Bulgaria	2.049	2.090	2.132
Turkey – Greece	3.422	3.490	3.56
Turkey – Cyprus	0.340	0.347	0.354

(million €, current prices)

As regards cross-border cooperation with Member States, the rules governing the financial contributions of the ERDF and IPA shall be the relevant provisions of Article 21 of the *Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund*.

For the participation of Turkey in the ENPI Black Sea Basin programme and its possible participation in the ENPI Mediterranean Sea Basin programme and the relevant ERDF trans-national programmes (South–East European Space programme and Mediterranean Space programme), the following indicative amount of funds have been earmarked:

2009	€3.588 million
2010	€3.660 million
2011	€3.733 million

In both 2007 and 2008, €1 million has been allocated for the participation of Turkey in the ENPI Black Sea Basin programme. Similar amounts should be foreseen on an annual basis for the period 2009-2011.

Component III

Regional Development

1. OBJECTIVES AND CHOICES

Assistance under the Regional Development Component should contribute to the introduction of EU Cohesion Policy instruments into Turkish national policy framework, namely by supporting the development and implementation of policies aiming to achieve a stronger internal social and economic cohesion and a progressive convergence with the Cohesion Policy objectives, established in the "Community strategic guidelines on economic, social and territorial cohesion, 2007-2013"⁵.

The *Guidelines* identify a number of preconditions for sustainable economic growth and job creation, namely the availability of the necessary infrastructure (e.g. transport, environment, energy) to improve the performance of enterprises and the economic and social attractiveness of regions, and the strengthening of the economy with the necessary tools to withstand international competition. Regarding the former, the *Guidelines* identify key areas where structural interventions may be necessary, namely to create a favourable business climate which promotes entrepreneurship, facilitates the creation and development of new firms and promotes the use and dissemination of new technologies by enterprises.

Based on first preliminary estimates for 2007, Turkey's GDP per capita (PPS) represents 42% of EU27 average⁶. However, Turkey has to contend with regional disparities that are much more marked than in any country of the EU. In 2001⁷ per capita income in the five poorest NUTS II regions was between 33% and 53% of national average, whereas income in the five richest regions was 127% to 190% of the same average. In total, 12 regions had an income per capita⁸ below 75% of Turkish national average.

Other social and economic indicators - life expectancy, literacy rates, education, access to health services, sanitation, industrial activity, FDI fluxes and employment - also underline the development gap among Turkish regions. These factors lead to mass migration of skilled people from the eastern regions to the more dynamic western regions, placing significant pressures on urban centres and further contributing to the accentuation of regional disparities.

The Global Competitiveness Report 2008-2009 places Turkey no. 63/131 in the Global Competitiveness Index, a significant deterioration from its 53/131 position in 2007-2008. The report identifies as the main problematic factors for business development: inefficient government bureaucracy, tax regulations, policy instability, access to financing, tax rates, inadequately educated workforce and inadequate supply of infrastructure.

⁵ Official Journal of the European Union, L291/11 of 21.10.2006

⁶ Eurostat news release 89/2008 – 24 June 2008 (this figure is significantly higher than in previous estimates due to a major revision in national accounts)

⁷ Latest available Eurostat regional statistics for Turkey

⁸ Ağrı, Van, Mardin, Erzurum, Şanlıurfa, Gaziantep, Kayseri, Malatya, Trabzon, Kastamonu, Samsun, Hatay

Regarding environment, infrastructure are insufficient in water, urban water waste treatment plans and controlled landfills. Regarding transport and in particular rail infrastructure the share of rail transport will decrease to 2.2% in 2020 from 3.3% (2004 statistics), if high speed train investment is not made⁹.

In order to converge with the EU and to narrow inter-regional disparities to achieve sustainable and balanced development, Turkey needs, inter alia, to improve infrastructure, especially in transport and environment, and to develop and expand economic and business activity and to improve its participation in international markets in high/mid-high technology sectors, namely through increased business stock creation and improved capacity to innovate and to use existing know-how and new technologies more efficiently.

In view of the foregoing considerations, IPA assistance under the Regional Development Component should contribute to policy development, strategic planning and mobilisation of resources which can form the basis for a genuine cohesion policy, to promote the approximation with the EU, improve living conditions and reduce regional disparities. To this end IPA assistance under the Regional Development Component should support investments in basic transport and environment infrastructure and contribute to improve the competitiveness of Turkish regions, with particular emphasis on the less developed regions.

Given the limited resources available, IPA interventions will only contribute to these objectives if they are accompanied by firm national policy and budgetary measures. At the same time, active strategies need to be pursued to make best use of available resources by using delivery mechanisms with strong multiplier effects which respect market dynamics, mobilise private investment capacity and stimulate the development of a strong and independent business oriented investment culture.

On the other hand, resources will need to concentrate in a limited number of geographic areas and sectors where its impact to achieve the foregoing objectives will be the highest. Moreover, implementing IPA will be a valuable "learning by doing" exercise for managing the Community's Cohesion Policy instruments. Performance in delivery of IPA assistance (particularly in contracting and disbursement) will be a key factor of success.

2. PROGRAMMES TO BE IMPLEMENTED IN PURSUIT OF THESE AREAS OF INTERVENTION

The priorities for assistance under IPA Regional Development Component identified in the MIPD 2007-2009, as reflected in the priorities identified in the Strategic Coherence Framework 2007-2013 agreed between the Turkish authorities and the Commission, have been translated into three operational programmes: "Environment", "Transport" and "Regional Competitiveness".

These programmes, developed by the Turkish authorities in close consultation with the Commission, have been agreed by the Member States (through the Coordination Committee of the Funds) and were adopted by the Commission in November and December 2007. However, the implementation of the programmes can start only after the conferral of decentralised management. Due to substantial delays in Turkey's internal processes, conferral of decentralised management can only be expected to take place during the first quarter of

⁹ TINA Turkey study, final report, p. 28

2009. Even though project preparations have progressed at a slow pace in 2008, the effective implementation of the programmes will be long "learning by doing" process, taking into account that the institutions concerned are responsible for the first time for the decentralised management of EC assistance.

In broad terms the priorities and objectives set out in the 2008 Accession Partnership regarding the areas covered by IPA Regional Development Component consolidate and expand the priorities set out in the previous period. On the other hand, for the reasons expressed above, lessons cannot be drawn yet from assistance under the previous MIPDs. Accordingly, the priorities for assistance under the MIPD 2009-2011 should be expressed as the normal continuation and extension of the priorities under the 2007-2009 MIPD, to be delivered through:

- one Environment programme with focus on the water, waste water and solid waste sectors, where the impact on the population are the widest and the self-financing capability is the least;
- one Transport programme covering, in principle, the whole territory but focusing on the trans-European network and infrastructure to promote growth and
- one Regional Competitiveness programme covering the NUTS II regions whose GDP per capita falls below 75% of Turkish national average GDP per capita (PPS) on the basis of latest available Eurostat statistics (2001).

Large projects will make part and be predominant in the two operational programmes "Environment" and "Transport".

The investments implemented through these two operational programmes must comply with sustainable development principles and meet relevant environmental requirements, in particular directives on EIA (85/337/EEC, as amended) and SEA (2001/42/EC), as well as Habitats and Birds (92/43/EC and 79/409/EEC) in order to avoid negative impacts on potential Natura 2000 sites, and the relevant environmental *acquis communautaire*.

Environment

The EU environmental legislation belongs to one of the most difficult in terms of transposition, implementation, enforcement and heavy investments. Turkey's needs for compliance with the environmental *acquis communautaire* are estimated at around 60 billion Euro. The implementation of projects necessitates an overall sustainable environmental investment strategic and integrated approach (including river basin management plans in the water sector) as well as environmental plans in the waste water and solid waste sectors. The respect of general principles of environmental policy and multilateral environmental agreements, the polluter pays principle and financial sustainability will be taken into account.

The main areas of intervention are as follows:

- ***Water sector (water supply and urban waste water treatment)***

Planning and prioritisation of investments in this sector should take into account water related EU legislation. Investments must meet the project related standards set out in the other relevant directives, in particular the directives on urban waste water

treatment, nitrates, sewage sludge and dangerous substances. Integrated water management approach will be promoted.

– ***Waste sector (waste management, including the rehabilitation of contaminated sites and land)***

The identification of priorities in this sector is based on the relevant *acquis communautaire* and in particular the need to fit in waste plans, in accordance with the relevant provisions of the waste framework legislation (Directives 2006/12/EC and 2008/98/EC). Measures should aim at reducing the amount of waste to be sent for landfill by introducing recycling and segregation systems, they will include the construction of new landfills, the closure of non-compliant landfills, and the rehabilitation of contaminated sites.

Strategic and integrated approach needs to be taken in each region by concentrating initially on measures that provide the maximum environmental improvement for the limited available funds, and on projects that are mature. Where possible, consideration will be given to the use of renewable energy (methane production) in waste management projects. Investments will be accompanied by TA measures to enhance institutional capacity. Complementarity with components I, IV and V will be considered, particularly in institutional building. Complementarity with other sources of funding (EIB, IFI's) should be introduced.

Transport

- Transport legislation aims at improving the functioning of market by promoting safe, efficient, environment sound and user friendly transport services, focusing in particular on achieving proximity with EU neighbours. Given the existing unbalance between road transport and rail in Turkey and the needs for environmental friendly projects as well as efficiency, the main areas of intervention will concentrate on:
 - Trans border and national interconnection projects, deriving from the TINA process, and concerning in particular (a) rail connection in the West with EU Member States, (b) interoperability and (c) multi- modality;
 - Motorways of the Sea (port facilities where there is a link to economic development);
 - Intelligent Transport Systems (ITS) where needed for the above infrastructure;
 - Support to relevant key studies and necessary related services in principle related with the above projects.

The TINA study, approved in on 13 March 2008, defines the possible future trans-European transport network within Turkey (see EU Guidelines for the Development of the TENs - Council Decision 1692/96/EC).

Complementarity with components I and IV will be considered, particularly in institutional building. Cofinancing with international financial institutions and the EIB will be pursued.

Regional competitiveness

Turkey's progress towards a higher level of convergence with the EU can only be achieved through a more harmonious internal development which provides for a higher level of social and economic cohesion between regions. To achieve this goal the economic output of the Turkish regions must be stimulated through high employment and productivity growth, namely by improving the volume and quality of employment and business stock, particularly in the regions where stock is low. SMEs have an important role in establishing market competitiveness, increasing employment, and improving income distribution. Dynamic and competitive SMEs are fundamental therefore to increase the competitiveness of Turkish regions, to reduce disparities and to achieve a higher rate of convergence with the EU.

Taking account of the relatively low level of competitiveness of the Turkish economy and of the main problematic factors for business development, Turkey needs to pursue consistent strategies which give high priority to strengthening the overall business environment in which SMEs operate, encourage and support new business, support innovation and adoption of new technologies to upgrade the technological level of the business sector, enhance SMEs access to the export market, particularly in the medium/high technology sectors and strengthen SMEs' capacity to use information and communications technology.

Turkey is endowed with diversity in natural resources, historical heritage and favourable climate for tourism. However, insufficiencies at the level of infrastructure, service quality and image do not allow for the full exploitation of the potential of this sector. The development of environmentally sound tourism is therefore of crucial importance for the development of the regional economy, particularly in the regions where alternative sources of economic development are scarce.

IPA support under the regional competitiveness theme should contribute therefore to improve the competitive stance of Turkish regions to attract and maintain sustainable economic activity which create wealth and employment. To achieve these goals the specific areas of intervention covered under the regional competitiveness programme will include:

- provision of basic services, infrastructure and technology which contribute to SME development, strengthening and upgrading;
- stimulating innovation, entrepreneurship, technology transfer, namely through development of business networks and clusters, and public-private partnerships;
- facilitate SMEs access to finance, namely through the provision of revolving finance (e.g. loans, equity and guarantees) at affordable costs and avoiding market distortions;
- promote SMEs participation in information society, including development of local content, services and applications;
- assistance and services to SMEs to adopt and effectively use information and communication technologies;
- provision of infrastructure and services which contribute to the creation of suitable environment for tourism development.

Given the limited resources available, assistance under the regional competitiveness programme will concentrate in a limited number of geographic areas and sectors where its impact will be the highest. NUTS II regions having a *per capita* income below 75% of Turkish national average¹⁰ will be primarily concerned, with priority given to integrated regional development actions, with a focus on regional poles of growth and development.

In order to achieve concrete results in SME development and strengthening in the lesser developed regions, particularly in those areas aiming to improve their international competitiveness, opportunities for inter-regional cooperation and networking with businesses, research centres and universities located within the country and abroad shall be taken into account. This may imply the financing of actions outside the regions which are the main focus of the regional competitiveness programme.

3. EXPECTED RESULTS BY THE END OF THE COVERED PERIOD AND MEASURABLE INDICATORS

Environment

- reduction of the pollution of recipient water bodies,
- introduction of waste collection systems meeting EC requirements,
- closure of non-compliant landfills, opening of ecological solid waste management facilities,
- capacity to prepare, implement and manage large-scale infrastructure projects in the environmental sector, in particular at beneficiary level,
- creation of new jobs and improvement of public health,
- energy efficiency and use of renewable energy sources can be advanced.

Transport

- New efficient and environmentally friendly links with the European Union; Some national deadlocks will be relieved and deficiencies repaired;
- Efficiency and sustainability;
- Creation of new jobs;
- External and internal trade will be facilitated;
- User friendly and secure transportation will be assured;

Regional Competitiveness

- New business will be created in the manufacturing and services sectors and existing business will be reinforced

¹⁰ Based on latest available Eurostat regional statistics for Turkey

- New jobs will be created and the quality of existing jobs will be upgraded
- SME turnover generated by manufactured goods and services will be improved
- Turkish exports of medium and high technology manufactured goods and services will be increased
- Number of visitors and spending will be increased

4. FINANCIAL INDICATIONS

The percentages indicated in the 2008-2010 MIPD regarding the financial allocations between the three thematic sectors financed under the Regional Development Component will be maintained in the 2009-2011 period, namely:

Environment	35-40%
Transport	30-35%
Regional Competitiveness	25-35%

Component IV

Human Resources Development

1. OBJECTIVES AND CHOICES

IPA assistance under the Human Resource Development (HRD) component IV should support Turkey in its policy development as well as in their preparation for the implementation and management of the Community cohesion policy, in particular the European Social Fund.

Major areas of intervention for Component IV in Turkey have been proposed following the *Community Strategic Guidelines on Cohesion, 2007 – 2013* as well as the draft *Joint Assessment Paper (JAP)* and *Joint Inclusion Memorandum (JIM)* in the fields of employment and social inclusion respectively, which provide a first diagnosis of the situation and challenges in these broad policy fields:

- Employment
- Education and training
- Social Inclusion

The limited level of assistance under Component IV makes necessary a high degree of concentration in the implementation of Community support. The four priorities chosen render more operational each of the main areas of intervention. These priorities also adapt the draft ESF regulation's priorities to the particular needs and challenges of Turkey:

- (1) **Priority axis 1:** Attract and retain more people in employment, particularly by increasing labour force participation of women, and decrease unemployment rates, especially for young people.
- (2) **Priority axis 2:** Enhance investment in human capital by increasing the quality of education, improving the linkage between education and the labour market, and raising enrolment rates at all levels of education, especially for girls.
- (3) **Priority axis 3:** Increase adaptability of workers, enterprises and entrepreneurs, in particular by promoting lifelong learning and encouraging investment in human resources by enterprises and workers.
- (4) **Priority axis 4:** Promote an inclusive labour market with opportunities for disadvantaged people, with a view to their sustainable integration into the labour force and combat all forms of discrimination in the labour market.

These priorities for assistance, identified in the MIPD 2007-2009, have been translated into the Human Resources Development (HRD) Operational Programme, were maintained for the MIPD 2008-2010 and will continue to apply under the MIPD 2009-2011.

The MIPD proposes seven cross-cutting themes which should be integrated in all five IPA components. For Component IV, the theme of equal opportunities for men and women will be accorded a particular attention in the implementation of its four main priorities. Increasing participation of Turkish women into the labour market, upgrading their human capital and providing them with more opportunities for social integration will be keys to the success of the HRD Component.

A focused approach will be necessary in order to ensure effectiveness. Past experience in the European Social Fund implementation shows that focus can be achieved through assistance to systems interventions having a multiplier dimension and through a precise targeting of the most disadvantaged groups for assistance to persons.

Based on the Community priorities and on the national priorities, the Turkish authorities have established a Strategic Coherence Framework (SCF). The SCF provides the strategic framework for the programming of IPA assistance under the Regional Development and Human Resources Development components. Following bi-lateral discussions between the Turkish authorities and the Commission, it was agreed by the Commission on 28 June 2007.

Special attention should be given to increasing the administrative capacity of institutions involved in the HRD Operational Programme implementation, in particular in the regions which will be focused by the programme. In addition, governance of the programme management should also be given priority, especially through continued consultation of the relevant stakeholders.

2. OPERATIONAL PROGRAMME

Assistance under Component IV will be implemented through a single operational programme for Human Resources Development (HRD OP), which consists of the four main priorities mentioned above and a set of appropriate measures under each priority.

The HRD OP was drafted by the national authorities in close consultation with the Commission. A High Level HRD Committee and a Technical HRD Committee, under the chairmanship of the Ministry of Labour and Social Security, were set up. In the programming process, relevant stakeholders at both national and sub-national level comprising economic and social partners as well as sector-specific non-governmental institutions were also consulted. These consultations served in particular as an opportunity to raise awareness about IPA and to ensure consensus on the aims and the content of the programme. The HRD OP was then endorsed by the Member States (through the Coordination Committee of the Funds and the ESF Committee) and adopted by the Commission on 7 December 2007.

The HRD OP should support the transition to a knowledge-based economy capable of sustainable economic growth with more and better jobs and greater social cohesion. More immediately, it aims to attract and retain more people in employment, increasing human capital investment through education and training, promoting adaptability of enterprises and workers and reinforcing social inclusion of disadvantaged people, particularly into the labour market.

The socio-economic analysis indicates a number of strengths and weaknesses in Turkey in the fields of employment, education and training as well as social inclusion. To this end, the HRD OP aims to address these weaknesses by directing assistance into areas which are eligible

under component IV while, at the same time, seeking to strengthen Turkey's capacity to effectively manage and implement future ESF assistance.

In line with the Community strategy outlined above, the overall objective of the HRD OP is to serve as a 'pre-cursor' towards future ESF both in terms of strengthening employment and HRD policy development as well as building institutional and administrative capacity. The programme will implement the four operational priority axes identified by the MIPD in the domains referred to above. In order to provide the necessary foundations for developing appropriate measures, technical assistance will be used for programme capacity building purposes. The following measures will be implemented under each priority axis:

Priority axis 1: To attract and retain more people in employment

- Measure 1.1: To promote women's participation into the labour market, and increase female employment, including those formerly employed in agriculture.
- Measure 1.2: To increase employment of young people.
- Measure 1.3: To promote registered employment.
- Measure 1.4: To improve the quality of public employment services.

Priority Axis 2: To enhance investment in human capital

- Measure 2.1: To increase enrolment rates for girls with a view to developing female human resources and access to labour market:
- Measure 2.2: To improve the content and quality of vocational and technical education:

Priority Axis 3: Increase adaptability

- Measure 3.1: To promote the development and implementation of coherent and comprehensive strategies for lifelong learning.
- Measure 3.2: To increase adaptability of employees and employers by investing more in human capital.

Priority Axis 4: Promote an inclusive labour market with opportunities for disadvantaged people

- Measure 4.1: To increase the employability of disadvantaged persons, facilitate their access to labour market, and eliminate barriers for their entrance into the labour market.
- Measure 4.2: Better functioning and coordination among the institutions and mechanisms in the field of labour market and social protection particularly in order to facilitate the integration of disadvantaged persons into the labour market.

Priority axis 5: Technical Assistance

- Measure 5.1: Support for Management, Implementation, Monitoring, Control, Evaluation and Dissemination Activities.

- Measure 5.2: Support for Development of Absorption Capacity of Final Beneficiaries.
- Measure 5.3: Information and Publicity Activities.

The HRD OP will be administered by the national authorities, under the main responsibility of the Ministry of Labour and Social Security. It will take mainly the form of assistance to persons in order to develop human resources and facilitate their integration into the labour market, through education and vocational training, actions to promote employability on the labour market, continuing training, employment aids and aids for self-employment and the development of new forms of employment.

The OP may also support the structures and systems for the delivery of public policies for employment, education and training and social integration, through actions for developing the education and training system, modernise employment services and strengthen public service provision in the framework of employment/education activities. Training activities for the urban but also for the rural population will be covered under Component IV in line with the description of the measures under the HRD OP.

The cross cutting themes for IPA support were transversally incorporated in the drafting of the Operational Programme. They will also be taken into account in the implementation of the OP and be reported upon through the monitoring and evaluation systems. In particular, and in accordance with the geographical concentration principle set out in the 2007-2009 MIPD, the HRD OP will concentrate resources on the NUTS-II regions having a per capita income below 75% of the Turkish national average¹¹. This concentration shall not preclude the implementation of measures supporting national policies and institutions, or projects with regional dimensions which would benefit also the less developed regions. In accordance with the SCF, regionally concentrated support will be focused on 15 Growth Centres within the NUTS II regions. These are selected cities with a higher potential for growth, which will have a pivotal role in promoting developmental synergies in the rest of the NUTS II Regions.

The different measures under the priority axes described above will be implemented through operations identified in line with the criteria specified in the HRD OP (selection criteria, eligible actions). A package of operations will be prepared every year. Each operation may comprise grant schemes as well as service and supply contracts depending on the scope of the activities foreseen.

In this context, in 2007 and 2008 the Ministry of Labour and Social Security invited competent national public bodies to propose possible operations. Seven operations have been identified up to now and the following institutions were designated for their implementation:

2007:

- Promoting Women Employment: Public Employment Agency
- Promoting Registered Employment: Social Security Institution
- Promoting Life Long Learning: Ministry of National Education

¹¹ Based on latest available Eurostat regional statistics for Turkey.

- Promoting Social Inclusion: Social Security Institution

2008:

- Promoting Youth Employment: Public Employment Agency
- Improving the Quality of Public Employment Services: Public Employment Agency
- Increasing Enrolment Rates, especially for Girls in Secondary Education: Ministry of National Education

The relevant procurement and calls for proposals documents which are under preparation will be published with suspension clauses, as the actual implementation of the programme and its related operations can only start after the conferral of decentralised management to the Turkish authorities.

3. EXPECTED RESULTS BY THE END OF THE COVERED PERIOD AND MEASURABLE INDICATORS

IPA component IV has as main goal to prepare the country for effective implementation of ESF. In addition, assistance under component IV should bring Turkey closer to the EU policies and parameters of the revised Lisbon strategy. Future national HRD policies should take inspiration on EU-Lisbon guidelines and use IPA assistance as a tool towards their implementation.

Taking into account the limitations implied by the level of funding to be provided by IPA component IV, assistance provided through the HRD OP should contribute to the following results by 2014:

At the system level of the employment, education and social services:

- Modernisation and strengthening of public employment services able to effectively implement quality and widespread active labour market policies throughout the country.
- Improvement of the quality of education, particularly through the adaptation of education and training to the needs of the labour market; increase of the attractiveness of vocational education training (VET) as an option for studies.
- Strengthening of policies for the social integration through employment and further training of women of vulnerable persons.
- Improvement of the coordination and effectiveness of social services providing education, training and employment opportunities to particularly disadvantaged people, including day-care for children and the elderly, in order to facilitate women participation in employment.
- Strategic approach to regional disparities in the fields of labour market, education and training and social inclusion policies.

- Improvement of lifelong learning opportunities through the development and implementation of coherent and comprehensive strategies for lifelong learning.

At the level of the final beneficiaries:

- Increase of participation rates in employment, particularly for women
- Reduction of the level of undeclared employment.
- Reduction of unemployment rates, particularly for young people.
- Increase of enrolment rates, and decrease of dropouts, particularly of girls in secondary/VET education.
- More equal access to education services.
- More alternative pathways of studies for graduates of secondary education.
- Better access to training and active labour market initiatives in both rural areas and those urban areas with more needs (*gecekondü*), particularly for unskilled labour force migrated from rural to urban areas.
- Increase of adaptability of employers and employees by raising skills and competencies.

Progress towards the above results can be measured in most cases by comparing the initial situation for each indicator with progress achieved at the end of 2011. The results achieved under Component IV will be monitored and evaluated mainly in the framework of the HRD OP. The OP contains, for each measure, a large number of output and results indicators, as well as specific targets up to 2009. They will be the basis to ensure the follow-up of the implementation. They will be updated in line with HRD OP modifications due to further financial allocations. The sectoral HRD Monitoring Committee will check progress against the detailed targets indicators identified at measure level.

4. FINANCIAL INDICATIONS

For each major area of intervention, indicative percentages are provided which are in line with the shares accorded, for the years 2007-2009, to the corresponding priority axis under the HRD OP:

Employment (priority axis 1)	45%
Education (priority axis 2 and 3)	30%
Social Inclusion (priority axis 4)	20%

Technical assistance (priority axis 5) will be allocated, according to IPA IR and HRD OP, a maximum of 6% of the total financial share of the component.

Component V

Rural Development

1. OBJECTIVES AND CHOICES

1.1 Major areas of intervention

Following the related conclusions of the Enlargement Package identifying the modernisation of agricultural sector and the creation of alternative employment in rural areas as the two main future concerns and the necessity of approximation to MS rules, assistance under Component V will target the following three main priorities to be addressed under the IPA Rural Development Programme (IPARD):

Priority axis 1: Interventions under this priority have to contribute to the sustainable adaptation of the agricultural and fisheries sectors and the implementation of Community standards concerning the common agricultural policy and related policy areas like food safety, veterinary and phyto-sanitary matters.

Priority axis 2: Interventions under this priority have to take the form of preparatory actions for the implementation of agri-environmental measures and Leader.

Priority axis 3: Interventions under this priority have to contribute to the sustainable development of rural areas while supporting the development of the rural economy.

The selection of these three priority axes has also taken account of the provisions of the Turkish preliminary National Development Plan (pNDP) and the National Rural Development Strategy (NRDS) adopted in 2006. A National Rural Development Plan (NRDP), which is currently being prepared by the Ministry of Agriculture and Rural Affairs (MARA), is furthermore expected to provide additional information about the complete set of national, international and EU funded rural development activities while at the same time highlighting strategic choices for the different funding sources and areas of activity as well as pointing out synergies between them.

1.2 Main priorities and objectives

Under the above 3 priority axis', taking account of the need to prepare for the participation in the Common Agricultural Policy (CAP) and the implementation of EU rural development programmes upon accession as well as of the specific country situation as e.g. identified in the sector analysis', the following objectives have been identified for the implementation of Component V:

Under priority axis 1 the potential key issues to be addressed in Turkey should be:

- (I) The modernisation of the farm sector in the light of EU accession and the upgrading of the sector to EU standards through targeted investments
- (II) The setting up of producer groups with a view to adapting their production to the market requirements and enabling them to jointly place goods on the market.

- (III) The modernisation of the processing and marketing of agriculture and fishery products in the light of EU accession and their upgrading to EU standards through targeted investments.

Under priority axis 2 the potential key issues to be addressed in Turkey should be:

- (I) The preparation for the implementation of actions designed to protect the environment and maintain the country side.
- (II) The preparation of rural communities to conceive and implement local and integrated rural development strategies through local private-public partnerships.

Under priority axis 3 the potential key issues to be addressed in Turkey should be: (I) The diversification and development of rural economic activities.

- (II) The improvement of training.

As stated in the Enlargement Package, Turkey's main focus with regard to agriculture and rural development should in the short to medium term be on priority axis 1 and 3 and consequently on the restructuring and the modernisation of the agricultural sector in particular through the upgrading to Community standards and the creation of alternative employment opportunities in rural areas. With regard to the veterinary, phyto-sanitary and food sectors Turkey should pay special attention to reinforce and upgrade the control system (to be addressed under Component I) and food production and processing establishments should be improved with regard to technical and hygienic conditions (to be addressed under Component V).

From the above follows that under priority axis 1, Turkey should in the short to medium term focus on the modernisation of the farm, food processing and marketing sectors in its IPARD Programme. The modernisation and restructuring of these sectors should first and foremost be achieved through the upgrading to EU environmental, hygiene, food safety and animal welfare standards. Support granted towards the achievement of these objectives should mainly be concentrated on sectors where the related *acquis communautaire* to implement is particularly comprehensive and demanding and where structural shortcomings can be detected like in the dairy and meat sectors and to a somewhat lesser extent in the fishery sector and where an in-depth analysis has been carried out involving independent expertise as required by the IPA legal framework. Another priority, although less *acquis communautaire* and Community standards related, could be addressing post-harvest losses in the fruit and vegetable sector. As fruit and vegetable producers can however currently not market their fresh fruit and vegetable production directly, this priority can only be addressed for producers under the IPARD once the legal framework has been changed to allow for direct marketing.

It is an essential precondition for the granting of assistance under Component V that the laws and regulations of the Turkish government which are in conformity with the related EU *acquis communautaire* targeting the above sectors, e.g. the quality related provisions, should be fully implemented and controlled. The implementation of the IPARD Programme furthermore requires well functioning inspection services (in the field of environmental protection, public health, animal and plant health, animal welfare and occupational safety). Such services must be able to issue supporting documents required for the application of support and control the respect of Community standards of projects under IPARD. As stipulated in the Accession Partnership the administrative capacity has to be strengthened (sufficient employees, training of staff, necessary equipment). Moreover, the services have to

be sufficiently functional when the implementation of IPARD starts. Support concerning institution-building for implementation and control should be addressed under Component I.

Moreover, investments should mainly target holdings and small and medium size enterprises with a priority given to upgrading of the whole establishment of the latter to Community standards. They should as a general rule focus on the weakest links in the production, processing and marketing chain of each sector chosen according to *acquis communautaire* relevance. With regard to the production sector, investments will also be specifically focussed on achieving the respect of Community standards in regard to manure handling and storage as well as the production of quality raw milk. During the pre-accession phase, Turkey should also set-up a national plan for upgrading of establishments. As a preparation Turkey should in the short-term carry out an assessment of all food establishments and present to the Commission their classification by category with a view to their upgrading to Community standards. Once finalised, investments under priority axis 1 of Component V should be directly linked to this assessment and classification. Establishments already certified for EU markets will not be eligible for support under IPARD.

Following the recommendations from the Enlargement Package, Turkey should under priority axis 3 in the short to medium term mainly target the diversification and development of rural economies with the overall aim to concentrate on the sustainable development of rural areas under IPARD. Special attention should be given to the creation of alternative employment in rural areas in order to facilitate the modernisation of the agricultural sector and to contribute to the offsetting of the depopulation trend.

While the improvement and development of rural infrastructure will certainly also contribute to the sustainable development of rural areas in Turkey, support for this area should mainly be granted under Component III, national and the related international (e.g. World Bank) schemes. This would allow for a concentration of the limited resources available under Component V on the modernisation and upgrading of the agricultural sector to EU standards, the diversification of rural economic activities as well as on preparatory actions for the implementation of agri-environmental measures and the Leader programme to achieve the greatest possible impact.

As training activities for the urban but also the rural population will generally be covered under Component IV, support for training should only be granted in relation to limited and specific rural issues identified in a related national training strategy (as required by the IPA legal framework) and where there is clear evidence that these issues can be better addressed under Component V.

Of crucial importance for the successful implementation of the IPARD programme are area-wide acting and high quality extension/advisory service. The responsible national authorities should ensure that such a service is sufficiently supported, trained and prepared to provide the necessary information and advice to potential beneficiary to enable them to apply for support under the IPARD programme.

The preparation of rural communities to conceive and implement rural development strategies through local private-public partnerships under priority axis 2 will in the medium term greatly contribute to the development of rural areas. This will mainly be done by means of reinforcing the participation of the local population through a bottom-up approach and providing local rural development strategies as a basis for investment projects in particular under priority axis 3. As the capacity building for the preparation of the implementation of

agri-environment measures will take considerable time, Turkey should only in the medium to long term be in a position to carry out preparatory actions regarding their implementation. Preparatory capacity building activities for the measure "Preparation and implementation of local rural development strategies" have already started. Substantial capacity building activities for the measure "Implementation of actions relating to environment and the countryside" should also start as soon as possible, e.g. under the Technical Assistance support of IPARD and component I. An important element of the capacity building process is the elaborating of the two above-mentioned measures of the IPARD Programme adding more detailed provisions on pilot zones, eligibility criteria for potential beneficiaries and financing conditions.

IPARD should therefore in the short and medium term mainly concentrate on measures targeting investments in farms and in processing and marketing of agriculture and fishery products to restructure and upgrade to EU standards as well as on setting up of producer groups. Dairy and livestock should be the main sectors addressed under these measures. Capacity building under IPARD and through additional sources for priority axis 2 shall be reinforced to ensure that implementation of the related actions can start as soon as possible and at the latest as of 2010. The Programme should furthermore concentrate on the development and diversification of rural economic activities.

With regard to regional focus and sectoral and geographic concentration, the Programme targets those provinces which are less developed and show a significant tendency of rural-out migration but which have a specific potential for the development and restructuring of agricultural production in given sectors selected according to agricultural, food safety, veterinary and phyto-sanitary *acquis* relevance but where the related production, processing and marketing chains clearly show substantial weaknesses.

2. PROGRAMME

IPA funds under Component V will be implemented through a single multi-annual Programme covering the entire period of 2007 – 2013, which was adopted by the Commission in February 2008. In order to implement the IPA cross-cutting theme regarding geographic and sectoral concentration for Turkey and to maximise the impact of IPARD support, 42 out of 81 provinces have been selected for IPARD implementation during 2007 – 2013 according to the above mentioned criteria. Out of the 42 selected provinces, only 20 will be targeted for support during the first phase¹² of the implementation of the IPARD Programme (2007-2009), as a way to build up experience and capacity in a progressive way. In the second phase (2010-2013), a further 22 provinces will be added¹³. Assistance is mainly granted in the form of support for private investments undertaken by natural or legal persons like farmers, food processing and marketing enterprises, producer groups etc.

The Programme addresses the appropriate main priority areas and a selected set of measures/sub-measures under each of those areas. As programme implementation did not

¹² 1st implementation phase provinces: Afyon, Amasya, Balıkesir, Çorum, Diyarbakır, Erzurum, Hatay, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Ordu, Samsun, Şanlıurfa, Sivas, Tokat, Trabzon, Van, Yozgat

¹³ Provinces added for the second Programme implementation phase: Ağrı, Aksaray, Ankara, Ardahan, Aydın, Burdur, Bursa, Çanakkale, Çankırı, Denizli, Elazığ, Erzincan, Giresun, Karaman, Kastamonu, Kütahya, Manisa, Mardin, Mersin, Muş, Nevşehir, Uşak.

start in 2008 and thus no practical experience could be drawn, the Commission's strategic guidance provided by the MIPD 2008-2010 remains valid for the present period as well. According to it, the IPARD Programme addresses **priority axis 1** with 3 measures and 6 sub-measures:

- Investments in agricultural holdings to restructure and upgrade to Community standards (sub-measures: milk, meat),
- investments in processing and marketing of agriculture and fishery products to restructure and upgrade to Community standards (sub-measures: milk, meat, fruit and vegetable, fishery) and
- support for the setting up of producer groups.

Priority axis 2 will be addressed by 2 measures to be implemented as of 2010 of which the current Programme text only holds an outline to be further detailed subsequent to a capacity-building process during 2007 – 2009:

- Actions to improve the environment and the countryside and
- preparation and implementation of local rural development strategies.

The funds allocated for this priority axis will be available from 2010. In 2010 the EU contribution for these two measures amounts to €3,282,500 and €5,252,000 Euro respectively and will mainly target preparatory activities for the future implementation of agri-environment measures and LEADER.

Priority axis 3 is addressed by one measure and 4 sub-measures: diversification and development of rural economic activities (sub-measures: diversification and development of on-farm activities, local products and micro enterprise development, rural tourism and aquaculture).

During the programming process intensive programming negotiations were held between Turkey and the Commission. Turkey submitted several draft IPARD Programmes on which comments were provided from all relevant Commission services. The sector analyses required by Regulation (EC) No 718/2007 provided an excellent statistical and analytical basis on which to build and well target the programming exercise for the agricultural sectors. Moreover, several stakeholder consultations involving the social, economic, environmental partners as well as the local and regional authorities have been held. The final Programme text takes account of the comments provided during this process. The stakeholder consultations were formalised and continued after the adoption of the Programme in the framework of the IPARD Sectoral Monitoring Committee.

It is expected that a large number of applications will be generated under Component V which will require sound management of a substantial number of projects. As under all rural development programmes, such projects are generally relatively small because of the size of the beneficiaries. Consequently, the IPARD Programme will be implemented by the Beneficiary Country in the framework of a fully decentralised implementation system. This requires conferral of management powers by the Commission to the relevant Turkish authorities, which must be preceded by national accreditation of the IPARD Operating Structure. According to the Action Plan, submitted by Turkey in 2008, conferral of management is scheduled for June 2009.

In view of the time necessary to set up the decentralised implementation system and based on related positive SAPARD experience, the financial allocations for Component V will follow a phasing-in approach with a back loading of IPA Rural Development funds. Funding for the first four years of the implementation period, 2007, 2008, 2009 and 2010 therefore represent a lower percentage of the full Component V allocation which is due to increase considerably in the following years.

In order to take account of the new financial allocations for 2010 according to MIPD 2008-2010, clarify various issues and facilitate programme implementation and the accreditation of the implementation system, a number of technical modifications of the IPARD Programme were proposed and adopted by the Rural Development Committee on 23 July 2008. These modifications were approved by the Commission on 24 October 2008.

3. EXPECTED RESULTS BY THE END OF THE COVERED PERIOD AND MEASURABLE INDICATORS

Component V has the main goal to facilitate the preparation of the Beneficiary Country for the participation in the Common Agricultural Policy (CAP) and related policies respecting the related Community standards while at the same time assisting the Beneficiary Country with getting ready to effectively implement EU rural development programmes upon accession. Taking account of the limited amount of funding available for Component V of the IPA, the assistance provided under Component V to be implemented through a multi-annual programme covering the entire period 2007 - 2013 should contribute to the following results by 2014:

Priority axis 1:

- Improved income of the beneficiary farmers and members of newly set up producer groups
- Improved production conditions in terms of compliance with EU standards
- Increased added value of agricultural and fishery products through improved and rationalised processing and marketing of products
- Increased number of agricultural and fishery food processing establishments respecting the relevant Community standards
- Improved processing and/or marketing of quality agricultural products as well as better preparation of the implementation of Common Market Organisations (CMOs) in the beneficiary sectors through the setting up of producer groups

Priority axis 2 (As measures under this priority axis are only scheduled to be implemented as of 2010, the below results are therefore to be achieved between 2010-2013):

- Better protection of natural resources in the beneficiary areas
- Development of practical experience with regard to the implementation of agricultural production methods designed to protect the environment and maintain the country side

- Improved participation of local actors in the development and implementation of rural development strategies

Priority axis 3:

- Improved competitiveness of beneficiary rural areas
- Increased income of the beneficiary rural population through the development and diversification of on-farm and/or off-farm activities
- Creation of new employment opportunities through the development and diversification of on-farm and/or off-farm activities

A large number of indicators to measure the output, results and impact achieved under Component V during the monitoring and evaluation process as well as targets have been developed as part of the IPARD programming exercise and the related ex-ante evaluation of the IPARD Programme for each measure/sub-measure. They constitute the basis for the monitoring and evaluation process during the implementation of the Programme. The sectoral IPARD Monitoring Committee will check progress against the detailed indicators identified at measure/sub-measure level and the targets set.

4. FINANCIAL INDICATIONS

Priority axis 1: A minimum of 50% of the overall allocation for Turkey under the rural development component will be allocated to the sustainable adaptation of the agricultural sector and the related implementation of the *acquis communautaire*.

Priority axis 2: Depending on the pace and success of the related capacity-building process up to 3% of the overall allocation for Turkey under the rural development component will be allocated to preparatory actions for the implementation of agri-environmental measures and Leader.

Priority axis 3: A minimum of 20% of the overall allocation for Turkey under the rural development component will be allocated to the sustainable development of rural areas.

Annex 1

Indicative allocations to main areas of intervention for the period 2009-2011

<i>Turkey</i>	
Component I (Transition Assistance and Institution Building)	
Political Criteria	15-25%
<i>Acquis communautaire</i> Implementation	45-65%
Civil Society Dialogue	20-35%
Supporting programmes	3-5%
Component II (Cross-Border Co-operation)	
Turkey – Bulgaria	21-22%
Turkey – Greece	35-36%
Turkey – Cyprus	3-4%
ENPI Black Sea multilateral Sea Basin prog.	10-11%
other ENPI and ERDF programmes	27-29%
Component III (Regional Development)	
Environment:	35-40 %
Transport:	30-35 %
Regional Competitiveness:	25-35 %
Component IV (Human Resources Development)	
Employment	45 %
Education	30 %
Social Inclusion	20 %
TA	<6 %
Component V (Rural Development)	
Adaptation of the agricultural sector and implementing Community standards	> 50 %
Preparatory actions for agri-environmental measures and LEADER	< 3 %
Development of rural economy	> 20 %

Annex 2

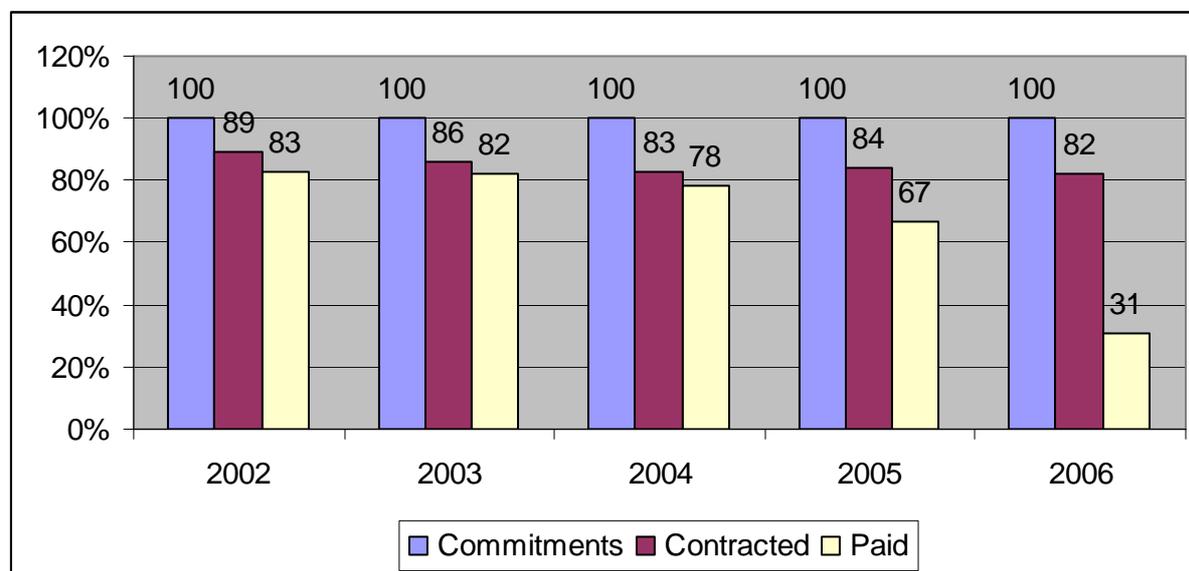
Overview of EC Assistance to Turkey 2000-2008 in €

	Cumulated EC assistance over the period 2000-2006*	IPA 2007-2008*	TOTAL*
Political criteria	115,432,505	73,788,000	189,220,505
Energy	11,404,000	2,500,000	13,904,000
Social Policy	36,931,075	14,603,800	51,534,875
Transport	12,603,000	5,950,000	18,553,000
Environment	45,350,000	25,178,750	70,528,750
Internal market	28,920,295	23,470,000	52,390,295
Agriculture	119,427,100	38,890,000	158,317,100
JLS	30,904,750	133,997,485	164,902,235
Economic Social Cohesion	461,969,274	523,073,703	985,042,977
Community Programmes & CSD	218,161,722	150,122,877	368,284,599
Public administration	33,594,325	13,747,250	47,341,575
Customs	44,490,954	4,959,300	49,450,254
Others	76,331,000	25,120,405	101,451,405
TOTAL ALLOCATIONS	1,235,520,000	1,035,000,000	2,270,520,000

* all figures in €

Annex 3

Commitment, Contracting and Disbursement Rates of Programmes under DIS in Turkey (at the end of 2008)



** Figures for 2006 not complete, some contracting deadlines extended. No figures available for 2007, due to a late signature of the Financing Agreements. [Disbursement rates for 2006 might be revised, if updated by CFCU.]*

Annex 4

Cross cutting issues

A number of cross cutting themes will be integrated into all components of the IPA programme in Turkey. The programming documents will identify the measures that will address these issues, and the monitoring of the programme will report on the results achieved. The horizontal issues concerned are: (1) equal opportunities for men and women, (2) environmental protection, (3) participation of civil society, (4) geographic and sectoral concentration, (5) concerns of minority and vulnerable persons, (6) good governance, and (7) stakeholder participation.

Equal opportunities for men and women

The status of women in Turkish society is matter of continuing concern for the European institutions. Despite formal equality before the law and the commitment of state institutions to egalitarian principles, the empowerment of Turkish women and their participation in economic life remains deficient. Domestic violence is prevalent, and includes its most brutal manifestations such as “honour killings”. Potential measures to address gender issues include: under Component I, harmonisation of the Turkish legal framework with the gender equality *acquis communautaire* and support to state institutions and NGO dealing with gender issues; facilitate access to education; under Component III, support to women entrepreneurs; under Component IV, vocational training for women and promotion of female employment; under Component V, improvement of employment conditions for women in agriculture, through modernisation of farms and enterprises, and creation of alternative employment opportunities, which will in particular be beneficial for women, through diversification of the rural economy.

Environmental protection

Meeting environmental requirements will constitute one of the most expensive aspects of Turkey’s EU integration effort. Legal and institutional harmonization with the environmental *acquis communautaire* and the activities of environmental NGOs will be supported under Component I; the development of the approximation strategy for the sector, which could involve IFI and the private sector could also be supported under Component I; Components II and III will co-finance environmental investment projects; environmental protection requirements will be duly reflected in all IPA financed activities in coherence with the European Principles for the Environment. In particular environmental impact assessment is required for any projects likely to have a significant impact on the environment (as per the EU Directive on EIA). Environmental authorities and NGOs will be involved in programme development and monitoring.

Civil Society involvement

Civil Society is understood to include employers' organisations, trade unions, associations of local administrations, the media, academic institutions as well as non-governmental organisations. Civil society will have an important role to play in the implementation of projects related to the Copenhagen political criteria. It is also an essential element of the EU-Turkey Civil Society Dialogue. Finally, the promotion of the principle of partnership under Components II-V will necessitate an active involvement of Civil Society (chambers of

commerce, NGOs, etc), notably at the stage of programme design. Civil Society will also be supported by the European Initiative for Human Rights and Democracy

Geographic and sectoral concentration

Although the logic of certain IPA measures will not be amenable to a uniform approach in this regard, IPA as whole will seek to concentrate resources on a limited number of the Turkish regions and sectors where the programmes' impact and contribution to IPA objectives will be the highest. Ensuring appropriate geographic and sectoral concentration will allow the impact of IPA to be maximised. Geographic concentration will also facilitate the exploitation of synergies among programme components. It will also encourage the development of a coherent Turkish policy addressing regional disparities, one of the principal challenges to Turkey's socio-economic development. This issue is discussed further in section 2.3, under "*Approach to the introduction of EU structural instruments*".

Concerns of minority and vulnerable persons

Concerns of minority and vulnerable persons will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development, in view of fighting against all types of discrimination.

Good governance

Specific actions promoting good governance, with particular attention to the fight against corruption, will be incorporated on a horizontal basis.

Stakeholder participation

Involvement of key stakeholders in the design and implementation of projects is an important factor for the success of a project/measure. Key stakeholders will be involved and/or consulted on the design of IPA programmes and projects and will as relevant and necessary have a role in implementation.

Annex 5

List of acronyms

AFD	Agence Française de Développement
CAP	Common Agricultural Policy
CBC	Cross-border cooperation
CMO	Common Market Organization
CSD	Civil Society Dialogue
DIS	Decentralised Implementation System
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECHR Freedoms	European Convention for the Protection of Human Rights and Fundamental
ECtHR	European Court for Human Rights
EIA	Environmental Impact Assessment
EIB	European Investment Bank
ENPI	European Neighbourhood and Partnership Instrument
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EUROSTAT	Statistical Office of the European Communities
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
GDP	Gross Domestic Product
GMO	Genetically modified organism
HRD	Human Resources Development
HR	Human Rights
IBM	Integrated Border Management
IFAD	International Fund for Agricultural Development
IFI	International Financial Institutions
ILO	International Labour Organization
IMF	International Monetary Fund

IPA	Instrument of Pre-accession Assistance
IPARD	IPA Rural Development Programme
ISKUR	Turkish Employment Service
JAP	Joint Assessment Paper
JICA	Japan International Cooperation Agency
JIM	Joint Inclusion Memorandum
JLS	Justice, Liberty and Security
KfW	Kreditanstalt für Wiederaufbau
LEADER	Liaisons Entre Actions de Développement de l'Economie Rurale
MARA	Ministry of Agriculture and Rural Affairs
MEDA	EU financial instrument for implementation of Euro-Mediterranean Partnership
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi-annual Indicative Planning Document
NGO	Non-Government Organisation
NRDP	National Rural Development Plan
NRDS	National Rural Development Strategy
NUTS	Nomenclature of territorial units for statistics
OP	Operational Programme
OPEC	Organization of the Petroleum Exporting Countries
pNDP	Turkish preliminary National Development Plan
PPS	Purchase power standards
SAPARD	Special accession programme for agriculture and rural development
SCF	Strategic Coherence Framework
SIGMA	OECD Support for Improvement in Governance and Management
SME	Small and Medium-sized Enterprises
TA	Technical Assistance
TAEIX	Technical Assistance Information Exchange Office
TEN	Trans-European network
TINA	Transport Infrastructure Needs Assessment
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees

UNICEF	United Nations Children's Fund
VAT	Value-added tax
VET	Vocational Education and Training
WB	World Bank