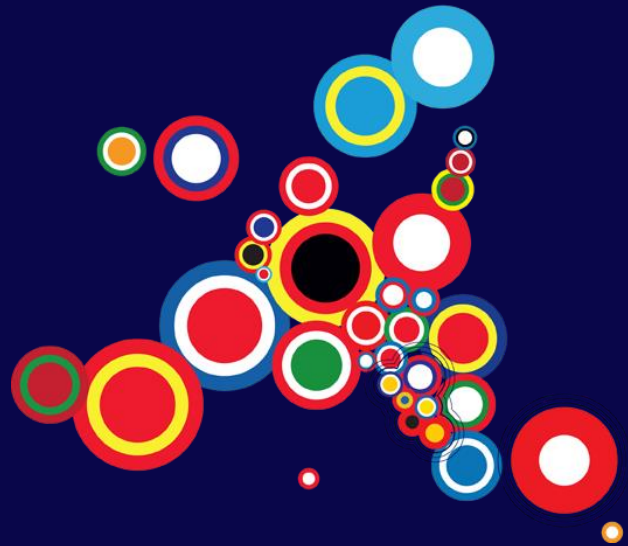




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

TURKEY

EU support to Municipal Finance



Action summary

The main objective of the Action is to improve selected municipalities' ability to provide essential water, sanitation and solid waste management services throughout Turkey.

Furthermore, the Action aims: (i) to improve the financial and operational management of the Final Beneficiaries, so that they can adequately improve and sustain their operations and increase regulatory compliance burden associated with compliance with the EC water and waste *acquis*; and (ii) to assist the Final Beneficiaries to comply with investment project-specific loan conditionality.

The action will allow the European Investment Bank (EIB) to extend loans to Final Beneficiaries for the financing of priority investments, which are economically, environmentally and socially sound.

Action Identification	
Action Programme Title	Annual Action Programme for Turkey for the year 2019
Action Title	EU support to Municipal Finance
Action ID	IPA 2019/042-259/4/Turkey/Municipal Finance
Sector Information	
IPA II Sector	Environment and Climate Action
DAC Sector	41010 - Environmental policy and administrative management
Budget	
Total cost	EUR 3 000 000
EU contribution	EUR 3 000 000
Budget line(s)	22.020302
Management and Implementation	
Management mode	Indirect management
<i>Direct management:</i> EU Delegation <i>Indirect management:</i> National authority or other entrusted entity	Indirect management by the Entrusted entity: European Investment Bank (EIB)
Implementation responsibilities	EU Delegation to Turkey
Location	
Zone benefiting from the action	Turkey
Specific implementation area(s)	Turkey
Timeline	
Final date for concluding Financing Agreement(s) with IPA II beneficiary	At the latest by 31 December 2020
Final date for concluding procurement and grant contracts and contribution agreements	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Final date for operational implementation	6 years following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement

Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Between 1990 and 2018, Turkey's population grew by 1.4% per year on average, from 56.5 million people to 80.8 million. Most of that growth took place in cities, with an average urbanisation rate of over 4% annually, sustained across three decades. This placed Turkey among the fastest urbanising countries in the world. Only recently has Turkey's urbanisation rate tapered off, largely because the urban share of Turkey's population has risen from 59% in 1990 to over 73% today.

This quick urbanisation has created a number of acute needs and problems. Rapid population and economic growth have put pressure on land and environment, have strained existing infrastructure, and have increased energy consumption and prices. The pressure of increasing population on municipal infrastructure and related services will continue to increase.

Beside rapid urbanisation in Turkey Syrians under temporary protection also has made a pressure on the needs of more urban infrastructure since especially 2014.

Against this background, the extension and modernisation of water and wastewater infrastructure is a major task for the coming decades for the municipalities responsible to deliver such services in Turkey.

The implementation of public infrastructure projects follows agreed national and local strategies, in particular the integrated urban development strategy (KENTGES) and its Action Plan for the period 2010-2023. Ensuring access to safe drinking water and necessary infrastructure, as well as paying attention to environmental, natural and ecological equity and strengthening capacity in the planning of settlements are among the main objectives of this strategy.

The European Union, through IPA grants, and the European Investment Bank (EIB), through its loans, have been supporting Turkey's efforts to invest in municipal services that can meet citizens' needs while mitigating the environmental impact of population growth.

Both the Technical Assistance proposed under this Action Programme (the Action) and the EIB loans will entail close cooperation between the stakeholders being the EIB, ILBANK and Final Beneficiaries in terms of project preparation, due diligence and monitoring. Project risks at the level of the water, sanitation and solid waste schemes are mainly associated with insufficient quality of project preparation and the possible lack of operational sustainability, owing to insufficient financial capacity and/or weak human resources. These risks will need to be mitigated through early intervention with sufficient project preparation resources to formulate cost-effective and phased compliance plans as well as realistic and affordable schemes objectives and close monitoring during implementation.

In line with the sectoral strategies of Ministry of Finance and Treasury in charge of donor coordination in Turkey, ILBANK has been nominated as an intermediary for the use of funds from international financial institutions (IFIs) in municipal infrastructure investments.

Two framework loans have been signed between the EIB and ILBANK ("Bank Loans"), which will comprise investment projects in the environmental sector of varying sizes throughout Turkey ("Investment Projects"). EUR 217.5 million remains to be disbursed and EUR 150 million to be allocated under these two loans.

ILBANK is currently building up a pipeline of projects for allocation and potential financing from remaining EUR 150 million. Both ILBANK and its municipal customers ("Final Beneficiaries") will be supported with this Action to prepare the technically and financially viable Investment Projects in line with acceptable EIB standards. Thus, the Action would constitute a much needed complement to the EIB Loans as the Technical Assistance foreseen will further strengthen the technical and due diligence capacity of the ILBANK and the quality checks and affordability of the 10-15 investments envisaged for Final Beneficiaries.

OUTLINE OF IPA II ASSISTANCE

Under IPA II, the Environment and Climate Action Sector Operational Programme 2014-2020 (ESOP) foresees implementation of approximately 20 municipal infrastructure projects in the field of drinking water, wastewater and solid waste management under Action 1-Water and Action-2 Waste.

The proposed Action will be complimentary to the efforts undertaken in the ESOP for the implementation of the EU *acquis* and in particular compliance with key EC water, waste and environmental Directives by extending the financing via a loan programme.

The final beneficiaries of the Action will be on the one hand ILBANK and on the other hand the Turkish municipalities.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

This funding directly relates with the Environment, climate action and energy sectors set out in the Indicative Country Strategy Paper (ISP) for Turkey, adopted in 2014 and revised in August 2018. By facilitating the disbursement of the EIB loan, this Action will contribute to achieve the expected ISP results in the form of improved infrastructure for delivering drinking water, wastewater management and solid waste management in line with the EU standards and EU *acquis*.

In the revised Multi-Country Indicative Strategy Paper adopted in May 2018, the special emphasis on investing in the areas of water and waste management as an environment and climate action is given under the section of “Regional Cooperation in the context of the Enlargement Strategy”.

The Action will be also in line to the EU Integrated Environmental Approximation Strategy for Turkey (UÇES), which was adopted by High Planning Council in 2006. This Strategy calculated the investment needs in the environment sector in Turkey as Euro 58.5 Billion of which Euro 43.5 Billion is for water and waste infrastructure (to be implemented between 2007-2023). Given the large investment requirements in water, waste water and solid waste sectors and the recent reduction of the available IPA grant financing in Turkey, the proposed TA would combine EIB (EUR 217.5 million) and IPA funds (EUR 3 million) to seek optimal leverage of EC / EIB grant and loan instruments in favour of these priority sectors and will help fill in the financing needs for Turkey to comply with the EU directives in the field of water and waste sectors.

Accordingly, this funding is also aligned with the strategies of Turkey’s national authorities. The 2019 Presidential Annual Program of Turkey, under the Livable and Sustainable Environment Sector, refers to the development of fiscal structures for municipal infrastructure on drinking water and sewage investments as well as a management model for wastewater facilities. These investments also relate with the 2019-2023 Strategic Plan of ILBANK, supporting the integrated plans of municipalities on drinking water, sewage, rain water, agricultural irrigation and industrial water.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The EIB has signed two loans with ILBANK: the first one in 2012 for water, wastewater and solid waste projects and second one in 2015 where urban transport was added to these sectors. The first operation has been complemented with an EUR 2.2 million EU grant. The project was financed under the Multi Country Phare Programme 2005 and consisted of Financial Incentive and Technical Assistance managed by the EIB for project preparation and project implementation. Another Technical Assistance to ILBANK was provided under the 2006 Pre-Accession Programme for Turkey for EUR 0.8 million. Furthermore, another technical assistance and capacity building project for municipal infrastructure named Sustainable Cities with a budget of EUR 25 million is ongoing in parallel managed by the World Bank. From these operations the following lessons learned can be listed:

- Project identification: the pipeline of operations identified should be larger than the available budget and should be compiled at appraisal stage, as projects may drop out for various reasons, including insufficient maturity, cancellation of tenders or priority change.
- Project Preparation: limited expertise of local consultants to prepare financial analysis included in the Feasibility Study (FS) and required for each supported investment, particularly when the financial analysis has to be performed at municipal level.
- Project Preparation and Implementation: experience has proven that project preparation and implementation should be moved from ILBANK HQs to at ILBANK Regional Office level to be closer to the final beneficiaries’ need.
- Reporting: the role of the Consultant clearing the reporting of ILBANK should be strengthened.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	
The main objective of the Action is improve the provisions of essential water, sanitation and solid waste management services throughout Turkey.	Number of municipal infrastructure improved.	EIB Project Reporting documentation. Data collected by the project preparation/implementation consultant, ILBANK in close cooperation with EIB sector experts and advisors	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
The Action aims to improve the financial and operational management of ILBANK and Final Beneficiaries.	To build the capacity of ILBANK to extend loans to municipalities; To increase the capacity of ILBANK to extend EIB's loans over long-term maturities; To enhance the institutional capacity of ILBANK to assess and monitor the related risks and to strengthen the intermediary's due diligence standards bringing them closer to the <i>acquis</i> communautaire standards; To develop Investment Programming of ILBANK on municipalities' projects financed by foreign loans and grants, To set up monitoring and evaluation system on the municipalities' projects To improve institutional capacity of municipalities in managing future operational costs, To strengthen and deepen the municipal credit market in Turkey.	Terms of Reference for the multiannual plan for the direct financing of expenditure for building internal capacity within ILBANK and Final Beneficiaries.	ILBANK and municipalities will collaborate and make use of EIB's loans. Lending terms of ILBANK will be accepted by the municipalities ILBANK preparedness to provide staff to be trained.
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
Result 1: Effective disbursement of the EIB loans by the implementation of 10-15 operational water and waste Investment Projects located in Turkey	Number of investment projects prepared, appraised, implemented and delivered as a result of the Action by the end of the Implementation Period. Length of drinking water supply pipes built or upgraded. Capacity of waste water treatment plant constructed or rehabilitated. Length of sewer and/or stormwater pipes built or upgraded. Employment creation (temporary employment during construction, and permanent during the operational phase).	EIB Project documentation. ToR and procurement of consultant(s) for project implementation and reporting. Consultant reporting on works. Works completion calendar. Data collected by project preparation/implementation consultant, ILBANK in close cooperation with EIB sector experts and advisors.	Capacity and/or political commitment at government/ local level with a developed ownership regarding the Action activities/selected investments projects ; Effective/efficient management by the Final Beneficiaries of the project preparatory studies; Engagement of ILBANK with the Final Beneficiaries in the delivery of project preparatory studies, and preparation by ILBANK of the Project Information Documents based on such preparatory studies; Continued availability of inputs/ resources by Final Beneficiaries and other local/national agencies, in the delivery of preparatory studies and operational support, as well as physical implementation of the investments.
Results 2: Strengthening investment programming and management	Investment program preparation guideline Number of the training program/module Number of persons trained ILBANK Department of International Relations Internal Control Plan	Project documentation Work programs and final reports Consultant reporting on works.	Municipalities' willingness and commitments on implementation of the Investment Program Continues support to the municipalities

	<p>The number of municipalities with practicing investment programing</p> <p>ILBank investment program</p> <p>Percentage reduction of operational cost</p>		
<p>Results 3:</p> <p>Monitoring of the project schemes' implementation</p>	<p>Developed monitoring and evaluation software</p> <p>User friendly guideline</p> <p>Number of the training program/module</p> <p>Number of persons trained</p> <p>Number of Municipalities who actively use monitoring and implementation software</p>	<p>Project documentation</p> <p>Work programs and final reports</p> <p>Consultant reporting on works.</p>	<p>Municipalities' willingness and commitments on implementation of the monitoring and evaluation system</p> <p>Strong ownership from the ILBank top management</p> <p>Continues support to the municipalities</p>

DESCRIPTION OF ACTIVITIES

The Action facilitating the implementation of a loan programme of EUR 217.5 million to the municipalities consists of the following three components:

- **Pillar 1: Assistance for the Preparation of Investment Projects for EIB Loan financing and their monitoring:**

The Technical Assistance to be provided under this sub-component will enable the preparation of the required feasibility studies for Investment Projects to be financed by the EIB loans and to monitor the activities performed during the implementation of the Investment Projects.

- **Pillar 2: Assistance for Building Internal Capacity of ILBANK**

The Technical Assistance to be provided under this sub-component will involve internal control capacity improvement and monitoring and evaluation capacity development in municipal investment projects assistance to ILBANK.

- **Pillar 3: Assistance for Building Institutional Capacity of the Final Beneficiaries:**

The Technical Assistance will finance building (hands-on) the financial and operational management capacity of the Final Beneficiaries to improve service provision and ensure the long-term sustainability of its operations and compliance with Investment Project-specific EIB loans' conditionality.

The services to be financed by the *Pillar 1* of the Action will consist of two components, covering:

- (a) **Services to support the preparation of the potential Investment Projects** with a view to ensuring their compliance with the relevant criteria on the basis of which the EIB will decide the allocation of financial support under Bank Loans. Such services will cover *inter alia*:
 - i) the review of the Project Information Document (PID) prepared by ILBANK in view of preparing a Project Summary Document (PSD) for each potential Investment Project in the pipeline. The PSD aims to demonstrate whether the proposed Investment Project is technically sound and operationally sustainable.
 - ii) the review of the tender dossiers for the works and supplies for the proposed Investment Projects.
 - iii) the review of the tender evaluation reports, and the provision to the EIB of an assessment of each contract to assess whether the tenderer declared winner for each tender procedure has the necessary qualification to execute the works and/or deliver the supplies. Based on this report, the EIB will make its comments or, as applicable, issue its non-objection prior to contract signature with the awarded tenderer.
- (b) **Services to support the implementation of the Investment Projects**, which include, *inter alia*:
 - i) monitoring the activities performed during the preparation and implementation of the Investment Projects, and advising on risks, improvements, coordination, quality, planning etc., including verifying that good management and engineering implementation practices are adopted.
 - ii) ensuring quality assurance in the implementation of the Investment Projects, including in terms of compliance with the technical requirements of respective tender documentations and/or revised detailed designs, and in monitoring whether the Investment Projects are delivered within the scope, time, quality and budget and if all components are functional.
 - iii) reporting on the status of the implementation and the financial situation of the Investment Projects and on relevant key indicators, including cross cutting issues.

The general objectives of the *Pillar 2* of the Action are:

- To build the capacity of ILBANK to extend loans to municipalities and their utility companies for the financing of priority investment schemes for providing essential water, sanitation and solid waste management services throughout Turkey in long-term framework;
- To enhance the institutional capacity of ILBANK to assess and monitor the related risks and to strengthen the intermediary's due diligence standards bringing them closer to the *acquis* communautaire standards;
- To set up monitoring and evaluation system on the municipalities' projects and to prepare software system;

The specific activities to be carried out shall include inter-alia:

- The provision of training to the ILBANK staff (head office and regional offices) in the general areas of banking and communications;
- The provision of training in the specialised areas of (but not limited to): Monitoring and Evaluation, Investment Programming, Internal Control of Program Management, Financial Management, Project Finance, Project Management, Credit Analysis, Risk Management, Communications, IT systems in bank operations for compliance and quality assurance (traceability), and specialized engineering and operations sector knowledge in ILBANK's key lending areas of public water and waste management service provision;
- Short term international courses and seminars for ILBANK staff in specialised areas that are related to ILBANK's core banking and lending operations in the water, environmental and municipal services sectors;

The general objective of *Pillar 3* of the Action is to improve the financial and operational management of the Final Beneficiaries of selected Investment Projects, so that they can adequately improve and sustain their operations in view of the increased financial (debt) burden that they will take-on board associated with the Investment Projects. On the other hand, increase regulatory compliance burden associated with compliance with the EC Water and Waste *acquis* as transposed into Turkish legislation.

The specific activities to be carried out shall include *inter-alia*:

- Building (hands-on) the financial and operational management capacity of the Final Beneficiaries or potential Final Beneficiaries of Investment Projects to improve service provision and ensure the long term sustainability of its operations and compliance with Investment Project-specific loan conditionality. This would require *inter-alia* improve billing and collections, improve network and resource efficiency, and facilitate the hands-on training of utility staff for the effective operation of core infrastructure assets.
- The modernisation (including the procurement and field implementation of all software) of the Final Beneficiaries to upgrade the management of their operations with computer-aided Management Information Systems, including Customer Information Systems, Geographical Information Systems including asset inventories, and the active modelling and monitoring of networks in the case of water service providers.
- To improve institutional capacity of municipalities in both preparing investment projects and managing future operational costs.

RISKS

For Pillar 1

Risks	Planned Risk Response/Mitigating measure
Delays in setting up and implementing the Action	Use of relevant existing documentation models developed under the EIB's intermediated loans to ILBANK in support of municipal infrastructure projects.
Delays in project preparation and implementation as well as monitoring due to lack of technical and administrative capacity in the municipalities ending up in a mature project pipeline that can afford the loans.	<p>Use of relevant existing documentation models developed under the EIB's intermediated loans to ILBANK in support of municipal infrastructure projects.</p> <p>Development of Investment Projects in close cooperation with the Final Beneficiaries, to ensure strong "ownership" at central and local level.</p> <p>Establishment of local project management units (PMUs) in ILBANK, to provide quicker and closer response to the needs of the Final Beneficiaries, resulting in a quicker preparation of technically mature projects.</p> <p>Strong coordination and monitoring of the activities carried out under the Action by various entities involved.</p>

For Pillar 2 and 3:

Risk	Planned Risk Response/Mitigating measure
<p>Language barrier - some of the key counterparts in the ILBANK departments do not speak English.</p> <p>Non-attendance to study visits or training courses; ineffective and/or unsustainable effect of study visits and / or training.</p>	<p>Provision of an interpreter on trips for senior managers that do not speak English and/or the host country language. If deemed necessary, a staff from ILBANK's International Relations Department may also participate the study trips with senior managers.</p> <p>All course lectures and training materials are provided in Turkish.</p>
<p>Lack of motivation of the personnel to be trained</p> <p>Non-attendance to training courses; inefficient result of training.</p>	<p>In order to motivate the trainees, and sustain progressive attendance, ILBANK will certify them either by "succeeded" or by "participated".</p>
<p>Interest and skills are lost once the "Assistance for Building Internal Capacity of ILBANK" is concluded.</p> <p>Sustainability is not achieved.</p>	<p>As long as the trainee continues to work as a member of ILBANK, he/she will continue to contribute by using skills gained by the training.</p> <p>Develop a knowledge management culture</p>

Assumptions

- capacity and/or political will at government and local level will prevail for developing ownership of activities proposed;
- effective and efficient management by the Final Beneficiaries of the project preparatory studies;

- ILBANK actively pursues the engagement of the Final Beneficiaries in the delivery of project preparatory studies and prepares or ensures the preparation of the feasibility studies based on such preparatory studies and
- continued availability of inputs and resources by Final Beneficiaries and other local and national agencies, in the delivery of preparatory studies and operational support, as well as physical implementation of the investments.

CONDITIONS FOR IMPLEMENTATION

There are several factors which should be in place in order to reassure the smooth implementation of the Action:

- conditionalities of the EIB framework agreement will be met.
- lending terms of ILBANK will be accepted by the municipalities
- ILBANK and municipalities will collaborate and make use of EIB's loans
- ILBANK preparedness to provide staff to be trained.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The lead institution in the context of IPA sector approach is the Ministry of Environment and Urbanisation (MoEU), which is responsible for development of policy, legislating and enforcement of legislation in all areas of the sector. In order to facilitate the services to be delivered by the EIB, the MoEU will provide coordination among the recipient municipalities.

The recipient municipalities will provide the necessary focal points for implementation of services and coordination of logistical aspects with the MoEU and the EIB.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

The Action will be implemented under indirect management with the EIB. The Delegation of European Union (EUD) will enter into an Agreement with the EIB.

The eligibility costs linked to this operation will be agreed between the Commission and the EIB in accordance with the Commission rules.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

According to the IPA regulation, monitoring will be carried out by both EIB and ILBANK. Besides regular monitoring stated in the related documents, monitoring also will be designed to increase the cooperation level of the stakeholder with having more project and management oriented.

In line with the IPA II Implementing Regulation 447/2014, an IPA II beneficiary who has been entrusted budget implementation tasks of IPA II assistance shall be responsible for conducting evaluations of the programmes it manages.

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this Action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In

addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

INDICATOR MEASUREMENT

Indicator	Baseline (2019)	Target (2022)	Final Target (2024)	Source of information
Effective disbursement of the EIB Loan	0%	30%	100%	EIB project reporting documentation
Number of PIDs completed	5	10	15	EIB Project documentation.
Number of tender procedures completed	1	13	20	Consultant reporting on works.
Number of trainings completed	0	12	25	The multiannual plan for the direct financing of expenditure for building internal capacity within ILBANK and Final Beneficiaries (To be prepared by ILBANK)
Number of trainees	0	150	250	Terms of Reference For the multiannual plan for the direct financing of expenditure for building internal capacity within ILBANK and Final Beneficiaries (To be prepared by ILBANK)
Number of reports and deliverables	0	23	35	PID's/tender docs

5. SECTOR APPROACH ASSESSMENT

Sectors such as water, sanitation and solid waste management services are multi-dimensional by their nature. Therefore, the policy making and implementation in these fields require the coordination and common work of many institutions. The lead institutions in these sectors are respectively Ministry of Forestry and Water Affairs with duties of nature protection and water management and Ministry of Environment and Urbanisation with duties of planning, implementation and management of the overall Environment Chapter in legislative drafting and policy making procedures.

In Turkey, the environment sector has achieved significant developments on the legal, policy and strategic side and a variety of regulations have been adopted with the aim of harmonising with the EU *acquis*.

Turkey's Public Financial Management and Control (PFMC) Law requires the annual preparation of a medium-term programme with a three-year perspective. The medium-term programme is based on macroeconomic policies, programs, economic targets with indicators and sector policies to guide policy formulation and planning process. In line with the PFMC Law, public administration institutions are required to prepare five year strategic plans within the framework of development plans, programmes, relevant legislation and basic principles adopted, as well as a determination of strategic goals and measurable objectives.

6. CUTTING ISSUES

GENDER MAINSTREAMING

The principles and practice of equal opportunity will be guaranteed to ensure equitable gender participation in the action. The principle of equal opportunity shall apply also in relation to the trainees coming from the different national administrations.

Especially in relation with Civil Service and HR Management, gender mainstreaming shall be discussed as a fundamental cross-cutting issue in the regular functioning of Final Beneficiaries. Following senior level discussion, positive actions shall be considered to strengthen the understanding of gender related issues and relevant capacity building of officials to enhance gender mainstreaming into national policies and programmes. Some actions regarding gender equality; defining gender sensitive indicators for ensuring accurate reporting;

- Analysing gender roles to properly identify target groups and specific actions (participation to decision-making, livelihood creation, empowerment etc.) where applicable;
- Analysing social risks and opportunities particularly on equality and gender issues at activity level and development of counter-measures if necessary;
- Proper reporting of gender related measures within routine reporting cycles (inception, progress, final reporting) if applicable;

EQUAL OPPORTUNITIES

The principle of equal opportunities should be taken into account when designing the terms of reference and evaluating the quality of the applications. Specific attention will be paid to this dimension when determining who will benefit from capacity building activities, training events, exchange of experts etc.

MINORITIES AND VULNERABLE GROUPS

The Action shall make every effort to encourage national reform teams to consult widely, recognising the role of civil society and organisations dealing with minorities and vulnerable groups. The Action shall coordinate with other relevant initiatives such as the IPA Civil Society Facility, which aims to support minorities and vulnerable people rights.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

The Action shall make every effort to encourage national reform teams to consult widely, recognising the role of civil society in stimulating Public Administration reforms and ensuring that it remains close to the citizens and business. The Action shall coordinate with other relevant initiatives such as the IPA Civil Society Facility, which aims to strengthen the capacity of civil society to monitor and engage in dialogue on key public sector reforms.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The main objective of this Action is to support Environment and Climate Change developments in Turkey.

Careful consideration will be given to the assessment of multiple water resource uses, water efficiency, integration of environmental and social aspects and climate change adaptation considerations in the selection of priority Investment Projects. It will also take into account gender issues and energy cost-efficiency (in particular with respect to the choice of technical solutions), with a view to building resilience in the design of the supported Investment Projects.

Transposition and implementation of the EU Environmental *acquis* would still require many important investments (technological, infrastructure investments, operating costs and costs arising from administrative changes in the institutional structures) for many sectors, including costs of integration of the environmental measures to various sectors

Also, transposition and implementation of the EU Climate *acquis* would require strengthening the institutional capacity to design, implement and monitor climate policies, and improving capacity for transition to low carbon economy through action across a number of sectors. In this context, achieving a cleaner environment, fighting climate change and meeting the higher standards of EU will take time. With the aim of creating a livable environment and taking into account the social and economic conditions of the country, comprehensive studies are needed for implementation of the EU environment and climate *acquis*.

7. SUSTAINABILITY

The Action will build upon the tools, structures, and work methods developed under previous engagements of the EIB with ILBANK. Further, the Action also includes a technical assistance component to support the preparation and implementation of the Investment Projects, which should also support, at least indirectly, the development of the administrative and technical capacities of the Final Beneficiaries of the Action to design and manage such type of projects. This would allow the results of the Action to continue to be in place after they are finalised, and ensure local ownership of outcomes.

8. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action. The implementation of the communication activities shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action is funded by the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

The flag of the European Union will appear on the publications, promotional activities, events and official correspondence.

The visibility requirements must be respected all types of communications written correspondence and preparation of deliverables (brochures, posters, newsletters and other type of informative material). The key tools of information and communication are:

- Informative statements about the project on website,
- Events like workshops, seminars, conferences, project presentations at regional events,
- Publications; newsletters, brochures, leaflets, project information sheets, reports, studies, programme presentation summaries.